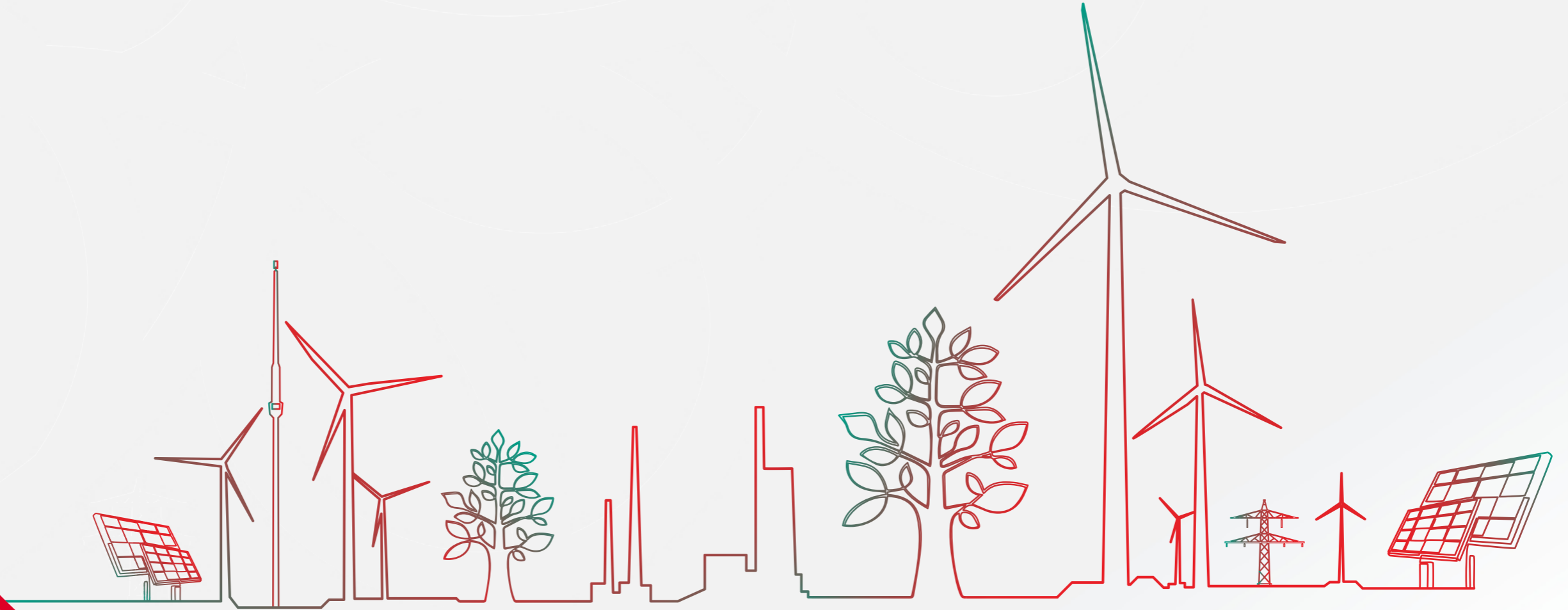


**Development and
Investment Bank of Türkiye**

TKYB 2021 Integrated Report



**DEVELOPMENT
INVESTMENT
BANK OF TÜRKİYE**



**DEVELOPMENT
INVESTMENT
BANK OF TÜRKİYE**

TABLE OF CONTENTS

Development and Investment Bank of Türkiye Overview	About The Report	9
	Message From The Chairperson of The Board of Directors	11
	Message From The CEO	13
	Development and Investment Bank of Türkiye at a Glance	19
	Activities of Development and Investment Bank of Türkiye	27
Corporate Governance	Governance Approach	37
	Board of Directors	63
	Senior Management	69
	Organization Chart	71
Strategic Perspective	Developments in The World and Sectoral Expectations	81
	Global Economic Developments and Expectations	83
	Global Trends, Risks and Opportunities	87
	Strategy of Development and Investment Bank of Türkiye	103
	Strategic Sustainability Approach	105
Value Creation Model	Financial Capital	119
	Human Capital	129
	Natural Capital	138
	Intellectual Capital	147
	Social Capital	158
Annexes	Performance Indicators	167
	Reporting Guide	181
	Memberships and Cooperations	183
	Independent Assurance Report	185
	UNGC Progress Report	190
	GRI Content Index	191

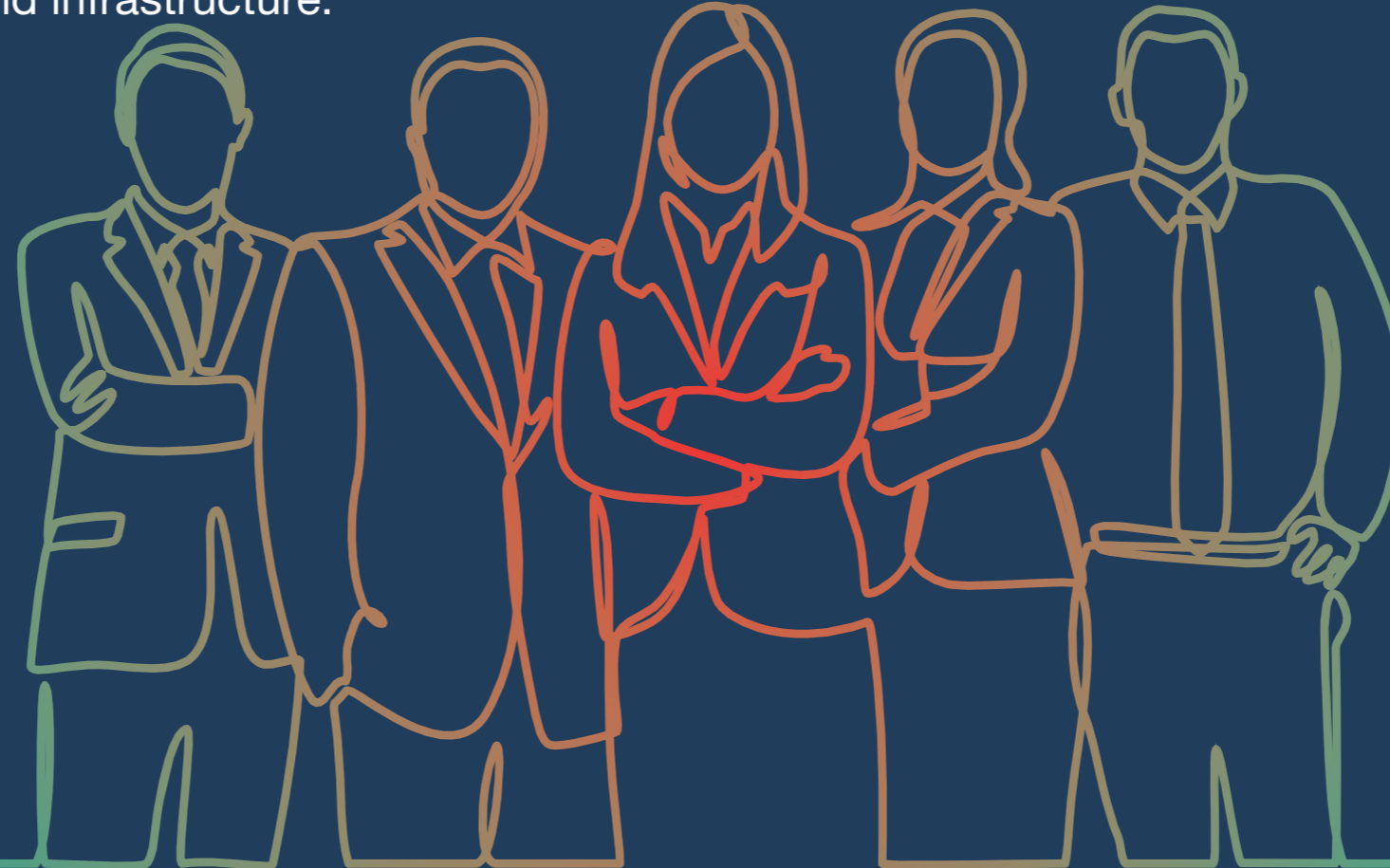
Acronyms

ABS:	Asset Backed Securities
ADB:	The Asian Development Bank
AFD:	Agence Française de Développement
AIB:	Asian Infrastructure Investment Bank
APEX:	Wholesale Banking
API:	Application Programming Interface
AR:	Absenteeism Rate
ASS:	After-Sales Services
Bank USA:	United States of America
BIST:	Borsa İstanbul
BRSA:	Banking Regulation and Supervision of Agency
CBRT:	Central Bank of Türkiye Republic
CDB:	China Development Bank
CDP:	Carbon Disclosure Project
CEB:	Council of Europe Development Bank
CGCR:	Corporate Governance Compliance Report
CGF:	Credit Guarantee Fund
CMB:	Capital Markets Board
COMCEC:	Standing Committee on Economic and Commercial Cooperation of the Organization of Islamic Cooperation
CPI:	Consumer Price Index
CRM:	Customer Relations Management
CTF:	Clean Technology Fund
CTI:	Cyber Threat Intelligence
DEG:	German Investment Corporation
DFC:	American International Development Finance Corporation
DIB:	Development and Investment Banks
DVCPM:	Development Venture Capital Portfolio Management Inc.
EBRD:	European Bank for Reconstruction and Development
EGDIP:	European Green Deal Investment Plan
EIA:	Environmental Impact Assessment
EIB:	European Investment Bank
EIF:	European Investment Fund
EIF-NPI:	European Investment Fund National Promotional Institutions
EL:	Exclusion List
ERTA:	Integrated Reporting Türkiye
ESMS:	Environmental and Social Management System
EYDK:	Impact Investing Advisory Board
FED:	Federal Reserve Bank
FinTec:	Financial Technology
FMO:	Dutch Entrepreneurial Development Bank
FRIT II:	Aid Program for Refugees in Türkiye
GDP:	Gross Domestic Product
GNAT:	Grand National Assembly of Türkiye
GPP:	Geothermal Power Plants
GRI:	Global Reporting Initiative
ICBC:	Industrial and Commercial Bank of China
ICMA:	International Capital Market Association
IDB:	Inter-American Development Bank
IEIS:	Integrated Environmental Information System
IFC:	International Finance Corporation
IFI:	Intermediary Financing Institutions
ILO:	International Labour Organization
IMF:	International Monetary Fund
IR:	Incident Rate
IS:	Information Systems
IsDB:	Islamic Development Bank
ISO:	Istanbul Chamber of Industry
IT:	Information Technologies
ITSM:	Information Technologies Service Management
IVCI:	Istanbul Venture Capital Initiative
JBIC:	Japan Bank for International Cooperation
JCR:	JCR - Eurasia Rating
KfW:	German Development Bank
KOSGEB:	Small and Medium Enterprises Development Organization of Türkiye
LDR:	Loss Day Rate
MASAK:	Financial Crimes Investigation Board
MC:	Emergency Center
MIGA:	Multilateral Investment Guarantee Agency
MKK:	Central Registry Agency
NGO:	Non-Governmental Organizations
NPL:	Nonperforming Loan
ODR:	Occupational Disease Rate
OECD:	Organization for Economic Development and Cooperation
OHS:	Occupational Health and Safety
PDP:	Personal Data Protection
PRB:	Principles of Responsible Banking
PSEC:	Pre-Shipment Export Credit
R&D:	Research and Development
RPA:	Robotic Process Automation
RSM:	Risk Sharing Mechanism
RT:	Republic of Türkiye
SDG:	Sustainable Development Goals
SDIF:	Savings Deposit Insurance Fund
SFL:	Special Fund Loan
SLBP:	Sustainability-Linked Bond Principles
SMEs :	Small and Medium Enterprises
SPO:	Second Party Opinion
SPO:	State Planning Organization
SPV:	Special Purpose Vehicle
SUTP:	Syrians Under Temporary Protection
TBB:	The Banks Association of Türkiye
TCMA:	Türkiye Capital Markets Association
TDF:	Türkiye Development Fund
TFRS:	Türkiye Financial Reporting Standards
TIF:	Advanced Technologies Participation Venture Capital Investment Fund
TII:	Türkiye Investment Initiative
TSE:	Türk Standardization Institute
UN:	United State
UNDP:	United Nations Development Program
UNEP FI:	United Nations Environment Programme Finance Initiative
UNGC:	United Nations Global Compact
UNFCCC:	United Nations Framework Convention on Climate Change
VCIF:	Venture Capital Investment Fund
VPN:	Virtual Private Network
WAF:	Web Application Firewall



Development and Investment Bank of Türkiye Overview

Development and Investment Bank of Türkiye is a development bank in the status of a joint stock company, subject to the provisions of private law, that provides financing to companies operating in sectors of strategic importance for Türkiye's sustainable development, particularly in industry, tourism, energy, education, health and infrastructure.



9

About The Report

11

Message From The Chairperson of The Board of Directors

13

Message From The CEO

19

Development and Investment Bank of Türkiye at a Glance

27

Activities of Development and Investment Bank of Türkiye



About The Report

Covering the period between January 1, 2021 and December 31, 2021, this report demonstrates the Bank's contribution to development through its sustainability performance, management approach, corporate and sustainability strategy, and activities carried out in connection with all of these.



Unless otherwise stated, the data and information contained in the Report covers the data and information arising from the banking activities carried out by Development and Investment Bank of Türkiye at the Headquarters in Istanbul. The words "Development and Investment Bank", "TKYB", "Bank", "Our Bank" in the report means Development and Investment Bank of Türkiye, unless otherwise stated.

It is possible to reach the report at <https://www.kalkinma.com.tr> In addition, questions and comments about the report can be sent to the e-mail address of surdurulebilirlik@kalkinma.com.tr

Development and Investment Bank of Türkiye (Türkiye Kalkınma ve Yatırım Bankası A.Ş.) 2021 Integrated Report is the second Integrated Report published by the Bank. Covering the period between January 1, 2021 and December 31, 2021, this report presents the Bank's corporate and sustainability strategy, management approach, performance and the activities carried out in connection with all these and its contribution to sustainable development. Unless otherwise stated, the data and information in the Report include data and information arising from the banking activities of Development and Investment Bank of Türkiye of Türkiye at its Head Office in Istanbul. The words "Development and Investment Bank", "Bank", "Our Bank" and "Development and Investment Bank of Türkiye" in this Report refer to Development and Investment Bank of Türkiye.

This report has been prepared in accordance with the GRI Standards: "Core" option. The report is based on the International Integrated Reporting Framework conducted by the Value Reporting Foundation.

The report also reflects United Nations Global Compact Communication on Progress, to which the Bank is a signatory, and includes the requirements of the United Nations Environment Program Finance Initiative (UNEP-FI) Principles for Responsible Banking, of which the Bank became a founding signatory in 2019. Many global, sectoral and national sustainability initiatives, development plans and programs were used as a guiding source throughout the preparation of the report.

Within the scope of selected environmental performance indicators included in the report,

greenhouse gas emission intensity (tCO₂-e/average number of employees), electricity consumption (kWh), natural gas consumption (m³), water consumption (m³), paper consumption (kg) and amount of waste sent for recycling (kg); water intensity (m³/employee), electricity intensity (kWh/m²), natural gas intensity (m³/m²), Scope 1,2,3 emissions (tCO₂-e), number of employees covered by social performance indicators, proportion of women employees (total, senior and mid-level) and training time per employee, proportion of employees returning to work after maternity leave, data on number of employees on maternity leave, number of employees on paternity leave, employee turnover rate (%), installed capacity of financed renewable energy projects (MW), financing provided to renewable energy (TRY) and annual tCO₂-e emissions avoided by financed renewable energy projects, installed capacity of financed renewable energy projects, share of SDGs in Türkiye's renewable energy capacity (%), ratio of SDG-linked loans to total portfolio (%), amount of SDG-linked loans, percentage ratio of climate and environment-related SDG-linked loan portfolio to total portfolio (%), number of projects with environmental and social risk assessments, ratings of projects with environmental and social risk assessments, sustainability governance, amount of financing provided to renewable energy, number of occupational accidents, passed independent limited assurance audit .

Making the Integrated Report accessible to all stakeholders and receiving stakeholder feedback on the Report is a top priority for Development and Investment Bank. In this context, the Report has been printed in a limited edition as part of the Bank's environmental responsibility.

This report has been prepared in accordance with the GRI Standards: "Core" option. The report is based on the International Integrated Reporting Framework implemented by the Value Reporting Foundation.

Message From Chairperson of The Board of Directors



Dr. Raci KAYA
Chairperson of the
Board of Directors

“As a bank that focuses on sustainability in all its activities; We continue our work without slowing down to fulfil our responsibility in financing sustainable development, developing the impact investing ecosystem and realizing our country’s 2053 net-zero emission target.”

Dear stakeholders,

2021 was a year in which the coronavirus epidemic continued to affect global economic activities and social life, and the development of business and life models compatible with this process gained importance. In addition to the economic expansionary policies implemented within the scope of the fight against the epidemic, the vaccination program was effective and the quarantine measures were relaxed, and the global economy showed a strong recovery at the end of the year. Our country, which emerged rapidly from the slowdown caused by the epidemic, continued its strong growth in 2021.

As Development and Investment Bank of Türkiye; With our strong capital structure, deep-rooted history and expert human resources, we continue to add value to the sustainable development and growth of our country.

We continued to provide financial support to many sectors that were adversely affected by the global epidemic in 2021, by obtaining resources from international organizations with which we have strong cooperation. We have provided financial consultancy, capital markets consultancy and merger and acquisition consultancy services to many companies under the roof of investment banking. With these activities, we continue to contribute to the sustainable finance ecosystem while continuing our efforts to develop and deepen the capital markets.

In addition, with the Türkiye Development Fund, which we established in 2019, we invest in our country’s innovative initiatives and companies with high growth potential. Türkiye Development Fund, which includes 5 sub-funds, supports strategically important sectors

and the venture capital ecosystem, with the direct and indirect investments made through these funds.

As a bank that focuses on sustainability in all its activities; We continue our work without slowing down in order to fulfill our responsibility for achieving the United Nations Sustainable Development Goals, developing the impact investing ecosystem and realizing the 2053 net-zero target. In 2021, we became a signatory to the Operating Principles for Impact Management, breaking new ground in Türkiye. As the Bank, we have proven the importance we attach to sustainability by being the first in Türkiye, the Middle East and Africa with the Environmental, Social and Governance (ESG) risk rating in the international independent risk assessment. In addition, we were honoured to represent our country in the international arena by being the fourth bank that best manages its risks in Europe.

Like the past 47 years we left behind, we will continue our way of doing business in a way that will support the sustainable development of our country and base it on our responsible banking approach. In addition, we will continue to add value to our stakeholders with our dynamic, innovative, environmentally and socially sensitive banking approach. On behalf of our Board of Directors, I would like to thank all our stakeholders in our value chain, especially our employees, who have the biggest share in our success, and I hope to continue our sustainability journey without slowing down with all our stakeholders, as we have done so far.

Dr. Raci KAYA
Chairperson of the Board

Message From The CEO



İbrahim H. ÖZTOP
CEO and Board Member

“We will maintain our role as the leading bank with our dynamic, innovative, environmentally and socially conscious banking approach in order to achieve the United Nations Sustainable Development Goals, to achieve the 2053 net-zero emission target of our country, to deepen the capital markets, to increase impact investing and to develop the entrepreneurial ecosystem.”

Dear Stakeholders,

The impact of the coronavirus epidemic, which emerged in China towards the end of 2019 and had an impact on the whole world, started to diminish thanks to the precautions and vaccination studies taken in 2021. In this period, new business models emerged with the changing working conditions. Countries that adapted to new business models and allowed widespread access to the vaccine have fought the epidemic well and recovered faster in the process. The economic activity in our country has been quite lively throughout 2021 and the annual growth rate has reached 11 percent. Türkiye’s banking sector also managed the risks effectively with its strong financial structure by maintaining its financial support to the country’s economy in an environment of increased volatility in the markets.

As Development and Investment Bank of Türkiye, we continued our uninterrupted support for the sustainable development of our country, with the support and services we provided to the real sector, despite the fluctuations in the global economy with the effect of the epidemic in 2021. By the end of 2021, our bank increased its assets by 72 percent, to 48.4 billion TL, and its loans increased by 84 percent to 37.5 billion TL. By the end of 2021, our Bank has increased its own funds to 4.5 billion TL, and achieved an average return on equity of around 20 percent at the end of the year.

Our cooperation with international financial institutions continued this year as well. In 2021, we signed a total of 620 million USD loan agreements with the World Bank, Asian Infrastructure Investment Bank, Japan Bank for International Cooperation and China Development Bank. As of the end of 2021, approximately 81 percent of our Bank’s portfolio consisted of sustainability-themed loans. We continued to contribute to the development of the real sector through the environmental, social and governance (“ESG”) thematic resources we provided for the financing of sustainable development.

As of the end of 2021, 53 percent of our portfolio consists of the financing we provide for renewable energy and energy efficiency projects, while the amount of financing we provide to the energy sector has reached approximately 20 billion TL. Thus, we prevented the greenhouse gas emissions of approximately 5 million tons of carbon dioxide equivalent in total through the projects we financed.

Taking important steps towards bringing alternative financing instruments to our country in sustainable development, our Bank diversified its products in Türkiye capital markets during the year and contributed to the deepening of the capital markets, adding new instruments to the economy.

“In the evaluation carried out by Sustainalytics, one of the leading ESG rating agencies in the world, we were rated as the 1st institution that best manages its risks in Türkiye, the Middle East and Africa. We became the 4th bank in Europe after the EIB, EBRD and KfW.”

As Development and Investment Bank of Türkiye, we provided consultancy services for the issuance of Türkiye’s first low-carbon economy transition bond in 2021. In the same year, we made the first social sukuk issuance of our country, of which our Bank is a fund user. We continued our support for alternative financing to companies through the consultancy services we offer in the capital markets.

As the Bank, we continue our efforts to create regional/global companies operating in strategic sectors with priority in development and to support high-tech initiatives. We played an important role in the development of the entrepreneurial ecosystem by investing in new generation initiatives with the Türkiye Development Fund, which we established to support sectors with strategic importance in the sustainable growth of our country.

As Development and Investment Bank of Türkiye, we have been playing an active role in the realization of environmentally and

socially sensitive investments by focusing on sustainable development since the day we were founded. As a result of our work, we were rated as the 1st institution that best manages its risks in Türkiye, the Middle East and Africa, in the evaluation carried out by Sustainalytics, one of the leading ESG rating agencies in the world. We became the 4th bank in Europe after the EIB, EBRD and KfW. ESG issues are at the heart of all our work and enable us to do better at the good work we do. We assume the role of a catalyst for the increase in impact investments in our country and for companies to make more successful environmental and social risk management.

Our environmental and social impact management system comes first among our practices that enable us to achieve a good ESG risk score. As a bank, we are a signatory to the UNEP FI Responsible Banking Principles and with our “responsible banking” approach; We evaluate environmental and social risks in all of the projects we provide financing support,

“Our Bank became the first and only institution in Türkiye to sign the Operating Principles for Impact Management led by the International Finance Corporation (IFC) in 2021.”

regardless of the type, amount and maturity of financing. At the same time, we mediate the development of our customers’ capacities with the environmental and social action plans we prepare for our customers. By monitoring our customers’ environmental and social performance throughout the loan term, we accompany our customers on their sustainability journeys.

Our Bank became the first and only institution in Türkiye to sign the Operating Principles for Impact Management led by the International Finance Corporation (IFC) in 2021. In line with the global standards of the principles; We will manage our project finance and Development Fund activities with the “impact lens” by providing more discipline, transparency and measurability, and we will share our Impact Report with the public every year. In addition, with our Integrated Report, which we published for the second time this year, we have produced a qualified report that holistically evaluates

our strategy, governance mechanisms, performance and future expectations.

We will continue our role as a guiding bank in the financing of sustainable development with the instruments we offer through both direct financing and capital markets in the coming periods. We will support our industrialists to protect their competitiveness and to turn risks into opportunities within the scope of green transformation, as we have done so far. I sincerely thank our biggest shareholder, the Republic of Türkiye Ministry of Treasury and Finance, all members of Development and Investment Bank of Türkiye family, and all our stakeholders for their contribution to the sustainable development of our country and our Bank’s sustainability journey.

İbrahim H. ÖZTOP
CEO and Board Member

Highlights of Our Report

In 2021, as a result of the Bank's efforts, the Bank ranked first among all institutions in Türkiye, the Middle East and Africa with a risk rating of 11.0 in the Environmental, Social and Governance (ESG) rating and performance in the global assessment made by the independent sustainability rating agency Sustainalytics.

In 2021, as an important step in the field of sustainability, the Bank signed the Operating Principles for Impact Management (Impact Principles), which can be continuously developed from an international perspective and is a reference point for good practices. As the first and only organization in Türkiye to sign the Impact Principles, our Bank has once again demonstrated that it is a pioneer in this field.

Many ESG-thematic loan agreements were signed with many important international financial institutions to finance sustainable development. By the end of 2021, approximately 81 percent of our portfolio consisted of sustainability-thematic loans, primarily renewable energy loans.

In July 2021, the Sustainability and Environmental Social Impact Management Unit was established in order to work more focused and increase efficiency within the framework of a central business model with a unique structure, which it carries out within the scope of different units in the fields of sustainability and environmental social risk management. Environmental and Social Risk Assessment Reports of more than 200 projects have been prepared in the last 1 year with the team involved in all lending processes.

The Bank monitors and calculates greenhouse gas emissions arising from its operational activities, verifies them in accordance with TS EN ISO 14064 Standard and neutralizes them through certificates in accordance with international standards. Accordingly, the Bank became one of the highest scoring institutions in the finance sector in Türkiye with its B score in 2021 within the scope of the Carbon Disclosure Project (CDP).

Development and Investment Bank of Türkiye obtained resources from international institutions to support sectors adversely affected by the pandemic and support programs to mitigate the effects of the pandemic were made available to our country. The working capital needs of SMEs affected by the Covid-19 pandemic were financed to mitigate the negative effects of the pandemic on the economy and businesses.

In order to finance renewable energy and energy efficiency projects, a 12-year loan agreement was signed with the Japan Bank for International Cooperation (JBIC) for USD 170 million under the title GREEN III.

The Türkiye Development Fund provides strategic support to innovation and regional development. Five funds with a total size of TRY 1 billion 375 million have been established under the umbrella fund of the TDF. With these funds, while supporting sectors of strategic importance in Türkiye's sustainable growth, it is aimed to increase venture capital investments, to encourage the private sector to focus on this field and to ensure that investments are spread across the country.

As the exclusive advisor to the Privatization Administration in the energy and port privatizations, we played a role in the completion of nine tenders, generating nearly TRY 3 billion in privatization revenues.

The Bank continued its efforts to raise awareness on sustainability in 2021 and 314 employees received a total of 575 hours of training on sustainability. In 2021, "Environmental Management System" training was included in the scope of compulsory training for all employees and a total of 350 hours of training was provided.

In 2021, ISO 9001 and ISO 45001 certificates were also obtained. In line with these efforts, the Bank established a Quality, Environment, Occupational Health and Safety Policy and presented it to all stakeholders.

Over the past 18 years, the Bank has provided a total of USD 5 billion in financing contributions from international funds to Türkiye, investing in companies working in the fields of industrial investments, renewable energy investments, energy and resource efficiency, circular economy, education and health, wholesale banking, urban infrastructure and tourism

In addition to the loan agreement signed with the Asian Infrastructure Investment Bank (AIIB) on December 10, 2019, USD 100 millions of financing was provided for the financing of renewable energy and energy efficiency projects with the Additional Financing Agreement signed on November 8, 2021.

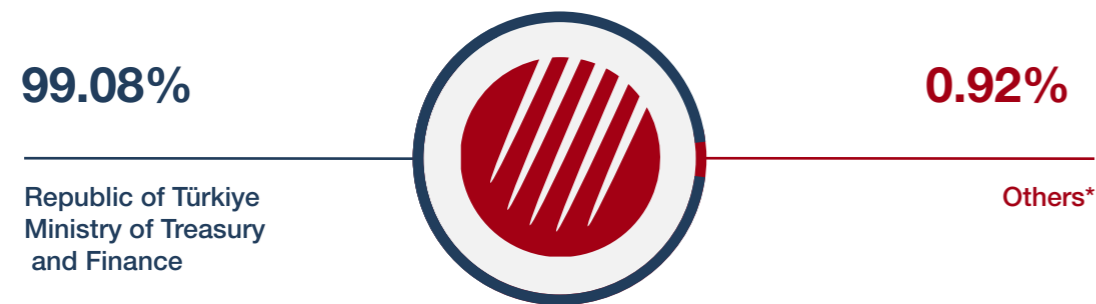
Intermediated the issuance of Türkiye's first Low Carbon Economy Transition Bond.

Development and Investment Bank of Türkiye, the rate of female employees in 2021 is 42%, the proportion of women employees at the Manager and Director level increased by 33% compared to the previous year and reached 52% in 2021. The gender distribution among the Bank's subcontractor employees is also important. In this context, the Bank has 56% women and 44% men subcontractor employees. In 2021, 52 people joined Development and Investment Bank family. Thus, the Bank reached 298 employees by the end of 2021.

By the end of 2021, 22 e-learning trainings were offered to employees via the online training platform. During the year, training programs were organized under 218 different topics. The Bank actively participates in open classroom trainings offered by the Banks Association of Türkiye three times a year. A new graduate assistant specialist training program was organized, and new graduates were recruited to the Bank with a one-month training period with banking and technical trainings.

Development and Investment Bank of Türkiye at a Glance

CURRENT CAPITAL SHARE (%)



(*) It covers all real and legal persons and the number of shareholders is not known since the shares belonging to the majority of the partners are traded in Borsa Istanbul.

99.08% of its capital of Development and Investment Bank of Türkiye, which belongs to the Republic of Türkiye Ministry of Treasury and Finance, was established on November 27, 1975 under the name of the Ministry of Industry and Workers Investment.



We focus on financing sustainable development in line with the United Nations Sustainable Development Goals and our country's 2023 goals.

About Development and Investment Bank of Türkiye

Development and Investment Bank of Türkiye is a joint stock company development bank subject to the provisions of private law that has been providing financing support to companies operating in priority sectors of strategic importance, particularly industry, energy, education, health and infrastructure, for the sustainable development of Türkiye since 1975.

Continuing its activities with its strong, experienced and stable structure, the Bank strives to contribute to Türkiye's structural transformation and the spread of capital to the grassroots with the loans, capital support, investment banking partnership, equity financing and consultancy services it offers to all companies, from enterprises that will create added value for the national economy to industrial companies and SMEs, with the financial and technical support it provides in all areas of need. Development and Investment Bank, 99.08% of the capital of which is owned by the Republic of Türkiye Ministry of Treasury and Finance, was established on November 27, 1975 as the State Industrial and Labor Investment Bank. Within the framework of its founding purpose, the Bank participated in the establishment of many workers' companies and provided financing and consultancy support, and participated in the capital of some large enterprises operating in the manufacturing industry sector as a founding partner. In 1988, the Bank was renamed Türkiye Kalkınma Bankası A.Ş., enabling it to finance sectors other than the industrial sector. With its internationally prestigious position and the resources it provides, the Bank has continued to support competitive and efficient production for a stable and strong economy and to contribute to increasing Türkiye's employment, income and welfare level. In 2018, the Bank was restructured as Development and Investment Bank of Türkiye, and in 2019, the Bank moved its headquarters from Ankara to Istanbul and strengthened its organizational structure with experienced staff from the private sector as part of the transformation process. By incorporating the hats of investment banking and the Türkiye Development Fund, the Bank has included the introduction of alternative financing instruments in sustainable development

to the national economy, diversifying its products in the Türkiye capital markets and deepening the capital markets in its missions. With the Türkiye Development Fund, the Bank further deepened its service scale by providing resources to technology initiatives in need of capital and companies operating in priority areas of development.

Focusing on financing sustainable development in line with the United Nations Sustainable Development Goals and Türkiye's 2023 targets, the Bank has played a key role in realizing the investments of many companies from different sectors since 1975 with its strong resource structure, competent human resources and innovative products and services. Within the framework of Türkiye's 11th Development Plan, the main objective of Development and Investment Bank is to provide development and investment banking activities to reduce external dependency and current account deficit, increase our domestic production capacity, support competitive and efficient production and support the sustainable development of our country. With its trust-based relationships with the leading development finance institutions of the global economy and its prestigious position on an international scale, the Bank provides long-term resources to the business world to finance sustainable development. Development and Investment Bank, whose core function is the financing of sustainable development, also plays a leading role in helping companies access domestic and international funding sources through mergers and acquisitions advisory, capital market products and financial consultancy services. Through technical advisory services, another long-established area of expertise, Development and Investment Bank goes beyond being a traditional lender and shares its technical knowledge and experience with its business partners throughout the investment process. Development and Investment Bank is a member of various international organizations and networks within the scope of protecting the environment and combating climate change, which are indispensable elements of sustainable development.

Mission, Vision and Values

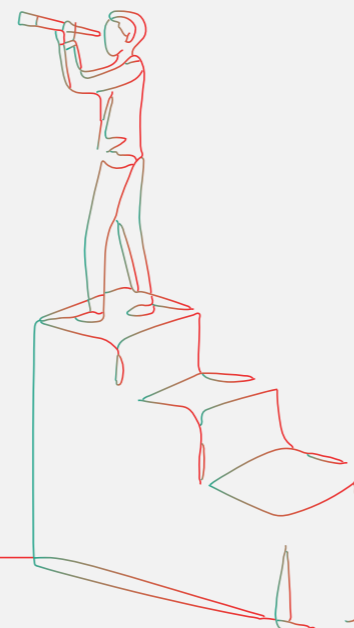


Vision

Our main goal is to ensure sustainable development in line with our values and to add value to the future by always standing by investors.

Mission

By meeting the financing and advisory needs of investors, we help our country's structural transformation in line with sustainable development priorities and work to contribute to the expansion of capital to the grassroots. We add value to our employees and all other stakeholders with a dynamic, innovative, environmentally and socially sensitive banking approach.



Our Values

We are deeply committed to the United Nations Sustainable Development Goals

- Within the framework of the UN Environmental Goals, we act responsibly towards the world we live in, the environment and society. We keep our social responsibility awareness alive. We use our resources effectively and efficiently.

We are reliable

- We establish long-term relationships with all our stakeholders based on open, ethical rules and trust.
- We base our decisions on objective criteria.

We are Solution Oriented

- We put our customers at the center of all our activities and design the future together with our effective and value-creating solutions.

We Value Our Employees

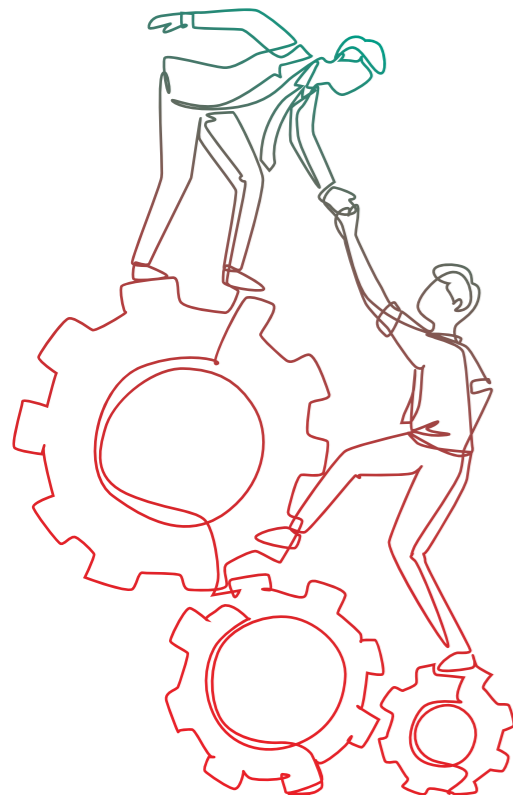
- We value our employees and encourage continuous learning, participation and sharing.
- We believe in teamwork, work with common sense, and attach importance to being fair to our employees and providing equal opportunity.

We are innovative

- We pioneer innovative positive change and add value not only for today but also for tomorrow.

47 Years of Experience and Contribution to Sustainable Development

Development and Investment Bank of Türkiye has succeeded in integrating its sustainability strategy, which it has defined within the framework of its “role supporting sustainable development” and “responsible banking approach”, into its business model.



In The 70s

- › The Bank became the first financial institution to support employee-owned companies and to provide financing from abroad.
- › The Bank became a pioneering institution by participating in heavy industry companies such as TAKSAN, TÜMOSAN, TEMSAN and TESTAŞ, known as SAN companies.

In The 80s

- › Technical services were provided within the framework of the State Planning Organization's (SPO) aid to Africa program.
- › Financing and rehabilitation of labor companies through the Credit Special Fund II (CPS II).
- › Assisted in the realization of infrastructure investments in the tourism sector and financed the development of tourism facilities.

In The 90s

- › Within the scope of the “Project for the Incorporation of Unfinished Investments and Enterprises with Insufficient Working Capital into the Economy”, approximately USD 100 million in loans were extended to 525 companies, creating 9,000 additional jobs.

In The 2000s

- › Wholesale Banking (APEX) enabled the financing of non-incorporated investments and SMEs.
- › The Bank became a partner in the Türkiye Investment Initiative (TII) led by the European Investment Fund (EIF), in which the European Investment Bank and the European Commission are partners.

2010

- › With the ISO 14001 Environmental Management System established within the Bank, the Bank has started to identify and mitigate adverse environmental impacts, reduce resource use and carry out the necessary activities to monitor environmental performance.

2014

- › The Bank's financing support to national development exceeded TRY 3 billion.

2016

- › The decision was taken to increase the Bank's issued capital to TRY 500 million.
- › The Bank reinforced its position among the pioneers of the finance sector with its reporting to the CDP Climate Change Program.

2017

- › The Bank expanded its global cooperation network with new initiatives.
- › The disbursement of the EUR 100 million CEB (Council of Europe Development Bank) APEX loan was initiated and the disbursement of the loan was completed in 2019
- › USD 200 million financing was obtained from the Islamic Development Bank and disbursement was completed by the end of 2020.

2018

- › The Bank fulfilled the “Climate Friendly Organization” criteria of the Türkiye Standards Institute and was awarded the certificate, thus achieving carbon neutral bank status.
- › With the Asset Financing Fund established by the Bank, Türkiye's first TRY 3.15 billion Asset-Backed Securities (ABS) issue was realized against the mortgage-backed securities of leading banks in the sector.
- › It has been restructured as Development and Investment Bank of Türkiye.
- › A loan agreement of EUR 50 million has been signed with the Black Sea Trade and Development Bank for SME financing.
- › A loan of USD 400 million secured from ICBC (Industrial and Commercial Bank of China) to be used for banking activities.

2019

- › The Bank relocated its headquarters to Istanbul as part of the restructuring.
- › The Bank became a founding signatory of the UNEP-FI Responsible Banking Principles.
- › The Second Wealth Financing Fund was established and TRY 1 billion of Asset Backed Securities (ABS) were issued.
- › Türkiye Development Fund was established.

2020

- › The Bank published its first sustainability report covering 2019 activities.
- › The Bank's Environmental and Social Policy entered into force in January 2020 with the approval of the Board of Directors.
- › The Bank's Sustainability Principles entered into force in June 2020.
- › The Bank's Combating Climate Change and Adaptation Policy entered into force in June 2020.

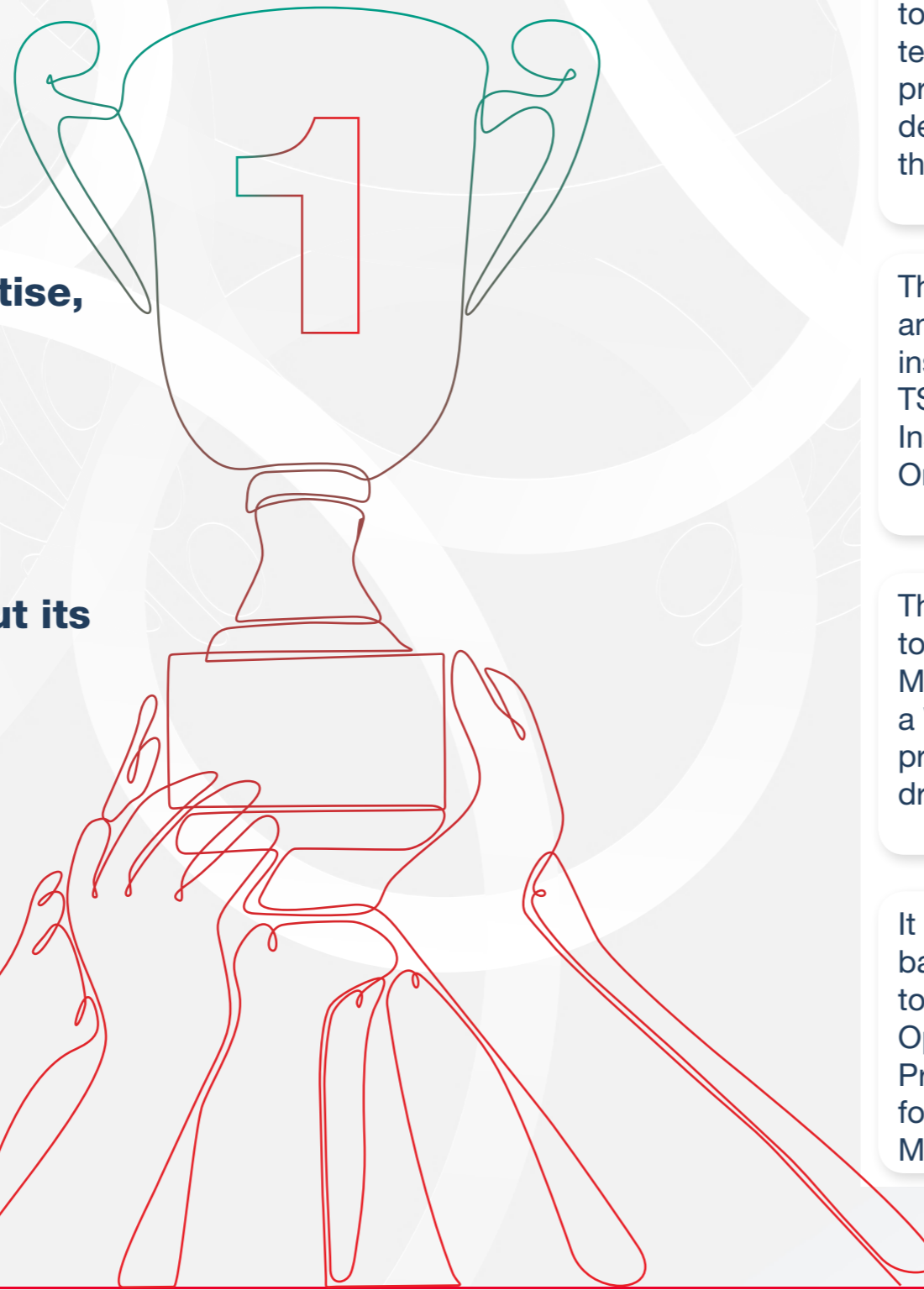
- › Technology and Innovation Fund and Regional Development Fund were established under the umbrella of Türkiye Development Fund.
- › Consultancy were provided for the establishment of the “Türkiye Securitization Company”, which is expected to play an important role in securitization activities, and for obtaining its operating license.
- › Participated in Birleşik İpotek Finansmanı A.Ş. and JCR Avrasya Derecelendirme A.Ş.
- › Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (Kalkınma GSPYŞ) was established as a 100% subsidiary of the Bank for investors who prefer to invest in accordance with the Capital Markets Board (CMB) legislation.
- › Kalkınma Yatırım Varlık Kiralama A.Ş., in which the Bank holds a 100% stake, was established.
- › In line with the working capital needs of Tarkim Bitki Koruma A.Ş., exclusive financial consultancy services were provided in the issuance of a 1-year term Amortising Sukuk-al-Wakala amounting to TRY 42 million.

2021

- › Financial consultancy, capital markets consultancy and mergers and acquisitions consultancy have been and continue to be provided within TKYB for major projects in various sectors, particularly in sectors prioritized for development.
- › With the TRY 50 million transaction realized through capital markets, our Bank's first sustainable issuance and Türkiye's first social sukuk issuance was completed.
- › Palgaz Doğalgaz Dağıtım A.Ş.'s TRY 200 million transaction, which is Türkiye's first low-carbon economy transition bond, was successfully completed. The issue was recognized as the Best Green Project Financing Bank by the International Finance Awards in 2022.
- › The Bank, TKYB Sermaye Fonu ve Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. established the Innovative and Advanced Technologies Venture Capital Investment Fund and Development Participation Venture Capital Investment Fund.
- › The management of the Regional Development Fund and the Technology and Innovation Fund was transferred to Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.
- › The bank became the first and only institution in Türkiye to sign the Operating Principles for Impact Management led by the International Finance Corporation (IFC) in 2021.
- › Became one of the highest scoring institutions in the finance sector in CDP's Climate Change Program with a score of B in 2021.
- › Development and Investment Bank of Türkiye Integrated Report was published for the first time.

First

Contributing to the real economy in the light of 47 years of experience and expertise, Development and Investment Bank of Türkiye has achieved many firsts in Türkiye and pioneered many innovations throughout its corporate history.



The first bank in Türkiye to offer both financial and technical support to companies.

The first bank to implement incentive loans.

The first bank to support clusters within the program.

It is the first and only bank to provide financial and technical support in the process of revealing and developing the potential in the tourism sector.

The first bank to realize the first public offering in the capital markets.

The first bank to prepare a financial support program for unfinished facilities.

The first bank among public and private sector financial institutions to receive the TSE (Türkiye Standards Institute) "Climate Friendly Organization" certificate.

The first bank to transfer Islamic Development Bank resources to SMEs.

The first bank to implement the ISO 14001 Environmental Management System among public banks.

The first and only bank to apply the Risk Sharing Mechanism (RSM), a World Bank grant program, to geothermal drilling projects.

It is the first and only Türk bank that is an affiliate member of EIF-NPI (European Investment Fund-National Promotional Institutions).

It is the first bank in Türkiye that intermediated the first low-carbon economy transition bond issuance.

It is the first bank in Türkiye to sign the Operating Principles for Impact Management.

It is the first bank in Türkiye to issue asset-backed securities against the Asset Financing Fund and mortgage-backed securities of sector banks.

It is the first institution in Türkiye to issue social sukuk.

Activities of Development and Investment Bank of Türkiye

With its strong capital structure and strategic relations with international financial institutions, Development and Investment Bank of Türkiye offers various financing solutions that will contribute to our country's economy and accelerate sustainable development.

With its strong capital structure and strategic relationships with international financial institutions, Development and Investment Bank offers various financing solutions that will contribute to Türkiye's economy and accelerate sustainable development. It also provides financial advisory, capital markets advisory and M&A advisory services to major projects through investment banking services.

In this context, the Bank defines its main fields of activity and strategic goals under three main headings: Development Banking, Investment Banking and Türkiye Development Fund:



Development Banking

The Bank's development banking objectives to provide financing structures and financial products in line with Türkiye's sustainable development plans are as follows:

- Supporting the priority sectors in the 11th development plan with long-term investment and domestic currency
- Reducing external dependency and the current account deficit by financing investments that support exports and import substitution
- Supporting regional development and priority sectors and increasing employment
- Supporting investments in sustainable development, Paris Agreement and green transformation
- Reducing the negative impacts of the pandemic on the economy and businesses by financing the working capital needs of SMEs affected by the Covid-19 pandemic
- Providing financial support to regions and sectors affected by migration.

Project Finance and Corporate Loans

Over the past 18 years, Development and Investment Bank of Türkiye has contributed a total of USD 5 billion in financing to our country through international funds in the fields of industrial investments, renewable energy investments, energy and resource efficiency, circular economy, education and health, wholesale banking, urban infrastructure and tourism.

Through the project finance and corporate loans it provides to its customers, the Bank contributes to economic growth, social development and environmentally friendly development by supporting many sectors such as manufacturing, renewable energy, education and health, which are the locomotive sectors of our country. The Bank provides loans for complete new investments, expansion/capacity increase and modernization investments in line with the needs of companies operating in the manufacturing industry, and supports employment, increase in competitiveness and production of technological products. The Bank contributes to increasing Türkiye's exports and improving import substitution by supporting R&D (Research and Development) and innovation investments. The Bank responds to the financing needs of investors in projects (hydroelectric, solar, wind, biomass, and geothermal power plants, etc.) aimed at the efficient and proper utilization of renewable energy resources and the utilization of domestic energy resources in the economy. Thus, Türkiye's goals of increasing energy supply, reducing the use of fossil fuels and reducing external dependence on energy are supported.

Development and Investment Bank provides loans for investments that increase energy and resource efficiency and strengthen waste management for companies producing in sectors with high energy use intensity such as cement, iron and steel, paper and ceramics.

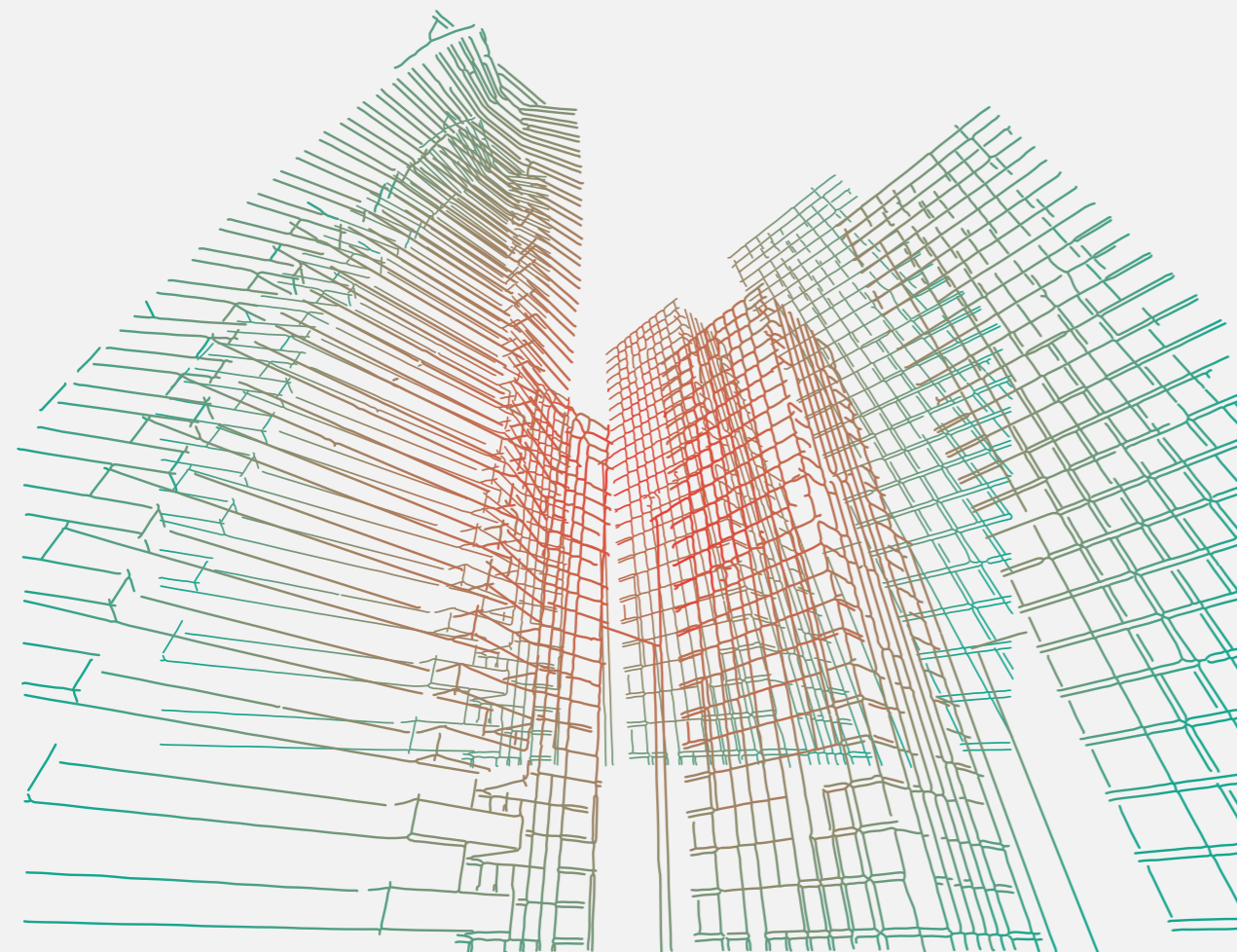
With the support provided for energy generation from waste heat, wastewater treatment technologies and modernization investments, the Bank contributes to reducing fossil fuel use and greenhouse gas emissions and increasing recycling.

Development and Investment Bank takes steps towards the development and protection of sustainable tourism by lending for the renovation of tourism facilities in operation and supporting investments to increase energy efficiency in buildings. The Bank also supports investments aimed at expanding access to health and education services and reflecting physical/technological developments in service lines. Project-specific financing solutions are created in line with the needs of investors and support Türkiye's sustainable development through these investments.

In order to obtain a long-term financing loan for an investment project or an operating loan, the customer applies for a corporate loan or a project finance service in which the investment is financed through a financing package to be established and the loan allocation is realized if deemed appropriate after the Bank's study.

For corporate loan or project finance services to be provided by the Bank, negotiations are held with International Finance Institutions for loan agreements on specific themes and loan agreements are signed in the agreed amount.

In the wholesale banking service of Development and Investment Bank of Türkiye, resources are provided through the intermediation of various financial institutions instead of direct lending as above.



LENDING PROCESS



The lending process consists of Project Risk Analysis, Feasibility, Project Financing Model and Monitoring Period.

In the Project Risk Analysis step, sectoral analyses and company/group analyses are conducted; macroeconomic risks, project and company risks and ESG risk analysis are evaluated. The Feasibility step covers assessing the technical, financial, economic, legal, environmental and social feasibility of the project. In accordance with its Environmental and Social Policy, the Bank considers the risks arising from its services and

activities in economic, environmental and social dimensions. The Bank takes into account the impact assessments made by the Environmental and Social Risk Assessment and Monitoring Process in its lending decisions. The Project Financing Model step covers the determination of the financial criteria and processes of the project, particularly the loan/equity balance, working capital, maturity and project/loan guarantees. Finally, in the Monitoring Period step, technical progress and environmental and social monitoring reports are prepared throughout the duration of the project and the loaned project is monitored.

APEX LOAN PROCESS



The APEX Loan process includes Project Identification, Credit Program Development and Funding, Intermediary Institution Selection and Agreement Process, Disbursement and Reporting.

The Project Identification stage includes preliminary economic/thematic research on the project proposal and negotiations with financing institutions. The Credit Program Development stage includes the negotiation of credit terms with the funding institutions and the signing of agreements, the provision of the guarantee of the Republic of Türkiye Ministry of Treasury and Finance and the preparation of the implementation manual. In the Partner Financial Institution Selection

and Agreement stage, the financial, operational, environmental and social compliance of the Partner Financial Institutions (PFIs) are assessed, and negotiations and agreements are carried out with the Partner Financial Institutions and the funding institution. Finally, at the Disbursement and Reporting stage, the following activities are carried out: transfer of the loan amount from the funding institution to the Partner Financial Institutions; review, approval and reporting of the sub-loans granted by the PFI to the funding institution in terms of financial, environmental and social aspects by our Bank; and preparation and submission of program closing reports to the funding institutions.

Investment Banking

Through its activities in the field of investment banking, Development and Investment Bank aims to raise Türkiye capital markets to the level of international capital markets and to support foreign capital inflows to Türkiye.

The activities carried out in this context are listed below:

- Providing all investment banking services to state-owned enterprises at international standards
- Developing financing solutions to attract foreign direct investments
- Developing alternative financing instruments for the capital needs of enterprises
- Creating capital solutions to increase the competitive advantage of local firms
- Developing innovative capital market products
- Providing structuring consultancy services for the financial and managerial bottlenecks of companies.

Within the scope of Financial Consultancy, Development and Investment Bank provides financial restructuring consultancy, financial feasibility consultancy, company valuation, structured and project finance consultancy services to its clients. Within the framework of financial restructuring consultancy services, the Bank prepares financial feasibility reports for companies with debt repayment difficulties and the financial institutions to which they are indebted, and supports companies in restructuring their debts in accordance with foreseeable amortization plans. Within the scope of financial feasibility consultancy, the Bank conducts financial, technical and sectoral analyses on the investment plans and projects of its clients and provides opinions on the financial feasibility of the firms' investment

plans and/or projects. In the event of a change in the shareholding structure of companies, or in the event of a change in the future plans of the company's shareholders or in search of financing, the Bank provides financial valuation services to companies in need to calculate the value of their companies according to international valuation methods. In addition to the assets, the Bank also takes into account the activities, future plans and intellectual capital (R&D, human resources, intellectual property, etc.) of companies. The Bank supports companies in debt refinancing, restructuring, acquisition, investment and project financing, with the aim of satisfying the long-term investment and financing needs of its customers, to which it provides structured and project finance consultancy.

Within the scope of Merger and Acquisition Consultancy, the Bank provides buyer/seller side financial consultancy services in company-asset purchase/sale, merger, spin-off, partnership and privatization projects. In this context, the Bank provides advisory services in sales transactions for companies / shareholders to completely exit a certain line of business or all of their activities, vertical and / or horizontal integration, access to new markets, partnership / merger / acquisition transactions to access assets / intellectual property rights. With its deep sectoral competence and unique national/international experience, the Mergers and Acquisitions Consultancy unit supports companies operating in leading sectors that support sustainable development in a broad perspective, including the creation of a process roadmap, identification of potential companies/investors, preparation of proposals, coordination of work and negotiations between other consultants and parties involved in the process.

Within the framework of Capital Markets Advisory, consultancy services are provided to companies on the issuance of stocks, debt instruments, lease certificates and other capital market instruments, and intermediation is provided for companies to provide additional resources. These issuances contribute to companies in terms of institutionalization and transparency, and pave the way for companies with increased awareness in capital markets to meet different financing alternatives more easily.

Within the framework of alternative financing methods based on borrowing, bond and bill issuances, which are frequently used products in Türkiye's capital markets, and lease certificate

Türkiye Development Fund (TDF)

The Türkiye Development Fund, established by Development and Investment Bank of Türkiye to transform public resources into capital investments focuses on national development, provides strategic support to innovation and regional development.

Five funds with a total size of TRY 1 billion 375 million have been established under the umbrella fund of the TDF. With these funds, while supporting sectors of strategic importance in Türkiye's sustainable growth, it is aimed to increase venture capital investments, to encourage the private sector to focus on this field and to ensure that investments are spread across the country.

The activities carried out in this direction are listed below

- **Regional Development Fund¹:** Supporting the growth of small and medium-sized companies with capital and management expertise

(sukuk) issuances, which have been increasing rapidly in the recent period; comprehensive consultancy services are provided in all steps from the decision stage of the companies to the coordination of the process, from the management of sub-consultants to the application of all regulatory institutions, from the follow-up of marketing and sales processes to the completion of the issuance.

The Bank also provides consultancy services for the issuance of innovative capital markets financing products (primarily green, social and sustainable products) related to environmental and social problems, particularly climate change, and strives to create diversity in capital markets.

- **Technology and Innovation Fund¹:** Supporting both Venture Capital (VC) funds in the ecosystem and high-potential technology-focused startups
- **Innovative and Advanced Technologies Venture Capital Investment Fund:** Providing capital financing to companies targeting high technology-oriented production that can also be used by the Defense Industry
- **Development Participation Venture Capital Investment Fund:** Utilizing the resources in participation accounts more effectively and bringing them into the real economy through growth capital investments
- **TKYB Capital Fund:** Supporting technology-oriented, turnover-generating startups with high growth potential

Accordingly, summary information on the funds under the management of Portföy Yönetim A.Ş. is given below;

- **Regional Development Fund (TRY 525 Million):** Within the fund, which was established in July 2020, priority areas such as export/reducing the current account deficit and creating regional employment for small and medium-sized companies in the priority strategic sectors in development are prioritized.
- **Technology and Innovation Fund (TRY 350 Million):** This fund, which was established in December 2020 and especially supports the entrepreneurial ecosystem and technology investments, supports technological initiatives and entrepreneurs by responding to needs in different directions with two different strategies (Venture Capital Joint Investments and Funds of Funds). In line with the roadmap drawn, investments are made in completely technology-oriented new generation startups and funds that invest in these ventures (venture capital).
- **TKYB Capital Fund (TRY 200 Million):** TKYB Capital Fund was established by the Bank on September 15, 2021. The Bank is the sole investor of TKYB Capital Fund. Within the framework of the TKYB Capital Fund, it is aimed to support technology-oriented startups

with high growth potential by making direct investments in both venture capital funds and startups in parallel with the TIF investment strategy. The Bank's investment commitment to 212 Regional Fund has been taken over by the TKYB Capital Fund.

- **Development Participation Venture Capital Investment Fund (TRY 125 Million):** The Development Participation Venture Capital Investment Fund, established on May 27, 2021 by Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. ("KGSPYŞ"), a wholly-owned subsidiary of Kalkınma Yatırım Bankası, in accordance with CMB legislation and participation finance principles, aims to make capital investments in manufacturing-oriented companies operating in strategic sectors that are prioritized for development and will contribute to reducing the current account deficit.
- **Innovative and Advanced Technologies Participation Venture Capital Investment Fund (TRY 175 Million):** The Innovative and Advanced Technologies Participation Venture Capital Investment Fund ("YITF"), established by KGSPYŞ on May 27, 2021 in accordance with CMB legislation and participation finance principles, aims to make equity or structured capital investments in companies targeting high technology-oriented production that can also be used by the defense industry.



¹ The management of the Regional Development Fund and the Technology and Innovation Fund was transferred to Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (KGSPYŞ) in 2021.



Corporate Governance

Continuing its activities with its role in supporting sustainable development and responsible banking approach, Development and Investment Bank of Türkiye adopts a comprehensive and participatory management approach and works with a focus on creating value for all its stakeholders.

37

Governance Approach

63

Board of Directors

69

Senior Management

71

Organization Chart



Governance Approach

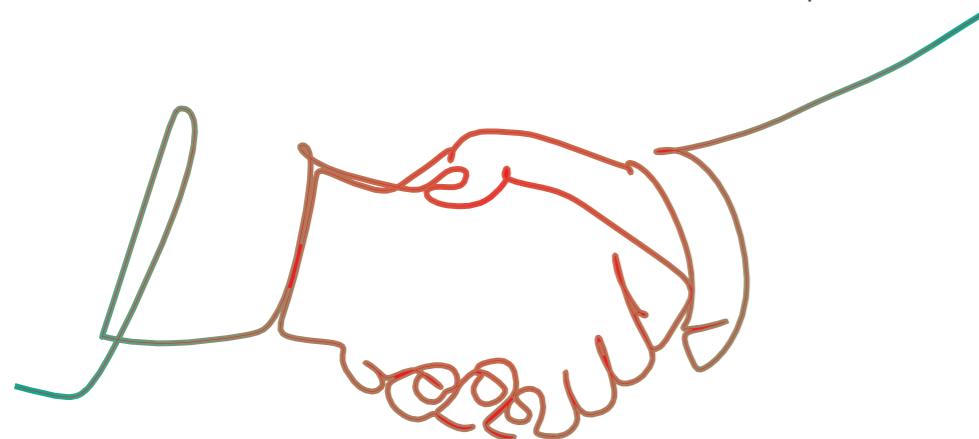
Continuing its activities with its role supporting sustainable development and responsible banking approach, Development and Investment Bank of Türkiye adopts a comprehensive and participatory management approach and works with a focus on creating value for all its stakeholders.

The Board of Directors of the Bank consists of 7 members elected by the General Assembly and the members of the Board of Directors can be elected for a maximum of three years. According to the provisions of the Articles of Association, the Board of Directors convenes at least once a month with the majority of the total number of members and takes its decisions with the majority of the members present at the meeting.

Members of the Board of Directors of the Bank are assigned to more than one committee due to the number of board members and the obligation to have independent members in the committees established. The Bank's Board of Directors held 19 meetings in 2021 and took a total of 255 decisions, 24 of which were interim decisions.

The Bank's Strategic Business Plan is prepared for of three or five-year periods depending on the conjuncture and is reviewed annually. All relevant units participate in the preparation of the Strategic Business Plan, especially in the determination of targets, and these plans are approved by the Senior Management and the Board of Directors of the Bank.

There are 21 committees within the organizational structure of our Bank in order to manage all processes effectively. The committees, which continue their activities within the scope of internal regulations, hold meetings at regular intervals and take decisions in line with legal regulations, current developments and needs.



Asset-Liability Committee, was established to ensure the effective and efficient management of the assets and liabilities of the Bank's balance sheet. The Committee carries out its activities within the framework of the Bank's vision, mission, strategic goals and targets, risk management policies and strategies, and takes into account current and prospective economic developments and factors such as interest rates, maturities and currency denominations.

Credit Evaluation Committee, is responsible for determining the principles of lending in accordance with the Bank's general goals and policies and developing them according to current conditions, ensuring and monitoring the regular flow of work, information and documents between the units in charge of credit transactions of the Bank, evaluating the Bank's credit risk and the status of the credit portfolio, reviewing, evaluating and deciding on the reports prepared by the relevant units on credit allocation, taking decisions on postponement, installments and rearrangement of loan receivables within the limits determined, to determine the procedures and principles regarding the Bank's credit policies, to increase the efficiency of the loan portfolio within the framework of changing and developing conditions, to take measures and decisions on determining the strategies regarding problematic customers/ customers under legal follow-up and to discuss the proposals prepared by the relevant units.

Audit Committee, on behalf of the Board of Directors, is responsible for overseeing the effectiveness and adequacy of the Bank's internal systems, the functioning of these systems and the accounting and reporting systems within the framework of the law and related regulations, and the integrity of the information produced.

Corporate Governance Committee is responsible for determining the principles

of the Bank's corporate governance policy, monitoring compliance with corporate governance principles, making improvements in this regard and submitting proposals to the Board of Directors.

Executive Committee was established to discuss and implement issues related to the day-to-day management and operation of the Bank.

Remuneration Committee was established to evaluate the Bank's Remuneration Policy and practices within the framework of risk management and to make recommendations to the Board of Directors regarding these.

Environmental Management Committee continued its activities until 2021 in order to establish, implement, improve and monitor the Environmental Management System within the framework of the Environmental Management Policy and to raise corporate awareness. (The committee was abolished in 2021 with the transition to the Integrated Management System).

Sustainability Committee was established to effectively carry out the necessary work to develop the Bank's sustainability strategy and policies and to integrate them into all activities.

The Business Continuity and Emergency Committee was established to create the Bank's business continuity management structure and to manage policies, plans, tests and actions within the scope of business continuity.

The Disciplinary Board was established to decide on investigation files submitted to the Disciplinary Board.

The Information Security Committee was established to formulate the Information Security Policy and establish activities for its implementation on behalf of the Board of Directors.

The Information Systems Strategy and Steering Committee was established to oversee the appropriate use of IT investments in line with the Information Systems (IS) strategy plan and the compatibility of the Bank's business objectives and IS objectives, to determine the prioritization of IS investments and projects, to monitor the status of ongoing IS projects, to resolve resource conflicts between projects, to provide the necessary guidance to ensure compliance of the IS architecture and IS projects with the legislation, and to monitor service levels for IS services.

Information Systems Continuity Committee was established to create the conceptual framework that will guide the efforts to establish and keep up-to-date all kinds of measures, plans, orders and procedures to be Carried out in order to ensure that Information Technologies (IT) systems and applications perform their functions appropriately in

situations that threaten the continuity of the Bank's corporate activities.

Türkiye Financial Reporting Standards (TFRS9) Committee was established to create senior governance and oversight in the TFRS 9 impairment calculation process and to ensure objectivity and impartiality in the TFRS 9 process.

Human Resources Committee was established to plan the Bank's workforce and ensure the training and development of its employees.

Procurement Committee was established to determine the principles of procurement, to make the necessary changes and to carry out and decide on the procedures and principles to be followed regarding the purchase, sale,

construction and leasing transactions within the scope of the committee limit.

Innovation and Business Development Committee was established to evaluate and implement new products, services, innovations, changes and business development opportunities within the Bank.

Financial Institutions Committee was established to create limits for Financial Institutions.

Personal Data Protection (PDP) Committee was established to carry out studies to determine the principles regarding the Personal Data Protection Policy, to monitor compliance with the Personal Data Protection

Law, to carry out continuous improvement and corrective or preventive actions and to submit recommendations to the Board of Directors.

Information Sharing Committee was established to coordinate the sharing of confidential information in accordance with the principle of proportionality within the scope of the Regulation on the Sharing of Confidential Information of the Bank, to evaluate the appropriateness of incoming sharing requests and to record these evaluations.

Ethics Commission was established to provide advice and guidance to all employees of Development and Investment Bank of Türkiye regarding the problems they encounter in terms of the principles of ethical behavior, to establish and develop an ethical culture, to evaluate ethical practices, and to determine the duties, working procedures and principles of the Ethics Commission.

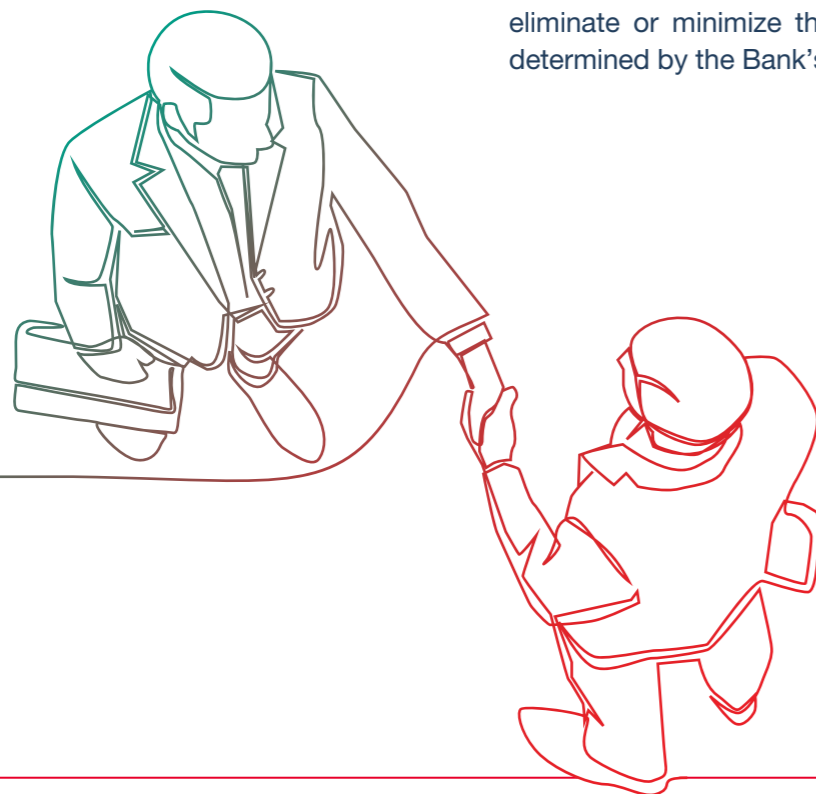
Strategic Steering Committee was established to determine/evaluate the Bank's future outlook, strategies and targets, to create an internal culture of change and transformation within the Bank, to increase cooperation between units within the Bank and to evaluate synergy efforts for the institutionalization of the Bank, to prepare strategic business plans and to ensure the coordination of the process, and to evaluate the overall performance of the Bank.



Sustainability Management

Development and Investment Bank of Türkiye, which puts sustainability at the center of all its financial activities with its responsible banking approach, has been financing thousands of investment projects for nearly 50 years and providing financing to support small and medium-sized enterprises (SMEs) in Türkiye.

Improving the lives of communities by promoting sustainable and inclusive growth is among the Bank's primary objectives. This includes financing climate change prevention and adaptation within and outside Türkiye, as well as fostering innovation and entrepreneurship. "Climate Action" is one of the Bank's top priorities. It mobilizes financial resources globally through lending and consultancy activities, helping to direct these resources to where the expected impacts are greatest. Through its activities in support of sustainable development, strong environmental and social risk assessment practices and the technical advice of its expert staff, it mobilizes the financing needed to achieve the global warming commitment of "below 1.5°C" worldwide. The environmental and social actions required to eliminate or minimize the risks identified are determined by the Bank's expert staff.



Placing sustainable development at the center of its activities, the Bank accepts the 17 Sustainable Development Goals (SDGs) established by the United Nations in 2015 as guidelines and contributes directly or indirectly to 15 of them.

Placing sustainable development at the center of its activities, the Bank accepts the 17 Sustainable Development Goals (SDGs) established by the United Nations in 2015 as guidelines and contributes directly or indirectly to 15 of them. The Bank, which directly and indirectly contributes to the protection of the environment and public health by monitoring the environmental, social and governance-oriented performances of companies in all types of financing throughout the loan term in accordance with IFC performance standards, completed the measurement of the contribution of all investments it provides financing support to the United Nations Sustainable Development Goals in 2021 and integrated it into all credit evaluation processes and made it a standard operating procedure. As of the end of 2021, the ratio of our United Nations Sustainable Development Goals-related loan portfolio to our total portfolio was 81.3%. As of the end of 2021, the ratio of our climate and environment-related United Nations Sustainable Development Goals-related loan portfolio to our total portfolio was 55.5%. In addition, the total amount of United Nations Sustainable Development Goals-related loans we extended in 2021 was USD 2,302,451,377.

With its first integrated report published in 2021, the Bank shared its support for Türkiye's sustainable development, value creation model, strategy, capital elements management, outputs and targets by presenting the economic, environmental and social value created as a result of its activities

for nearly 50 years and its performance in these areas to its stakeholders. The report is based on the GRI Standards as well as the International Integrated Reporting Framework, which is implemented by The Value Reporting Foundation.

With the ISO 14001 Environmental Management System established in 2010, Development and Investment Bank identifies and mitigates the negative environmental impacts of its operations, reduces resource use, monitors its performance and manages these environmental impacts.

With the transition to an integrated management system, including ISO 9001 Quality Management System, ISO 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management System, necessary work was initiated in 2020 to further improve the coverage of the management system. With the ISO 9001 and ISO 45001 certificates obtained in 2021, the Bank presented its Quality, Environment, Occupational Health and Safety Policy, which it has established in line with its activities, to all its stakeholders. In addition, in 2021, the Bank started working to incorporate ISO 10002 Customer Satisfaction Quality Management System and ISO 27001 Information Security Management System standards into its integrated management system.

In addition, the Bank monitors and calculates greenhouse gas emissions arising from its

operational activities, verifies them within the scope of TS EN ISO 14064 Standard and neutralizes them through certificates in accordance with international standards. In 2020, a new memorial forest was established in Istanbul. With two memorial forests in Ankara, a total of 20,000 trees are planted and approximately 435 tons of carbon dioxide emissions are prevented annually.

The Bank reports to the Climate Change Program of the Carbon Disclosure Project (CDP). The Bank, which evaluates its risks and opportunities related to climate change in the reporting, voluntarily responded to questions on strategy, governance, emission metrics, targets, performance and value chain interaction, and became one of the institutions with the highest score in the finance sector in our country with its B score in 2021.

The Bank was a founding signatory of the United Nations Environment Program Financial Institutions (UNEP FI) Principles of Responsible Banking (PRB) in 2019 and continued its efforts to fulfill the requirements of the principles in 2021. The Bank also participates in UNEP FI Working Groups. The Bank participates in sustainability-related activities at both national and global levels through national and international collaborations.

In addition, the Bank continued to involve employees in activities aimed at developing sustainability awareness, integrating it into the corporate culture and raising awareness about sustainability. Our Bank provided a total of 602 hours of training to 316 employees on sustainability.

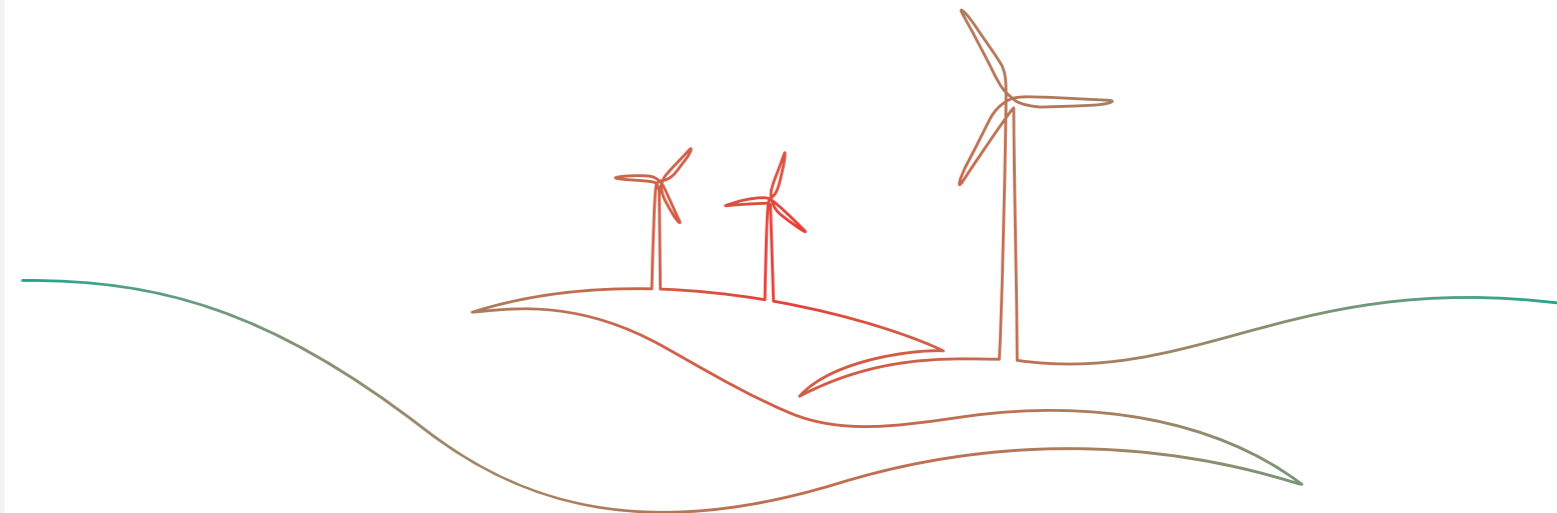
Sustainability and Environmental Social Impact Management

The Sustainability Committee, established in 2020 with the aim of developing and integrating sustainability strategy and policies into all activities; continues its activities within the framework of the updated Sustainability Committee Directive dated August 2021. Under the chairpersonship of the

CEO, the Committee consists of an independent Board Member, Executive Vice President to which the Sustainability and Environmental Social Impact Management Unit is affiliated, Executive Vice President to the Development Finance Institutions Unit, Sustainability and Environmental Social Impact Management Unit Manager, the Head of the Strategy, Organization and Process Management Department and other assistant members to be selected by the Committee. In July 2021, the Sustainability and Environmental Social Impact Management Unit was established in order to work more focused and increase efficiency within the framework of a central business model with a unique structuring of the Bank's activities in the fields of sustainability and environmental and social risk management. The team involved in all lending processes of the Bank has prepared Environmental and Social Risk Assessment Reports of more than 200 projects in the last 1 year.

Main areas of work of the Sustainability and Environmental Social Impact Management Department are as follows;

- Following domestic and international developments in the field of sustainability,
- Supporting the creation of an impact investment ecosystem in the country,
- Contributing to Türkiye's sustainable development and achievement of the SDGs,
- Integrating Environmental, Social and Governance issues into all financing processes of the Bank,
- Fulfilling the tasks defined in accordance with the Environmental and Social Risk Assessment in the Credit Process,
- Measuring the interaction of lending activities with the Sustainable Development Goals,
- Carrying out Sustainability and Integrated Management System activities and memberships,
- Preparing the Bank's sustainability, integrated and Carbon Disclosure Project reports,
- Fulfilling the requirements of the Bank's Sustainability Committee.



“Environmental and Social Risk Evaluation Procedure in Lending Process” has been prepared in order to evaluate the environmental and social risks of the credits requested from the Bank and to ensure effective management of the issue in line with the Bank's strategy.

Credit requests are evaluated according to the Exclusion List within the framework of the Bank's Environmental and Social Policy and projects included in this list cannot be lent by the Bank. The Environmental and Social Risk Assessment Model described in this Procedure is applied to all loans that are not included in the Exclusion List. Risk categorization is done using the Environmental and Social Risk Assessment Model. The Environmental and Social Risk Assessment Model categorizes projects and clients into four categories;

- High risk (Category A)
- Medium-High risk (Category B+)
- Medium risk (Category B-)
- Low risk (Category C)

The Environmental and Social Risk Assessment and Monitoring Process includes the following steps:

- Checking the Exclusion List (EL)
- Gathering project documents
- Performance of Environmental and Social Risk Evaluation and Initial Categorization
- Checking the Environmental and Social Risk Category of the Credit and the Performance Final Classification
- Preparing of Environmental and Social Action Plan
- Checking the project evaluation report
- Informing the Customer about the Action Plan
- Inclusion of Credit Approval and Action Plan in the Credit Contract
- Environmental and Social Monitoring
- Recording of Annual Implementation Results of Environmental and Social Assessment

Operating Principles for Impact Management

The Bank has once again demonstrated that it is a pioneer in this field by being the first and only organization in Türkiye to sign the Operating Principles for Impact Management (Impact Principles), which is a reference point for best practices that can be continuously improved from an international perspective.

The Bank has once again demonstrated that it is a pioneer in this field by being the first and only organization in Türkiye to sign the Operating Principles for Impact Management (Impact Principles), which is a reference point for best practices that can be continuously improved from an international perspective. As a founding member of the Impact Investing Advisory Board (EYDK), which aims to develop the impact investing model in Türkiye and create a well-functioning impact investing ecosystem, Development and Investment Bank is thus committed to implementing a global standard for the management of impact investing with the aim of providing greater discipline, transparency and measurability. Through global and local partnerships, the Bank aims to help companies, organizations and funds achieve financial, social and environmental gains through impact investing. In the projects it finances, it aims to create a positive environmental impact in the fight against climate change by identifying funding energy efficiency, resource efficiency, employment, technological development and digitalization projects as a strategic priority area. In this context, as of the end of 2021, it has created an annual greenhouse gas emission reduction effect of approximately 5 million tons of carbon dioxide equivalent.



By the end of 2021, approximately 81 percent of the Bank's portfolio consists of sustainability-thematic loans.

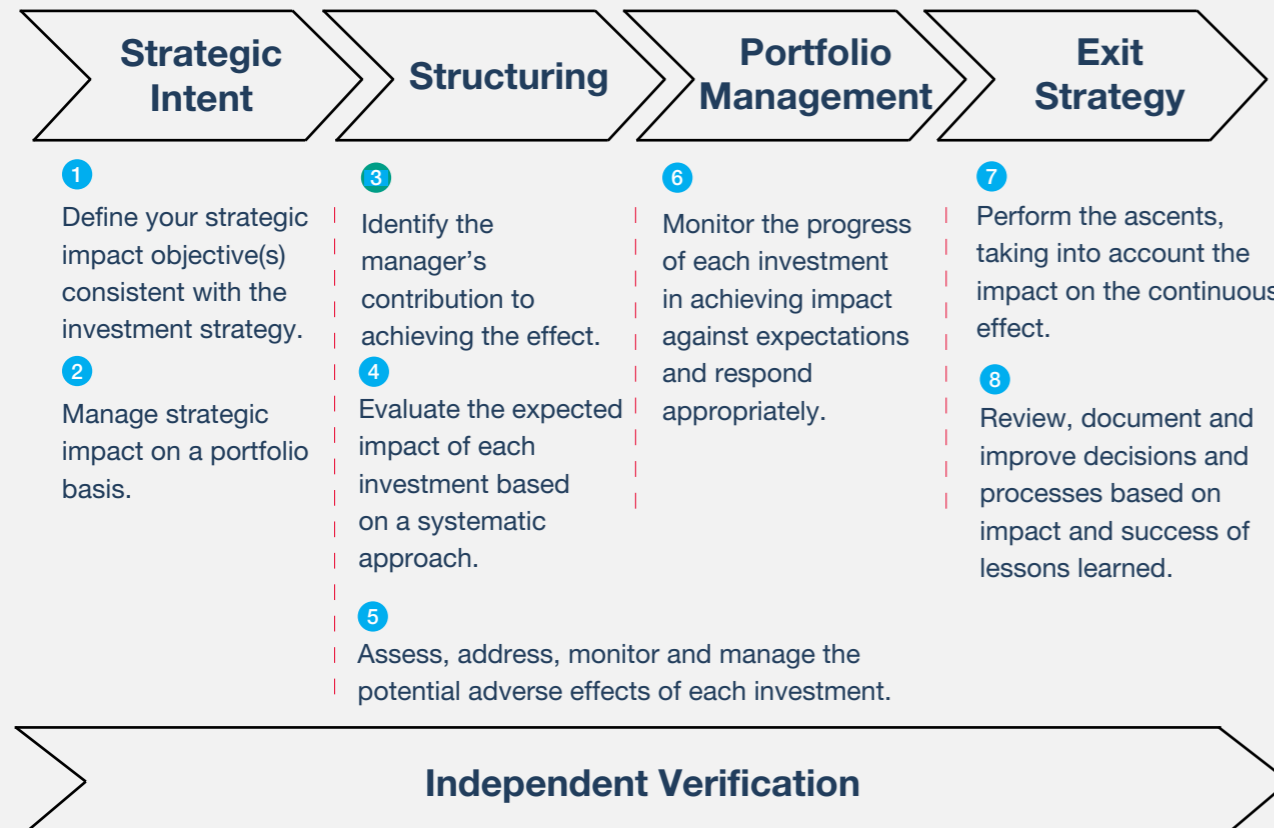
Developed by leading international financial institutions and impact investors, in particular the International Finance Corporation (IFC), the principles now have 162 signatories from 38 countries, covering approximately USD 466 million in assets. The leading signatories, representing 70% of the assets covered, are the International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), American International Development Finance Corporation (OPIC), Multilateral Investment Guarantee Agency (MIGA), RockCreek, Inter-American Development Bank (IDB), Dutch Development Bank (FMO), German Development Finance Corporation (DEG).

The Bank has concluded many ESG-thematic loan agreements with major international financial institutions such as the World Bank, the German Development Bank (KfW), the Japan Bank for International Cooperation, the Asian Infrastructure Investment Bank and the China Development Bank to finance sustainable development. As of the end of 2021, **approximately 81 percent of the Bank's portfolio consists of sustainability-thematic loans** and directly and indirectly contributes to the United Nations Sustainable Development Goals. ESG-focused financing themes include renewable energy, energy efficiency, employment, infrastructure, SMEs, health and education sectors. In line with the global standards of impact principles, Türkiye Development Fund aims to manage its project finance and Türkiye Development Fund activities through an 'impact lens' to ensure greater measurability.

The Operating Principles for Impact Management (Impact Principles) is a program that defines an end-to-end process to help companies or organizations achieve measurable positive social and environmental impact as well as financial gain. The elements of the Impact Principles are: Strategic Intent, Structure, Portfolio Management, Exit Strategy and Independent Verification. Impact investments have the potential to make a significant contribution to challenges in areas such as economic inequality, clean water access and sanitation, agricultural productivity and natural resource conservation.



Operating Principles for Impact Management (9 Principle)



- 9 Publicly disclose compliance with the principles and ensure regular independent verification of compliance.

Sustainability-ESG Risk Evaluation

In 2021, as a result of its efforts, **the Bank became the 1st institution to best manage its risks with a risk rating of 11.0 among all institutions in Türkiye, the Middle East and Africa** with our Environmental, Social and Governance (ESG) rating and performance in the global assessment made by Sustainalytics, an independent sustainability rating agency. **In Europe, we became the 4th bank with the best result after EIB, EBRD and KfW.** Sustainalytics ESG Risk Rating is based on

the ESG Risk Ratings research framework, which measures how exposed a company is to significant ESG risks specific to its industry and how well the company manages these risks. ESG Risk Ratings provide a quantitative measure of unmanaged ESG risk and categorize it into five levels: negligible, low, medium, high and severe. In this context, the key issues to be assessed include Corporate Governance, Human Capital, ESG Integration-Financials and Business Ethics.

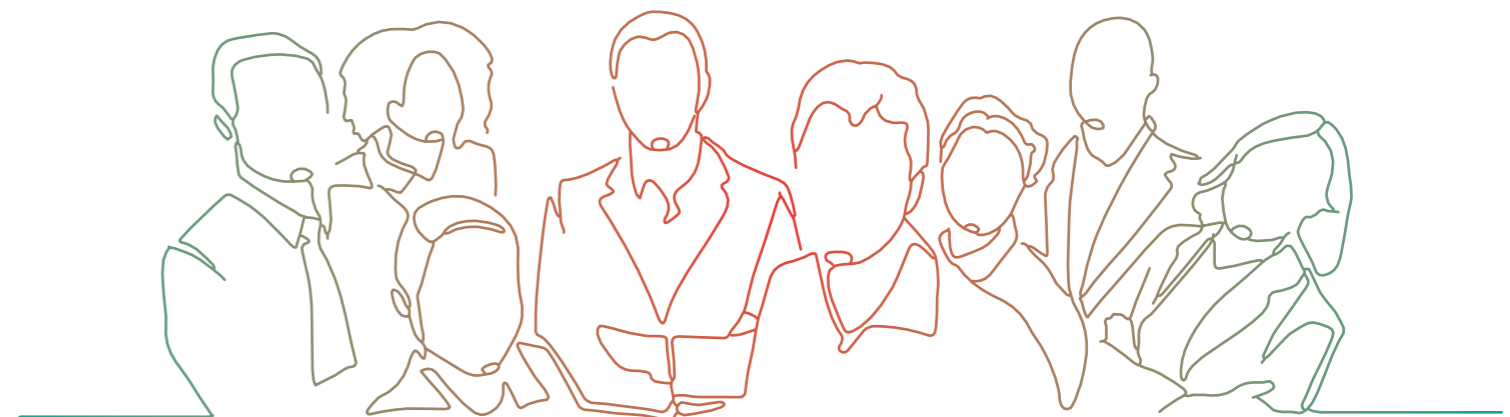
This global success, achieved as a result of activities supporting sustainable development and strong environmental and social risk assessment practices, is a testament to the fact that sustainability is at The core focus of all the Bank's activities.



The Bank was assessed on the following 44 ESG indicators in the Sustainalytics Risk rating:

Environmental	Social	Governance
<ul style="list-style-type: none"> • Scope of greenhouse gas emission • Environmental Policy • Environmental Management System • ISO 14001 certification • Greenhouse gas reduction policy • Renewable Energy programs • Green purchasing policy • Credit standards • Carbon intensity, trend • Use of renewable energy • Carbon intensity, • Responsible asset management • Sustainable financial initiatives 	<ul style="list-style-type: none"> • Gender share statement • Freedom of Association • Anti-Discrimination policy • Diversity programs • Gender share equality program • Development of human capital • Scope of supplier social standards • Monitoring the supply chain • Data privacy and Security Policy • Financial Inclusion • Collective bargaining agreements • Employee turnover rate • Employee trainings • Activities in vulnerable countries 	<ul style="list-style-type: none"> • Tax declaration • ESG reporting verification • Anti-bribery & anti-corruption policy • Anti-bribery & anti-corruption programs • Whistleblowing programs • Business Ethics Programs • Global Compact • Responsible investment principles signature • Responsible investment policy • UNEPFI signatory • Equatorial principles signatory • Corporate Finance-ESG integration • Money laundering Policy • ESG Governance • ESG performance goals • Political participation policy • Lobbying and Political Contributions

This global success, achieved as a result of activities supporting sustainable development and strong environmental and social risk assessment practices, is a confirmation that sustainability is at the core of all activities of the Bank.

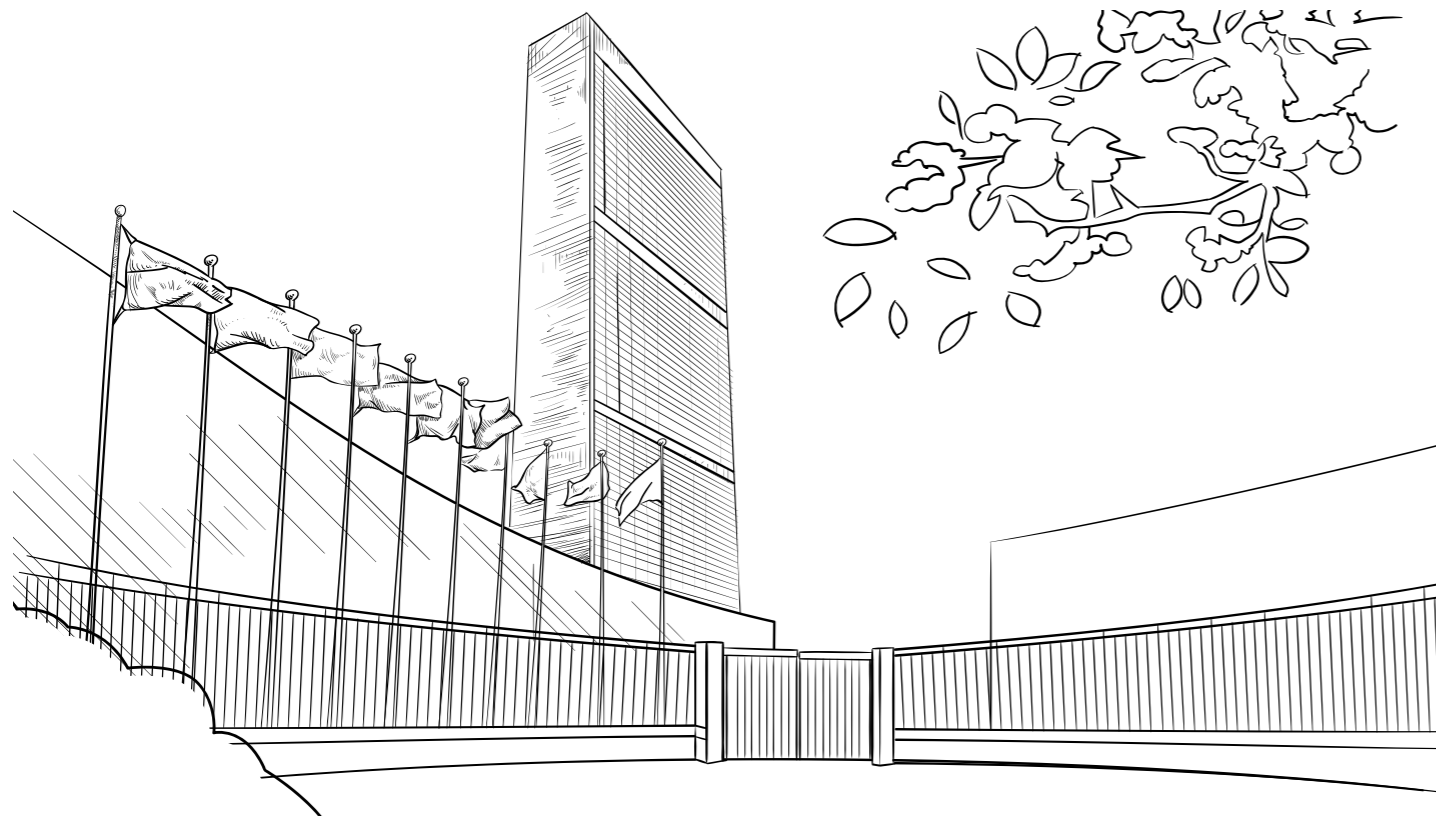


United Nations Global Compact Young SDG Innovators Program (UNGC Young SDG Innovators)

The United Nations Global Compact Young SDG Innovators Program (UNGC Young SDG Innovators) is an opportunity for participating companies to identify young talent within their organizations to collaborate and accelerate innovation towards the Sustainable Development Goals. This ten-month accelerator program mobilizes future disruptive business leaders to develop and drive innovative solutions through new technologies, initiatives and business models, and to achieve their company's sustainability goals.

The program provides opportunities to apply SDG innovations to solve organizations' and industry's real sustainability challenges, as well as to integrate the SDGs into the organization's business strategy through collaboration, innovation and knowledge sharing.

In 2021, **Development and Investment Bank became one of the 20 companies participating in the United Nations Global Compact Young SDG Innovators Program** in order to contribute to the SDGs with its projects and solution proposals.



United Nations Global Compact Climate Ambition Accelerator Program (UNGC Climate Ambition Accelerator)

The United Nations Global Compact Climate Ambition Accelerator Program is a six-month accelerator program designed to raise awareness that integrating climate change mitigation into companies' activities to strengthen their economies is the best way to build healthier and thriving societies, businesses and economies, accelerate progress towards setting science-based emission reduction targets, equip companies with the knowledge and skills they need, and set a roadmap towards net zero emissions by 2050.

It aims to mainstream climate action among companies of all sizes, sectors and regions and enable them to achieve meaningful emissions reduction targets. Participating companies will gain access to global best practices, peer-to-peer learning opportunities, capacity building sessions and optional training through Global Compact Local Networks around the world.

In 2021, Development and Investment Bank of Türkiye has become one of the 19 companies to join the United Nations Global Compact Climate Ambition Accelerator Program.

Published Policy Documents

ENVIRONMENT and SOCIAL POLICY

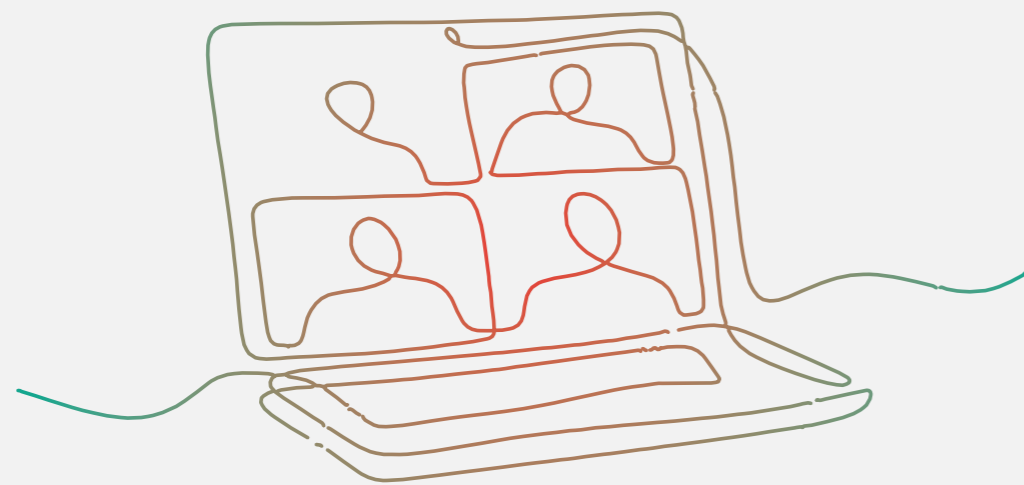
With the Environmental and Social Policy published in January 2020, the Bank aims to manage its direct and indirect environmental and social impacts that may arise as a result of its operational activities and financial services. This Policy covers all employees and activities of the Bank. The Bank recognizes the importance of environmental and social development and the long-term benefits it will provide. The Bank believes that environmental and social risk assessment should be part of routine decision-making processes in all investment and lending practices. Therefore, an Environmental and Social Management System (ESMS) has been developed. This system is applied throughout the loan term and aims to protect against credit, reputational, environmental and social risks of the investment. The Bank evaluates all lending activities in accordance with national, environmental and social laws and regulations, the Bank's policies and procedures and, where necessary, other international environmental and social standards with which the Bank is committed to comply. The Sustainability Committee is responsible for monitoring and updating the Environmental and Social Policy and the Board of Directors is responsible for its approval and repeal. In line with its Environmental and Social Policy, the Bank does not support or finance investments that may have unacceptable impacts on the environment and society. The Bank is committed to protecting biodiversity and cultural heritage in the investments it finances.

COMBATING CLIMATE CHANGE and ADAPTATION POLICY

Our Bank is aware of the effects of climate change on the social welfare, economic development and financial stability of societies and includes combating climate change among its strategic goals and published its Combating Climate Change and Adaptation Policy in June 2020 within the framework of these goals. The Bank monitors greenhouse gas emissions resulting from its operational activities and sets targets to reduce these emissions. The Bank voluntarily reports its annual performance in terms of greenhouse gas emissions to the CDP Climate Change Program. In line with this policy, the Bank organizes training programs, raises the environmental awareness of its personnel and enables them to submit suggestions for improving environmental impacts through the idea platform it creates. The Bank continues to evaluate all service, investment and project financing transactions for compliance with its environmental and social procedures and principles.

SUSTAINABILITY PRINCIPLES

The Bank has adopted the Sustainability Principles published in June 2020 in line with its mission “To help the structural transformation of our country in line with sustainable development priorities by meeting the financing and consultancy needs of investors and to work to contribute to the expansion of capital”. The Bank is committed to the United Nations Sustainable Development Goals and aims to provide services through practices and projects aimed at sustainable development. In line with the Sustainability Principles, our Bank follows a fair and transparent communication policy in all communication activities. The Bank provides a working environment that respects human rights and ensures justice, equality and trust for all its employees and expects its customers to adopt the same approach and aims to raise awareness for this purpose. Within the scope of the Sustainability Principles, the Bank adopts an effective governance model to develop, implement, manage and monitor sustainability activities and supports the implementation and continuous improvement of corporate sustainability management at the level of international sustainability standards.



MANAGEMENT SYSTEMS

With the ISO 14001 Environmental Management System established in 2010 to manage the environmental impacts of its operations, the Bank carries out the necessary activities to identify and reduce negative environmental impacts, increase positive environmental impacts, reduce resource use and monitor its performance. In 2020, in order to further improve the coverage of the management system, the necessary work was initiated to transition to an integrated management system, including ISO 9001 Quality Management System, 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management System. In 2021, ISO 9001 and ISO 45001 certificates were also obtained. In line with these efforts, the Bank established the Quality, Environment, Occupational Health and Safety Policy² and presented it to all stakeholders.

² With the inclusion of ISO 10002 Standards in the Integrated Management System in 2022, the relevant document was revised and entered into force as the Quality, Customer Satisfaction, Environment, Occupational Health and Safety Policy.



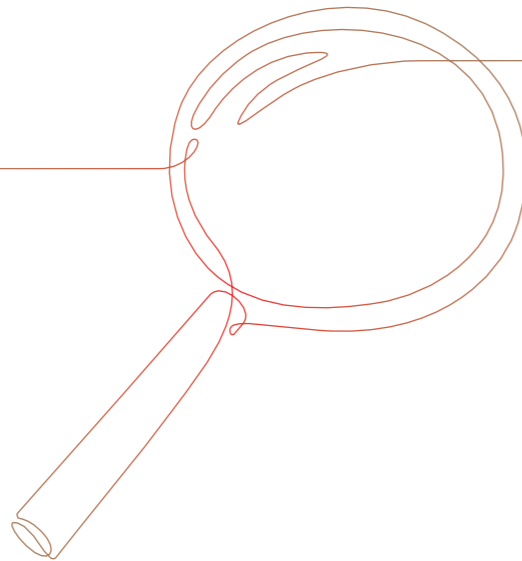
You can access all relevant policies and principles of the bank by scanning the QR code.



Risk Management

The risk management mechanisms established by Development and Investment Bank of Türkiye ensure that risks are defined and prioritized, thus minimizing risks without deviating from the strategy and continuing the activities.

Development and Investment Bank's strong structure against risks and threats within the scope of its activities and the environment and sectors in which it operates is ensured by the comprehensive risk management framework it implements. The risk management mechanisms established by the Bank enable it to identify and prioritize risks and thus continue its operations by minimizing risks without deviating from its strategy. The Bank's risk management is based on three stages and three mechanisms. The first stage of risk management is to identify the significant risks to which the Bank is exposed. The second stage is to measure and monitor the identified risks. The third stage is to manage these risks within the limits set by the Board of Directors within the scope of legal regulations and the Bank's risk appetite.



Within the scope of the daily reports prepared by the Risk Management Unit, the Bank's interest and exchange rate risk sensitivities are analyzed on the basis of various scenarios, and daily limit and liquidity emergency indicators are monitored.

The Bank ensures the identification, measurement, monitoring and evaluation of risks that constitute the basic element of risk management through legal and Bank-specific risk reports prepared periodically by the Risk Management Unit. The three mechanisms on which the Bank's risk management consists the Risk Management Unit, Risk Committees and implemented or planned risk areas.

RISK MANAGEMENT DEPARTMENT

Current and potential risks faced by the Bank are monitored by the Risk Management Department through daily, weekly, monthly and annual reports and reported to the Bank's Audit Committee, Board of Directors and senior management.

Within the scope of the daily reports prepared by the Risk Management Department, the Bank's interest rate and currency risk sensitivities are analyzed on the basis of various scenarios and daily limit and liquidity emergency indicators are monitored. In addition, duration analyses are performed for the Bank's securities portfolio and the compliance of the Bank's placements and

accepted letters of guarantee with the Bank's limits is evaluated. The weekly reports prepared by the Risk Management Department include general economic analyses and assessments and limit monitoring tables for liquidity and currency risks. The monthly risk analysis report prepared by the Risk Management Department includes more detailed analysis of the risks to which the Bank is exposed. These reports are presented to the Audit Committee, Board of Directors, Asset-Liability Committee, senior management and related units. The Risk Limits Monitoring Report is also prepared by the Risk Management Department and reports on the risk limits set for quantifiable risks and approved by the Board of Directors are presented.

RISK COMMITTEES

Within the Bank's organizational structure, six committees, namely Asset-Liability Committee, Credit Evaluation Committee, Audit Committee, TFRS 9 Committee, Executive Committee and Corporate Governance Committee, play an active role in decision-making and risk management processes.

CORPORATE RISKS

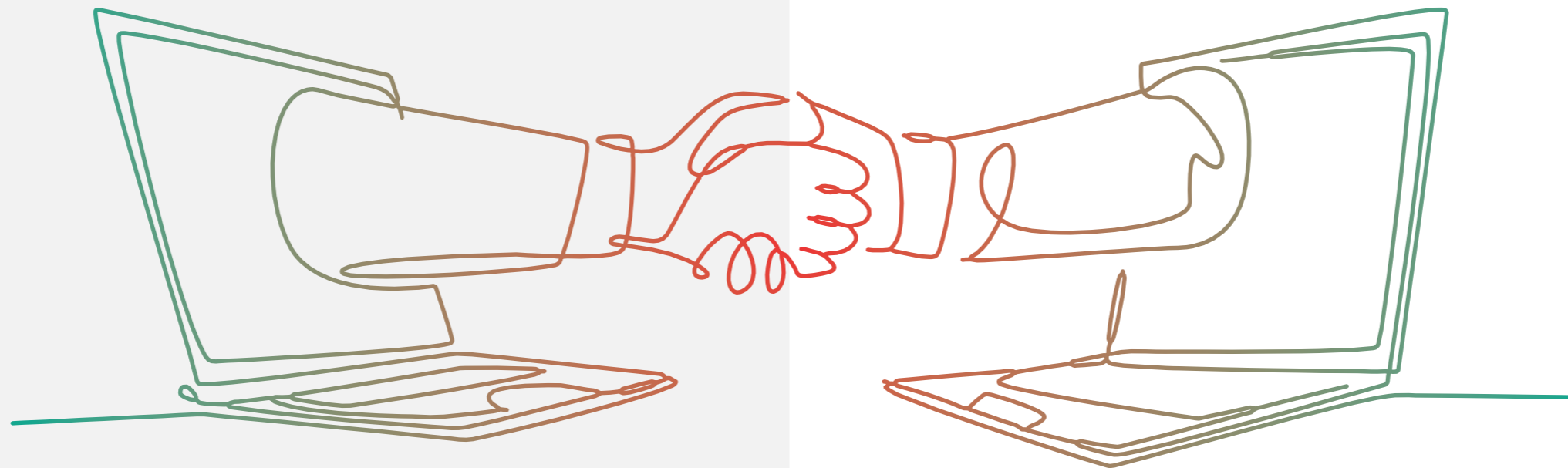
Committees play an active role in the decision-making mechanism and risk management processes and risk budgeting is actively used. In the “Risk Management Strategies, Policies and Implementation Principles” text adopted by the Board of Directors, the general principle of the Bank’s risk policies is determined as “to specialize in areas of activity that are in line with the Bank’s mission, vision and structure determined by the Bank’s law, to take risks that can be defined, controlled and/or managed in this sense, and to strive not to take any risks other than those that are inevitable due to the nature of its activities”.

Within the framework of this general principle, the Bank takes the necessary measures to ensure that the risks to be taken are defined and manageable risks while specializing in the fields of activity in line with its vision and structure and shaping its asset composition in line with this principle. In addition, legally prescribed risk measurement and reporting techniques and internal risk measurement methods are used to measure the current and potential future impacts of the risks taken. The forecasts made within the framework of stress tests and scenario analyses are evaluated through retrospective tests, thus ensuring that risk forecasts are based on a sounder basis. With the “Internal Assessment Process

Report” prepared frequently on an annual basis, the capital requirement that will enable the Bank to carry out its activities in a healthy manner is determined by conducting stress tests designed on the financial statements of the Bank for the next three years, and thus an effective capital management is achieved.

In accordance with the Bank’s risk policies, the Risk Management Department sets written limits for quantifiable risks arising from the Bank’s operations in accordance with BRSA regulations³. The basic policy text “Risk Limits and Implementation Principles”, which

determines the Bank’s risk appetite structure, is revised annually and when necessary, approved by the Board of Directors. The most significant indicator of the Bank’s risk appetite level is the limits set on quantifiable risks and the continuation of activities within these risk limits. The monitoring of the course of the Bank’s activities within these limits approved by the Board of Directors is ensured through periodic reporting by the Risk Management Unit, and in case of exceeding the limits, necessary actions are taken and the exceeded risks are brought back within the limits as soon as possible.



³ The Bank’s risk appetite is determined and monitored by risk limits prepared in accordance with the provisions of Article 39 titled “Risk Appetite Structure” of the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks prepared by the BRSA and published in the Türkiye Official Gazette No. 29057 dated July 11, 2014.

INTEGRATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE CRITERIA IN BANKING OPERATIONS

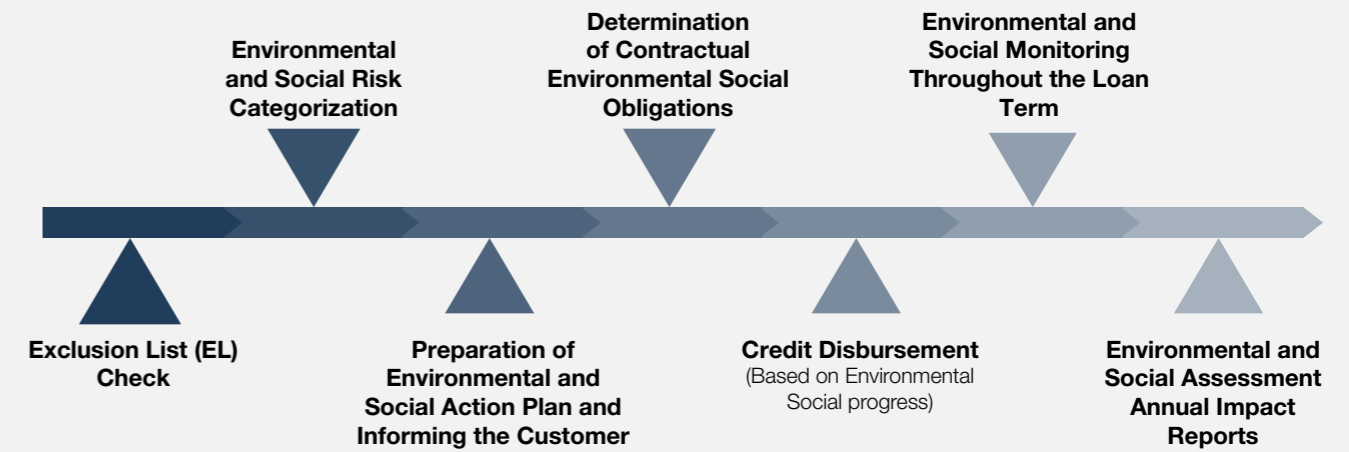
The Bank manages direct environmental and social risks as well as indirect risks arising from lending activities. The Bank conducts environmental and social risk assessments as part of routine decision-making processes in all lending practices and evaluates the risks of both customers and projects separately. These analyses, which are conducted in order to minimize the reputational and environmental and social risks that may arise from the financed activities, are of great importance for the Bank, which also affects decision-making processes. Within this framework, all lending activities are assessed in accordance with national, environmental and social laws and regulations, the Bank’s own policies and procedures and, where necessary, other international environmental and social standards with which the Bank is committed to comply.

The Bank, which considers sustainable finance among its main priorities as an obligation of being a Development and Investment Bank, plays a role in the realization of effective investments in many different areas such as renewable energy, energy efficiency, tourism, environmental protection and manufacturing industry investments that provide employment. Investment projects in all these areas are evaluated in terms of environmental and social risks. These environmental and social assessments, which are carried out in the process of deciding on loan disbursement, have been documented as a process with the “Environmental and Social Risk Evaluation Procedure in the Lending Process” published in 2020.

This model, implemented by the Bank, is an application in which the company’s current operations and the investment projects to be financed are scored with risk-based grading and reach a weighted risk categorization grade. This model is based on the determination of 4 different risk categories, namely Category A (High Risk), B+ (Medium-High Risk), B- (Medium Risk), C (Low Risk), which are fully consistent with the definitions in the World Bank’s new Environmental and Social Framework. For the risk assessment model, environmental and social risks, the likelihood of these risks materializing, the company’s governance capability, and the level of impact on the environment and society are assessed.

Environmental and Social Risk Evaluation and Monitoring Process

The Environmental and Social Risk Evaluation Procedure, which is applied in the credit evaluation processes within the framework of the Bank’s “Sustainable Development Supporting Role” and “Responsible Banking Approach”, was established in line with the comprehensive opinions and evaluations of the Bank’s business units such as the Corporate Banking and Project Finance Unit, Credit Allocation Units, especially the Engineering Unit, which was involved in the process in 2020, in line with the World Bank standards and by examining the policies and procedures of international development organizations and published with the approval of the Bank’s Board of Directors. In addition, the list of unfunded activities in the Policy is in line with the World Bank’s Exclusion List. The Bank is a pioneer in its field by applying the Environmental and Social Risk Evaluation Procedure to all types of financing, regardless of the sector and loan amount, and this process consists of the following steps:



In 2021, 84 projects underwent environmental and social risk assessments. The grades of these assessed projects are as shared in the table below.

Project Grade	Number of Projects
A	1
B-	33
B+	14
C	36
Total	84

Environmental and Social risk assessment and monitoring processes are carried out in line with national and international legislation and global standards.

NATIONAL ENVIRONMENTAL LEGISLATION	INTERNATIONAL ENVIRONMENTAL LEGISLATION
Environmental Act	World Bank E&S Standards
EIA Regulation	IFC Performance Standards
Regulation on Waste Management	European Union E&S Legislation
Regulation on Water Pollution Control	AIIB E&S Performance Standards
Occupational Health and Safety Act	International Best Available Techniques
Legislation on Biodiversity-Community Health and Safety and other issues	Paris Agreement and the European Green Deal
Regulation on Industrial Air Pollution Control	

Ethics Management

The Bank's suggestion and complaint hotline, whistleblowing hotline and ethics hotline are applications developed to report unethical practices that the Bank's personnel may encounter to the relevant authorities.

In accordance with the Complaint Management Procedure for Projects Conducted with International Financial Institutions, stakeholders, customers and beneficiaries can also submit their suggestions and complaints by selecting the relevant project. Bank personnel can access the whistleblowing, ethics, suspicious transaction and suggestion and complaint line through the notification center on the internet system. In addition to the existing channels, project employees, excluding those working in projects carried out with International Financial Institutions, can send their complaints/suggestions to separate e-mail addresses for ethics and whistleblowing. In addition, the Bank is a signatory to the United Nations Global Compact and takes into account its principles in all business processes. The Bank's ethical management policies aim to provide quality service to its customers, stakeholders, personnel and society, to use resources effectively and efficiently and to prevent unfair competition. Development and Investment Bank of Türkiye is obliged to act in accordance with the "Ethical Principles Agreement" determined by the senior management and the Banking Ethical Principles of the Banks Association of Türkiye. The Bank's ethical approach is shaped around the "Development and Investment Bank of Türkiye Ethical Principles" and "Environment and Social Policy" and is supported by the "Conflict of Interest Policy", "Regulation on Prevention of Laundering Proceeds of Crime and Combating the Financing of Terrorism" and "Regulation on Anti-Bribery and Anti-Corruption".



You can access detailed information about the relevant laws, regulations, circulars and policy decisions of the bank by scanning the QR code.

An Ethics Commission has been established within Development and Investment Bank of Türkiye in line with the relevant regulation. The Ethics Agreement, which is attached to the relevant regulation, has been signed by all Bank personnel and is included in their personal files.

Development and Investment Bank of Türkiye accepts and implements the Code of Ethics, the "Banking Code of Ethics" published by the Banks Association of Türkiye, the Regulation on the Principles of Ethical Conduct and Application Procedures and Principles for Public Officials and the decisions taken by the Türkiye Public Officials Ethics Board. The Bank's Code of Ethics covers the following topics: Responsibilities to Customers, Responsibilities to Banking and to Each Other, Responsibilities to the Bank, Responsibilities to Society, Business Relations, Relations with Media and External Organizations, Confidentiality and Laundering Proceeds of Crime. Within the framework of its ethical principles, the Bank observes customer rights within the framework of the law, avoids behaviors that may cause unfair competition with other financial institutions, and adopts the principle of equal opportunity in internal relations. Development and Investment Bank of Türkiye aims to protect its reputation, responds to financing and consultancy needs that support social and environmental sustainability, and acts in accordance with the Bank's Conflict of Interest Policy in its business relations. In its relations with the media and public institutions, Development and Investment Bank of Türkiye carries out its actions with social benefit, personal rights and an impartial approach. The Bank's policies and procedures are implemented within the scope of the confidentiality clause and the Law No. 6698 on the Protection of Personal Data. These principles are executed by the Bank's Board of Directors and enter into force on the date of approval by the Board.

The Development and Investment Bank's Supplier Code of Conduct covers workplace standards, health and safety, wages and working hours, freedom of unionization and collective bargaining, prevention of forced and compulsory labor, child labor, discrimination, harassment and abuse, compliance with the law and ensuring sustainability. Development and Investment Bank bases sustainable development on three dimensions: environmental, social and economic. The Bank manages the direct or indirect environmental and social impacts that may arise as a result of its operational activities and financial services through its "Environmental and Social Policy". The Environmental and Social Policy aims to systematically monitor and reduce greenhouse gas emissions caused by operational activities, control resource consumption and reduce waste generation, fulfill legal obligations related to sustainable development, and raise environmental and social awareness. Finally, Development and Investment Bank is committed to ensuring sustainability through its Environmental and Social Policy, Sustainability Principles and Climate Change Mitigation and Adaptation Policy.

Ethics Committee⁴ has been established within Development and Investment Bank of Türkiye in line with the relevant regulation. The Ethics Agreement annexed to the relevant regulation has been signed by all Bank personnel and placed in their personnel files. The Bank also complies with the Banking Ethical Principles announced by the Banks Association of Türkiye on July 26, 2006. The Ethics Commission complies with the relevant laws, regulations, circulars and resolutions.

In 2021, there were no lawsuits filed against our institution due to ethical violation.

⁴ The Bank's Ethics Committee; "Public Servants", which was prepared on the basis of Articles 3 and 7 of the Law on Establishing an Ethics Committee for Public Servants No. 5176 and No. 5176 and entered into force after being published in the Official Gazette No. 25785 dated 13/04/2005. It was established in accordance with Article 29 of the Regulation on Principles of Ethical Behavior and Application Procedures and Principles.

Corporate Governance Principles Compliance Report

Development and Investment Bank of Türkiye continues its operations in compliance with the Law No. 7147 regulating its establishment, the Banking Law and other legal regulations to which it is subject.

The Bank complies with the mandatory Corporate Governance Principles published by the Capital Markets Board and makes maximum effort to comply with the non-mandatory principles.

Although full compliance with the non-mandatory Corporate Governance Principles is aimed, full compliance has not yet been achieved due to the difficulties experienced in the implementation of some of the principles and the fact that some of the principles do not fully overlap with the current structure of the market and the Bank. The principles that have not yet been put into practice are being worked on, and implementation may be considered after the administrative, legal and technical infrastructure studies are examined to contribute to the effective management of the Bank.

Pursuant to the decision of the Capital Markets Board dated 10.01.2019 and numbered 2/49, Corporate Governance Compliance Reporting in accordance with the Communiqué on Corporate Governance numbered II-17.1 will be made through the PDP platform using the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates. The relevant reports can be accessed via the "Corporate Governance" and "Corporate Governance Principles Compliance Report" tabs on <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s>.

Studies in the field of Corporate Governance in 2021 were carried out in accordance with the Capital Markets Law, which includes the CMB's regulations on Corporate Governance Principles, and the communiqués prepared based on this Law.

Among the non-mandatory Corporate Governance Principles, the main principles that have not yet been complied with are stated below, and additional explanations on the subject are included in the relevant sections of the report. There is no conflict of interest that the Bank is exposed to due to non-compliance with non-mandatory principles.

- Regarding principle no. 1.3.11, in addition to the Bank's shareholders, the persons specified in the "Internal Directive on the Working Procedures and Principles of the General Assembly of Development and Investment Bank of Türkiye" may attend the General Assembly meetings.
- Regarding principle 1.5.2, minority rights are not regulated in the Articles of Association.
- Regarding principle no. 1.6.3, the reasons for not distributing dividends were discussed upon the Board of Directors' motion not to distribute dividends, but only the use of the undistributed profit was stated in the General Assembly minutes.
- Regarding principle 2.1.2, there are no real person shareholders holding more than 5% of the issued capital. The Bank's shareholding structure is available on our corporate website.
- Regarding principle 2.1.4, the company website is partially available in English.
- Regarding principle 3.2.1, there is no internal regulation on the participation of Bank employees in management. However, the relevant unit can attend the meetings and provide information or opinions at the decision-making stage of the Bank's committees.
- Regarding principle 3.3.5, employees are informed about decisions taken or developments concerning them. There is no union organization.

- Regarding principle 4.2.8, although the damages that may be caused by the members of the Board of Directors during the execution of their duties are not insured for an amount exceeding 25% of the Company's capital, the Bank's executives, including the members of the Board of Directors, are insured with a limit of USD 3 million.
- Regarding principle no. 4.3.9, no minimum percentage of women members has been set for the Bank's Board of Directors.
- Regarding principle 4.4.3, although it is possible to submit an opinion, there has been no practice in this regard.
- Regarding principle 4.4.7, Board Members are not restricted from assuming other duties outside the Company.
- Regarding principle 4.5.5, Board Members may serve on more than one committee.
- Regarding principle 4.6.1, there is no performance evaluation at the Board of Directors level.
- Regarding principle 4.6.5, remuneration of senior executives is disclosed collectively and not on an individual basis.

In 2021, activities in the field of Corporate Governance were carried out in accordance with the Capital Markets Law, which includes the CMB's regulations on Corporate Governance Principles, and the committee prepared on the basis of this law.

At the 2021 Ordinary General Assembly, the Board of Directors and Board Committees were established in accordance with the regulations in the committee. The established Board Committees continue their activities effectively.

Organizational Structure

Although the Board of Directors is the highest authorized body of the Bank, the Board of Directors⁵ has delegated some of its powers to committees in accordance with laws and regulations. The committees and organizational structure of the Bank established for the effective execution of the Bank's activities are explained in this section.

BOARD OF DIRECTORS

Name and Surname	Position	Date of Appointment	Education level	Work Experience in Banking and Business Administration (Years)	Remarks as of July 2022
Dr. Raci KAYA	Chairperson of the Board of Directors	9.11.2020	PhD	32	He continues to serve.
Dr. Hakan ERTÜRK	Vice Chairperson of the Board of Directors	22.10.2021	PhD	22	Prof. Dr. Hakan Ertürk resigned as a Board Member on 21.06.2022. Onur GÖK was elected as a Board member in his place.
Murat ZAMAN	Vice Chairperson of the Board of Directors	05.11.2019	Master's Degree	19	Resigned on 22.10.2021
İbrahim H. ÖZTOP	Board Member and CEO	14.08.2018	Master's Degree	26	He continues to serve.
Abdullah BEYAZIT	Board Member	14.07.2020	Master's Degree	16	Resigned on 25.03.2022
Salim Can KARAŞIKLI	Board Member	13.12.2018	Bachelor's degree	28	He continues to serve.
Dr. Turgay GEÇER	Board Member	27.05.2019	PhD	31	He continues to serve.
Erdal ERDEM	Board Member	10.07.2020	Bachelor's degree	26	He continues to serve.

Dr. Raci KAYA

Chairperson of the Board of Directors

Born in Ankara, 1967. Dr. Raci Kaya graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1989, received his master's degree in Economics from Hacettepe University, Faculty of Economics and Administrative Sciences (1996), and completed his PhD at Marmara University, Institute of Banking and Insurance (2013). Dr. Raci Kaya worked in various banks between 1990 and 2007. He served as Executive Vice President at Aktif Yatırım Bankası A.Ş. between 2007-2014, Executive Vice President at Ziraat Katılım Bankası A.Ş. between 2015-2016, and Deputy Undersecretary and Assistant Undersecretary at the Ministry of Treasury and Finance between 2016-2018. He served as the Chairperson of the Board of Directors of Vakıfbank between 2018-2019, as a member of the Board of Directors of EXİMBANK between 2016-2018 and as the Executive Director of the IMF (International Monetary Fund) between November 2018 and November 2020. Mr. Kaya, who has been serving as the Deputy Undersecretary of the Ministry of Treasury and Finance since December 2016, was elected as the Chairperson of the Board of Directors of Development and Investment Bank of Türkiye in November 2020.

Hakan ERTÜRK

Vice Chairperson of the Board of Directors

Hakan Ertürk started his professional career at the CBRT in September 2000, and soon after, he passed the exam for Trainee Treasury Controller in December 2000 and transferred to the Undersecretariat of Treasury. He served as Trainee Treasury Controller between 2000 and 2006 and as an Internal Auditor between 2009 and 2011. In 2011, Mr. Ertürk was appointed as the Head of Financial Instruments and Markets Development Department of the Undersecretariat of Treasury. In 2016, he was appointed as the General Directorate of Financial Markets and Foreign Exchange by proxy. During his tenure at the General Directorate, he played an important role in introducing many new financial instruments to our country in terms of access to finance. He actually carried out the establishment of the legal infrastructure of the individual participation capital system (angel investment), the fund programs to support venture capital funds (Venture Capital and Fund of Funds), the Portfolio Guarantee System for Treasury-backed loan guarantees, the Secured Transactions and Central Registry System, and the Türkiye Development Fund within Development and Investment Bank of Türkiye, and ensured the establishment of the basic framework of these programs. Within the scope of the duties of the Directorate General, he was responsible for making and implementing the regulations on the foreign exchange regime and the work of the Financial Stability Committee. During his tenure, he actively contributed to many regulations related to financial markets. Between 2018-2020, he served as Deputy Chairperson of the Board of Directors of Development and Investment Bank of Türkiye. Between 2019-2021, he served as the President of the Central Finance and Contracts Unit responsible for the execution of European Union Programs. As of 2021, he is the Deputy Chairperson of the Board of Directors of Development and Investment Bank of Türkiye, and the Deputy General Manager of Financial Markets and Foreign Exchange of the Ministry of Treasury and Finance of the Republic of Türkiye, and as of 2022, he is a Board Member of the Credit Guarantee Fund.

⁵ <https://www.kap.org.tr/tr/sirket-bilgileri/genel/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s> You can access the most up-to-date information through the Management Information Tab on the website.

Murat ZAMAN**Vice Chairperson of the Board of Directors, Member of the Remuneration Committee**

Murat Zaman was born on 1973, in Sarıkamış. He graduated from Yıldız Technical University, Faculty of Architecture in 1993 and Istanbul University, Faculty of Political Sciences, Department of Public Administration in 1997. He completed his master's degree in Capital Markets and Stock Exchange at Marmara University between 1998-2006 and has been a lecturer at Marmara University Insurance and Banking Institute since 2017. Mr. Zaman started his career in 1998 at EVG Investment and worked at Riva Securities and Karon Securities between 1999 and 2002. After working as Asset Management Manager at Ak Asset Management between 2002 and 2010, Mr. Zaman worked as Executive Vice President at EVG Securities between 2011 and 2012 and as Executive Vice President (CIO) at Halk Asset Management between 2012 and 2019. As of April 2019, he served as CFO at Halk Yatırım. Mr. Zaman has served as the General Manager of Financial Markets and Foreign Exchange at the Republic of Türkiye Ministry of Treasury and Finance since August 2019 and as the Deputy Chairperson of the Board of Directors of Development and Investment Bank of Türkiye since November 2019. Mr. Zaman is also the Chairperson of the Board of Directors of Birleşik İpotek Finansmanı A.Ş. He resigned on 22.10.2021.

İbrahim Halil ÖZTOP**CEO and Member of the Board**

İbrahim Halil Öztıp was born in Şanlıurfa in 1969. Mr. Öztıp graduated from Middle East Technical University, Faculty of Engineering, Department of Industrial Engineering in 1991, and completed his master's degree in Business Administration at Bilkent University. Mr. Öztıp held senior positions in Türkiye Sınai Kalkınma Bankası A.Ş., Körfezbank A.Ş. and Garanti Yatırım Menkul Kıymetler A.Ş. in the investment banking business line. Mr. Öztıp, who was appointed as a Member of the Board of Directors and CEO in Development Investment Bank in August 2018, is a Member of the KOSGEB Executive Committee and a Board Member of TII - Türkiye Investment Initiative. He was elected as the Chairperson of the Board of Directors of the Türkiye Capital Markets Association as of October 2021. Since February 2021, Mr. Öztıp has been serving as the Deputy Chairperson of the Board of Directors at the Central Registry Agency and as the Chairperson of the Board of Development Girişim Sermaye Portföy Yönetim A.Ş.

Abdullah BAYAZIT**Member of the Board**

Abudallah Bayazit was born on 1980, in Kahramanmaraş. Mr. Bayazit graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Economics in 2005, received his master's degree in International Economics and Finance from Brandeis University, USA, and continues his PhD in Economics at Yıldırım Beyazıt University. In 2005, Mr. Bayazit started his career as an Assistant Specialist at the Ministry of Culture and Tourism, General Directorate of Promotion, and served as Assistant Specialist at the Ministry of Treasury and Finance, General Directorate of Public Finance between 2007-2017, and as Head of Department between 2017-2019. Since 2019, he has been the General Manager of Public Finance and a member of the Board of Directors of the Bank since July 2020. Mr. Bayazit also serves as a Board Member at Türkiye Petroleum Corporation. He resigned on 25.03.2022.

Salim Can KARAŞIKLI**Independent Board Member, Member of Corporate Governance Committee, Chairperson of Remuneration Committee**

Salim Can Karışıklı was born on 1965, in Izmit. Mr. Karışıklı graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1989. Mr. Karışıklı served as General Manager at Toprak Faktoring and Toprak Leasing between 1994 and 1999, General Manager at C Bank between 1999 and 2004, and Board Member responsible for risk management and internal audit at Bank Pozitif between 2004 and 2006. Mr. Karışıklı currently serves as General Manager at H. Bayraktar Yatırım Holding A.Ş., Ege Endüstri Holding A.Ş., Baylas Otomotiv A.Ş., Baytur Motorlu Vasıtalar A.Ş., Bayraktar Gayrimenkul Geliştirme A.Ş., Bayraktar Otomotiv ve Servis Hiz. A.Ş., Laskay Lastik Sanayi A.Ş., Astra Yapı ve İşletmeciliği A.Ş. and Çemtaş Çelik Makina A.Ş. Mr. Karışıklı has been a member of the Board of Directors of the Bank since August 2018.

Dr. Turgay GEÇER**Independent Board Member, Chairperson of the Audit Committee**

Born in Samsun, 1970. Mr. Geçer graduated from Istanbul University, Department of Business Administration in 1991. He received his master's and PhD degrees from Marmara University, Institute of Banking and Insurance. Between 1991 and 1997, he worked at Al Baraka Türk as a Second Manager in the Project Department. Between 1997 and 2001, he worked as Finance Coordinator at Orion Asya Group of Companies. Between 2001 and 2005, he served as the Head of Risk Management at Family Finans Kurumu A.Ş. and between 2005 and 2007, he served as the Head of Risk Management Group at T.C. Ziraat Bankası A.Ş. Between 2007 and 2009, he served as Executive Vice President, Board of Directors and Audit Committee Member at Aktif Yatırım Bankası A.Ş. Between 2011 and 2015, he worked as Project Manager and General Manager Advisor at Belbim A.Ş. In the academic field, Dr. Turgay Geçer worked as an Assistant Professor and Associate Professor at Istanbul Sabahattin Zaim University between 2010-2018 and has been serving as a Board Member at the Bank since May 2019.

Erdal ERDEM

**Independent Board Member,
Chairperson of the Corporate Governance Committee, Member of the Audit Committee**

Erdal Erdem was born on 1971, in Çankırı. He graduated from Afyon Kocatepe University, Department of Public Finance in 1993 and received his master's degree from Beykent University. Mr. ERDEM, who started his career at Faisal Finance Institution between 1995 and 1996, served as Marketing Assistant Specialist, Project Marketing Group Manager and Executive Vice President responsible for Credit Service, Credit Monitoring, Legal Advisory and Credit Evaluation Units in the participation banking sector between 1996 and 2011. Between 2012 and 2014, he served as a Board Member and Credit Committee Member at T.C. Ziraat Bankası A.Ş., as well as Vice Chairperson of Ziraat Leasing A.Ş. and Board Member at Ziraat Bankası Moscow. Between 2014-2017, he served as Executive Vice President of SME Banking Marketing, Executive Vice President of Financial Management and Planning, Acting Deputy General Manager of Human Resources and Quality Organization, as well as Chairperson of the Board of Directors of Halk Faktoring A.Ş. and Board Member of Halk Bank Serbia. Between 2017 and 2020, he served as Executive Vice President and General Manager of Şekerbank SME Banking. Since July 2020, he has been serving as a Board Member at Development and Investment Bank of Türkiye. Since November 2020, he has been serving as Vice Chairperson of the Board of Directors at Karabük Demir Çelik Sanayi ve Ticaret A.Ş..

DEPARTMENTS WITHIN THE SCOPE OF INTERNAL SYSTEMS**Dr. Kaan Ramazan ÇAKALI**
Head of the Inspection Board

Kaan Ramazan Çakalı was born on 1980, in Istanbul. He graduated from Marmara University, Department of Economics in English in 2002. He received his MBA degree from Istanbul Technical University in 2003 and his PhD degree in Business Management from Işık University in 2008. He started his professional career as an Assistant Inspector at Finansbank Board of Inspectors in 2002. Between 2002 and 2018, he served as Assistant Inspector, Senior Assistant Inspector, Inspector, Senior Inspector, Manager and Department Manager at the Board of Inspectors of Finansbank. Between 2018-2019, he served as Department Manager in the Risk Management Department of the same Bank. Mr. Çakalı has been serving as the Chairperson of the Board of Inspectors since May 27, 2019.

Burhan Serhan PEKER
Internal Control and Compliance Officer

Burhan Serhan Peker was born on 1983, in Ankara. Mr. Peker graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2006. In 2006, Mr. Peker joined Garanti Bank as an Assistant Inspector and served as an Inspector between 2010 and 2014. Mr. Peker served as Internal Audit Manager at Garanti Fleet Management Services between 2015 and 2016, and as Internal Audit Unit Manager and Internal Control Manager at Garanti Yatırım Menkul Kıymetler between 2017 and 2018. On February 14, 2019, Mr. Peker joined Development and Investment Bank of Türkiye as Internal Control and Compliance Officer.

Dr. Semra PEKKAYA
Head of Risk Management Department

Semra Pekkaya was born on 1969, in Polatlı-Ankara. She graduated from Ankara University, Faculty of Political Sciences, Department of Economics in 1989. She received her master's degree from Gazi University, Department of Economics in 1997 and her PhD degree in 2005. She started her professional career as an Assistant Specialist at Development and Investment Bank of Türkiye in 1990 and worked as a Specialist in the Economic and Social Research, Resources and External Relations and Development Investment Securities Departments of the Bank. She served as Assistant Manager in the Risk Monitoring Department, which was established in 2001, from 2001 to 2006 and as Manager from 2006. Mrs. Pekkaya served as Manager in the Treasury Department between 2011 and 2013 and has been the Head of Risk Management Department since September 13, 2013.

SENIOR MANAGEMENT

İbrahim Halil ÖZTOP

CEO and Member of the Board of Directors

İbrahim Halil Öztop was born in Şanlıurfa in 1969. Mr. Öztop graduated from Middle East Technical University, Faculty of Engineering, Department of Industrial Engineering in 1991, and completed his master's degree in Business Administration at Bilkent University. Mr. Öztop held senior positions in Türkiye Sınai Kalkınma Bankası A.Ş., Körfezbank A.Ş. and Garanti Yatırım Menkul Kıymetler A.Ş. in the investment banking business line. Mr. Öztop, who was appointed as a Member of the Board of Directors and CEO in Development and Investment Bank of Türkiye in August 2018, is a Member of the KOSGEB Executive Committee and a Board Member of TII - Türkiye Investment Initiative. He was elected as the Chairperson of the Board of Directors of the Türkiye Capital Markets Association as of October 2021. Since February 2021, Mr. Öztop has been serving as the Deputy Chairperson of the Board of Directors at the Central Registry Agency and as the Chairperson of the Board of Development Girişim Sermaye Portföy Yönetim A.Ş.

Seçil KIZILKAYA YILDIZ

Executive Vice President

Seçil Kızılkaya Yıldız was born on 1973, in Konya. She graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1998. In 1998, Mrs. Yıldız started her career at Türkiye Sınai ve Kalkınma Bankası A.Ş. She served as Assistant Corporate Finance Manager at Oyak Yatırım Menkul Değerler A.Ş. between 2006 and 2007 and as Senior Credit Analyst at the Istanbul Liaison Office of Bayerische Hypo- und Vereinsbank AG between 2007 and 2008. Mrs. Yıldız served as Capital Markets Director at UniCredit Menkul Değerler A.Ş. between 2008 and 2012 and as Structured Finance Group Manager at ING Bank A.Ş. between 2012 and 2014. Between 2014-2016, Mrs. Yıldız worked as a Corporate Finance Consultant and between 2016-2017, she worked as Founder and Managing Partner at FSM Advisory Danışmanlık Ortaklığı. Between 2017 and 2019, Mrs. Yıldız served as Executive Vice President at Kuzu Toplu Konut İnşaat A.Ş. Mr. Yıldız served as a Board Member at T.H. Kalkınma Yatırım Menkul Değerler A.Ş., Board Member at Türkiye Securitization Company, Chairperson of the Board of Directors at Kalkınma Yatırım Varlık Kiralama A.Ş., Board Member at Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. Since March 2019, she has been serving as Executive Vice President responsible for Investment Banking, Project Evaluation, Corporate Communications, Sustainability and Environmental Social Impact Management at the Bank.

Zekai İŞILDAR

Executive Vice President

Zekai İşildar was born on 1963, in Kayseri. Mr. İşildar graduated from Middle East Technical University, Department of Mining Engineering in 1986. In 1986, Mrs. İşildar started her career at the Bank as an Assistant Specialist and served as a Senior Specialist and Manager in various departments between 1991 and 2007. Mr. İşildar served as Deputy Assistant General Manager between 2007 and 2009, and has been serving as Executive Vice President since January 2009. Mr. İşildar also served as a member of the Board of Directors of the Bank between 2008 and 2009, and was a member of the Board of Directors of Aciselsan A.Ş. and T.H. Kalkınma Yatırım Menkul Değerler A.Ş., subsidiaries of the Bank. Mr. İşildar is responsible for the Human Resources and Support Services departments.

Satı BALCI

Executive Vice President

Satı Balcı was born on 1966, in Yozgat. She graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 1988. In 1988, Mrs. Balcı started her career at Yapı and Kredi Bank as an Assistant Specialist and served as Specialist in Project Evaluation, Credit Allocation and Credit Monitoring departments between 1993-1998, Senior Specialist between 1998-2006, Manager between 2006-2011 and Head of Department between 2011-2017. She served as a Board Member at Yozgat Otelcilik A.Ş., Arıcağ A.Ş. and T.H. Kalkınma Yatırım Menkul Değerler A.Ş., subsidiaries of the Bank. Mr. Balcı is responsible for Financial Affairs, Subsidiaries, Operations and Türkiye Development Fund units. She has been serving as the Executive Vice President of the Bank since November 2017 and as the Vice Chairperson of the Board of Directors of Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. since September 2021.

Ufuk Balâ YÜCEL⁶

Executive Vice President

Ufuk Bala Yücel was born on 1964, in Istanbul. She graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1987. Between 1989 and 1992, she completed her master's degree at Marmara University, Institute of Banking and Insurance. In 1987, Mrs. Yücel started her career at Uluslararası Endüstri ve Ticaret Bankası A.Ş. and worked as Corporate Branch Manager at Yapı ve Kredi Bankası A.Ş. between 1987 and 1999 and Corporate Branch Manager at Finansbank A.Ş. between 1999 and 2000. Mrs. Yücel worked as the Loans Department Manager at Türkiye Sınai Kalkınma Bankası A.Ş. between 2001 and 2007 and served as Executive Vice President at the same institution between 2008 and 2018. Mrs. Yücel served as a Board Member at Türkiye Sınai Kalkınma Bankası GYO A.Ş. between 2008-2013 and as the Chairperson of the Board of Directors between 2014-2018. Since January 31, 2019, Mrs. Yücel has been serving as Executive Vice President at the Bank and a member of the Board of Directors of T. H. Kalkınma Yatırım Menkul Değerler A.Ş. She is responsible for Credit Allocation, Credit Monitoring and Legal Consultancy Departments.

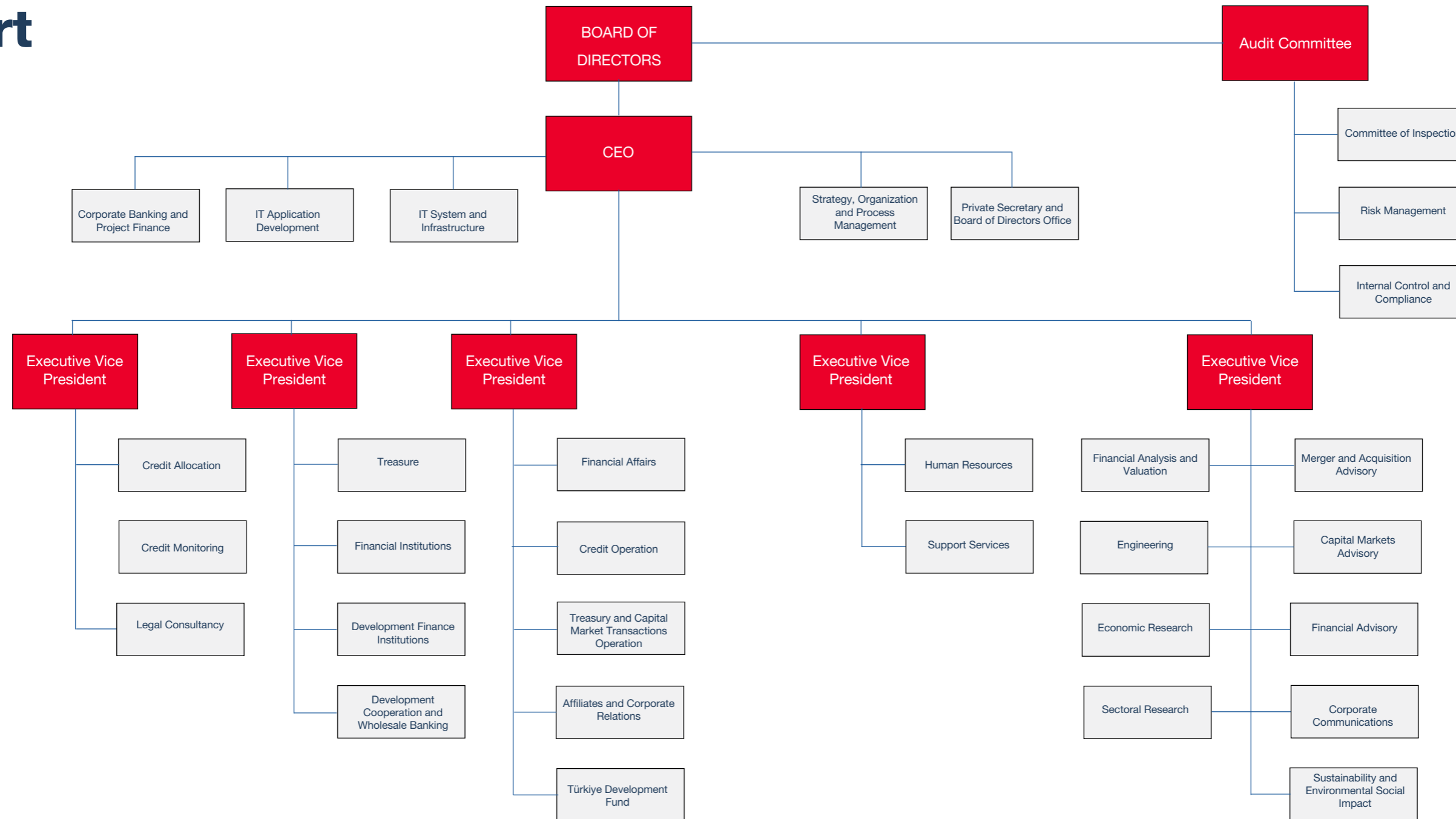
Emine Özlem CİNEMRE

Executive Vice President

Emine Özlem Cinemre was born on 1964, in Istanbul. She graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1988. In 1988, Mrs. Cinemre started her career at QNB Finansbank A.Ş. as an Assistant Specialist and served as Foreign Relations Officer between 1989 and 1991, Foreign Relations Unit Manager between 1991 and 1992, Foreign Relations Group Head between 1993 and 1997, and Foreign Relations Executive Vice President between 1997 and 2018. She served as a Board Member at QNB Finans Leasing, QNB Finans Faktoring and Hemenal Finansman A.Ş. in 2018-2019. Mrs. Cinemre is a member of the Board of Directors of T.H. Kalkınma Yatırım Menkul Değerler A.Ş. and has been the Executive Vice President in charge of Treasury and Financial Institutions at Development and Investment Bank of Türkiye since June 2019. Cinemre also serves as a Board Member of several non-governmental organizations in Türkiye.

⁶ Ufuk Bala YÜCEL resigned from his position due to retirement as of 31.05.2022.

Organization Chart



* According to the resolution of the Board of Directors of our Bank dated 08.02.2022, in order to increase the efficiency of the current organizational structure of our Bank, it has been decided to affiliate the IT Application Development and IT System and Infrastructure Unit, which are directly reporting to the CEO's Office, to the newly created Executive Vice President in charge of IT Units together with their personnel and to establish the Corporate Architecture and Project Management Unit under the responsibility of the relevant Executive Vice President.

** According to the resolution of the Board of Directors of our Bank dated 27.05.2022, it has been decided to close the position of Executive Vice President Responsible for Credits and Legal Affairs, to affiliate the units under this position to the General Management Office and to create the Executive Vice President Responsible for Corporate Banking and Project Finance and to affiliate the Corporate Banking and Project Finance Unit to this position.

***On June 9, 2022, the Ankara Branch of our Bank was opened.



The organizational chart is for 2021. You can access the current organization chart of our bank by scanning the QR code.

Committees

Audit Committee

Pursuant to Article 24 of the Banking Law No. 5411 and the provisions of the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, an Audit Committee was established within the Board of Directors of the Bank with the resolution of the Board of Directors dated October 31, 2006 and numbered 227 to assist the Board of Directors in the performance of audit and supervision activities.

Turgay Geçer, Erdal Erdem and Abdullah Bayazit were elected as members of the Audit Committee pursuant to the resolution of the Board of Directors dated July 14, 2020 and numbered 121.

The Audit Committee carries out its activities within the framework of the Audit Committee Regulation adopted by the resolution of the Board of Directors dated May 15, 2020 and numbered 88.

The Committee is envisaged to meet at least once every three months. In 2021, the Committee held 16 meetings and took 63 decisions.

The Audit Committee carries out its activities within the framework of the Audit Committee Regulation, which was adopted by the Board of Directors' decision dated 15 May 2020 and numbered 88.

Audit Committee Members and Their Primary Positions

Name and surname	Title	Main Duty
Turgay Geçer	Chairperson	Independent Board Member
Erdal Erdem	Vice-Chairperson	Independent Board Member
Abdullah Bayazit	Member	Independent Board Member

Remuneration Committee

Within the scope of the Banking Regulation and Supervision Agency's Regulation Amending the Regulation on Corporate Governance Principles of Banks published in the Official Gazette dated 09.09.2011 and numbered 27959, the Remuneration Committee was established by the Board of Directors with the resolution dated 08.12.2011 and numbered 2011-23-10/272 in order to evaluate the Bank's remuneration policy and practices within the framework of risk management and to submit proposals to the Board of Directors regarding them,

and the Bank's Remuneration Policy was adopted and entered into force with the decision dated 18.04.2013 and numbered 2013-Ara Decision/074 and the Remuneration Committee Regulation was adopted and entered into force with the decision dated 13.06.2013 and numbered 2013-11-14/121. The members of the Remuneration Committee were re-determined by the Board of Directors' resolution dated 25.11.2021 and numbered 2021-17-11/221.

The Committee held one meeting in 2020 and took one decision to be submitted to the Bank's Board of Directors.

Remuneration Committee Members and Their Primary Positions (*)

Name and surname	Title	Main Duty
Selim Can Karaşıklı	Chairperson	Independent Board Member
Dr. Hakan Ertürk	Member	Independent Board Member

(*) Between July 14, 2020 and October 22, 2021, Murat Zaman served as a member of the Remuneration Committee.

Corporate Governance Committee

Within the framework of the Regulation on Corporate Governance Principles of Banks published in the Official Gazette No. 26333 dated November 1, 2006 by the BRSA and the Corporate Governance Principles published by the Capital Markets Board, a Corporate Governance Committee was established with the decision of the Bank's Board of Directors dated June 15, 2007 and numbered 185.

The Working Procedures and Principles of the Corporate Governance Committee were put into effect with the Board of Directors' resolution dated July 24, 2007 and numbered 209, and the regulation on the working procedures and principles of the said Committee was amended and transformed into the Corporate Governance Committee Regulation upon the resolution of the Board of Directors dated December 29, 2011 and numbered 283. The Regulation was revised with the decision of the Board of Directors dated July 28, 2021 and numbered 2021-13-08/135.

The Committee's task is to carry out studies to determine the principles regarding the Bank's corporate governance policy, to monitor compliance with the Corporate Governance Principles, to carry out improvement studies in this regard and to submit proposals to the Board of Directors. According to the resolution of the Board of Directors dated March 31, 2021 and numbered 068, Erdal Erdem, an independent and non-executive Board Member, was elected as the Chairperson of the Corporate Governance Committee. The Corporate Governance Committee held two meetings and adopted two resolutions in 2021.

In addition, the Board of Directors of the Bank has decided that the duties of the Nomination Committee will be fulfilled by the Corporate Governance Committee of the Bank within the framework of the Corporate Governance Committee of the Capital Markets Board.

The Corporate Governance Committee continues its efforts to improve the Bank's corporate governance practices.

Corporate Governance Committee Members and Their Primary Positions (*)

Name and surname	Title	Main Duty
Erdal Erdem	Chairperson	Independent Board Member
Selim Can Karaşıklı	Vice-Chairperson	Independent Board Member
Metin Yılmaz	Member	Treasury and Capital Markets Operations Unitanager

(*) Between December 13, 2019 and July 13, 2020, Turgay Geçer served as Vice Chairperson of the Corporate Governance Committee.

Credit Evaluation Committee

The Credit Evaluation Committee was formed to determine the principles and principles of lending in accordance with the Bank's general objectives and policies and develop them according to the conditions of the day; to ensure and monitor the regular flow of work, information and documents between the units in charge of the Bank's credit transactions; to evaluate the Bank's credit risk and the status of the loan portfolio; to examine, evaluate and decide on the reports prepared by the relevant units on credit allocation; evaluate the projects to be credited by taking into account the three dimensions of sustainable development (economic, social and environmental) within the scope of the Bank's Environmental and Social Policy, to take decisions within the limits set for the postponement, installment, rearrangement of the terms and conditions of loan receivables, to determine the procedures and principles regarding the Bank's credit policies, to increase the efficiency of the loan portfolio within the framework of changing and developing conditions, to take measures and decisions on the determination of strategies regarding

problematic / legal follow-up customers and to discuss the proposals prepared by the relevant units.

The Credit Assessment Committee is chaired by the CEO and consists of the Executive Vice Presidents listed below, except for the Executive Vice President responsible for "Treasury, Financial Institutions, Development Cooperation and Wholesale Banking and Development Finance Institutions" units, and the Head of Corporate Banking and Project Finance Department. In the absence of the CEO, the Deputy CEO chairs the meetings. In addition to the members listed below, other employees may be invited to the Committee meetings depending on the agenda of the meeting. However, other participants do not have the right to vote.

The Credit Evaluation Committee Regulation was revised with the Board of Directors resolution dated May 31, 2021 and numbered 2021-10-05/091. In 2021, the Committee held 45 meetings and took decisions on 155 proposals and issues and submitted the necessary ones to the Bank's Board of Directors for approval.

Members of the Credit Evaluation Committee and Their Primary Positions

Name and surname	Title	Main Duty
İbrahim H. Öztıp	Chairperson	CEO and Board Member
Seçil Kızılkaya Yıldız	Member	Executive Vice President
Ufuk Bala Yücel	Member	Executive Vice President
Satı Balcı	Member	Executive Vice President
Zekai Işıldar	Member	Executive Vice President
Çenk Özseginler	Member	Head of Department
Relevant Dept. Heads/Managers	Participant	Head/Manager of Relevant Unit

Asset Liability Committee

The Assets and Liabilities Committee was established to ensure that the assets and liabilities of the Bank's balance sheet are managed effectively and efficiently. The Committee carries out its activities within the framework of the Bank's vision, mission, strategic goals and objectives, risk management policies and strategies, and takes into account current and prospective economic developments and factors such as interest rates, maturities and currency denominations.

The Asset Liability Committee Regulation, which sets out the working procedures and principles of the Committee established with the resolution of the Board of Directors of the Bank dated September

8, 2008 and numbered 213, was finalized with the resolution of the Board of Directors dated April 30, 2021 and numbered 2021-09-03/082.

The Committee is chaired by the CEO and its members are Executive Vice Presidents, Corporate Banking and Project Finance Director, Head of Risk Management Department and Head of Strategy, Organization and Process Management Department. In the absence of the Chairperson, the meetings are chaired by the Executive Vice President in charge of Treasury. The Chairperson of the Committee may call relevant unit managers or personnel to the meetings according to the agenda of the meeting. The Committee took 14 decisions in 2021.

Sustainability Committee

A Sustainability Committee has been established in order to effectively carry out the necessary work to develop the sustainability strategy and policies of Development and Investment Bank of Türkiye and to integrate them into all activities.

The Sustainability Committee carries out its activities within the framework of the updated Sustainability Committee Directive dated August 2021. The Committee is chaired by the CEO and consists of an independent member of the Board of Directors, the Executive Vice President in charge

of the Sustainability and Environmental Social Impact Management Department, the Executive Vice President in charge of the Development Finance Institutions Department, the Sustainability and Environmental Social Impact Management Department Manager, the Head of the Strategy, Organization and Process Management Department and other assistant members to be selected by the Committee. Independent Board Members and associate members are determined by the Committee's decision.

The Committee held 3 meetings and took 5 decisions in 2021.

Sustainability Committee Members and Their Primary Positions

Name and surname	Title	Main Duty
İbrahim Halil Öztıp	Committee Chairperson	CEO and Board Member
Turgay Geçer	Committee Vice-Chairperson	Board Member
Seçil Kızılkaya Yıldız	Member	Executive Vice President
Emine Özlem Cinemre	Member	Executive Vice President
Yasin Külahçı	Member	Head of Department
Erhan Çalışkan	Member	Manager

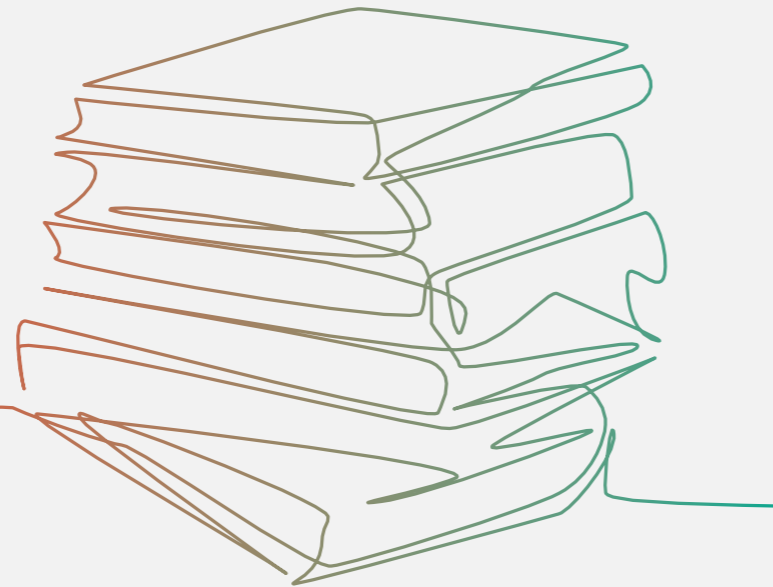
Sustainability Committee members were updated as of 23.08.2021.

Summary Board of Directors' Report

Thanks to the measures taken to reduce the negative impact of the epidemic in the second half of 2020, Türkiye's economy quickly recovered and recorded positive growth for the last five quarters.

The global economy, which was adversely affected by the coronavirus epidemic, started to recover as of the second half of 2020, with the effect of the epidemic under control. As of 2021, the recovery in global economic activity accelerated with the help of the relaxation of quarantine measures, acceleration of vaccination and supportive economic policies. In this context, the global economy, which contracted by 3.1% in 2020, is estimated to grow by 5.9% in 2021.

Thanks to the measures taken to mitigate the negative impact of the pandemic in the second half of 2020, Türkiye's economy recovered rapidly and has recorded positive growth for the last five quarters.



When the reflections of the developments in the world and Türkiye's economy on the activities of our Bank are analyzed, it is seen that the strong performance trend continues in 2021 as well.

The economy, which grew by 7.4% in the first quarter of 2021 with the support of domestic demand, grew by 22.0% in the second quarter with the recovery in foreign demand accompanied by domestic demand and the base effect of the previous year. In the third quarter of the year, with the continued contribution of domestic demand and net exports, economic activity maintained its momentum and the economy grew by 7.4%. The spread of vaccination throughout the society has enabled the service sector, especially tourism, to be revived and the growth to be sustained with a more balanced component. Macroeconomic indicators for the last quarter of the year indicate that the positive course in economic activity continues. In this context, it is predicted that the Türkiye economy will grow above 10% in 2021. It is expected that the positive course of economic activity will continue in 2022 with the contribution of foreign demand and that the Türkiye's economy will differentiate positively from peer countries in terms of growth.

When the reflections of the developments in the world and Türk economy on the activities of our Bank are analyzed, it is seen that the strong performance trend continues in 2021 as well. When we look at the financial indicators of our bank for 2021; It is seen that our assets reached 48.4 billion TL as of the end of 2021 and displayed a growth performance of 72% compared to the same period of the previous year.

While the amount of our loans, which constitute 77.48% of our total assets, reached 37.5 billion TL as of December 2021, our loan volume increased by 84% compared to the end of 2020. In 2021, our capital adequacy ratio was 14.26%. Our annual profit was 814 million TL.

Our Bank, which contributes to sustainable growth with the credit support it provides to investments in line with Türkiye's development goals, will continue to support the national economy in the coming period with its development and investment banking activities and Türkiye Development Fund activities.

As the Board of Directors of Development and Investment Bank of Türkiye, we would like to extend our gratitude to all our stakeholders who contributed to the breakthroughs we realized in the 2021 operating period and present the Board of Directors' and Auditors' Reports and financial reports of Development and Investment Bank of Türkiye for 2021 for your consideration.

**Development and Investment Bank of Türkiye
Board of Directors**



Strategic Perspective

Development and Investment Bank of Türkiye closely follows global trends such as digitalization, cyber security and climate crisis, and continues its efforts to seize opportunities by correctly managing the risks posed by these developments. In order to provide the best service to its customers, it develops its business model and shapes its strategic steps in this direction.

81

Developments in The World and Sectoral Expectations

83

Global Economic Developments and Expectations

87

Global Trends, Risks and Opportunities

103

Strategy of Development and Investment Bank of Türkiye

105

Strategic Sustainability Approach



Developments in the World and Sectoral Expectations

In order to promote sustainable finance, the “Green Debt Instrument, Sustainable Debt Instrument, Green Lease Certificate, Sustainable Lease Certificate Guide”, which includes obligations and advisory rules specific to green and sustainable debt instruments, has been published by the Capital Markets Board in our country.

The Paris Agreement was adopted at the 21st Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) in Paris in 2015 and entered into force on 4.11.2016. All countries that are parties to the agreement commit to reducing greenhouse gas emissions on a global scale, aiming to limit the global temperature increase to below 2 degrees Celsius compared to the pre-industrialization period in the long term. The Paris Agreement, which is an international agreement, was ratified by the President's decree on 7.10.2021 and became a part of domestic law for Türkiye. In addition, Türkiye has also announced its net zero emission target for 2053. The Paris Climate Agreement represents a process that requires the cooperation of the government, citizens, non-governmental organizations and all sectors to move forward in line with the Sustainable Development Goals. In the banking sector, banks in Türkiye that are members of the United Nations Global Compact signed the “Declaration on Sustainable Finance” in 2017, marking a first in Türkiye. The signatory banks declared that they will include environmental and social risks in their evaluation processes for loans for investments of USD 10 million or more. In 2019, the “Principles for Responsible Banking” were announced by the United Nations Environment Program Finance Initiative (UNEP FI) to integrate the Sustainable Development Goals and the Paris Agreement into the banking sector. On the other hand, the European Green Deal published in 2019 and its complementary text, the Carbon Border Adjustment Mechanism obliges European Union member states and other countries trading with them to take various measures at an earlier stage.

The European Green Deal aims to transform Europe into a modern, resource-efficient and competitive economy through two pillars. These two pillars are to be net-zero greenhouse gas emissions by 2050 and resource-neutral economic growth. The Green Deal and the green finance dualism are dedicated to investments and reforms that pursue Europe's environmental objectives and support climate goals. The Commission has put in place the European Green Deal Investment Plan (EGDIP) as part of the Green Deal and the Just Transition Mechanism, which focuses on ensuring a fair and equitable transition to a green economy. The EU Cohesion Policy helps EU countries, regions, local authorities and cities to implement major investments contributing to the European Green Deal. The European Commission has adopted a number of measures to align the EU's climate, energy, transport and taxation policies to reduce net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels.

The Banks Association of Türkiye (BAT) was the first organization to prepare an informative source document on sustainability for Türkiye's banking sector. BAT member banks report their sustainability activities and publish them on their websites. The second important development in the banking sector was the creation of the “BIST Sustainability Index” (Index) by Borsa İstanbul (BIST) in 2014. According to BIST, corporate sustainability is the adaptation of economic, environmental and social factors to corporate activities and decision-making mechanisms through corporate governance principles and the management of risks that may arise from these issues in order to create long-term value in

companies. In October 2020, the Capital Markets Board (CMB) required companies traded on Borsa İstanbul's Stars and Main Market to include a sustainability principles compliance framework in their 2021 annual reports. Finally, the “Sustainable Banking Strategic Plan”, which was approved by the BRSA Decision No. 9999 dated 24.12.2021, was announced to the public that the banking sector aims to benefit from foreign green finance markets by considering the environmental, social and governance dimensions included in global investment strategies within the framework of sustainability.

Bank organizations carry out sustainability activities under the headings of Waste Management and Carbon Emissions Reduction, Gender Equality, Sustainable Funding and Loans. Based on the sustainability ‘Strengths, Weaknesses, Opportunities and Risks’ analysis in the Sustainable Banking Strategic Plan of the Banks Association of Türkiye, the strengths of Türkiye's banking sector are defined as the sector's robust financial structure, strong prudential regulatory and supervisory framework, advanced human resources and technology infrastructure, experience gained to date in sustainability, and high level of integration with international markets. Weaknesses in the banking sector are characterized by the short-term funding structure of the sector, deficiencies in green asset identification and classification due to the lack of a taxonomy, the need for appropriate, comparable and reliable data, the lack of generally accepted standards for regulation and supervision in sustainable finance, and the lack of sufficient analytical capacity on climate-related issues.

Global Economic Developments and Expectations

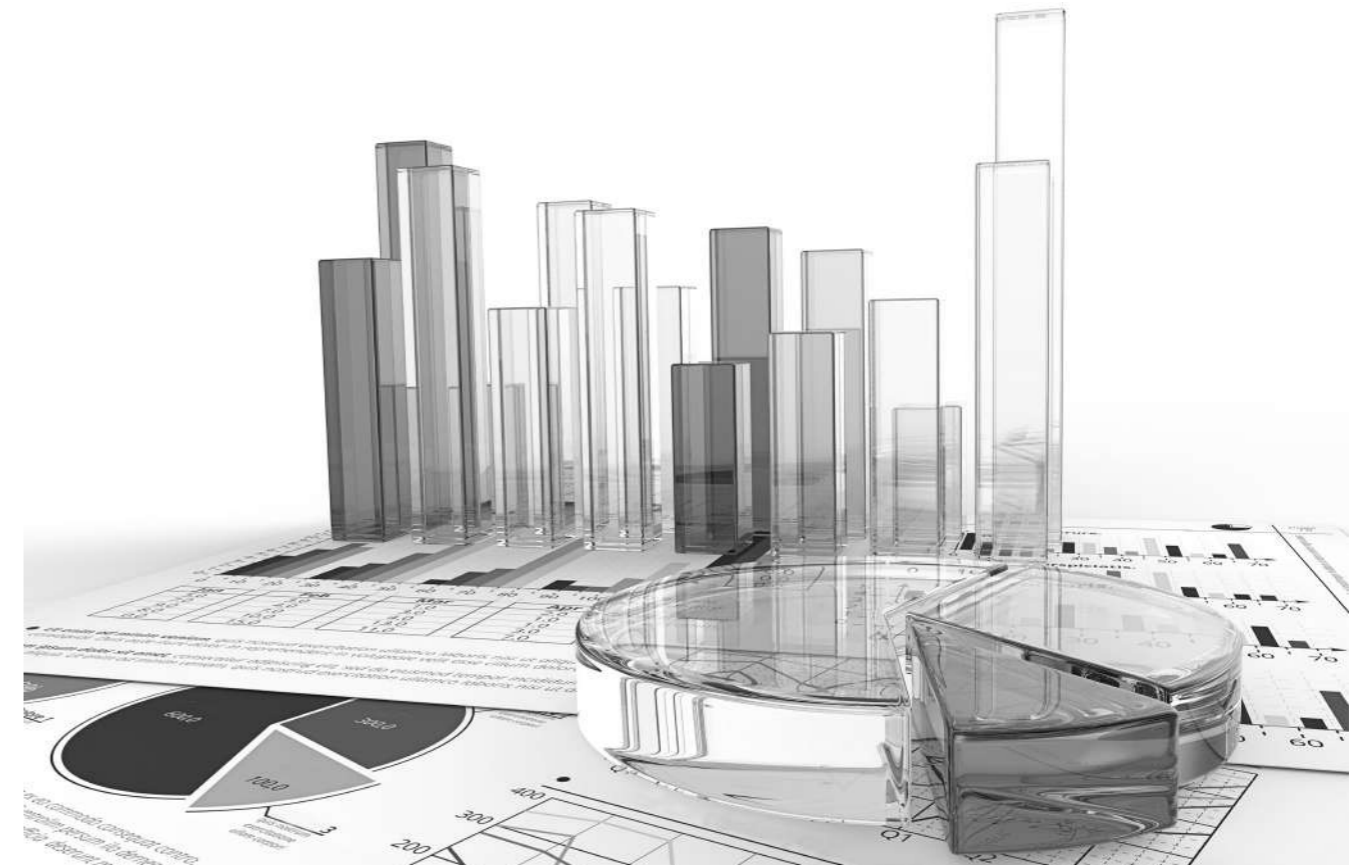
As of 2021, the recovery in global economic activity accelerated with the help of the relaxation of quarantine measures, acceleration of vaccination and supportive economic policies.

The global economy, which was adversely affected by Covid-19 pandemic, started to recover in the second half of 2020 as the impact of the pandemic was relatively under control. As of 2021, the recovery in global economic activity accelerated thanks to the easing of quarantine measures, accelerated vaccination and supportive economic policies. Accordingly, the global economy, which contracted by 3.1% in 2020, is estimated to have grown by 6.1% in 2021. In 2021, the US growth stood out among developed countries due to rapid vaccination and large amounts of financial support, while Türkiye, India and China recorded the highest growth in emerging economies. World trade volume, which contracted by 8.2% in 2020 due to the pandemic, is projected to grow by 10.1% in 2021 despite some ongoing problems in the supply chain and logistics. In 2021, global inflation increased in 2021 due to strengthening economic activity, rising commodity prices, supply chain disruptions and temporary supply-demand mismatches.

While the US growth stood out among developed countries in 2021 with the effect of rapid vaccination and high amount of financial support, Türkiye, India and China were the economies with the highest growth in developing countries.

Having embarked on monetary easing during the pandemic, advanced economies started to signal a gradual policy change over time with forward guidance on asset purchase programs and monetary policy rates. Accordingly, the pace of asset purchases announced by the US Federal Reserve (FED) in March 2020 started to slow down as of November 2021. The FED is expected to end its asset purchase program in 2022 and start raising interest rates within the year.

The European Central Bank, on the other hand, stated that it will end the Pandemic Emergency Purchase Program, which was launched in March 2020, in March 2022. In 2022, global growth is expected to slow to 3.6% due to the loss of momentum in the US and Chinese economies and the Russian-Ukrainian tensions. Finally, inflation is expected to remain high for longer than anticipated, with continued supply chain disruptions and high energy prices.



In 2022, it is predicted that global growth will decrease to the level of 3.6% due to the loss of momentum in the US and Chinese economies and the tension between Russia and Ukraine.

Indicators of the World Economy (Annual % Change)

	2019	2020	2021	2022 Forecast	2023 Forecast
Global Growth Rate	2.9	-3.1	6.1	3.6	3.6
Developed Countries Growth Rate	1.7	-4.5	5.2	3.3	2.4
Developing Countries Growth Rate (%)	3.7	-2	6.8	3.8	4.4
Global Trade Volumes	0.9	-7.9	10.1	5	4.4
Rate of Increase in Oil Prices (%)	-10.2	-32.7	67.3	54.7	-13.3
Rate of Increase in Non-Energy Price Index (%)	0.7	6.8	26.8	11.4	-2.5
Global Inflation Rate	3.8	2.8	6.4	6.8	4.1
Developed Countries Inflation Rate (%)	1.5	0.5	5.3	4.4	2.2
Developing Countries Inflation Rate (%)	5.6	4.5	7.3	8.5	5.6

Source: World Bank Global Economic Prospects Report, June 2021



Macroeconomic Indicators and Expectations

	2021	2020 ⁷	2021 ⁸
Growth Rate	0.9	1.8	5.8
Foreign Trade Balance (Billion USD)	-16.7	-37.9	-39.3
Current Account Balance (Billion USD)	6.8	-37.3	-13.9
Current Account Balance/GDP (Gross Domestic Product) (%)	0.9	-5.2	-1.9
Travel Revenues (Billion USD)	29.8	10.2	19.8
Change in Consumer Prices (%)	11.8	14.6	12.2
Unemployment Rate (%)	13.7	13.8	12.9

Source: TURKSTAT, 2021 – 2023 New Economy Program, CBRT Inflation Report 2021 – II

GDP Growth Rates

	2021	2022 Forecast	2023 Forecast
World	6.1	3.6	3.6
Developed Countries	5.2	3.3	2.4
Developing Countries	6.8	3.8	4.4
USA	5.7	3.7	2.3
China	8.1	4.4	5.1
Türkiye	11	5	5.5

Source: TURKSTAT, 2021

⁷ Materialization

⁸ New economy program 2021-2023

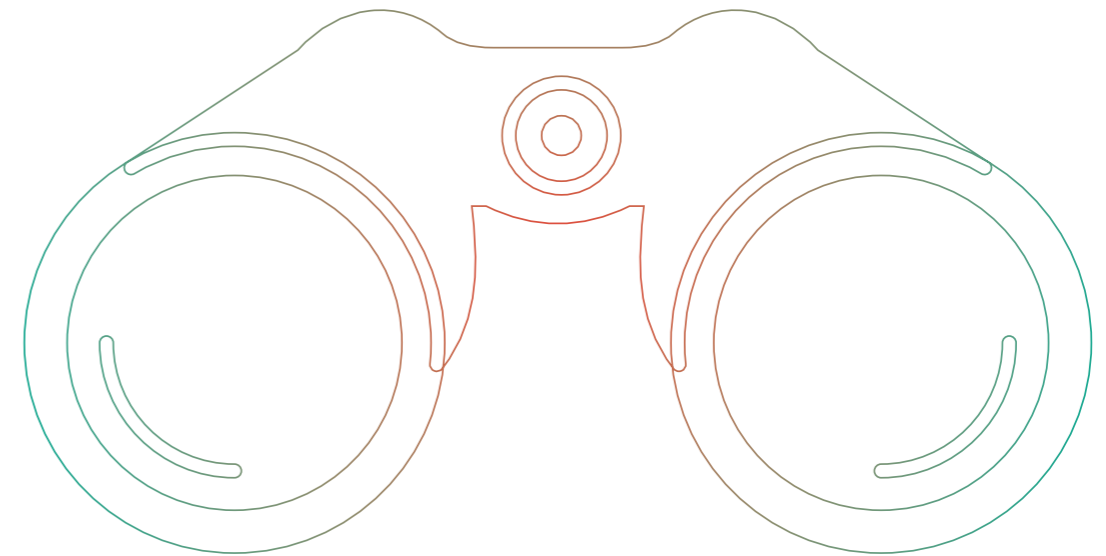
Global Trends, Risks and Opportunities

Banks will build resilience across capital, technology and talent as they face potential new challenges during the pandemic, and in the longer term, they will need to accelerate and strengthen transformation efforts across the organization.

Institutionalizing the lessons learned during the pandemic, this period requires working with agility, flattening hierarchies, accelerating decision-making, empowering employees and creating flexible workplaces and workforces. Future success will depend on how well these lessons are internalized and applied. This period of accelerating digitalization is a test for banks' digital infrastructures. Organizations that make strategic investments in technology and technology-oriented transformation, especially in core systems, will emerge stronger from this situation.

By implementing an optimal mix of digital and human interactions, smart use of data, new partnerships and attractive service delivery models, the new system can increase customer engagement in the communication and processes between banks and customers. As we adapt to the economic realities of 2021, some difficult decisions may need to be made around optimal talent models. But at the same time, they will continue to focus on employee well-being and productivity as pandemic-driven stress on the workforce continues. Given their unique and vital role in the global economy, banks should be at the forefront of leading social change and mitigating climate risk by reallocating capital, enhancing risk frameworks, providing greater transparency, and improving data and reporting standards.

The banking sector's response to the pandemic has been remarkable. In banking, it is not easy to move to a fully online and untested operating model in just a few weeks. Nevertheless, many banking transactions have gone smoothly, with some disruptions.



Risks

According to the World Economic Forum's Global Risk Report 2022 analysis, the 10 most serious risks on a global scale for the next 10 years are identified as follows.

1. Climate Action Failure (Environmental)
2. Extreme Weather Conditions (Environmental)
3. Biodiversity Loss (Environmental)
4. Social Cohesion Erosion (Social)
5. Livelihood Crises (Social)
6. Infectious Diseases (Social)
7. Human Environmental Damage (Environmental)
8. Natural Resource Crises (Environmental)
9. Debt Crises (Economic)
10. Geoeconomic Confrontations (Geopolitics)

Economic Situation After Covid-19

The banking sector's response to the pandemic has been remarkable. In banking, it is not easy to move to a fully online and untested operating model in just a few weeks. Nevertheless, many banking transactions have gone smoothly, with some disruptions. Customers continued to be served, employees remained productive and regulators were reassured. Banks have demonstrated unprecedented agility and resilience through effective use of technology. More importantly, banks played a pivotal role in stabilizing the economy, and governments in the United States, Canada, the United Kingdom, Japan, and many European countries, among others, delivered stimulus and assistance programs. Banks' healthy capital levels before the pandemic also helped mitigate the negative effects of the crisis. For the banking sector, the economic consequences of the pandemic were not on the same scale as those during the Global Financial Crisis of 2008-2010,

but were still considerable. In addition to the financial meltdown, COVID-19 is reshaping the global banking sector along a number of dimensions and a new competitive landscape has emerged. While suppressing growth in some traditional product areas, it has led to a wave of growth in new habits and products. In order to mitigate the effects of the more than 1-year pandemic, public and private banks in Türkiye have implemented economic support programs.

The economic challenges brought on by the Covid-19 pandemic and this sharp contraction in the global economy have already significantly reduced credit growth and payment transaction volumes. These declines have been largely offset by near-record trading revenues and asset management fees. This has led to an increase in banks' non-performing loans.

Risks

- Thanks to effective vaccination, the loss of life due to the pandemic has been minimized. It is aimed to minimize production losses and risks arising from the pandemic.
- While the number of cases remains high on a global scale with new variants in the pandemic, commodity prices fluctuate due to uncertainties about the pace of the slowdown in the Chinese economy.

Opportunities

- One of the most notable effects of the pandemic is the scaling and acceleration of a few megatrends and the slowdown of others. Until the pandemic, almost everyone believed that certain societal topics such as the sharing economy, urbanization and globalization would remain on the agenda. Remarkably, however, the pandemic seems to have slowed down these global megatrends. On the other hand, it is now very clear that Covid-19 has acted as a catalyst for digitalization.
- The net effect of these megatrends, combined with macroeconomic realities such as the low interest rate environment over the next decade, will fundamentally restructure the banking sector. At the outset, business growth in traditional revenue sources and established

segments will likely be moderate at best, forcing banks to find new means for profitable growth. After that, scale will become more critical than ever, as profitability pressure will make costs more of a focus. Finally, advanced technology is expected to be at the center of everything banks do.

- The economic damage of the pandemic is evident. Unemployment rates worldwide may remain high for the foreseeable future. As a result, there could be a dramatic growth in global poverty, with up to 150 million people pushed into "extreme poverty" by 2021. There are already signs of worsening income inequality and increasing numbers of women leaving the labor force.
- The way of doing business has also changed with the pandemic, and developments in areas such as remote working, e-commerce and automation have accelerated. In this context, investments and financing needs in these areas are expected to increase in the coming period. The impact of disruptions in global supply chains and the need for countries to make their supplies sustainable have brought Türkiye to the forefront thanks to factors such as its geographical location, flexible production structure, industrial diversity and logistics infrastructure. Türkiye is expected to maintain this position in exports in the coming period.

What are we doing?

- The Bank, which has a reputable position in international circles and has solid relations based on mutual trust with the leading funding institutions of the global economy, brings long-term resources to the business world through both direct lending and wholesale banking (APEX Banking). As part of its efforts to secure funding from international organizations, the Bank signed a funding agreement for USD 620 million in 2021.
- Remote working technologies, which have become a global requirement in the fight against the pandemic, have been at the focus of Development and Investment Bank of Türkiye in 2021. First of all, redundant Virtual Private Network (VPN) configurations were completed and all services, including payment systems, were made suitable for remote working by providing portable computers, mobile modems and/or data lines to all staff. Within the scope of combating the new wide attack surface opened up by VPN access, many information security tightening practices, especially the multi-factor authentication mechanism, have been established and used.
- One of the contributions created to mitigate the effects of the pandemic is funding activities. Among these is the TRY 525 million Regional Development Fund, which prioritizes areas such as exports/reducing the current account deficit and creating regional employment for small and medium-sized companies in strategic sectors prioritized for development.
- The Technology and Innovation Fund, which supports the startup ecosystem and technology investments, is worth TRY 350 million and supports technological initiatives and entrepreneurs with two different strategies, and invests in new generation initiatives (startups) that are entirely technology-oriented and funds that invest in these initiatives (venture capital).
- TKYB Capital Fund aims to support technology-oriented startups with high growth potential by investing directly in both venture capital funds and startups with a fund of TRY 200 Million.
- Development Participation Venture Capital Investment Fund aims to make capital investments in manufacturing-oriented companies operating in strategic sectors that will contribute to reducing the current account deficit and prioritize development in accordance with CMB legislation and participation finance principles with a fund of TRY 125 million.

Regional Wars-Geopolitical Risks-Russia-Ukraine EU, USA Tensions

The tension between Russia and Ukraine, which started in 2021, led to an increase in raw material prices, especially energy and food. Continued tension may put pressure on tourism revenues.

Due to the geopolitical location of Türkiye and the Straits, logistics activities and the impacts of these activities have become important.

Risks

- Increases in energy, food and raw material prices increase production costs in Türkiye.
- Ongoing tensions between Russia and Ukraine, a decline in the region's agricultural production, problems in the food supply chain and logistical disruptions are negatively affecting global food security. This situation leads to higher prices for agricultural commodities as well as global supply shortages.
- Continued tensions in the region and global inflationary volatility may lead to a loss of foreign currency through tourism revenues.

Opportunities

- Increases in energy costs have increased transportation costs from China to the EU. Our country's location close to the EU market will increase our competitiveness in some sectors.
- Russia's current approach will lead European countries to turn to alternative energy sources in the coming period. Projects like TANAP, which was built through the Southern Gas Corridor project and is already fulfilling this task, are expected to make significant contributions to Türkiye's geopolitical importance and economic revenues.

What are we doing?

- In order to meet the increasing working capital needs of real sector firms due to the increase in input prices, we are improving our credit facilities for working capital.

CLIMATE CHANGE

The role of banks in combating climate change is seen as critical because of the conditions they set when providing finance, which can transform and 'make it more beneficial'.

With the Green Deal declaration published by the European Commission, all signatory countries and the organizations they include have made a commitment to be carbon neutral until 2050. A new phase of the European Union Sustainable Finance Strategy was announced by the Commission on July 6, 2021. The strategy articulates four main areas with a package of six measures that the economy needs for sustainable development. Financing the transition to sustainability, global ambition, inclusiveness and financial sector resilience and contribution are the four main action areas of the sustainable finance strategy. The goal of the financing the transition to sustainability strategy is to provide the tools and policies to enable economic actors in the economy to finance transition plans and achieve broader environmental goals. The global ambition strategy defines how to promote international consensus for a global sustainable finance agenda. The inclusion strategy responds to the needs of small and medium-sized enterprises and creates opportunities for them to have greater access to sustainable finance. The financial sector resilience and contribution strategy refers to ways in which the financial sector can achieve the Green Deal goals, as well as become more resilient and combat green washing.

There is a consensus that environmental, social and governance risks can pose a threat to the financial system. In the wake of the climate crisis, banks need to strategize against physical and transition risks. Banks therefore need to strengthen their risk management frameworks and reassess their business strategies. In addition, the EU taxonomy sets four criteria for environmental sustainability

activities and lists six environmental targets to classify companies' sustainable economic activities by June 2020. The EU Commission's Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) sets of rules for banks have been amended by the 2021 Banking Package to cover environmental, social and governance risks through the implementation of Basel IV. Taking into account environmental, social and governance risks will strengthen banks' resilience and contribute to the transition to climate neutrality. The EU Banking 2021 package includes Basel III: new rules on internal models, better supervision and sustainability. Basel III: new rules on internal models ensure that banks use their own calculation models, while a new limit system ensures that risks are not underestimated. With the sustainability model, banks will need to consider environmental, social and governance risks when managing their business. Climate change is among the most important global threats to sustainable development. While Covid-19, which spread all over the world in 2020, stands out as the most urgent issue facing humanity, climate change remains the biggest problem of humanity in the long term.

According to the World Meteorological Organization, the period between 2011 and 2020 was the hottest decade in history, and in 2020, events such as extreme temperatures, forest fires and floods combined with the negative effects of the pandemic on human health and the economy. In 2021, these events and their environmental, social and economic impacts continued to exist. According to the report prepared by the organization, despite the closures during the pandemic, greenhouse gas concentrations in the atmosphere continued to increase, causing further warming for future generations.

Risks

- If traditional business models continue, companies may face the risk of resource shortages in the medium and long term. This poses a significant risk for banks and other financial institutions, which are the providers of financing.
- In the coming period, governments and international organizations are expected to develop new and comprehensive environmental legislation. Accordingly, various risks may arise, such as halting or slowing down the operations of financed projects, the emergence of legal incompatibilities, halted sales, loss of turnover and compliance risks.

Opportunities

- Recent developments in our country indicate that our country's roadmap for preventing climate change and mitigating its impacts is ready and the actions to be taken have been determined. In this sense, the Republic of Türkiye Ministry of Trade published the Green Deal Action Plan with the contributions of all relevant stakeholders and shared the actions to be taken by our country with the public along with the targets. Also in 2021, the Republic of Türkiye Ministry of Environment and Urbanization was renamed as the Republic of Türkiye Ministry of Environment, Urbanization and Climate Change and was structured to combat the impacts of climate change. The Paris Agreement entered into force after being published in the Official Gazette with the approval of Grand National Assembly of Türkiye on October 7, 2021. All these developments in 2021 show our country's stance and determination in the fight against climate change.
- In the packages prepared to mitigate the negative effects of the pandemic on a global scale, efforts towards "green recovery" are seen as important in the fight against climate change and are considered as opportunities. As a matter of fact, in the report published by the World Bank in 2020, it is stated that the incentive packages announced to combat the economic slowdown caused by Covid-19 can help countries achieve a sustainable recovery, but in order for this to have a transformative effect on climate action, it is conditional on limited public financing to provide more funding from other sources with the leverage effect.
- The fight against climate change opens up many new opportunities for the banking and finance sector. For a green transformation to take place, there is a need to transition to cost-competitive renewable energy and to increase electrification in many business lines such as transportation, heating and industrial operations. At the same time, there is a need to increase efficiency through digitalization in business processes and the adoption of decentralized energy production, especially by companies. In this context, investments and financing needs are expected to increase in the coming period.

What are we doing?

- The loan agreement of the Bank, to provide financing of USD 200 million from the Asian Infrastructure Investment Bank (AIIB), for the financing of renewable energy and energy efficiency projects was signed on 10 December 2019. The disbursement of the loan continues.
- The Bank considers not only financial risks, but also environmental and social risks as an integral part of its loan processes. With this understanding, the assessment and management of environmental and social risks is a part of decision-making processes.
- The Bank, which has been reporting to the Climate Change Program of CDP, the world's largest environmental reporting platform, since 2016, became one of the highest scoring institutions in the finance sector with its B (Management Level) score in 2021. In this reporting, risks and opportunities related to climate change are assessed; questions on strategy, governance, emission metrics, targets, performance and value chain interaction are answered voluntarily.
- In order to finance renewable energy and energy efficiency projects, a 12-year loan agreement was signed with the Japan Bank for International Cooperation (JBIC) for USD 170 million under the title GREEN III.
- In addition to the loan agreement signed with the Asian Infrastructure Investment Bank (AIIB) in 2019, USD 100 million financing was provided to finance renewable energy and energy efficiency projects with the Additional Financing Agreement signed in 2021.
- The Bank intermediated the issuance of Türkiye's first Transition to Net Zero Economy Bond.
- In 2021, the Bank became the first and only institution in Türkiye to sign the Operating Principles for Impact Management led by the International Finance Corporation (IFC).
- Sustainability and Environmental Social Impact Management Department was established.
- A strong and diversified resource structure supporting sustainable asset growth has been established.

DIGITALIZATION AND INNOVATION

As uncertain market conditions and remote working models persist, there has been an increase in activities to increase corporate resilience, such as digitizing customer interactions, making mergers or acquisitions to eliminate duplicate transactions and create economies of scale, prioritizing savings in operations, and optimizing financial technology.

Prior to the digital transformation that started on a global scale during the pandemic, companies entering financial services used data on customer behavior and their own algorithms to make assessments that were the domain of banks. The post-pandemic digital transformation has evolved to respond to changing customer demands, reduce costs and increase efficiency. With changing trends, banks are using modern technology and implementing sustainable business models as a precaution against new emerging risks. Information technology services have become a necessity for banks that have become open source through outsourcing and cloud

computing, another risk in the sector. Non-bank outsourcing of information technology and banks' lack of cyber resilience have led to risks and, in turn, to a tightening of banks' supervisory activities. As a result, the collection of data on outsourcing records and the integration of these issues into contractual terms and conditions have come to the fore. The European Commission's new strategy on supervisory reporting will directly contribute to the objectives of the digital finance strategy and the digital finance package. The drivers for banks to invest digitally include customer needs, capital markets and ongoing regulatory and supervisory requirements.

As a result, it has become impossible for banks not to incorporate sustainable business models to adapt to changing global trends. The structural changes expected with the transition to green finance require digitalization and large financial resources. Since the magnitude of the risks arising from the green transformation is directly proportional to the size of the investments, managing environmental, social and governance risks and introducing rating procedures in corporate finance are among the measures to be taken.

Risks

- Digitalization is expected to accelerate competition in the sector and create an obligation to adapt to expectations faster. However, cyber threats pose both a serious threat of financial loss and a reputational risk for financial institutions.
- As a result of increasing competition and risks, cyber security is of great importance for companies. State-sponsored cyber-attacks have started to target companies along with infrastructure activities and military organizations. In the face of the risk of theft of company information and the increasing risk of disinformation, companies need to take stricter measures for the coming period.
- Populism and protectionist economic approaches that emerge with increasing technological competition continue to gain momentum around the world. In addition, trade-based disputes between China and the United States create an expectation that uncertainties and risks will increase in the areas where technology and economics intersect in the future.

Opportunities

- As digitalization continues to increase, the need for qualified human resources in the field of information technology increases the importance of investment in employees, training and employee satisfaction. With the epidemic effect, remote working models appear as a phenomenon that has started to take place among employee demands. In this regard, companies that provide organizational structuring that facilitates remote working, and can take steps in compliance with legal regulations on issues such as performance measurement, overtime and fringe benefits will stand out in qualified personnel supply and employee loyalty and gain competitive advantage.
- The use of technology is of great importance for the post-pandemic world. In this context, an increase is expected in R&D studies in the field of technology (5G, edge computing, quantum computing, etc.) and the financing to be used for these studies in order to mainstream the human augmentation process.

What are we doing?

- In 2021, the Bank also continued to develop new open-source, microservices modular core banking applications that will enable business processes to be realized on IT platforms in an end-to-end integrated manner with minimal intervention.
- Efforts are underway to digitize and optimize processes and archives, create monitoring systems, automate them with artificial intelligence-supported systems and robotic processes, and strengthen IT applications and infrastructure.
- Within the scope of providing innovative services to customers through mobile and online channels, an internet banking channel was launched, API (Application Programming Interface) integrations were established with many third parties such as e-government and Credit Guarantee Fund (CGF), and end-to-end process automation was achieved.
- In order to offer domestic and international funds to the Bank's customers, Support for Investment, Wholesale Banking (APEX) and Grant applications were developed, and the Bank continued to provide fast, secure and uninterrupted products and services in line with customer needs through the online channel during the Covid-19 pandemic. Measures are taken against cyber threats that increase with digitalization, data security investments are continued, and information security and cyber security awareness trainings are provided. Efforts continued to obtain ISO 27001 certification in order to comply with international standards in the field of information security.
- An Innovation and Business Development Committee has been established to evaluate and implement new products, services, innovations, changes and business development opportunities within the Bank.
- A suggestion platform has been created for employees to enter, evaluate and implement ideas that are in line with the Bank's goals, objectives and strategy and that aim to improve service processes, increase efficiency, provide quality service, enhance performance, raise service and service levels, and reduce costs.
- Following the establishment of the Türkiye Development Fund, the Technology and Innovation Fund and the Regional Development Fund, in which the Republic of Türkiye Ministry of Industry and Technology is an investor with a total fund size of TRY 875 million, and the Development Participation VCIF (Venture Capital Investment Fund) and the Innovative and Advanced Technologies Participation VCIF, with a total fund size of TRY 300 million, were officially launched under the umbrella of this fund and their issuance approvals were obtained.
- Based on the principle that all elements of information technologies should be up-to-date, secure and efficient, version upgrade projects were also emphasized in 2021. In this context, the virtualization platform, backbone switches, firewalls, antivirus systems, web application platforms, office applications and operating systems were moved to new, stable versions. With a continuous development and deployment approach, DevOps processes and ITSM (Information Technology Service Management) structure were established and IT processes were digitized and put into an effective, efficient and traceable structure.

Developments and Expectations in Türkiye's Economy

The economy, which grew by 7.3% in the first quarter of 2021 with the support of domestic demand, grew by 21.9% in the second quarter as the recovery in external demand accompanied domestic demand and the base effect of the previous year. In the third quarter of the year, economic activity maintained its momentum with the ongoing contribution of domestic demand and net exports and the economy grew by 7.5%.

The expansion of vaccination throughout the society helped revitalize the services sector, particularly tourism, and sustain growth with a more balanced component. In the last quarter of the year, the positive trend in economic activity continued and a growth rate of 9.1% was achieved. In this framework, Türkiye's economy grew by 11% in 2021, the highest growth rate among the G-20, OECD and EU countries. The favorable course of economic activity is expected to continue in 2022 with the contribution of external demand and the Türkiye's economy is expected to diverge positively from its peers in terms of growth.

Exports remained strong in 2021 due to the rapid recovery in global demand. In 2021, exports increased by 32.8% to USD 225.3 billion, while imports rose by 23.6% to USD 271.4 billion. Thus, the foreign trade deficit narrowed by 7.5% to USD 46.1 billion. In 2022, with the favorable outlook in global markets and the pandemic fading, exports and tourism revenues are expected to continue to increase.

The economy, which grew by %7.3 in the first quarter of 2021 with the support of domestic demand, grew by %21.9 in the second quarter with the recovery in foreign demand accompanied by domestic demand and the base effect of the previous year. With the continued contribution of domestic demand and net exports in the third quarter of the year, economic activity maintained its momentum and the economy grew by %7.5



With 11 percent annual GDP growth, Türkiye has been the fastest growing economy among the G-20, OECD and EU countries in 2021. It is expected that the positive course of economic activity will continue in 2022 with the contribution of foreign demand and that the Türkiye's economy will differentiate positively from peer countries in terms of growth.

In 2021, demand and cost factors, supply constraints in some sectors, the rise in international food and commodity prices and exchange rate developments had an impact on inflation. In this framework, annual consumer inflation closed 2021 at 36.1%, while producer inflation reached 79.9%.

The CBRT (Central Bank of the Republic of Türkiye) implemented a strong monetary tightening in March, raising the policy rate from 17.0% to 19.0%, and kept the policy rate

unchanged between April and August. In the September-December period, the policy rate was cut by a total of 500 basis points as a result of the evaluation of analyses to decompose the effects of demand factors, core inflation developments and supply fluctuations. In the Monetary and Exchange Rate Policy Report for 2022 released in December, it was announced that the CBRT would adopt a data-driven approach that takes into account all macroeconomic indicators, particularly inflation and economic activity, and prioritizes sustainable price stability.

Macroeconomic indicators and expectations

	2021	2020 ⁷	2021 ⁸
Growth Rate (%)	0.9	1.8	5.8
Foreign Trade Balance (Billion USD)	-16.7	-37.9	-39.3
Current Account Balance (Billion USD)	6.8	-37.3	-13.9
Current Account Balance/GDP (%)	0.9	-5.2	-1.9
Travel Revenues (Billion USD)	29.8	10.2	19.8
Change in Consumer Prices (%)	11.8	14.6	12.2
Unemployment Rate (%)	13.7	13.8	12.9

Source: TURKSTAT, 2021 - 2023 New Economic Program, CBRT Inflation Report 2021 - II

⁷ Materialization

⁸ New economy program 2021-2023

Sectoral Situation and Expectations

The Türk banking sector increased its total assets by 51% in 2021 compared to the previous year.

average of recent periods, increased by 50.9% year-on-year to TRY 9.2 trillion in December 2021. The size of non-cash loans reached TRY 1.67 trillion, representing a growth of approximately 67%. Letters of guarantee had the largest share in non-cash loans with 69%, while letters of credit accounted for 18%. Total loans amounted to TRY 4.9 trillion. TRY 2.832 billion of these loans were in Türk lira and TRY 2.068 billion in foreign currency. Thus, while the amount of loans in both currencies increased, the share of foreign currency loans rose by 6%. The share of commercial and corporate loans were 58%, SME loans was 22% and consumer loans (including credit cards) was 20%.

On the other hand, as of December 2021, the sector's securities portfolio grew by a significant 44% year-on-year. The total amount of securities on banks' balance sheets exceeded TRY 1.47 trillion. Following the 34.6% annual growth in banks' deposits in 2020, the sector's total deposits exceeded TRY 5.3 trillion with a 54% increase in 2021. It is observed that the expansion in the foreign currency deposit base is the driving force behind the growth in the amounts of deposits.

In 2020, both global problems and local risks caused the financial sector to experience challenging times. However, thanks to the asset ratio (AR) practice that supported the rapid credit growth policy pursued during the pandemic, the sector was able to increase its financial figures. The AR policy was abolished at the end of November 2020 and a tightening monetary policy was adopted in the same period, which led to a slowdown in credit growth. Total assets of the Türk banking sector, which grew at a rate exceeding the

Thanks to the asset ratio (AR) application, which supported the rapid credit growth policy followed during the epidemic in 2020, the sector had the opportunity to increase its financial figures.

In the banking sector, the NPL (Non-Performing Loan) ratio was realized as 3.16% in December 2021. The NPL ratios in sectoral loans were realized as 6.89% in construction sector, 4.63% in electricity, gas and water resources production, distribution and industry sector and 4.27% in retail trade and personal products sector.

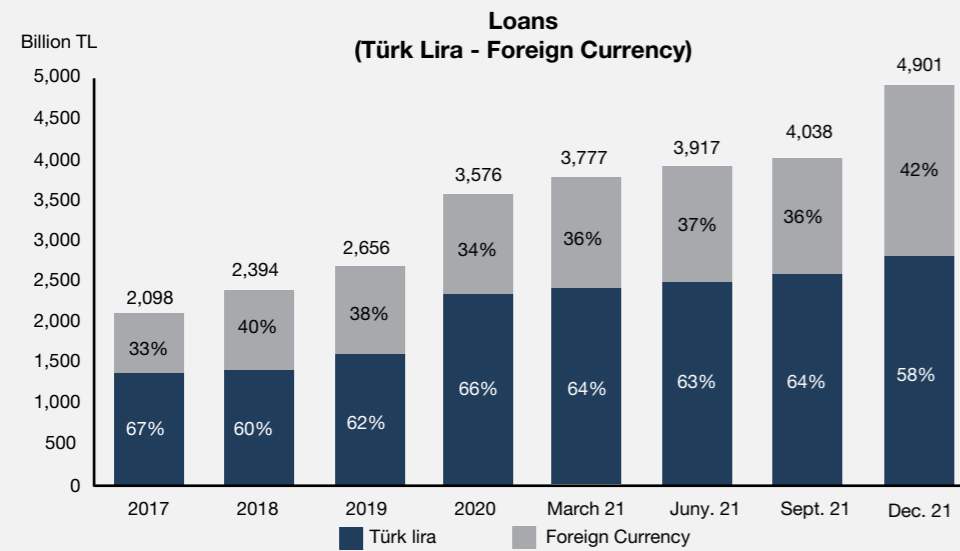
Non-performing loans increased from TRY 153 billion gross last year to TRY 160 billion as of December 2021. The sector's return on equity and return on assets increased to 15.34% and 1.67%, respectively. Compared to the same period of 2020, net profit for the period of December 2021 increased in public, domestic private and foreign bank groups, and the sector's net profit for the period amounted to TRY 92 billion.

Selected Balance Sheet Items

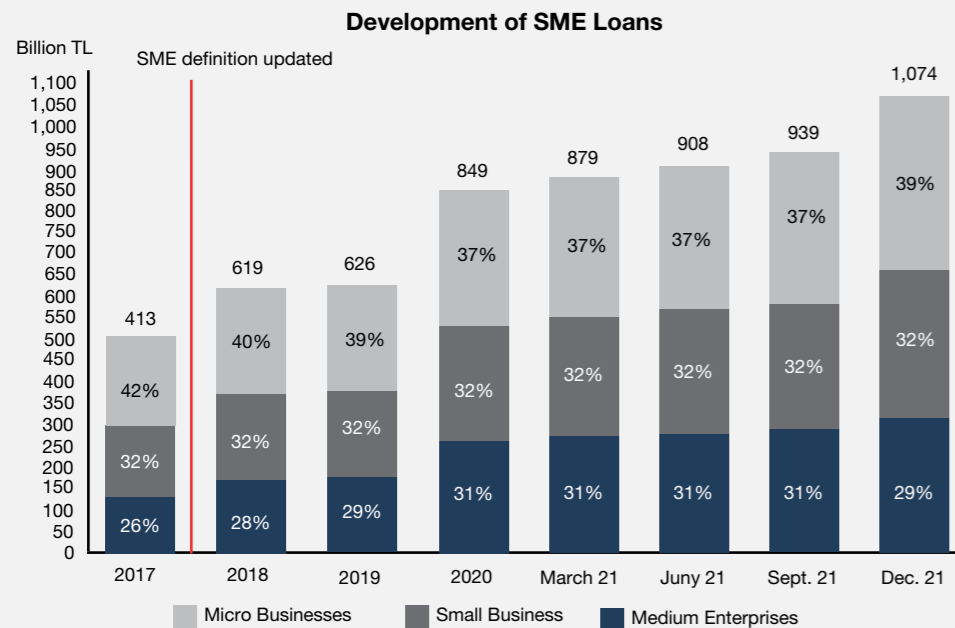
Assets	Amount	Percentage Change	
	(Billion TRY)	Previous quarter	End of previous year
Cash and cash equivalents*	1,229	59.3	113.6
Required reserves	702	66.2	118.6
Loans	4,901	21.4	37.0
NPL (Gross)	160	7.5	4.9
Securities	1,477	23.9	44.4
Other actives	904	45.1	48.0
Total Assets	9,213	30.7	50.9
Liabilities			
Deposit	1,229	59.3	113.6
Debts to banks	702	66.2	118.6
Repo transaction	4,901	21.4	37.0
Issued securities	160	7.5	4.9
Equity	1,477	23.9	44.4
Other obligations	904	45.1	48.0
Total liabilities	9,213	30.7	50.9

* Cash consisted of the sum of the Central Bank, Money Market and Receivables from Banks items.

Source: BRSB Türk Banking Sector Key Indicators December 2021 Report



Source: TURKSTAT



Source: BRSA Türk Banking Sector Key Indicators December 2021 Report

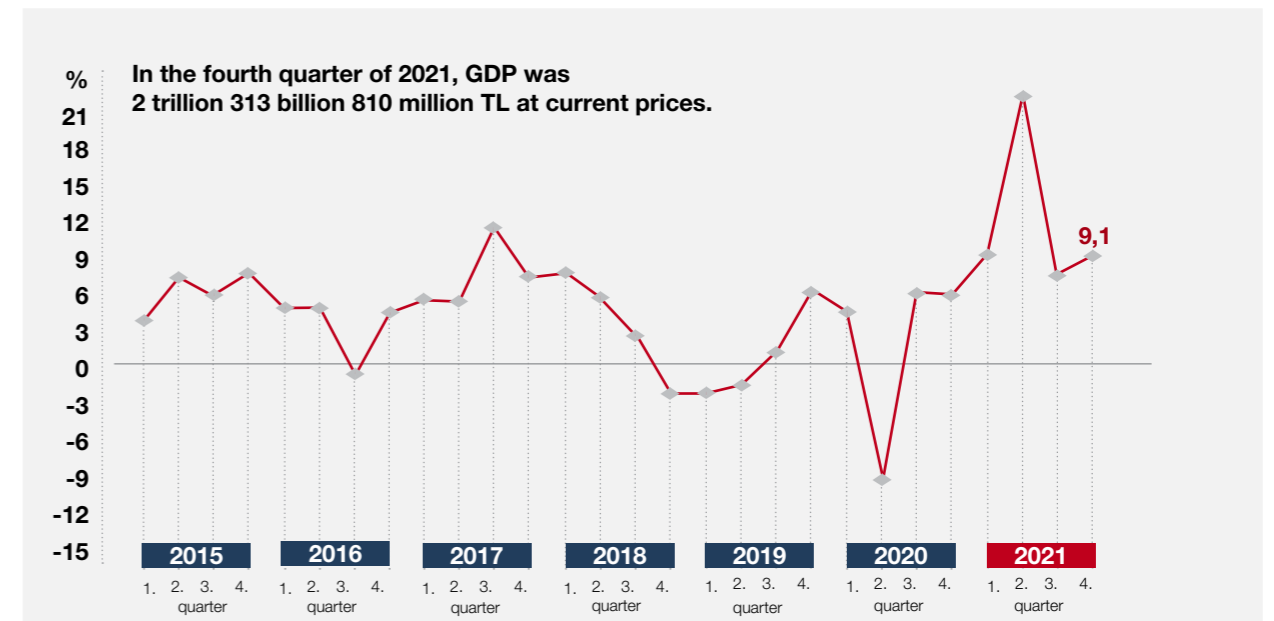
According to the Gross Domestic Product (GDP) data released by Türkiye's Statistical Institute (TurkStat), the Türk economy lost 11 percent growth in 2021 and 9.1 percent in the last quarter of last year. According to the production method, GDP at current prices increased by 42.8 percent in 2021 compared to the previous year and amounted to 7 trillion 209 billion 40 million Türk Liras.

Analyzing the activities that make up GDP, as a chained volume index in 2021 compared to the previous year, the total value added of service activities increased by 21.1%, other services by 20.3%, information and communication activities

by 20.2%, professional, administrative and support service activities by 17.3%, industry by 16.6%, public administration, education, human health and social work activities by 7% and real estate activities by 3.5%. In the same period, finance and insurance activities decreased by 9 percent, agriculture by 2.2 percent and construction by 0.9 percent.

GDP per capita was calculated as 85 thousand 672 liras (9 thousand 539 USD) at current prices in 2021. GDP estimate by production method increased by 51.8 percent at current prices in the 4th quarter of last year and carried out as 2 trillion 313 billion 810 million liras.

Türkiye's Economy grew by 9.1% in the fourth quarter of 2021



Source: TURKSTAT

Seasonally and calendar adjusted GDP chained volume index increased by 1.5 percent in this quarter compared to the previous quarter and calendar adjusted GDP chained volume index increased by 9.1 percent compared to the same quarter of the previous year.

Household final consumption expenditures increased by 15.1% in 2021 compared to the previous year's chained volume index and its share in GDP was 55.1%. Household final consumption expenditures increased by 21.4 percent in the 4th quarter of last year compared to the same period of 2020 in chained volume index. Government final consumption expenditures and gross fixed capital formation decreased by 1.9 percent and 0.8 percent, respectively.

Last year, according to the chained volume index of 2020, exports of goods and services were increased by 24.9 percent and imports by 2 percent. In the 4th quarter of 2021, exports of goods and services increased by 20.7 percent and imports by 2.6 percent in chained volume index terms compared to the same quarter of the previous year.

Labor compensation increased by 31.4 percent and net operating surplus/mixed income by 53.2 percent in 2021 compared to the previous year. In the 4th quarter of last year, labor compensation increased by 37.7 percent and net operating surplus/mixed income as a percentage of net operating surplus/mixed income increased by 62.9 percent compared to the same period of the previous year.

The share of labor compensation in gross value added at current prices was 33.1 percent in the same quarter of 2020, compared to 30.2 percent in the fourth quarter of the last year. The share of net operating surplus/mixed income increased from 49.3 percent to 52.6 percent.

Net exports contributed 4.9 percentage points to growth. 44.2% of growth in 2021 was carried out with the contribution of the exports. In the months when the pandemic effect was deeply felt in the economy and exports, Türk exporters exported 225 billion dollars.

Strategy of Development and Investment Bank of Türkiye

Development Investment Bank works with the aim of helping the structural transformation of our country in line with the sustainable development priorities and contributing to the spread of capital to the base.

To add value to all stakeholders with a dynamic, innovative, environmentally and socially sensitive banking approach; Development and Investment Bank of Türkiye has been supporting Türkiye's sustainable development since its establishment and sets its targets to increase its impact in this area in line with the priorities of development plans and programs.

In determining its goals and strategies, the Bank has adopted the United Nations Sustainable Development Goals, which bring together many objectives such as increasing global prosperity, ensuring inclusive economic growth, eliminating inequalities, and protecting the ecosystem and resources on the same platform. The Bank formulates its goals and plans in line with the priorities set out in Türkiye's 11th Development Plan. Our Bank is taking important steps within the Bank and in its interactions with its stakeholders within the framework of the UNEP FI Principles for Responsible Banking, of which it is a founding signatory as of 2020.

Strategic Goals

Development and Investment Bank of Türkiye is in the process of preparing its Strategic Plan for 2021- 2023. The mission, vision, values and strategic objectives sections of the Strategic Plan were approved by the Bank's Board of Directors. In this context, the budget for 2021 and the financial business plan covering the 3-year period (2021-2023) were prepared and approved by the Bank's Board of Directors.



In determining its goals and strategies, the Bank has adopted the United Nations Sustainable Development Goals, which bring together many objectives such as increasing global prosperity, ensuring inclusive economic growth, eliminating inequalities, and protecting the ecosystem and resources on the same platform.

The Bank continues to create lasting value for the investors with whom it is a solution partner and to support sustainable development with a responsible banking approach in line with its main strategic objectives determined under 5 main headings.

Goals for Development Banking;

- To diversify the financing products offered to priority sectors with high import dependency, high foreign trade deficit, high contribution to employment and foreign currency income potential, and priority regions for eliminating regional development disparities as determined in Development Plans and Programs.
- To provide financing with the most appropriate instruments for the feasibility and cash flow of the project in order to contribute to the sustainable growth of our country, to encourage and revitalize investments
- To support projects that serve objectives such as transition to a low carbon economy, combating climate change, conscious production-consumption, supporting the circular economy, eliminating poverty, developing the impact investing ecosystem and creating employment in order to realize the Sustainable Development Goals and accelerate the green transformation process of our country

Goals for Investment Banking;

- To develop and diversify our equity public offerings, debt instruments issuance (bonds/bills/sukuk, etc.) and merger and acquisition advisory services offered within the scope of Investment Banking
- To carry out projects that will contribute to the development of the country with our existing Investment Banking services;

intermediation services for share public offerings and debt instruments (bonds/bills/sukuk, etc.) issuances and consultancy services in domestic and international strategic/financial partnership or subsidiary/asset sales processes

- To work with public and private sector organizations to develop innovative Investment Banking solutions that will pave the way for the introduction of new products or new companies to Türkiye capital markets or the introduction of international best practices in the issuance of existing products
- To carry out activities to raise Türkiye Capital Markets to the level of international capital markets and to support foreign capital inflow to Türkiye

Goals for Strengthening the Resource Structure;

- To create a strong and diversified resource structure that supports sustainable asset growth
- To increase the inflow of resources to the Bank from development finance institutions and to obtain resources from different creditors

Goals for the Türkiye Development Fund;

- To play an important role in the development of the startup ecosystem by investing in technology-oriented new generation startups while supporting sectors of strategic importance in the sustainable growth of our country with the funds under its umbrella
- To carry out studies to transform public resources into capital investments that will create a multiplier effect within the framework of a technology and innovation-oriented development model

Strategic Sustainability Approach

As of the end of 2021, the ratio of our loan portfolio linked to the United Nations Sustainable Development Goals to our total portfolio is 81%.

Development and Investment Bank of Türkiye has put sustainability at the center of its activities, which is becoming extremely important in the financial sector, and encourages it to be addressed by the highest governance body to increase its oversight and supervisory responsibility for environmental, social and governance issues through different initiatives and regulations.

Development and Investment Bank of Türkiye's Strategic Plan 2021-2023 is aligned with the Sustainable Development Goals (SDGs) and contributes directly and indirectly to many of them. With a strategy targeting sustainable development, the Bank's investments support the (SDG8), especially those that promote employment and economic growth, to which it contributes directly. All of the Bank's large-scale investments also contribute directly to (SDG9) on supporting industry, innovation and infrastructure, (SDG7) on removing restrictions on sustainable and clean energy, and (SDG13) on combating climate change. In addition, the Bank acts on the principle of partnerships for the goals (SDG17), mobilizing additional capital resources through collaboration with partners, which it sees as the main way to increase available financing.

Other SDGs that the Bank indirectly contributes to are the prevention of poverty and hunger, providing a society of healthy individuals, access to quality education for all, gender equality and reduction of other inequalities, creation of sustainable living spaces, responsible production and consumption, an protection of life in water and on land. As of end-2021, the ratio of our United

15 of the Sustainable Development Goals Direct and Indirect Contribution

Direct Contribution



Indirect Contribution



Nations Sustainable Development Goals-related loan portfolio to our total portfolio was 81.3%.

The Bank has once again demonstrated that it is a pioneer in this field by being the first and only organization in Türkiye to sign the Operating Principles for Impact Management (Impact Principles), which is a reference point for best practices that can be continuously improved from an international perspective. As a founding member of the Impact Investing Advisory Board (EYDK), which aims to develop the impact investing model in Türkiye and create a well-functioning impact investing ecosystem, the Bank is committed to implementing a global standard for the management of impact investing with the goal of providing greater discipline, transparency and measurability. The Bank aims to contribute to financial, social and environmental

gains through impact investing in companies, organizations and funds through global and local partnerships. The Bank aims to create a positive environmental impact in the fight against climate change by identifying funding energy efficiency, resource efficiency, employment, technological development and digitalization projects as a strategic priority area in the projects it finances. In this context, as of the end of 2021, greenhouse gas emission reductions of approximately 5 million tons of carbon dioxide equivalent per year were achieved.

Operating Principles for Impact Management (Impact Principles) is a program that defines an end-to-end process to help companies or organizations achieve measurable positive social and environmental impact as well as financial gain. The elements of the Impact Principles are:

Strategy, Origination and Structuring, Portfolio Management, Exit, and Independent Verification. Impact investments have the potential to make a significant contribution to challenges in areas such as economic inequality, clean water access and sanitation, agricultural productivity and natural resource conservation.

In 2019, the Bank became a founding signatory of the Responsible Banking Principles established by the United Nations Environment Program-Finance Initiative (UNEP FI). In 2021, the Bank continued its efforts to fulfill the requirements of the principles at the national and global level through national and international collaborations. The Bank also takes part in UNEP FI Working Groups.

The Sustainability Committee, established in 2020 with the aim of developing sustainability strategy and policies and integrating them into all activities; continues its activities within the framework of the updated Sustainability Committee Directive dated August 2021.

The Committee is chaired by the CEO and it consists of a Board member, the Executive Vice President of the Sustainability and Environmental Social Impact Management Unit, Executive Vice President of the Development Finance Institutions Unit, Sustainability and Environmental Social Impact Management Unit Manager, the Head of Strategy, Organization and Process Management Department and other supporting members elected by the Committee.

In July 2021, the Sustainability and Environmental Social Impact Management Unit was established in order to work more focused and increase efficiency within the framework of a central business model with a unique structuring of the Bank's activities in the fields of sustainability and environmental and social risk management. The team involved in all lending processes of the Bank conducted environmental and social risk assessments of 84 projects in 2021.

Other responsibilities of the department, which is responsible for following domestic and international developments in the field of sustainability, include supporting the creation of an impact investing ecosystem in the country and contributing to the achievement of sustainable development and the SDGs, integrating Environmental, Social and Governance issues into all of the Bank's financing processes, and fulfilling the duties defined in accordance with the Environmental and Social Risk Assessment in the Lending Process, measuring the interaction of lending activities with the Sustainable Development Goals, carrying out Sustainability and Integrated Management System activities and memberships, preparing the Bank's sustainability, integrated and Carbon Disclosure Project reports and fulfilling the requirements of the Bank's Sustainability Committee.

The Environmental Social Risk Evaluation Procedure, which is applied in the credit assessment processes within the framework of the Bank's "Supporting Role in Sustainable Development" and "Responsible Banking Approach", was established in line with the comprehensive opinions and evaluations of the Bank's business departments such as the Corporate Banking and Project Finance Department, Loan Allocation Departments, especially the Engineering Department, which was involved in the process in 2020, in line with the World Bank standards and by examining the policies and procedures of international development organizations and was published with the approval of the Bank's Board of Directors. In addition, the exclusion list in the Policy is in line with the World Bank's Exclusion List.

The Bank has started its preparations to announce the Sustainable Financing Framework in 2022 and to receive a Second Party Opinion (SPO).

Our Bank signed a "Sustainability Cooperation Protocol" with Istanbul Technical University on October 25, 2021 within the scope of research, development and analysis studies to be carried out mutually.



Our Bank signed a "Sustainability Cooperation Protocol" with Istanbul Technical University on October 25, 2021 within the scope of research, development and analysis studies to be carried out mutually. With this cooperation, we aim to realize joint projects in line with the United Nations Sustainable Development Goals and support studies that serve many purposes such as access to sustainable finance products and our country's transition to a low carbon economy.

Our areas of cooperation to be provided on mutually agreed terms and conditions mainly include the following topics:

- Climate Change Prevention and Adaptation,
- Energy and Natural Resource Efficiency,
- Water and Wastewater Management,
- Sustainable Finance,
- Circular Economy Models,
- Low Carbon and Smart Transportation



Value Creation Model

Development and Investment Bank of Türkiye regularly contacts all stakeholder groups through various channels and creates value by taking into account the priorities, needs and expectations of different stakeholder groups from Development and Investment Bank.

119

Financial Capital

129

Human Capital

138

Natural Capital

147

Intellectual Capital

158

Social Capital



Materiality Analysis and Stakeholder Engagement

During the preparation process of the Sustainability Report published in 2021, the Bank received the opinions of all stakeholder groups on material issues, and the evaluations made by all stakeholders provided input to the prioritization analysis.

While shaping the integrated perspective of Development and Investment Bank of Türkiye within the framework of the overlapping Bank and sustainability strategy, it is critical to seek stakeholders' opinions on material issues and take steps to meet their expectations.

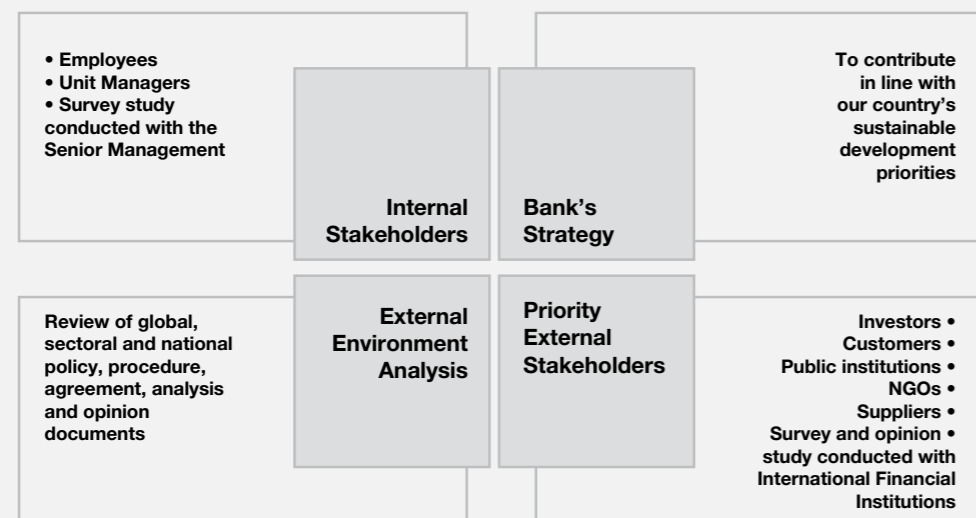
Development and Investment Bank of Türkiye maintains regular contact with all stakeholder groups through various channels and creates value by taking into account the priorities, needs and expectations of different stakeholder groups from the Bank.

During the preparation process of our 2021 Integrated Report, the Bank received the opinions of all stakeholder groups on material issues, and the assessments made by all stakeholders provided input to the materiality analysis. Material issues are determined according to;

Bank's strategy

- Opinions of internal stakeholders
- Opinions of key external stakeholders
- External Environment Analysis.

In this process, the material issues under the focus areas where the Bank's strategy is shaped were identified and shared with internal and external stakeholders to obtain their opinions and comments. In addition, an insight was gained on what kind of targets Development and Investment Bank of Türkiye should set in order to reach solutions that will create value for them. The assessments were shaped by examining reports published by national and international organizations.



Materialization Matrix

The materialization matrix included in the integrated report has been reviewed and updated according to current national and international developments, recent publications, global trends, risks and opportunities. In addition to bank managers, bank employees and the board of directors, external stakeholders and foreign users participated in the survey they conducted to determine their material topics. The materiality survey was sent to 701 people in total and 31% of the responses were received.

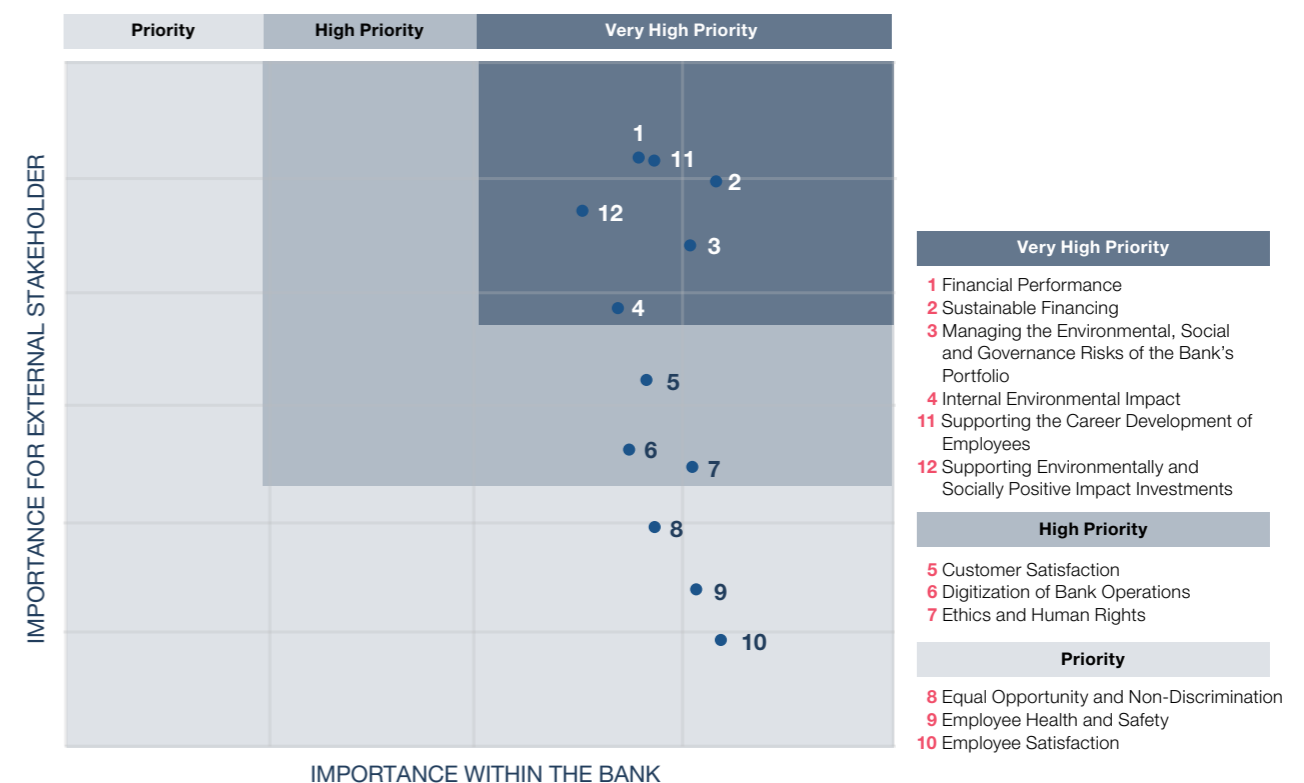
According to the results of the survey, in which the strategic importance of material topics for the organization and their importance for stakeholders were evaluated and scored together, we have shown the 12 most prominent topics and all the topics evaluated in our materiality matrix below.

As a result of the analysis of the matrix, we have identified our 1st, 2nd and 3rd degree material sustainability topics as TKYB.

Financial Performance, one of our strengths, is one of the most important topics of the 1st degree; Supporting the Career Development of Employees, Sustainable Financing and Supporting Environmental and Social Positive Investments are followed. In addition, the fact that Supporting Environmentally and Socially Positive Impact Investments is among the first-degree material topics; expresses the environmental and social sustainability sensitivity of the stakeholders of Development and Investment Bank of Türkiye.

Details on the topics included in the materiality matrix are provided in the table below:

TKYB Materiality Matrix 2021



Dialogue with Stakeholders

Development and Investment Bank of Türkiye communicates with its stakeholders at regular intervals, listens to their opinions on material issues or business conduct, understands their expectations, and strives to meet these expectations through its activities and practices.

The Bank's intranet portal is available for the use of employees in order to ensure secure and uninterrupted communication with them. The Bank places great importance on communicating developments and updates within the Bank to employees immediately.






Dialogue with Stakeholders

Stakeholder	Stakeholder Communication Channel	Stakeholder Expectation	Actions Taken
Employees	<ul style="list-style-type: none"> E-mail, telephone, suggestion and complaint line and forms, surveys, development, net portal, notification center 	<ul style="list-style-type: none"> Responsible human resources understanding, Performance rewarding Job health security Effective performance feedback, Employee training and development, Equality of opportunity and diversity, Employee health and safety, 	<ul style="list-style-type: none"> Educational activities, Performance evaluation system, Vocational and personal training programs, Two-way dialogue channels,
International Financial Institutions	<ul style="list-style-type: none"> E-mail, telephone, cargo, video conference meeting platforms, physical meeting, reports, website 	<ul style="list-style-type: none"> Providing the data request, completing the approval processes, Establishing timely and accurate communication, Employment creation, Ensuring the financing of SMEs, Financing of renewable energy, Responsible banking understanding, reporting, Meetings Up-to-date assessments on the Türkiye market and markets, Trends in investments, periodic briefings on credited projects, Support for sustainable development 	<ul style="list-style-type: none"> Ensuring coordination with the relevant units for the preparation of the requested data, Preparation of routine progress reports, Holding mission and status update meetings, Ensuring full participation in the necessary meetings, Presentation, etc. when necessary, supporting the promotion of the loan portfolio with visuals, Timely completion of necessary preparations and reports, Feeding international financial institutions in this direction by observing market trends and investor trends for the rapid and effective placement of existing resources and the continuity of new resources, As teams in one-on-one communication with the customer, presenting current investments and planned investments, sectoral, regional and qualitative trends in periodic meetings with funders, Project management in sectors compatible with our country's sustainable development goals, Providing consultancy services to the private sector and public institutions in the field of renewable energy,
Investors	<ul style="list-style-type: none"> General assembly meetings, one-on-one meetings, telephone, e-mail, website, Public Disclosure Platform, press releases, social media accounts 	<ul style="list-style-type: none"> Employment creation, Financing of renewable energy, Responsible Banking Principles Providing added value to the country's economy, Issues of debt instruments, Providing advisory services regarding public offerings and other capital market transactions, Support for sustainable development, Supporting investments within the scope of industrialization strategy based on import substitution 	<ul style="list-style-type: none"> Meetings, Announcements and sharing of current news, Determining the strategic goals of the Bank in line with the goals of our country, Making new resource agreements with strong public support, Carrying out the Bank's activities in line with common stakeholder expectations, Negotiating with investors within the scope of consultancy services provided for capital markets transactions carried out by public institutions and private sector companies, Interviews within the scope of consultancy services provided for environmental and social capital market transactions for Türkiye sustainable development, Raising awareness in capital markets, Providing consultancy services for projects in leading sectors, especially energy, chemistry, technology and automotive, carried out by public institutions and private sector companies.

Dialogue with Stakeholders

Stakeholder	Stakeholder Communication Channel	Stakeholder Expectation	Actions Taken
Customers	<ul style="list-style-type: none"> Telephone, e-mail, Public Disclosure Platform, customer meetings, website, social media accounts, loan allocation process, press releases, one-on-one meetings, 	<ul style="list-style-type: none"> Financing of SMEs, Financing of renewable energy, Representing the Bank, Accurately conveying the Bank's objectives, Meeting expectations in the loan allocation process, Responsible banking approach Issues of debt instruments, Providing consultancy services regarding share public offerings and other capital law transactions, Providing the appropriate financing source, Access to alternative financing sources (strategic/financial partnership, company/asset sale purchase, merger, spin-off), Financial evaluation and feasibility of greenfield investments within the scope of obtaining investment incentive certificate 	<ul style="list-style-type: none"> Organizing project information meetings, Announcements and sharing of current news, Signing of contracts, Giving education, Monitoring and financing of projects, Timely completion of the necessary preparations for the meetings and ensuring full participation Application processes carried out with all other institutions, especially institutions such as CMB, Borsa İstanbul, MKK and Takasbank Advisory services for capital markets transactions with environmental and social features for Türkiye's sustainable development Always the fastest and most accurate result of customer demands Submission of loan proposals prepared to meet customer demands and needs within the framework of the Bank's Credit Policies for the approval of the Board of Directors for investments in line with the Bank's resource structure. Managing the loan disbursement processes in case the loan offer is positive Providing M&A and financial consultancy services to public institutions and domestic/foreign private sector companies
Public Institutions	<ul style="list-style-type: none"> E-mail, Telephone, cargo, meetings, video conference meeting platforms, physical meeting, reports, website, Electronic Document Management System (EBYS), Public Disclosure Platform, legal compliance and annual reports 	<ul style="list-style-type: none"> Providing data request, completion of approval processes Establishing timely and accurate communication, Supporting regional development, Supporting priority sectors (import reducing and export increasing sectors) Regarding capital market transactions; Republic of Türkiye Ministry of Treasury and Finance, CMB, Borsa İstanbul, Execution of applications made with all other public institutions, especially institutions such as MKK and Takasbank Providing investment banking services 	<ul style="list-style-type: none"> Ensuring coordination with the relevant units for the preparation of the requested data, Ensuring project period communication Making applications to institutions such as CMB, Borsa İstanbul, MKK and Takasbank within the scope of consultancy services Developing projects and taking part in working groups in line with the demands of all relevant public institutions Providing financial, merger and acquisition and privatization consultancy services to public institutions and portfolio companies, especially OIB, TVF, SDIF
Non-Governmental Organizations	<ul style="list-style-type: none"> Memberships, conferences, website, social media accounts, press releases 	<ul style="list-style-type: none"> Supporting Regional Development, Financing of Renewable Energy Supporting Employment 	<ul style="list-style-type: none"> Ensuring project period communication Providing financial and M&A advisory services to Greenfield and/or portfolio companies
Suppliers	<ul style="list-style-type: none"> Meeting, email, website, online integrations 	<ul style="list-style-type: none"> Grow together and create value by supporting their financial development 	<ul style="list-style-type: none"> Supply management plan, Identifying potential vendors and assessing their qualifications, Making make/buy decisions, Management of tender/offer/contract processes, Acceptance of supplies, After-sales services (SLA and customer relationship management)

Value Creation Model

CAPITAL ITEM	INPUTS	ACTIVITIES	OUTPUTS	VALUE CREATED
FINANCIAL CAPITAL 	<ul style="list-style-type: none"> State-based strong capital structure 4.46 billion TL equity Financial Resources World Bank FEC (Registered Job Creation) Loan – 316 million Euros, Asian Infrastructure Investment Bank (AIIB) Covid-19 Loan – 300 million USD, World Bank Emergency Firm Support Project – \$250 million Central Bank of the Republic of Türkiye Investment Committed Advance Loan – 18 billion TL Thematic funds <ul style="list-style-type: none"> - 525 million TL Regional Development Fund, - 350 million TL Technology and Innovation Fund - 125 million TL Development Participation GDP - 175 million TL Innovative and Advanced Technologies Participation GDP - 200 million TL TKYB Capital Fund Thematic loans in line with market needs. 	<ul style="list-style-type: none"> Cooperation with international financial institutions Provision and use of credit resources Provision and utilization of project finance resources Finding investment projects suitable for the funding source Diversification of funding sources and loan products Expanding the customer portfolio 	<ul style="list-style-type: none"> 400 million TL capital increase in 2021 14.26% Capital Adequacy Standard Ratio 37.5 billion TL net loan Grant of 80 million Euros 	<ul style="list-style-type: none"> New and different product variety providing Increased market value Transparency and reliability Information security Use of financial resources in accordance with their purpose Realization of the organization's mission
INTELLECTUAL CAPITAL 	<ul style="list-style-type: none"> National and international sectoral publications Priorities within the National Development Plans Digital infrastructure systems and platforms Computer software, licenses, programs Customer / Employee feedback National and international collaborations 	<ul style="list-style-type: none"> Making bank strategies and business plans Providing the opportunity to work remotely Identifying, monitoring and taking precautions against risks that may threaten information assets Establishment of technology and innovation funds Evaluation of the projects to be supported with their economic, technical and financial dimensions 	<ul style="list-style-type: none"> 20 completed, 38 ongoing digital transformation projects Number of personnel involved in the projects: 53 Investing 68% of the 2021 investment and operating budget in digitalization and information security 	<ul style="list-style-type: none"> Transparency and reliability Digital transformation and information security Productivity Unique customer experience Business Continuity Quality management
HUMAN CAPITAL 	<ul style="list-style-type: none"> Expert teams Strategy documents Annual plans Corporate culture 	<ul style="list-style-type: none"> Side benefits provided to employees Remote working during the epidemic period Ensuring a healthy, safe and appropriate working environment Transparent and merit-based recruitment, career and performance management Providing access to training, internal and external resources for technical and personal development Internal communication activities Creation of corporate architecture 	<ul style="list-style-type: none"> 42% female employee rate in the entire bank 43% female employee rate in the bank's senior and middle management levels Employee turnover rate in 2021 is 8% Total 706 hours/year OHS training Total 38.99 hours of training per employee 50% remote working Being one of the 25 companies participating in the UN Global Compact -Target Gender Equality program 	<ul style="list-style-type: none"> Equal opportunity and diversity Safe and healthy work environment Employee development and motivation Digital transformation and information security Ethics and human rights Productivity
SOCIAL AND RELATIONAL CAPITAL 	<ul style="list-style-type: none"> Expectations and demands of public institutions and organizations Customer demands and expectations Risk notification hotline Stakeholder engagement reports and complaint/suggestion forms Third-party sustainability consultants 	<ul style="list-style-type: none"> Cooperation for the financing of social projects that require public support. Two-way communication with customers in project finances With consultancy support in areas of expertise directing and implementing investments Submission of environmental and social informative documents related to the projects to the public on the Bank's corporate website. Financial and ESG focused assessments of rating agencies Publishing the necessary information on the Public Disclosure Platform and the Bank's corporate website 	<ul style="list-style-type: none"> 8 projects successfully closed in 2021 within the scope of Mergers and Acquisitions Advisory 6 projects successfully closed in 2021 within the scope of Capital Markets Advisory Services provided to companies and projects within the scope of Financial Advisory Customer Suggestion/Complaint mechanism launched in 2020 World Bank FRIT II project suggestion and grievance mechanism 11 APEX loan programs implemented since 2008, financed 2,800 SMEs and 7,500 additional jobs created 	<ul style="list-style-type: none"> Contribution to international trade Access to long-term finance Unique customer experience Increasing knowledge Developing environmental, social and governance capacity Information security Transparency Supporting the entrepreneurship ecosystem Supporting regional development Employment creation Supporting social inclusion
NATURAL CAPITAL 	<ul style="list-style-type: none"> ESG criteria Sustainability management approach Environmental impact assessments Environmental impact measurement system within the Bank 	<ul style="list-style-type: none"> Supporting sustainable development Promoting Sustainability Transformation Evaluation of environmental and social risks Financing of Renewable Energy Financing of Energy Efficiency Ensuring compliance of funded institutions with environmental and social standards, creating action plans, monitoring Integration of ESG Criteria into banking operations 	<ul style="list-style-type: none"> Financing a renewable energy facility with an installed capacity of 1,816 MWe in 2021 7.15% TKYB share in Türkiye's renewable energy capacity by the end of 2021 690,274 tons of CO₂eq prevented by renewable energy projects financed in 2021. As of the end of 2021, loan disbursement to 291 projects with an installed capacity of 3,836 MW Loan disbursement to 22 projects with an installed capacity of 104 MW in the field of energy efficiency Loan disbursement of USD 177 million in total within the scope of renewable energy, energy efficiency, clean energy and energy infrastructure in 2021 53% of the financing loan portfolio provided for renewable energy and energy efficiency projects by the end of 2021 2021 CDP Climate Change B (Management) score 	<ul style="list-style-type: none"> Supporting regional development Contribution to the fight against climate change Supporting the reduction of biodiversity loss Reducing environmental impact in energy production Developing environmental and social management capacity

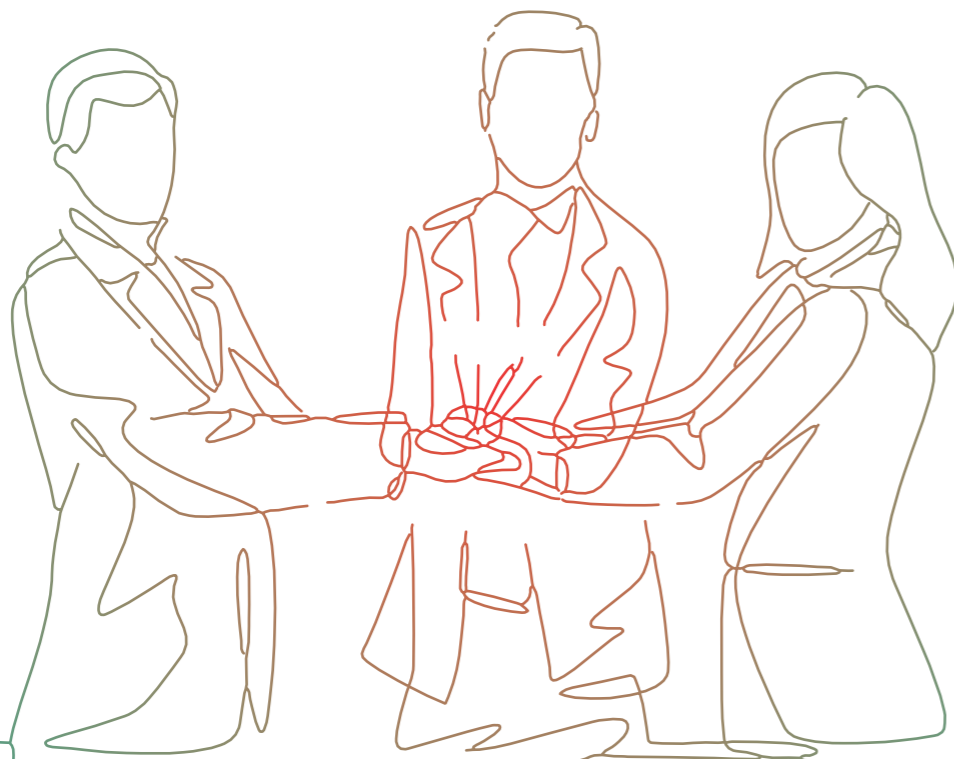
Financial Capital

Financial capital is any economic resource that can be measured in terms of money, based on the money or activities that entrepreneurs and businesses use to purchase the goods and services they need to produce their products. It is important to note that financial capital refers only to tangible assets that can be used as money. Financial capital is a term that refers to assets that are considered liquid in nature. This means that assets such as buildings and equipment are not qualified. This term is also a traditional term that collectively describes the funds used by banks.

On its journey with the understanding of a bank committed to Türkiye's development, Development and Investment Bank of Türkiye has placed supporting the development of our country and guiding the way in sustainable financing at the heart of its banking approach

with its wide range of services ranging from project finance and corporate banking to investment banking. In this context, the Bank provides loans for new investments and expansion/modernization investments in line with the needs of companies operating in the manufacturing industry, and responds to the financing needs of projects aiming to bring domestic renewable energy resources into the economy. Through the APEX banking mechanism, it also provides resources for thematic investments of micro, small and medium-sized companies through commercial banks and other financial institutions such as financial leasing companies.

Development and Investment Bank of Türkiye continues to stand by its customers for inclusive economic growth within the framework of its expert staff and trust-based relationships with international financing institutions.

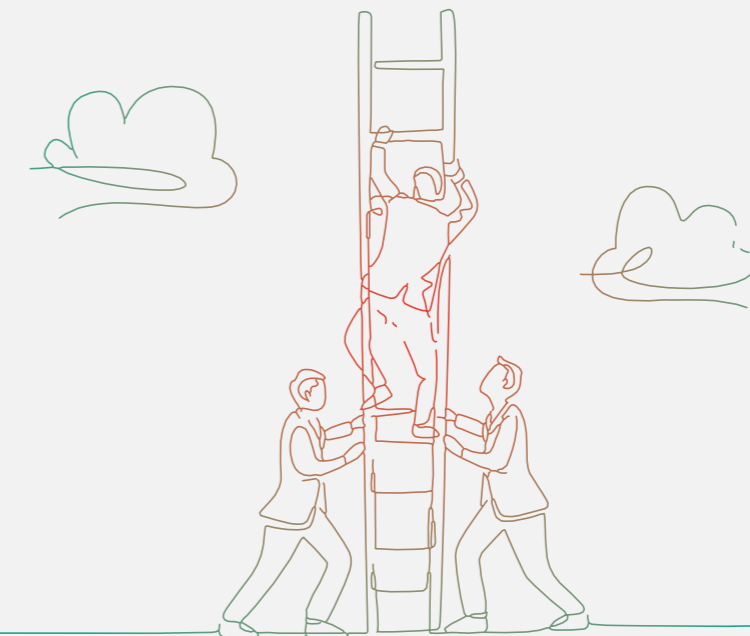


Targets

- Concluding long-term loan agreements with international financial institutions to be used in priority sectors,
- Providing support to industrial organizations and SMEs in priority sectors for development through the Technology and Innovation Fund, Regional Development Fund, TQMF Capital Fund, Participation Venture Capital Fund and Innovative and Advanced Technologies Fund under the TDF,
- Establishing an investment platform within the framework of best practices, with the authority and flexibility granted by law through the Türkiye Development Fund,
- Providing various contributions to regional SMEs and companies, especially those operating outside Istanbul, with the aim of creating regional employment through the "Regional Support Strategy",
- Providing financial support to meet the financing needs of the real sector and to realize infrastructure investments in line with the development mission,
- Sustainable bond issuance.

Priority Subjects

- Financing SMEs
- Employment Creation
- Supporting Priority Sectors
- Supporting Regional Development
- Financing of Renewable Energy
- Financing of Energy Efficiency
- Supporting Technological Initiatives and Entrepreneurs



Value Creation Model within the Framework of Financial Capital Element

INPUTS	ACTIVITIES
<ul style="list-style-type: none"> • State-led strong capital structure • TRY 4.46 billion in equity • Sources of Financing • World Bank Formal Employment Creation (FEC) Loan - €316 million, • World Bank Emergency Firm Support Project - USD 250 million • World Bank Geothermal Loan - USD 150 million • Asian Infrastructure Investment Bank (AIIB) Covid-19 Loan - USD 300 million, • Asian Infrastructure Investment Bank (AIIB) Renewable Energy and Energy Efficiency Additional Financing - USD 100 million, • China Development Bank (CDB) energy, infrastructure, healthcare and SME loan - USD 200 million • Islamic Development Bank (IsDB) Clean Energy and Energy Infrastructure Loan - USD 200 Million • Japan Bank for International Cooperation (JBIC) GREEN III Loan - USD 170 million • German Development Bank (KfW) Infrastructure Investment Loan - EUR 13.6 Million • German Development Bank (KfW) Solar Loan - €45 million • Central Bank of the Republic of Türkiye Investment Commitment Advance Loan - TRY 18 billion • Thematic funds <ul style="list-style-type: none"> - TRY 525 million Regional Development Fund, - TRY 350 million Technology and Innovation Fund - TRY 125 million Development Participation VCIF - TRY 175 million Innovative and Advanced Technologies Participation VCIF - TRY 200 million TKYB Capital Fund • Thematic loans tailored to market needs. 	<ul style="list-style-type: none"> • Cooperation with international financing institutions • Provision and availability of credit resources • Provision and availability of project financing resources • Finding investment projects suitable for the funding source • Diversification of funding sources and credit products • Expansion of customer portfolio
OUTPUTS	VALUE CREATED
<ul style="list-style-type: none"> • TRY 400 million capital increase in 2021 • 14.26% Capital Adequacy Standard Ratio • TRY 37.5 billion net loan • EUR 80 million in grants 	<ul style="list-style-type: none"> • Ensuring new and different product diversity • Increasing market capitalization • Transparency and reliability • Information security • Utilization of financial resources for their intended purpose • Realization of the organization's mission

Financial Performance of Development and Investment Bank of Türkiye

With its 47 years of experience and know-how, Development and Investment Bank of Türkiye successfully carries out its banking activities and improves its financial and operational performance day by day. In 2021,

in line with its strategic objectives, it achieved strong financial and operational results while creating value for all its stakeholders with its responsible banking approach and its role in supporting sustainable development.

Financial Performance of Development and Investment Bank

Financial Expectations	2020	2021	2022 Forecast
FX Adjusted Loan Growth %	5.8%	13.8%	>=25%
Loan/Asset Ratio	72.7%	77.5%	~ 70%
Net Fee & Commission Increase	42.1%	89.7%	> 50%
Increase in Operating Expenses	8.5%	24.7%	> 70%
Net Interest Margin	3.5%	3.9%	> 3.0%
Return on Equity Ratio	19.5%	20.2%	~ 21%
Return on Assets Ratio	2.2%	2.4%	~ 2.0%
Expense/Revenue Ratio	15.9%	11.0%	<17%
Capital Adequacy Ratio	22.35%	14.3%	> 12%
Non-performing Loans Ratio	1.1%	2.3%	<3%
Net Cost of Risk	0.9%	1.9%	~ 1.5%

Regional Development Fund Strategies

Investment Types	Capital Structured capital/Structured debt
Investment Focus	In strategic development priority sectors, increasing exports or reducing the current account deficit is at the forefront.
Geographical Coverage	<ul style="list-style-type: none"> Established in Türkiye and/or operating in Türkiye Includes companies that generate more than 50% of their turnover from Türkiye.
Target Investments	Medium-sized Companies: <ul style="list-style-type: none"> Turnover: TRY 20 million - TRY 750 million Manufacturing industry, professional services, information technology, pharmaceuticals/healthcare, consumer goods sectors.
Number of Targeted Investments	4-8 Companies

Technology and Innovation Fund Strategies

Investment Types	Fund commitments	Capital Structured Capital/Debt
Investment Focus	Funds aligned with the venture capital co-investment strategy	New generation startups producing/using high technology
Geographic Coverage	Funds established in Türkiye and/or investing at least 50% of their investments in Türkiye	Türkiye (with at least 50% of its operations in Türkiye)
Target Investments	VC funds with successful exit experience, well known in the ecosystem and a co-investment focused strategy	<ul style="list-style-type: none"> Technology-oriented, turnover-generating startups with high growth potential Maximum 50% participation in rounds with lead investors
Number of Targeted Investments	4-8 Venture Capital Fund	6-12 Companies

TKYB Capital Fund Strategies

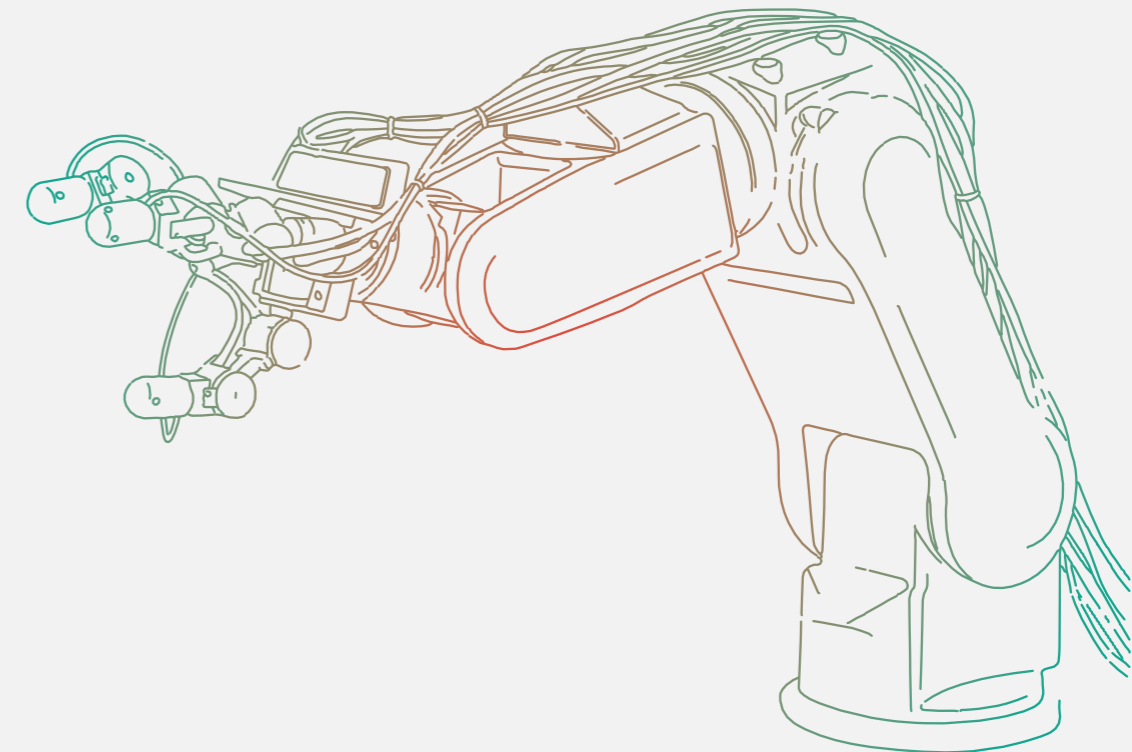
Investment Types	Fund commitments	Capital Structured Capital/Debt
Investment Focus	Funds aligned with the venture capital co-investment strategy	New generation startups producing/using high technology
Geographical Coverage	Funds established in Türkiye and/or investing at least 50% of their investments in Türkiye	Türkiye (with at least 50% of its operations in Türkiye)
Target Investments	VC funds with successful exit experience, well known in the ecosystem and a co-investment focused strategy	<ul style="list-style-type: none"> Technology-oriented, turnover-generating startups with high growth potential Maximum 50% participation in rounds with lead investors

**Innovative and Advanced Technologies Participation
Venture Capital Investment Fund Strategies**

Investment Types	Capital Capital Structured
Investment Focus	Companies targeting high technology-oriented production that can also be used by the Defense Industry
Geographical	Established in Türkiye and/or operating in Türkiye
Target Investments	Medium-sized Companies Company Value: TRY 50m - TRY TRY 400 million Turnover: TRY 20m - TRY TRY 250 million EBITDA: TRY 5m - TRY 50m
Number of Targeted Investments	2-4 Companies

Development Participation Venture Capital Investment Fund Strategies

Investment Types	Capital Structured Capital
Investment Focus	Priority development, manufacturing-oriented, strategic sectors that will contribute to reducing the current account deficit
Geographical	Established in Türkiye and/or operating in Türkiye
Number of Targeted Investments	4-8 Companies



Inclusive and Strategic Finance

Development and Investment Bank of Türkiye carries out its activities in line with the Sustainable Development Goals in order to support investments that reduce external dependency and the current account deficit, increase employment, support exports and reduce imports, and produce high productivity and high value-added production. In this direction, the Bank diversifies its financing products for priority sectors with high contribution to employment and high foreign currency income potential, as determined in Türkiye's development plans and programs. It facilitates investors' access to finance to increase their impact on inclusive economic growth and help them grow.

Access to Finance Compatible with Türkiye's Development Priorities

Development and Investment Bank of Türkiye develops its roadmap to support Türkiye's development priorities in line with its strategic objectives, which were determined through the Strategic Plan 2021- 2023 and approved by the Board of Directors. The Bank has set three strategic objectives for development banking:

- To diversify financing products for priority sectors with high import dependency, high foreign trade deficit, high contribution to employment and foreign currency income potential as identified in Development Plans and Programs
- To contribute to the sustainable growth of our country, to provide financing with the most appropriate instruments through investment banking products as well as loans in accordance with the feasibility and cash flow of the project in order to encourage and revitalize investments
- To support projects that serve the goals of transition to a net zero economy, combating climate change, conscious production-consumption, eliminating poverty, protecting our planet, etc. in order to realize the Sustainable Development Goals

Within the framework of the "Growth Capital" strategic plan, in which investments for companies in the priority sectors (chemistry, pharmaceuticals, electronics, machinery-electrical equipment, automotive and rail system vehicles) specified in the 11th Development Plan will be implemented, especially medium-sized companies will be contained in the scope.

Within the scope of the "Growth Capital Strategy", it is aimed to support the sectors that cause the effects of reducing Türkiye's imports.

In line with these objectives, specific roles have been defined for Development and Investment Bank of Türkiye to ensure that these sectors have easy access to financing and make long-term plans. One of the roles defined for the Bank is to enter into long-term loan agreements with international financial institutions for use in priority sectors. In addition, it is envisaged that Development and Investment Bank of Türkiye will focus specifically on the sectors identified as priority and provide consultancy services such as technical assistance and financial consultancy services that projects will need from the outset. With the 2020 Investment Support Loan and the ongoing loan package in 2021, it is aimed to provide financing to the priority sectors included in the Development Plans and Programs.

Türkiye Development Fund (TDF), established by Development and Investment Bank of Türkiye with the aim of transforming public resources into capital investments focused on national development, provides strategic support to innovation and regional development. With its sub-funds, TDF supports sectors that are strategically important for Türkiye's sustainable growth and aims to play an important role in the development of the startup

ecosystem by investing in new generation startups.

The TDF umbrella fund consists of 5 funds with a total size of TRY 1 billion 350 million. The Technology and Innovation Fund aims to support both Venture Capital (VC) funds in the ecosystem and high-potential technology-oriented startups. This fund, which supports the startup ecosystem and technology investments in particular, supports technological initiatives and entrepreneurs by responding to needs in different directions with two different strategies (Venture Capital Co-Investment and Fund of Funds). In line with the roadmap drawn, investments are made in new generation initiatives (startups) that are entirely technology-oriented and in funds that invest in these initiatives (venture capital/venture capital).

As part of its co-investment strategy, the Technology and Innovation Fund made its first investment in WeBee, a hotel interaction platform operating in 23 countries. Also in 2021, an investment was made in Virasoft, a company operating in the fields of digital pathology and artificial intelligence.

The Regional Development Fund focuses on supporting the growth of small and medium-sized companies in priority strategic sectors with capital and management expertise. For these companies, priority areas such as reducing the export/current deficit and creating regional employment are prioritized. Management of the Regional Development Fund and Technology and Innovation Fund was transferred to Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (KGSPYŞ) in 2021.

The TKYB Capital Fund aims to support technology-oriented, high-growth, turnover-generating ventures with high growth potential, while the Innovative and Advanced Technologies Participation Venture Capital Investment Fund aims to provide capital financing to companies targeting high-technology-oriented production that can also be used by the Defense Industry. The Bank, which is the sole investor of the TKYB Capital Fund, was established by KGSPYŞ on September 15, 2021 under the

umbrella of the Türkiye Development Fund. Within the framework of the TKYB Capital Fund, the Bank aims to support technology-oriented startups with high growth potential by making direct investments in both venture capital funds and startups in parallel with the investment strategy of TIF. The Bank's investment commitment to 212 Regional Fund was taken over by TKYB Capital Fund.

With the Development Participation Venture Capital Investment Fund, it is aimed to utilize the resources in participation accounts more effectively and bring them into the real economy through growth capital investments. Development Participation Venture Capital Investment Fund, established in May 2021 by Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. ("KGSPYŞ"), a wholly-owned subsidiary of Development and Investment Bank of Türkiye, in accordance with CMB legislation and participation finance principles, aims to make capital investments in manufacturing-oriented companies operating in strategic sectors that are prioritized for development and will contribute to reducing the current account deficit.

The Innovative and Advanced Technologies Participation GDP, with a fund size of 175 million TL, which was also established by Development GSPYŞ in May 2021; plans to make investments to companies operating in strategic sectors with priority in development, targeting high technology-oriented production and developing new technologies, and reducing foreign dependency in critical technologies, in accordance with the Participation Finance Principles and Standards. With these 5 funds, it is aimed to increase venture capital investments, to focus the private sector in this field and to ensure that investments are spread throughout the country.

In addition to these funds, the Bank is funded by the funds in the portfolio of the Istanbul Venture Capital Initiative (IVCI), which is the sub-fund of Türkiye Investment Initiative, of which it is a founding partner, and has a size of 160 million Euros and through 212 venture capital funds of which it is an investor; the bank aims to support both mature companies in the

real sector and early stage companies in the field of information and communication technologies through these investments.

Among the objectives of Development and Investment Bank of Türkiye, the development of the venture capital ecosystem in order to support more technology and innovation-oriented investments is an important topic. In addition, the Bank aims to meet the financing needs of the real sector and support infrastructure investments in line with its development mission.

The Bank has been providing long-term and cost-effective financing from international organizations since 2004 in line with Türkiye's sustainable development goals. In this context, in 2020, a loan agreement amounting to EUR 316 million was signed with the World Bank to increase formal employment in Türkiye. A total amount of USD 550 million financing from the World Bank and Asian Infrastructure Investment Bank (AIIB) was provided in 2020 to reduce the negative effects of Covid-19 on companies and to facilitate companies' access to finance. In addition, in order to reduce Türkiye's dependence on foreign energy and in line with its renewable energy targets, the Bank secured financing amounting to USD 200 million from the Asian Infrastructure Investment Bank in 2019, USD 170 million from the Japan Bank for International Cooperation (JBIC) in 2020, USD 100 million from the Asian Infrastructure Investment Bank in 2021 in addition to the agreement signed in 2019, and USD 150 million from the World Bank in 2021. In addition, a total of USD 200 million was provided from the China Development Bank in 2021 to support Türkiye's projects in energy, infrastructure, manufacturing industry, education, SMEs and other sectors in line with China's "One Belt and One Road Initiative" targets.

Within the scope of the Bank's 2022 targets, negotiations are ongoing with the German Development Bank (KfW), the World Bank, the Black Sea Trade and Development Bank (BSTDB), the Asian Infrastructure Investment Bank, the Japan International Cooperation Agency (JICA) and other development finance institutions for new financing.

Financing of SMES, Wholebale Banking (APEX Banking) and The Impact Created

In the world and especially in developing countries such as Türkiye, SMEs constitute the majority of enterprises and play an important role in both economic and employment creation. In this context, Development and Investment Bank of Türkiye places the financing of SMEs among its high material issues. The Bank strives to contribute to Türkiye's development by facilitating SMEs' access to finance to help them grow, increase their competitiveness and enhance their impact on inclusive economic growth.

The Bank's support to SMEs is provided indirectly through wholesale banking (APEX) loans and SME support loan agreements with international organizations. In addition, the Bank aims to increase its support for SMEs through the Technology and Innovation Fund and the Regional Development Fund, both of which were launched as part of the Türkiye Development Fund.

The Bank supports the creation of employment opportunities by financing the thematic investments of micro, small and medium-sized enterprises through both direct loans and indirectly through the APEX banking mechanism and through other financial institutions such as commercial banks and leasing companies.

Having provided nearly USD 1 billion worth of financing to SMEs through 5 commercial banks and 8 leasing companies in 11 APEX programs carried out until the end of 2019 within the scope of wholesale banking activities that started to be implemented in 2008, Development and Investment Bank of Türkiye continues to support SMEs with APEX loan programs. To this end, the design of 3 APEX loan programs was completed in 2020, contracts were signed with the relevant resource institutions, project implementation guidelines were prepared and the disbursement stage has been reached.

Development and Investment Bank of Türkiye is currently implementing a total of 3 projects to increase formal employment in SMEs and support SMEs affected by the Covid-19 pandemic with funds from the World Bank and the Asian Infrastructure Investment Bank. Within the scope of the projects, priority is given to providing financing to women-inclusive enterprises, which have relatively more difficult access to finance than other enterprises.

Within the scope of the Formal Employment Creation Project, EUR 60 million of the EUR 190 million resource obtained from the World Bank to be used through wholesale banking method was allocated in 2021 and the balance of EUR 30 million was allocated in the first quarter of 2022. Within the scope of the program, contracts were signed with 6 Intermediary Financial Leasing Institutions until 30.06.2022 and a total of EUR 55 million was disbursed.

As of 30.06.2022, the contract process was completed with 3 Financial Leasing Institutions

and two bank intermediary institutions in the Emergency Firm Support project amounting to USD 250 million from the World Bank, which was implemented during the Covid-19 period, and a total of USD 210 million was allocated, of which USD 60 million was allocated in 2021 and USD 150 million in the first half of 2022, and USD 70 million was disbursed to intermediary financial institutions.

Contract negotiations with the Asian Infrastructure Investment Bank were completed and the contract was signed in June 2022. The Asian Infrastructure Investment Bank allocated USD 30 million to the relevant bank intermediary institution within the scope of Covid-19 funding, and the entire amount was disbursed in July 2022.

In addition to APEX banking, in line with Türkiye's sustainable development goals, Development and Investment Bank of Türkiye is working to develop different cooperation programs that reduces imports and supports exports, reduces foreign dependency and current account deficit, and increases employment.



Human Capital

The concept of human capital is based on the assertion that people can invest in themselves through education, training or other activities, thereby increasing their lifetime earnings and raising their future income. However, the concept of human capital can also be referred to as the sum of values such as experience, knowledge and skills that enable more efficient use of factors of production.

The human factor, which has a great function in the utilization and transfer of physical resources to the economic process, has a very important place in the realization of development. Today, human capital influences and directs the socio-economic development process. The science of economics is defined as achieving the highest level of production for the purpose of rational use of scarce resources. However, the necessity of structural changes in economic, social, political and cultural fields brings the problem of development to the forefront.

Development and Investment Bank is an

organization that has set out with the mission of being a solution to this issue in our country and aspires to be at the heart of sustainable development, and it is the qualified and determined human capital that will carry our Bank to this position. Therefore, our Bank is aware of the fact that its own development is related to the development of its employees and accordingly attaches great importance to the development of its employees. By encouraging continuous learning, participation and sharing, and believing in the importance of common sense and teamwork, the Bank provides fair and equal opportunities to its employees.

Development and Investment Bank of Türkiye continues to work with an approach that takes into account the requirements of its corporate strategy and sustainability strategy, keeping the happiness and satisfaction of its employees in the foreground. The Bank regards human resources as the most important value in meeting the expectations of its stakeholders and achieving its goals. Development and Investment Bank of Türkiye values its employees and encourages continuous learning, participation and sharing. It believes in the importance of common mind and teamwork and provides fair and equal opportunities to its employees.

Targets

- Establishing standard criteria for internal promotions and transfers between positions and announcing them on the Bank's internal communication channels
- Developing the Bonus System and making individual success and high-performance determinant in the allocation of Bonus amounts
- Determining team goals and individual goals in parallel with the Bank's goals and strategies
- Repeating employee satisfaction surveys at regular intervals

Material Issues

- Employee Health and Safety
- Ethics and Human Rights
- Employee Training and Development
- Responsible Human Resources Approach
- Equal Opportunity and Diversity
- Career Management and Development

INPUTS	ACTIVITIES
<ul style="list-style-type: none"> • Expert teams • Strategy documents • Annual plans • Corporate culture 	<ul style="list-style-type: none"> • Employee side benefits • Providing the opportunity to work remotely during the pandemic • Ensuring a healthy, safe and suitable working environment • Transparent and merit-based recruitment, career and performance management • Providing access to technical and personal development training, internal and external resources • Internal communication activities • Establishing enterprise architecture
OUTPUTS	VALUE CREATED
<ul style="list-style-type: none"> • 42% women employees in the entire bank • 43% of bank senior and mid-level managers • 8% employee turnover rate in 2021 • OHS training in total 706 hours/year • Total 38.99 hours of training per employee 	<ul style="list-style-type: none"> • Equal opportunities and diversity • Safe and healthy work environment • Employee development and motivation • Digital transformation and information security • Ethics and human rights • Productivity

Human Resources Approach and Equal Opportunity

Meeting the expectations of its stakeholders, valuing its employees, being open to development, using all its resources effectively and efficiently, being sensitive to the environment, occupational health and safety, complying with quality standards and legislation, continuously improving its business technology and skills, and drawing strength from the creativity of its employees, Development and Investment Bank of Türkiye recognizes human resources as the most important asset in achieving its goals.

In addition to carrying out the necessary work to recruit, train and develop a qualified workforce with the competencies required by the job in line

with its vision and mission, the Bank provides a working environment that allows its employees to use all their skills.

In 2021, 52 people joined Development and Investment Bank of Türkiye family. Thus, the Bank reached 298 employees by the end of 2021. As of 31.12.2021, 122 of the employees were women and 176 were men.

In 2020, the "Personnel Suggestion and Complaint Line" was assigned to HR responsibility for complaints and suggestions received from employees. Complaints and suggestions received through the relevant notification center

	2020	2021
Number of Complaints by Employees	17	24
Number of Complaints Settled	15	21

reach HR, the request is evaluated, transferred to the relevant department if necessary, and the employee is informed about the solution/solution proposal. Incoming suggestions and complaints remain private for the employee, HR and the department that needs to provide a solution, and confidentiality is essential. During the Covid-19 period, the Personnel Suggestion and Complaint

Line received mostly requests related to flexible working and health issues. All incoming requests were shared with the Senior Management and evaluated.

Development and Investment Bank adheres to the principles of the Human Resources Regulation when interacting with its employees.

Principles of Development and Investment Bank of Türkiye within the scope of the Human Resources Regulation;

- › Working with people who are suitable for corporate culture and job qualifications
- › Ensuring the participation of employees in the process of creating a human resources policy
- › To provide a safe working environment and conditions for the employee in line with current needs.
- › Increasing employee job satisfaction and organizational commitment
- › To provide fair and equal opportunities in the training and development of employees
- › To encourage the success of the employees, to provide opportunities to increase their knowledge and experience, to encourage and reward the successful employees as much as possible.

Equal Opportunity

Equal opportunity means equal treatment of all employees without discrimination based on language, religion, race and gender in human resources processes such as recruitment, training and development, performance and talent management, career management and remuneration. The Bank encourages its employees to progress and develop by always promising them safe working conditions, a safe environment, and fair and equal opportunities. According to the Human Resources policy guidelines, the Bank selects its employees among professionals who are suitable for the corporate culture. The Bank has published its Equal Opportunity Policy within the framework of the basic principles of the International Labour Organization (ILO), the United Nations Sustainable Development Goals (SDGs) and the principles and objectives of international conventions to which Türkiye is a party.

The purpose of observing standard criteria such as experience, length of service, performance, competency assessment, exams and interviews during internal promotions and transitions between positions is to ensure internal control and monitoring of equal opportunity. The purpose of target and performance evaluation, which includes standard criteria, is to evaluate targets and competencies together and use them as input for remuneration, career and development. The realization of targets is carried out in accordance with the provisions of the Human Resources Regulation and relevant legislation. In addition, employees can submit their suggestions that they believe will contribute to the Bank's strategies and practices through the Idea Platform. All suggestions are meticulously evaluated.

Part of Development and Investment Bank of Türkiye's corporate identity is the principle of equal opportunity, which is at the center of its human resources policy. The Bank provides 279 full-time employees with a work environment that is egalitarian and respectful of human and employee rights. The value of equality between men and women employees has an important place in the Bank's equal opportunity policy. 67% of the Bank's executive vice presidents are women and 42% of the Bank's employees are women, which is above the sector average for Development and Investment Banks. The purpose of the Equal Opportunity Policy is to set out the principles and responsibilities regarding equal opportunity practices.

Development and Investment Bank of Türkiye always promotes cultural diversity and equal opportunities. In recruitment, training and development, performance and talent management, career management, remuneration and other human resources processes, all employees are treated equally regardless of origin, language, religion, race and gender.

The Bank participated in the UN Global Compact - Target Gender Equality Program, in which 25 companies from Türkiye participated to support gender equality.

As set out in the Human Resources Regulation, the Bank always selects its employees from

among professionals who are in line with the corporate culture, always provides a safe working environment and conditions for its employees, provides fair and equal opportunities to its employees and encourages them to progress and develop.

In order to improve the internal control and monitoring of equal opportunity, Development and Investment Bank of Türkiye plans to establish standard criteria (experience, length of service, performance, competency assessment, exam, interview, etc.) for all internal promotions and transfers between positions and to announce them transparently on the Bank's internal communication channels within the scope of career maps. The target set in this area is to evaluate goals and competencies together within the scope of performance evaluation and use them as input for remuneration, career and development issues. The realization of the objectives is carried out in accordance with the provisions of the Human Resources Regulation and relevant legislation.

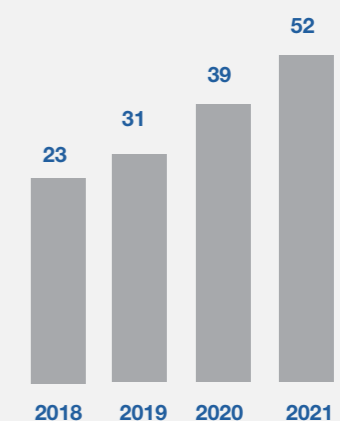
The gender distribution among the Bank's subcontracted employees is also important. In this context, the Bank has 56% women and 44% men subcontractor employees in 2021.

With the Investing in the Future MT Talent Program, we enable new graduates to start their careers in the banking sector and contribute to their personal development through various trainings.

Distribution of Bank Employees (%)



Percentage of Women Employees at Manager and Director Level (%)



As an internal career opportunity, internal Bank employees who meet the criteria for the Assistant Specialist exam are also included in the exam. The Bank prioritizes internal transfers for the needs arising in the Bank's staff. Department-based online "Sharing Just Among Us" meetings were held with all departments of the Bank in order to receive employee satisfaction opinions and suggestions. Suggestions presented at the meeting are reported to the CEO and efforts are made to implement them. It is envisaged that unit meetings will continue periodically.

TKYB Equal Opportunity Policy Principles

Principles

TKYB,

- Respects human rights. It observes the principle of equality in its relations with its employees, customers and affiliates.
- Does not discriminate based on language, religion, race, belief, ethnic origin, philosophical belief, social or economic status, age, gender, marital status, political opinion, disability, etc. in all Human Resources policies and practices. It attaches importance to ensuring equal opportunities and stands against discrimination.
- Does not discriminate in all recruitment, selection and placement processes, in the stages of measuring and evaluating the performance of employees, in career development and planning, in promotion processes, in training and development programs, in wages and benefits policy and provides equal opportunity based on merit.
- Makes its best efforts to fulfill the requirements of the United Nations Sustainable Development Goals (SDGs) and international conventions to which Türkiye is a party, within the framework of the basic principles of the International Labour Organization (ILO).
- Controls and continuously monitors the ratio of women to men and the balance between duties and responsibilities, including senior management positions.

- Supports its employees in the areas of training and professional development through continuous feedback.
- Employees can submit all kinds of suggestions and complaints through the Personnel Suggestion and Complaint Line on the internal communication portal. All suggestions and complaints are analyzed confidentially and necessary actions are taken.
- Employees can submit their suggestions that they think will contribute to the Bank's strategies and practices through the Idea Platform. All suggestions are meticulously evaluated.
- Supports employees in the use of maternity leave and postnatal unpaid leave. It provides cash benefits such as maternity benefits without discriminating between men and women.
- Works for the adoption and implementation of the principles contained in this Policy by all its subsidiaries and partners.

Two-Way Communication Channels

Within the scope of two-way communication rules, employee engagement and satisfaction are monitored. Increasing employee satisfaction and engagement is aimed by systematically gathering employee opinions through online interviews, intranet and various surveys. In 2021, preparatory work for the Employee Engagement Survey was carried out with the aim of measuring employee satisfaction and loyalty. In the first quarter of 2022, it is aimed to conduct the Employee Engagement Survey, analyze the current situation and identify action areas. In 2021, within the scope of the Bank's Digitalization in Human Resources Processes strategy, the Bank focused on digitalization of human resources and internal communication applications. All business processes of human resources are expected to be digitalized within the scope of the Transformation Project. The Bank's work on the digitalization process is still ongoing. The Bank's expectations from the digitalization process are cost savings, systematic reporting, increased employee satisfaction and more efficient processes.

Ethics and Human Rights

Another cornerstone of the Bank's human resources policy is ethics and human rights. In this context, the Bank has developed certain policies for employees products and services. "Conflict of Interest Policy", "Regulation on Prevention of Laundering Proceeds of Crime and Combating the Financing of Terrorism", "Regulation on Anti-Bribery and Anti-Corruption" are examples of these practices.

The Bank's Ethics Committee was established in 2021 for the purpose of ethics management. The Committee consists of the CEO, the Executive Vice President in charge of Human Resources, the Chairman of the Board of Internal Auditors, the Head of the Human Resources Department, the Head of the Strategy, Organization and Process Management Department and the Internal Control and Compliance Unit Manager.

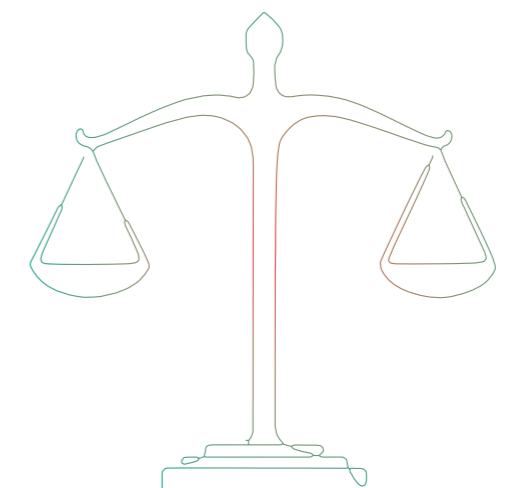
The purpose of the Committee is;

- To establish and develop the Bank's ethical culture,
- To provide advice and guidance regarding the problems encountered by the personnel regarding the principles of ethical behavior,
- To evaluate ethical practices,
- To monitor the inclusion of "Principles of Ethics and Ethical Behavior of Public Officials" in the Bank's annual training plan,
- To coordinate activities to raise ethical awareness,

- To take the necessary actions for the applications made through the Ethics Line, which are directed by the CEO as a result of his/her evaluation.

There is an Ethics Line for reporting practices and misconduct by the Bank's employees that violate the "Principles of Ethical Behavior" such as honesty, integrity, transparency, dignity and trust, compliance with the law, confidentiality of bank information, use of the Bank's assets and resources, conflict of interest, human rights and equality, bribery and corruption, receiving and entertaining gifts, environment, health and safety. Ethics Line notifications, which can be accessed via the Notification Center on the Intranet, are directly forwarded to the CEO. As a result of the preliminary evaluation made by the CEO, the issue is transferred to the Ethics Committee and necessary actions are taken.

The Bank's great responsibility is characterized by honesty, fairness, and full compliance with laws and ethical rules. Therefore, the Bank is committed to acting professionally and honestly under all circumstances and conditions, remaining socially responsible and ensuring corporate ethics. In this context, employees received 319 hours of training on ethics and corruption in 2021, including Prevention of Laundering Proceeds of Crime and Combating the Financing of Terrorism - MASAK (Financial Crimes Investigation Board) Training.



Development and Investment Bank of Türkiye, with the additional social responsibility and leadership requirement of being a Public Bank;

- › Ensuring the compliance of the Bank's policies, procedures and control methods with national and international regulations and generally accepted banking principles,
- › Maintaining the Bank's secure banking activities, protecting its reputation and customer quality,
- › Preventing the Bank from being used for money laundering and terrorism financing
- › Knowing the legal and administrative obligations of the Bank and its employees

Aims to ensure the necessary harmony and cooperation in correspondent relations within the framework of its vision of international integration.

Safe and Healthy Work Environment

Our Policy is “to take preventive actions to prevent incidents and accidents that may cause the health of our personnel to deteriorate and/or pollute the environment due to work-related processes and to adopt the Integrated Management System objectives of Development and Investment Bank of Türkiye, to eliminate hazards in all our processes and in the management of Quality, Environment, Occupational Health and Safety issues, and to adopt a risk-based approach.”

Within the scope of Occupational Health and Safety regulations, our Bank monitors legal obligations, organizes employee trainings, audits all processes such as corrective and preventive actions, and checks compliance.

In addition to routine OHS measures and activities, the Bank also took the necessary steps in extraordinary circumstances such as the Covid-19 pandemic, which affected the whole world in 2020 and became a primary health problem. During the pandemic, the Bank strengthened its infrastructure to protect the health of its employees and quickly adapted the remote working system to the Bank's processes.

In order to continue its activities professionally within the scope of Occupational Health and Safety (OHS) regulations, Development and Investment Bank of Türkiye receives services from the Joint Health and Safety Unit.

The Bank ensures the follow-up and completion of mandatory and periodic trainings required by legal regulations. In accordance with OHS regulations, the Bank's OHS Board ensures the necessary coordination and follow-up in all processes such as training programs with the OHS team, near-miss incidents, occupational accidents and corrective and preventive actions. The OHS Board consists of 8 members, including 1 occupational physician, 1 OHS Specialist and 6 Bank personnel. The most authorized person in the Board is the Head of the Human Resources Management Department, who acts as the Chairman of the Board. The Head of the Department reports to the Executive Vice President. Basic occupational health and safety training is provided to all new employees after orientation training given by the workplace representative. In addition, a medical examination is conducted by the workplace physician and an examination form is issued. In order to reduce occupational accidents and take precautions against existing risks, risk assessments are routinely conducted, emergency scenarios are created and drills are

regularly repeated every year. On the other hand, an emergency action plan and teams have been formed to respond to emergencies and necessary trainings are provided. Necessary measures are proactively taken to control the risks identified as a result of field controls. Records of occupational accidents are kept by the occupational safety specialist; notification of work accidents with lost days must be made by the workplace authorities within 3 working days. As a result of the studies and measures taken, there were no occupational accidents at the Bank in 2021. The number of accidents, work-related fatalities, occupational diseases or absenteeism due to accidents was recorded as zero.

Within the scope of its 2020 targets, Development and Investment Bank of Türkiye initiated the necessary work to transition to the ISO 45001 Occupational Health and Safety Management System and obtained ISO 45001 certification in May 2021. Within the scope of these efforts, the Bank established an Occupational Health and Safety Policy and presented it to all stakeholders.

Other targets set in the field of occupational health and safety include preventing occupational risks, protecting health and safety, eliminating risk and accident factors, training and informing employees and their representatives on occupational health and safety, obtaining their opinions and ensuring their balanced participation. Another objective of the Bank with regard to OHS is to ensure that the subcontractors from which the Bank receives services comply with the OHS rules it has determined. Establishing an occupational safety culture by ensuring that all employees comply with occupational health and safety rules is an important focal point for the Bank to create a safe and healthy work environment.

Career and Performance Management

Development and Investment Bank of Türkiye carries out all human resources processes by focusing entirely on merit. In this context, in line with the Bank's values, managerial, core and functional competencies have been defined for managers and above, and core and functional competencies for other titles. The performance of employees is evaluated based on competencies, targets and their realization. In order to ensure that the process is objective, employee evaluations are carried out by two managers of the employee and are open to employee approval. Managers hold feedback meetings with the employees they evaluate.

Within the scope of the Performance Management System established by the Bank, the productivity of employees is supported and appropriate conditions are provided for the operation of the feedback mechanism. The system identifies development and training needs of employees in terms of technical know-how and competence, and provides data for career development. In 2021, all of our employees were subjected to performance and career development evaluations.

Employee remuneration is determined in line with the Performance Management System and within the framework of the Remuneration Policy approved by the Board of Directors. The Remuneration Committee and the Human Resources Department authorized by the Remuneration Committee are responsible for the review and proper execution of the remuneration policies. The Bank's remuneration policy is based on the principles of “equal pay for equal work” and “remuneration based on performance”. The Bank's remuneration system is based on task-based remuneration, and personnel performing similar work receive similar remuneration. Tasks are evaluated within the scope of objective criteria such as the competencies required by the task, the risk it carries, and the number of people managed.

With the bonus system, which works in an integrated structure with the Bank's performance management system, it is aimed to separate the bonus amounts of high-performing employees whose individual success and success are worthy of consideration in 2021.

In the coming period, the Strategy Unit will set team targets in line with the Bank's goals and strategies. Team targets will also be reduced to individuals and target-competency-based performance monitoring and evaluation will be carried out; employee targets, roles and responsibilities will be part of the career and development plan process.

Development and Investment Bank of Türkiye organizes trainings to further develop the qualified workforce within the Bank and to support the personal development of its employees. In 2021, online trainings and virtual classroom trainings were emphasized.

As of the end of 2021, 22 e-learning trainings were offered to employees via the online training platform. With a continuous learning and development perspective, various online training platform memberships with high international recognition were obtained according to the needs and demands of the units.

During the year, training programs were organized under 218 different topics. The Bank actively participates in open class trainings offered by the Banks Association of Türkiye three times a year.

A new graduate assistant specialist training program was organized, and new graduates were recruited to the Bank with a one-month training period through banking and technical training.

Employee development is continuously supported by the Bank by meeting the certification processes required for specific tasks with the opinion and approval of the manager. Journal and database memberships specific to the units are realized within the scope of needs.

The Bank ensures the follow-up and completion of mandatory and periodic trainings required by legal regulations. In accordance with Occupational Health and Safety (OHS) regulations, the OHS team ensures the necessary coordination and follow-up in all processes such as training programs, OHS Boards, near-miss incidents, occupational accidents and corrective and preventive actions.

In 2022, the Bank plans to prepare and implement long-term training programs for employees in the Bank's talent pool in order to retain and develop talent.

By conducting an analysis of requirements of training with the Bank's senior managers, technical and personal development trainings and various certification processes that are determined to be necessary for the careers of employees are offered to them within the framework of annual plans. In order to ensure the professional technical development of the employee, the Bank provides job-specific certification & training processes. In 2021, many certificates such as ISO 27001 Lead Auditor, CISA, Scrum, Process Management, First Responder certificates were supported and obtained by our Bank. The trainings that need to be provided within the scope of our Bank's efforts to obtain certificates are communicated to us by the relevant unit and the necessary training & certification process is carried out.

In 2021, "Environmental Management System" training was provided to all employees as mandatory training, totaling 350 training hours.

Natural Capital

In the history of mankind, after industrialization, the use of raw materials and resources has become an increasingly important capital among the inputs of production. Natural resources, which are used to create many goods in production processes, contribute to income profit and constitute a separate component of capital. This is called natural capital. Knowing the economic value of nature's benefits makes visible its contribution to livelihoods and economies, and enables smarter decisions to be made in economic systems that take nature into account.

The value created by natural capital, access to natural capital, the impacts of natural capital on our business and our impacts on natural capital are becoming part of the

performance management expectations of corporate life and increasingly included in financial obligations. Today, societies and economies are threatened by factors related to natural capital, such as climate change, population growth or pollution. In line with its role in supporting sustainable development and responsible banking approach, Development and Investment Bank of Türkiye considers the collaborations it has established within the scope of transition to a net zero economy and combating climate change, the international networks it is a member of, the projects it supports and partners in, and the infrastructure and monitoring/reporting processes it has established to improve its internal environmental performance as part of its natural capital.

Targets

- Developing collaborations with national and international institutions and organizations to improve the impact investing ecosystem,
- Monitoring the impact of funded projects,
- Cooperation with national and international financial institutions in the transition to a net zero economy,
- Supporting the development of sustainability-based products in capital markets,
- Increasing the amount of greenhouse gas emissions avoided to over 5 million tons of carbon dioxide by 2025,
- Reducing Scope 1 emissions by 10% in 2025 and 40% in 2040 compared to 2020,
- Reducing energy, water, paper consumption, air emissions, waste generation, greenhouse gas emissions,
- Evaluating the environmental and social risks of the projects to be financed and eliminating or, where not possible, mitigating their negative impacts,
- Increasing Türkiye's clean energy potential and supporting projects to improve energy infrastructure,
- Supporting projects that serve to increase Türkiye's energy supply and reduce the use of fossil fuels and external dependence on energy,
- Establishing new collaborations and resources in the areas of climate change and energy efficiency,
- Development of thematic loans for Sustainable Development (climate finance, resource efficiency, smart and sustainable cities, etc.),
- Supporting real sector companies to create alternative resources through capital market products in line with sustainability (green and social) frameworks,

Material Issues

- Cooperation and Participation in International Networks to Combat Climate Change
- Financing Energy Efficiency
- Financing Renewable Energy
- Monitoring and Reporting of the Bank's Internal Environmental Impact

CONTRIBUTION TO SDGS



INPUTS	ACTIVITIES
<ul style="list-style-type: none"> • ESG criteria • Sustainability management approach • Environmental impact assessments • Internal environmental impact measurement system 	<ul style="list-style-type: none"> • Promoting sustainable development • Promoting Sustainability Transformation • Assessment of environmental and social risks • Financing Renewable Energy • Financing Energy Efficiency • Ensuring the compliance of funded organizations with environmental and social standards, creating action plans, monitoring • Integration of ESG Criteria into banking operations
OUTPUTS	VALUE CREATED
<ul style="list-style-type: none"> • Loan disbursement to 291 projects with an installed capacity of 3,836 MW by the end of 2021 • Financing a renewable energy facility with an installed capacity of 1,816 MWe in 2021 • 690,274 tons of CO₂e emissions avoided by financing renewable energy projects in 2021 • Loan disbursement to 22 projects with an installed capacity of 104 MW in the field of energy efficiency • USD 177 million loan disbursement in 2021 within the scope of renewable energy, energy efficiency, clean energy and energy infrastructure • 53% of the loan portfolio for financing renewable energy and energy efficiency projects by end-2021 • 2021 CDP Climate Change B (Management) score 	<ul style="list-style-type: none"> • Supporting regional development • Contribution to the fight against climate change • Supporting mitigation of biodiversity loss • Reducing the environmental Impact of energy production • Improving environmental and social management capacity

The Role of Development and Investment Bank of Türkiye in the Transition to a Net Zero Economy

Failure to mitigate climate change is among the top five global risks identified by the World Economic Forum in 2018. According to scientists, the main factor behind climate change is greenhouse gas emissions resulting from human activities. The recognition by states of the reality that the consequences of climate change threaten societies has been reinforced by the recognition by states of the goal of “keeping the global temperature increase below 2°C” in the Paris Agreement. It emphasizes the need for a radical transformation in economic systems by redirecting capital flows in order to achieve the goal of limiting the global temperature increase.

It encourages the transition to low-carbon and efficient technology and business models in line with the emission reduction target of the Paris Agreement. In order to transition to a sustainable economy, especially a net zero economy, it is aimed to offer sustainable loans and to create a favorable environment for banks to access international funds for sustainability purposes more easily. It is aimed to mitigate the negative effects of the economic dimension of the process on the banking sector through practices and policies developed for social sustainability and good governance.

Development and Investment Bank of Türkiye kept up its efforts in 2021 in support of responsible banking and sustainable development. Development and Investment Bank of Türkiye acted as the sole financial advisor for Palgaz Doğalgaz

Dağıtım as the Issuer on its 200 million TL transition bond issuance, where Metsims Sustainability Consulting was sustainability advisor and Ziraat Yatırım Menkul Değerler acted as the sales agent. This is the first issuance of such bond focusing on low-carbon transition in Türkiye. The proceeds will be used for the infrastructure project which will provide lower carbon energy source compare to business as usual. With such investment, the project will facilitate reduction of 63% in carbon emissions equating around 1.9 million ton CO₂ for the two years project time. UNDP Istanbul International Center for Private Sector in Development (IICPSD) contributed to the framework development process, particularly by sharing global practices to support efforts to transition to a low-carbon economy.

Continuing its efforts in line with Türkiye’s sustainable development goals, Development and Investment Bank of Türkiye provides financial consultancy services to both private and public institutions under the umbrella of Investment Banking and mediates companies’ access to different financing sources. With this investment, which makes a significant contribution to our country’s transition to a low-carbon economy, Palgaz is projected to generate 5.3 billion kWh of clean and renewable energy and reduce its carbon emissions by 63% compared to its current situation. As a bank that has realized many firsts in sustainable finance, Development and Investment Bank of Türkiye took part in Türkiye’s first low-carbon economy transition bond issuance.

Sustainability-themed projects account for 81% of the Bank’s loan portfolio.

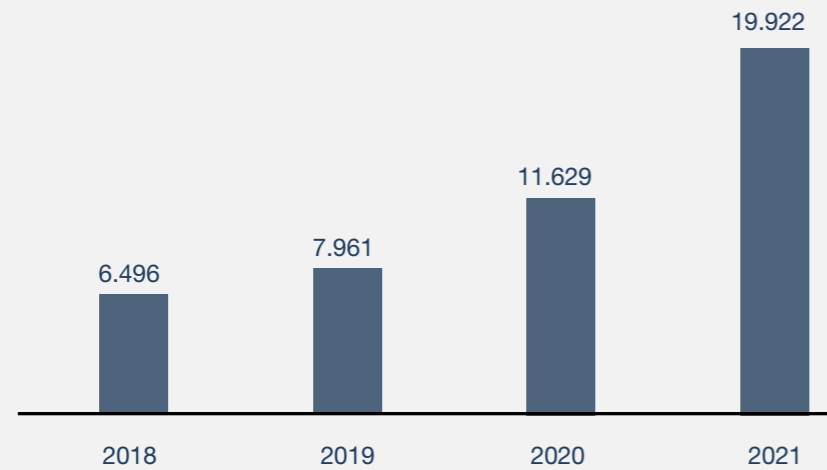
Offering permanent solutions for combating climate change and sustainable development, the Bank considers not only financial risks but also environmental and social risks as an integral part of its credit processes.

In particular, the Bank meticulously monitors SPP, WPP, GPP and Biogas projects and supports their realization. In 2021, we provided TRY 2,322 million in financing to renewable energy facilities. The Bank, which plays a pioneering role in the dissemination of thematic capital market products, continues to work on low-carbon economy transition bonds and green bonds without slowing down.

In 2021, Development and Investment Bank of Türkiye intermediated the issuance of Türkiye’s first net zero Economy Transition Bond (transition bond), and the first social sukuk was issued by the Bank’s subsidiary Kalkınma Yatırım Varlık Kiralama A.Ş. In the transition to a low-carbon economy, a preliminary protocol was signed between Development and Investment Bank of Türkiye (TKYB) and Agence Française de Développement (AFD) on November 24, 2021 for the issuance of a EUR 100 million bond through private placement with AFD. The Bank will be structured in line with the Sustainable Development Goals in line with the green and sustainable bond framework. The Framework, prepared by TKYB with technical support from AFD, is in line with the International Capital Market Association’s Green Bond Principles and Sustainability Bond Principles. TKYB will use the proceeds to finance at least 75% of Green projects that contribute to climate change in Türkiye.

As part of its activities to transition to a net zero economy in 2021, Development and Investment Bank of Türkiye is investing and working on energy efficiency, clean energy and energy infrastructure, geothermal energy projects and energy, infrastructure, health and SME financing. A loan agreement was signed with the Asian Infrastructure Investment Bank to finance renewable energy and energy efficiency projects. Another investment made by Development and Investment Bank of Türkiye in the transition to a net zero economy is the signing of a “Clean Energy and Energy Infrastructure Installment Sales Loan” agreement with the Islamic Development Bank to finance clean energy and energy infrastructure investments and to finance investments that will contribute to the environment. A loan agreement was signed with KfW Solar Loan to be used for financing renewable energy and solar energy investments. Finally, the investment scope of the agreement signed with the China Development Bank covers energy, infrastructure, healthcare and SME financing.

Total Financing Provided to the Energy Sector (Million TL)

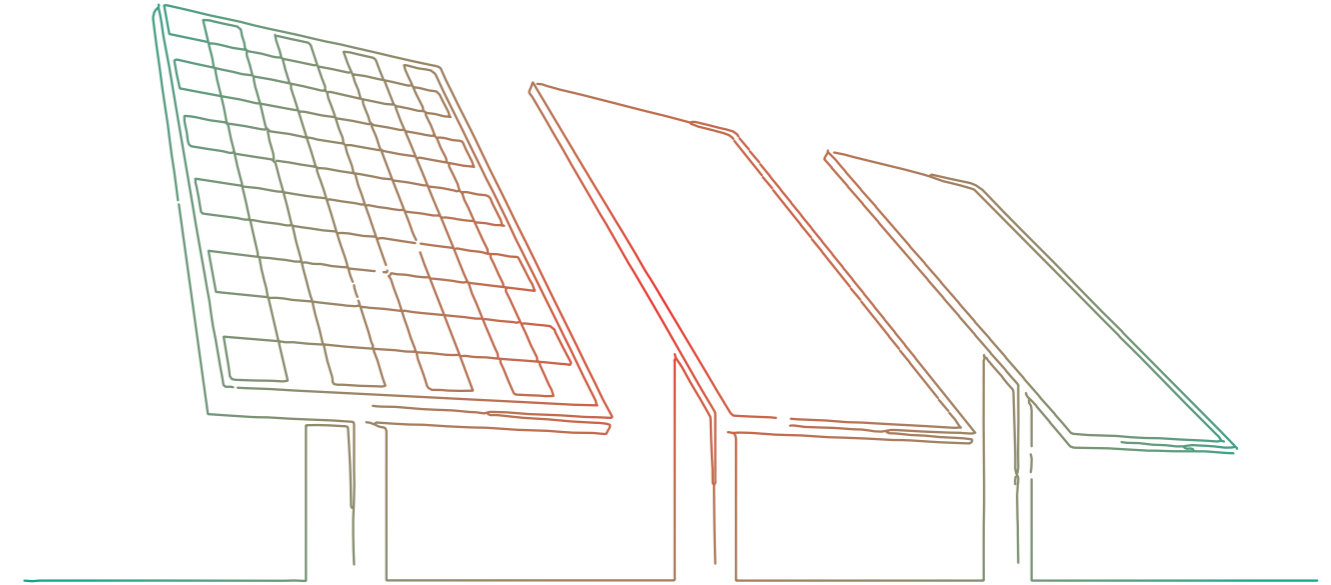


Development and Investment Bank of Türkiye's investments in renewable energy projects included the installation of a total of 291 facilities as of 2021, contributing to a total of 2,860 MWh of energy generation with renewable energy technologies. In the field of energy efficiency, loans were extended to 22 projects with an installed capacity of 104 MW.

Breakdown of Funded Renewable Energy Projects

	Number Of Projects	Installed Power (MW)	Energy Portfolio Risk Distribution (%)
HPP	64	1,298	27.9%
SPP	187	376	12.7%
GPP	7	149	18.0%
WPP	25	963	36.0%
Biogas/Biomass	8	74	5.5%
Total	291	2,860	100%

Development and Investment Bank of Türkiye prevented the emission of 690,274 tons of carbon dioxide with the renewable energy projects financed in 2021.



- In addition to the loan agreement signed with the Asian Infrastructure Investment Bank (AIIB) in 2019, with the Additional Financing Agreement signed in 2021, a financing of USD 100 million was provided for the financing of renewable energy and energy efficiency projects.
- In order to finance Renewable Energy and Energy efficiency projects, a 12-year loan agreement was signed with the Japanese Bank for International Cooperation (JBIC) under the title GREEN III, amounting to USD 170 million.
- A loan agreement of USD 200 million with the Asian Infrastructure Bank (AIIB) for the financing of Renewable Energy and Energy Efficiency projects was signed on 10 December 2019, and a resource inflow of USD 150 million was achieved in 2021. Efforts are underway to make the entire loan available in 2021.
- An agreement of 45 million Euros was signed with the German Development Bank (KfW) in 2019 to be used in the crediting of solar energy and renewable energy investments and the disbursement to companies was completed.

Bank's Internal Environmental Impact

With its Integrated Management System, Development and Investment Bank of Türkiye aims to reduce the negative impacts of its activities on Quality, Environment, Occupational Health and Safety and to increase their positive impacts. As the first public bank to establish the TSE EN ISO 14001 Environmental Management System in 2010, the Bank sets an example in the sector by conducting studies to improve its internal environmental performance.

Development and Investment Bank of Türkiye measures and regularly reports on the components of its ecological footprint, particularly energy consumption, carbon emissions and water consumption arising from its operations.

In line with this purpose, it is among the basic principles of Development and Investment Bank of Türkiye to understand the demands and expectations of its customers, to ensure their satisfaction and continuous improvement by meeting their demands and expectations in compliance with national and international standards and legislation, to fulfill, certify,

document and ensure continuous improvement of total quality management requirements in all activities in which it performs service and management functions. In addition to these, customer satisfaction, compliance with legal and other requirements, efficient use of natural resources, preventing environmental pollution, preventing occupational and environmental accidents and protecting health, training employees, taking corrective actions by fulfilling the requirements of the Integrated Management System standard and carrying out continuous improvement studies are the procedures and systems applied within the Bank in evaluating environmental impacts.

The Bank regularly monitors energy, water, paper consumption, air emissions, waste generation, greenhouse gas emissions and aims to reduce the ecological footprint arising from its operational activities with the guidance of the impressions gained and carries out performance improvement activities. The Bank's internal environmental impacts are managed in line with Development and Investment Bank of Türkiye's Environmental Management Principles.

Development and Investment Bank of Türkiye's Environmental Management System Principles

1. To reduce the use of resources used/ consumed and the waste produced while performing its activities and services without reducing the quality of service,
2. To create positive environmental impact and awareness within the scope of the Bank's services and activities,
3. To minimize harmful effects on human health and the environment,
4. To ensure the continuity and continuous improvement of the established system,
5. To support environmentally sensitive work and all kinds of volunteer activities,
6. To have an internationally recognized management system that meets the requirements specified in TS-EN-ISO 14001 Environmental Management System Standard.

During the reporting period, no fines were imposed for non-compliance with environmental laws and regulations.

2021 Bank's Internal Environmental Impact Parameter Quantity

Water Consumption Intensity (m ³ /employee)	10.60
Electricity Consumption Intensity (kWh/m ²)	75.20
Natural Gas Consumption Intensity (m ³ /m ²)	6.99



Energy and Carbon Emission Management

The recognition of climate change by all sectors in the business world has led to a number of updates in legislation in order to effectively combat the climate crisis. The European Green Deal and The Carbon Border Adjustment Mechanism brought about a process of assessing risks and opportunities in energy and carbon emissions management, developing strategies for management and setting targets. In this context, Development and Investment Bank of Türkiye shapes its energy management policies by taking into account the energy consumption arising from operational activities and aims to reduce and control current energy consumption. The Bank develops various practices and strategies to save energy and control energy consumption. Replacing the lighting in the Head Office building with LED lighting, automatically turning off the lighting when the building is not active, and installing filtering meters on the power lines on each floor of the building are examples of the strategies and practices developed. The change to LED lighting has resulted in a reduction in lighting-related energy consumption and targeted energy savings, while energy consumption such as electricity and natural gas has also been brought under control.

The management of carbon emissions aims to encourage and increase the implementation of climate policies through practices such as Carbon Border Adjustment Mechanism to prevent carbon leakage, which occurs when climate policies do not comply with the 1.5 degrees target of the Paris Agreement. Within the scope of carbon emissions management, greenhouse gas emissions arising from the activities of Development and Investment Bank of Türkiye are regularly monitored by the Bank and strategies and targets to reduce existing emissions are determined. Calculating greenhouse gas emissions regularly every year in accordance with TS EN ISO 14064-1 standard, creating a Greenhouse Gas Inventory and Report and sharing the report with all stakeholders sets an example in carbon emissions management. Greenhouse gas emission calculations and Greenhouse Gas Inventory and Report are verified in accordance with TSE EN ISO 14064-3 standard.

The Bank has zeroed these emissions by obtaining an I-REC clean energy certificate for Scope 2 emissions for 2021. The Bank also neutralized its 2021 Scope 1 and Scope 3 emissions by obtaining a Gold Standard certificate.



Emissions (tCO ₂ e)	2017	2018	2019	2020	2021
Scope 1	600.24	557.9	511.9	336.9	1,851.86
Scope 2	622.19	546.02	574.89	469.47	-
Scope 1 + 2	1,222.43	1,103.92	1,086.79	806.37	1,851.86
Emission Intensity (Scope 1+2) / Number of Employees	2.12	2.03	2.68	2.75	6.61
Scope 3	1,934.91	2,015.89	1,132.49	472.34	819.73

Scope 1: Includes GHG emissions from natural gas, diesel fuel, refrigerant gases, generator fuel consumption.

Scope 2: Includes GHG emissions from electricity consumption.

Scope 3: Emissions include purchased goods and services (food, beverages, municipal water, bottled water, etc.), fuel and energy related activities (energy transmission), waste from operations (waste water, waste oil, etc.), business travel (bus, train, airplane transportation, accommodation, etc.), employee services postal and cargo shipments.

Since 2016, the Bank has been reporting to the Climate Change Program of the Carbon Disclosure Project (CDP), the world's largest environmental reporting platform, and became one of the highest scoring institutions in the Türk finance sector with a B score in 2021. In this report, the Bank assessed its risks and opportunities related to climate change and voluntarily responded to questions on strategy, governance, emission metrics, targets, performance and value chain interaction. The Bank also reported to the platform's 2022 Climate Change Program.

Water Management

Temperature increases due to climate change cause water levels to drop and wetlands to decrease, threatening the sustainability of our water resources. Therefore, one of the most important stages of the sustainability process is Water Management. While the need for water is increasing day by day, the diminishing water resources due to the climate crisis necessitates effective water management and saving, and the announcement, monitoring and evaluation of water management performance.

Development and Investment Bank of Türkiye carries out its sustainability activities by taking our future and water management into consideration.

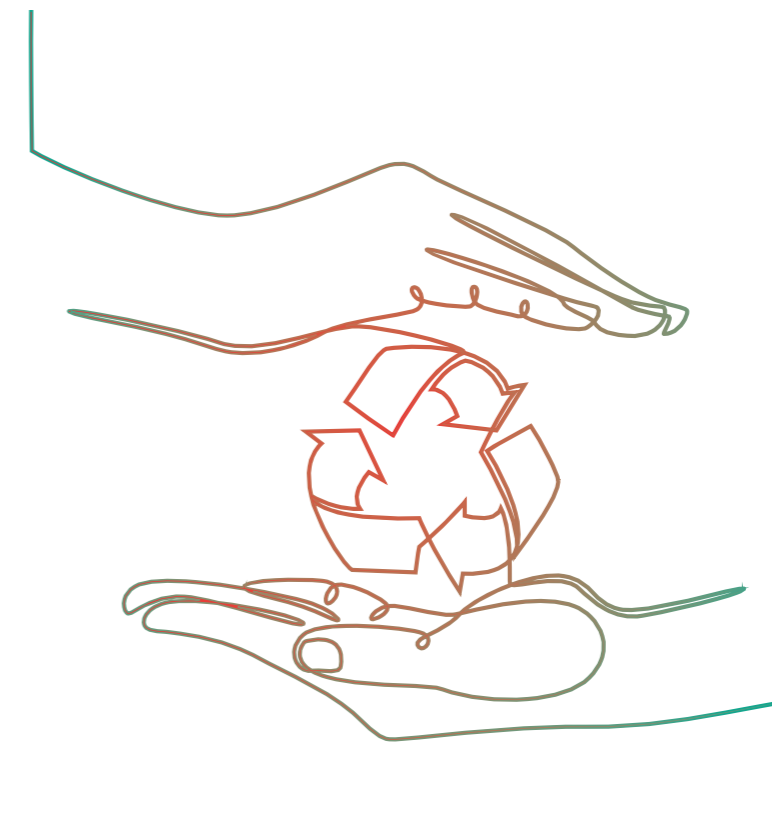
Within the scope of water management, Development and Investment Bank of Türkiye regularly monitors water consumption from the bank building in order to save water. Since the headquarters building in Istanbul is shared with another institution, water consumption is also shared with the institution. However, despite the joint use, 100% of the water used by the Bank is municipal water and wastewater is treated in accordance with the legislation. Decisions on water management and consumption strategies and targets are taken by the Environmental Management Committee, just like other environmental issues.

Waste Management

The Bank manages waste at its headquarters in accordance with the "Zero Waste" legislation of the Ministry of Environment, Urbanization and Climate Change. With the waste management practices and strategies developed within the scope of the "Zero Waste" project, the Bank plays a pioneering role in the business world, particularly in public institutions and the private sector. In this context, recycling bins have been placed on each floor of the building in accordance with the regulations in order to separate the wastes according to their types: glass, plastic, paper

and metal. The sorted wastes are forwarded to the relevant organizations for recycling and their information is entered into the Ministry's online Integrated Environmental Information System (EÇBS) to ensure transparency. In this process, the Bank recycled 4 tons of non-hazardous waste in 2021.

In 2021, the Bank continued its efforts to raise employee awareness on climate change and sustainability, and all employees participated in Environmental Information and Awareness Trainings organized at different times.



Intellectual Capital

Intellectual capital is the accumulation of knowledge that can be converted into profit, which includes organizations' ideas, innovations, technologies, software, designs, data utilization capabilities, and relationships with stakeholders, creativity and publications.

One of the biggest factors in development and progress of Development and Investment Bank of Türkiye stems from the importance it attaches to Intellectual Capital together with its ability to effectively utilize its know-how. In this context, the Bank considers the experience it has

gained in the 47 years since its establishment and the research activities and strategies it has developed, which enable it to follow and correctly read all important developments, especially sectoral developments, as important elements of its intellectual capital. In addition, information technology assets, which are essential for banking activities, constitute another effective element of its intellectual capital. In addition, our Bank contributes to the transformation of its customers through technological initiatives, innovation funds and consultancy services that it supports and partners in.

INPUTS	ACTIVITIES
<ul style="list-style-type: none"> National and international sectoral publications Priorities within National Development Plans Digital infrastructure systems and platforms Computer software, licenses, programs Customer / Employee feedback National and international collaborations 	<ul style="list-style-type: none"> Preparation of the Bank's strategies and business plans Providing the opportunity to work remotely Identifying, monitoring and taking precautions against risks that may threaten information assets Establishment of technology and innovation funds Evaluation of the economic, technical and financial aspects of the projects to be supported
OUTPUTS	VALUE CREATED
<ul style="list-style-type: none"> 20 completed and 38 ongoing digital transformation projects Number of staff involved in projects: 53 68% of the 2021 investment and operating budget invested in digitalization and information security 	<ul style="list-style-type: none"> Transparency and reliability Digital transformation and information security Productivity Unique customer experience Business Continuity Quality Management



Targets

- Developing an online demand collection infrastructure and carrying out the processes of receiving, evaluating and monitoring customer demands in a digital environment
- Strengthening security and business continuity practices every period and raising awareness on information security within the Bank
- Renovation, modernization and relocation of the primary data center and disaster recovery center (DRC) to new locations with international standards
- Installation and commissioning of segmentation firewall and load balancer
- Ensuring that business processes are realized on IT platforms in an end-to-end integrated manner with minimum intervention with the implementation of the new Core Banking Transformation project
- Developing software production infrastructure and disseminating open-source components

Priority Issues

- Continuity, Security and Digital Transformation
- Information Security and Digital Transformation
- Supporting Technological Startups and Venture Capital Ecosystem



Information Security and Digital Transformation

“The Innovation and Business Development Committee continues its work to ensure that new products, services, innovations and changes and business development opportunities are evaluated and implemented within Development and Investment Bank of Türkiye.”

Development and Investment Bank of Türkiye continued its ongoing digital transformation efforts with the private cloud project launched in 2021. The BRSA's new information systems regulation, which was published in March 2020 and the relevant provisions of which entered into force at the beginning of 2021, allowed banks to use private clouds and community clouds under certain conditions. The Bank, which is currently in a period of technology renewal, seized this significant change in legislation as an opportunity and rapidly initiated efforts to design the new information systems architecture on a cloud basis.

Private cloud, which has many advantages such as cost, operational efficiency, scalability, high accessibility and most importantly, being at the center of the global technological trend, will be used for the first time in the sector. The risks associated with this comprehensive transformation are assessed and managed by the Bank with a holistic perspective and with the active participation of non-IT stakeholders. Throughout 2021, many important milestones of the project, on which intensive work continued, have been left behind and the installation of the hardware has reached the stage.

During the reporting period, the pandemic process continued to lead the Bank's information technology efforts. All services, including payment systems, were operated uninterruptedly throughout the year on the redundant virtual private network (VPN) platform, which is used as the basis of the remote working infrastructure. In order to combat the new wide attack surface opened up by VPN access, multi-factor authentication mechanisms were rolled out for remote access as well as firewalls and e-mail gateways.

As security threats continued to spread and grow on a global scale, the Bank maintained its security-oriented approach in information technologies. New security solutions continued to be implemented in 2021 as the legislation was updated in parallel with the threats. Disk encryption solution was put into use, ensuring the security of data on devices, and the number and type of simultaneous user sessions were made manageable with the session management application.

Another important step in digital transformation was taken with the completion of the digitization of the Bank's physical archives. A large number of physical documents with millions of pages were classified and digitized, and documents deemed suitable for destruction were included in the recycling process. The digital archive system is managed with the goal of a paperless office.

The dissemination of open-source systems, which have many advantages such as low cost, reduced supplier dependency, integrated management and high quality, continued, and automation in important components of the IT platform such as monitoring, reporting, visualization, project, change and inventory management was ensured with open-source systems.

Based on the principle that all elements of information technologies should be up-to-date, secure and efficient, the Bank also focused on version upgrade projects in 2021. In this context, the virtualization platform, backbone switches, firewalls, antivirus systems, web application platforms, office applications and operating systems were moved to new, stable versions.

The Bank monitors and regulates the increasing security needs of the Bank with the digital transformation process under the responsibility of the Information Security Team in line with the organizational change that has been ongoing since 2019. In this context, in 2021, restrictive, monitoring and preventive activities were carried out in many areas, especially in the collection of security and event-based logs and the creation and follow-up of correlations/alarms, data leakage

and classification, monitoring and approval of access. In addition, efforts were made to protect the Bank's information and data through periodic controls and instant interventions.

Within the scope of the “Regulation on Information Systems of Banks and Electronic Banking”, which was put into effect with all its articles as of 2021 by the BRSA, the Bank established the Information Security Committee with the information security structure reporting to the CEO, separate and independent from the IT organization, and held and continues to hold regular meetings.

The Bank increased the number of monthly information security bulletins, which it started at the end of 2019, in 2021 in order to take precautions against cyber incidents, which increased especially after the first quarter of 2020 due to the pandemic, and to further raise the awareness of the Bank's personnel. In this context, critical notifications prepared or received instantly were immediately announced throughout the Bank. Clean desk and clean screen activities were carried out and monitored digitally or physically to raise the awareness of the Bank's personnel on information security.

The Information Security Team evaluates the Bank's documents, contracts and forms from an information security perspective and conducts penetration tests for large and medium-sized changes within the Bank (Online Branch, APEX Help Desk, FTP, etc.), as well as for external integrations, new installations and transitions (SWIFT, PDKS, etc.). Studies are carried out for the solution and follow-up of the detections shared with the IT Units.

In order to monitor cyber incidents and notifications, the Information Security Team submits monthly reports to the senior management and continues to monitor cyber incidents and notifications in a way to cover all personnel, especially the Bank's senior management. The Red Team activities carried out in 2021 to ensure the accuracy and confirmation of these studies revealed that the actions were taken appropriately. With these activities, our Bank not only meets the

information security needs of the Bank, but also fulfills its duty to ensure customer information security, which it attaches utmost importance to in accordance with the Banking Ethical Principles published by the Banks Association of Türkiye and responsible banking principles. The Bank launched the information technology asset inventory management application and made confidentiality, integrity, accessibility and security class parameters for information assets manageable through the application in accordance with the requirements of the changing BRSA legislation.

The Innovation and Business Development Committee continues its efforts to ensure that new products, services, innovations, changes and business development opportunities are evaluated and implemented within Development and Investment Bank of Türkiye. With an agile application development approach, the Bank completed the online demand collection and evaluation infrastructures that can offer domestic and international funds to the Bank's customers through the web channel in a fast, secure and uninterrupted manner. Developed the Wholesale Banking (APEX) and Grant Management infrastructures, commissioned the application and evaluation infrastructure for the CGF Guaranteed Manufacturing Based Import Substitution Support Loan, and put the internet banking channel into service. The sub-funds under the Türkiye Development Fund, namely the Technology and Innovation Fund, the Innovative and Advanced Technologies Participation GDP Fund and the Regional Development Fund, launched an online application and evaluation application and infrastructure, supporting sectors of strategic importance in the sustainable growth of our country. While playing an important role in the development of the start-up ecosystem by investing in new generation start-ups.

The Bank's business intelligence and reporting applications were renewed and a central reporting infrastructure fed from all data sources was developed. Interactive and dynamic decision support reports were increased by 87% in 2021, ensuring effective monitoring and reporting, and data warehousing efforts were carried out to improve data quality.

Work continued on the development of new open-source, microservice modular core banking applications that will enable business processes to be realized on IT platforms in an end-to-end integrated manner with minimal intervention.

With the goal of running our core banking applications on Kubernetes infrastructure, activities were carried out to develop scalable, high-performance, flexible, secure and low-cost container architectures.

Some of the other projects realized in 2021 are listed below:

- The archive transformation project, which was initiated in 2020, was completed in 2021 in line with the goal of a paperless office. All documents in the physical archive were classified, documents that were suitable and necessary to be converted were digitized and necessary destruction actions were taken.
- In order to fulfill the requirements of the “Regulation on Banks’ Information Systems and Electronic Banking” published by the BRSA, relevant studies were continued and compliance efforts were completed in 2021.
- With the development of the Customer Relationship Management (CRM) application, the Bank managed the relationship with its existing customers in the most effective and efficient way, creating high customer satisfaction, as well as optimizing potential customers and developing a customer-oriented business culture.
- The Bank provided end-to-end process automation by establishing API (Application Programming Interfaces) integrations with many third parties, established SMS and OTP transmission infrastructure by providing direct SMS integration with three major digital operators, and fulfilled its legal obligations as well as ensuring customer satisfaction within the scope of customer relations message management by providing Commercial Electronic Message Management System (CEMS) integration.
- The Bank continued to expand the use of open-source components in its core banking application and service infrastructure and

increased the use of PostgreSQL database.

- By closely monitoring technological developments, innovative services were offered to our customers through online channels, increasing efficiency, speed and customer satisfaction.
- Efforts to increase personnel information security awareness (monitoring of KPI processes, positioning of phishing prevention products, etc.) were carried out.
- Penetration tests were conducted for all modules and applications to be commissioned, especially the Main Banking System, which plays an important role in the Bank’s transformation process.
- Work was carried out to obtain ISO 27001 certification, particularly for data classification, which is monitored by the PublicNet network.
- The main banking integration of Treasury derivative transactions and valuation, asset liability management and market risk modules were completed.

Plans and Goals for 2022

Within the scope of the digital transformation process it will continue in 2022, Development and Investment Bank of Türkiye will take digitalization steps to meet its corporate needs in the areas of remote working and collaboration, measurement and evaluation, and will make improvements in its IT infrastructure in the areas of business continuity and security. The Bank will focus on open source, open banking and cloud computing, and will increase the effectiveness and efficiency of its corporate processes by utilizing artificial intelligence-supported systems and robotic process automation. In 2022, the Bank will continue to develop innovative services for its customers through mobile and online channels.

- In 2022, the entire information technologies platform is planned to be replaced as part of the data center renewal project. Both the primary data center and the disaster recovery center (DRC) are planned to be renewed with all their elements and moved to new locations to be determined in line with the risk analysis.

- With the new primary and secondary data centers, the Bank will improve and maintain its existing asynchronous replication-based disaster management infrastructure. While existing structures such as firewalls and digital communication systems with technological life cycles will be moved to the new center, the server, storage and network infrastructure, which can be considered as the backbone of the entire platform, will be completely renewed.
- The new primary center has TIER IV, the highest certification awarded by the Uptime Institute, and is certified to offer the highest level of availability, security and resilience.
- New security solutions will continue to be implemented and segmentation firewall and load balancer solutions will be deployed. Existing Bank IPs will be replaced with operator-independent RIPE IPs to ensure high availability.
- In 2022, the Bank’s IT infrastructure will be renewed and improved in all areas such as location, capacity, technological direction, architecture and security, and will take its place as the pioneer bank implementing private cloud in the digitalization race that continues rapidly across the entire sector.
- Work on the paperless banking project will continue.
- Within the scope of the Information and Communication Security Guideline prepared by the Digital Transformation Office of the Presidency of the Republic of Türkiye, the Bank will continue to work on current situation analysis, asset grouping, asset group criticality determination and actions to be taken together with the road map. The Bank will concentrate its efforts on open source, open banking and cloud computing, expand its microservice architecture. With utilizing the artificial intelligence supported systems and robotic process automation to increase the effectiveness and efficiency of its corporate processes, and offer innovative solutions.
- Maintaining a security-oriented approach, the installation of a web application firewall (WAF), segmentation firewall and load balancing (load balancer) are among the investments planned for 2022.

- In order to offer value-added services to customers, FinTech (Financial Technology) collaborations are being evaluated through the open banking channel.
- By closely monitoring technological developments, innovative services will be offered to our customers through mobile, online and open platform channels, and productivity, speed and customer satisfaction will continue to be ensured through the effective use of digital channels.
- Efforts to increase personnel information security awareness (monitoring of KPI processes, positioning of phishing prevention products, etc.) will continue.
- Penetration tests will be conducted for all modules and applications to be commissioned, especially the Main Banking System, which plays an important role in the Bank’s transformation process.
- Efforts to obtain ISO 27001 certification, particularly for data classification, which is monitored by the KamuNet network, will continue.
- Within the scope of improving the Bank’s endpoint security infrastructure, endpoint detection products will be examined and the appropriate solution will be positioned.
- With the renewal of the existing rating model, more accurate, consistent and objective credit risk analysis and management will be possible, healthier and sustainable loan portfolio growth will be ensured, and a transition will be made to a system designed with modern algorithms and more convenient for users.
- Senior management is informed in order to increase monitoring and awareness of cyber incidents.

Information Technologies Service Continuity

Development and Investment Bank of Türkiye defines maintaining the currency of its Information Technologies (IT) process management infrastructure and developing systems to support digital transformation as a corporate priority. The Bank carries out maintenance and improvement activities to ensure service continuity in IT infrastructures. The Bank conducts performance measurement studies and risk assessments in order to realize the necessary improvements in IT processes and monitors the improvement process through action plans. The ongoing Data Center renovation project targets active primary systems and a secondary data center structure with a near-synchronous asynchronous architecture. It will be ensured that critical systems in the entire infrastructure operate in redundant and high availability mode. Service continuity infrastructure will be strengthened with the load balancer solution to be integrated into the infrastructure.

The Bank has established the Information Technologies Risk Policy against the risks of financial, managerial and reputational loss that may arise from continuity and security problems that may occur in information technology infrastructure and processes. The Information Technology Risk Policy covers the identification of risks that may be encountered in applications within the scope of information technologies (system, software, data security, data processing, data storage, etc.), the generation of solutions and/or taking necessary measures to eliminate these risks and the systematic monitoring of this risk management process.

The Bank prepares annual risk assessment reports to monitor the information technologies risk management process. IT departments determine the steps to be taken against the risks identified in the reports and inform the Board of Directors through the Audit Committee by evaluating whether the planned measures are realized on time.

Necessary measures are taken to ensure that the

functions of IT systems and applications do not interrupt the Bank's activities beyond the defined limits of acceptability. Information systems services that support the realization of the Bank's activities are protected by redundant structures within the scope of the IT Continuity Plan established within the framework of the IT Continuity Policy, IT Services Access Policies principles and the related document is kept up to date. In line with the plans prepared in this direction, continuous improvement is ensured by testing, reporting, creating control points and implementing corrective/preventive actions. IS services provided to Bank Business Units are measured and reported according to defined Service Levels.

Tecnology and Innovation Fund

The statement in the 11th Development Plan that "Development and Investment Bank of Türkiye will establish the Türkiye Development Fund in order to support investments and projects for sustainable growth, particularly in priority sectors in line with the development objectives of our country, and to ensure the effective use of capital and funding resources." emphasizes the role of Development and Investment Bank of Türkiye in the field of technology and innovation. It is defined in the Development Plan that the development and production of innovative and technological products with high added value will be supported through the Türkiye Development Fund. Development and Investment Bank of Türkiye established the TRY 350 million Technology and Innovation Fund within the Türkiye Development Fund. The Technology and Innovation Fund provides financing to the startup ecosystem and technology investments, as well as providing consultancy support to clients on strategic, managerial and financial issues. With this sub-fund, the Bank intends to concentrate its investments in technological innovation-oriented new generation startups and the funds that invest in these startups (venture capital/venture capital), thereby extending its support for technology initiatives to a more comprehensive dimension. In 2021, two direct and three indirect investments were made through TIF with 500 Startups Istanbul Fund II Coöperatief U.A. (500 Istanbul), Revo Capital Fund II B.V. (Revo Capital), Scalex Ventures

Technology and Innovation Fund Strategies

	Fund of Funds Strategy	Venture Capital Co-Investment Strategy
Investment Types	Fund commitments	Capital Structured Capital/Debt
Investment Focus	Funds aligned with the venture capital co-investment strategy	New generation startups producing/using high technology
Geographical Scope	Funds established in Türkiye and/ or making at least 50% of their investments in	Türkiye (with at least 50% of its operations in Türkiye)
Target Investments	VC funds with successful issuance experience, well known in the ecosystem and a co-investment	<ul style="list-style-type: none"> • Technology-oriented, turnover-generating startups with high growth potential • Maximum 50% participation in rounds with lead investors
Targeted Number of Investments	4-8 Venture Capital Fund	6-12 Firm
Investment	Series A and before 1 million + TRY Series B and before 2 million + TRY TRY 5-20 million per	TRY 10-50 million

Fund I Coöperatief U.A. (Scalex), Done İletişim Bilgi Sistemleri ve Yayıncılık Sanayi ve Ticaret A.Ş. (WeBee) and Virasoft Yazılım Ticaret A.Ş. (Virasoft).

The Fund's direct investments are in WeBee and Virasoft. WeBee is a software startup that produces and sells digital transformation services as a service to hotels. The company opened its UK office after the investment and continues to grow rapidly. Virasoft is a software startup that produces and sells software services that digitize the oncology case process and assist doctors in diagnosis. The company continues to grow rapidly by accelerating its activities in the US market after the investment.

The Fund's indirect investments are Revo Capital, 500 Istanbul and Scalex. Revo Capital is a EUR 90 million venture capital fund that aims to invest in Türk and Eastern European startups. As of 31.12.2021, the fund's portfolio includes CY Vision, Massive Bio, Builder AI, Getir, Vivoo, Akinon, Midas

and Ikas. 500 Istanbul is a EUR 30 million venture capital fund that aims to invest in Türkand Eastern European startups. As of 31.12.2021, the fund's portfolio includes Arf, I.F., Ango, Gesund, Agave, Synnada and Datapad. Scalex is a EUR 30 million venture capital fund that aims to invest in Türk and Eastern European startups. As of 31.12.2021, the fund's portfolio includes Invidyo, Locomation, Hipporello, UpStash, Code2, Cerebra, Atlas Robotics, Shallow AI and Resmo.

212 Regional Fund II

Development and Investment Bank of Türkiye aims to invest in venture capital funds investing in technology and innovation in cooperation with the European Investment Fund (EIF) and Türkiye Investment Initiative (TII). In line with the evaluation made for the 212 Regional Fund II, the place of establishment of which is Luxembourg and the initial fund amount of 30.5 million Euros, an investment commitment of 3 million Euros

has been made. The main objective of the fund is to invest in early stage companies operating in the field of information and communication technologies. In 2021, he invested a total of 17 million Euros in 5 new companies, increasing the number of companies in his portfolio to 13.

In 2021, the EUR 49 million 212 Regional Fund II, which increased the number of companies in its portfolio to 13 by investing in 5 new companies, increased its investment amount to EUR 17 million.

In the Fund Portfolio;

- **Chooch AI** in the field of artificial intelligence,
- **Meddy** for online doctor reservation,
- **123** for online form and workflow services,
- **Avatao**, a cyber security training platform,
- **Artboard Studio** an advertising/marketing design software,
- **Triomobil** in the field of internet of things,
- **Omma** in the field of digital display software,
- **Smartmessage** in the field of marketing automation in digital channels,
- **Mart** in the field of micro mobility,
- **Mall IQ** which offers smart location services that improve the in-store shopping experience,
- **Appsamurai** a mobile advertising platform,
- **Excess Food** in the field of food,
- **Metrobi** is located in the field of B2B logistics.

The investment commitment of Development and Investment Bank of Türkiye with the 212 Regional Fund was taken over on 01.01.2022 by the TKYB Capital Fund, which was established under the TKF roof fund.

Geothermal Development Project Risk Sharing Mechanism (RSM)

The Risk Sharing Mechanism (RSM) is a component of the Türkiye Geothermal Development Project signed by Development and Investment Bank of Türkiye with the World Bank on November 30, 2016. The project aims to contribute to the exploitation of the country's geothermal potential by partially covering the geothermal risks of geothermal energy investors in well drilling activities for resource identification. With the contribution from the Clean Technology Fund (CTF) for the project, 40% or 60% of the well expenditures will be paid in case the wells in the scope fail. If the wells are successful, the investor will receive a 5% success bonus. The coverage rate is 40% for Manisa, Aydın and Denizli provinces, except for some districts, and 60% for other districts of these provinces and all other provinces.

Within the scope of the project, the program is introduced, applications of companies planning to benefit from risk sharing are received and pre-evaluated. Geothermal resource exploration reports, business plans, drilling and testing programs, environmental and social assessment reports and management plans of selected companies are checked. Success criteria are determined and contracts are signed for the projects, which are monitored during the drilling period, drilling and test reports are evaluated, evaluation is made according to the success criteria after the well is completed and the final report is prepared. In addition, success premiums are collected for projects with successful drilling results and risk sharing fees are paid for unsuccessful projects. The Bank is assisted in the execution of all these activities by the RSM Consultant, which was selected through an international tender.

Seven projects were included in the first round of implementation. Contracts were signed with three of these projects, two of which were removed from the program upon the request of the companies. Preparatory work for the remaining two projects is ongoing.

Drilling activities for one well from the two projects included in the first round of the project and for which contracts were signed have been completed.

While the RSM first round implementation activities were ongoing, preparations for the second round were started and Expression of Intent (EOI) applications were received on 26.01.2021. On 12.03.2021, all projects participating in the EOI application process were evaluated and a total of 18 projects were shortlisted. A two-day training was held on June 20-21, 2021 for all shortlisted investors, which included detailed information about the preparations for the actual application process and the RSM project. After the training, the actual application process started and as a result of the applications that continued until 03.06.2021, a total of 14 geothermal development project applications were received for the RSM second round. The applied projects were evaluated and scored by RSM Consultants and RSM Project Implementation Unit in terms of technical, financial, environmental and social aspects. As a result of the evaluations, it was decided to include the first 10 projects with the highest score in the second-round implementation program, provided that the project budget was sufficient.

The RSM environmental and social requirements meeting was held on 15.12.2021 with the participation of 14 project owners and their technical consultants.

The negotiations to be held starting from the first two projects under the RSM second round are planned to start on 10.01.2022. In addition, work on the projects within the scope of the RSM first round continues simultaneously.

GEORISK Project

Georisk Project is a project initiated for the establishment, development and dissemination of geothermal risk sharing mechanisms in European countries. Studies will be carried out for the implementation of the developed risk sharing systems in countries other than European countries. Development and Investment Bank of Türkiye was invited to the project, which includes 15 institutions from various European countries, due to its execution of the RSM Project. Other participants from Türkiye are TÜBİTAK and JESDER.

Georisk Project, which is a project developed within the scope of the EU - Horizon 2020 Program, aims to establish a methodology for determining geothermal investment risks in European countries and to develop and disseminate existing risk sharing systems. In addition, another of the project objectives is to identify methodologies and capacity building activities to support geothermal resource development and reduce investment risks in countries outside Europe. Started in October 2018, the project was planned to be completed in March 2021. However, due to the COVID-19 outbreak at the end of 2019, the project was extended by six months and completed on 30.09.2021.

The activities related to the Georisk Project carried out in 2021 are as follows:

Participation was ensured in the monthly web meetings held within the scope of the project and attended by the organizations participating in the project. An evaluation report was prepared by consolidating the laws and regulations in force in the country, including energy / renewable energy / geothermal energy issues within the country under the obligation of each country participating in the project. The report evaluates the scope for covering the risks of geothermal projects within the existing laws and regulations currently in force. Within the framework of the project, a capacity building document on risk mitigation mechanisms to be developed under the responsibility of the Bank was prepared and shared with the participating organizations.

Within the scope of the Georisk Project, eight national and two international workshops and congresses were attended. In these events, presentations were made to share information on the RSM project implementation. In September 2021, the Capacity Building Report under the Bank's responsibility was prepared. The Capacity Building Report prepared within the scope of the Georisk Project summarizes the legal process that paves the way for geothermal resource development and the development of the geothermal sector in the target countries determined both in Europe and outside Europe, and includes current situation analysis. The report also summarizes the strengths, weaknesses, opportunities and threats of the geothermal sector for each target country, and a roadmap for the development of risk mitigation mechanisms for the development of geothermal resources in the target countries has been created by evaluating the results of the analysis.

Within the scope of the Georisk Project, the final project meeting held in Fribourg, Switzerland on 22.09.2021 was attended and information on the studies carried out and the capacity building report prepared was presented. In the ongoing process, the technical and financial final reports of the project were prepared and submitted to the project coordinator and the project was completed on 30.09.2021.

Research and Consultancy Services

The components of Development and Investment Bank of Türkiye's intellectual capital are its 47 years of experience in the sector, the know-how accumulated by its expert staff, and its international customer network that offers the opportunity to partner in innovative projects. The Bank shares its intellectual capital, which it enriches by combining the new connections it has developed throughout the process and the new experiences it has gained, with its stakeholders and provides consultancy services.

The Bank conducts macroeconomic/sectoral research in its areas of specialization and prepares reports to guide both its corporate strategy and national decision-makers. The studies carried out by the Sectoral Research Unit to improve

development economics and sectoral analyses are categorized under 3 main headings:

- **Thematic-Sectoral Studies:** Following development-related themes; renewable energy and energy efficiency, climate finance, sectoral developments. The Climate Finance and Türkiye's Electricity Markets reports published in 2021 are examples of these studies.
- **Project Evaluation:** Analyzing the sectors in which the Bank's credit line and consultancy projects involve the relevant companies and making future sales projections of the companies; providing consultancy services in privatization projects and renewable energy businesses of private companies.
- **Our Economic Research Unit** monitors, evaluates and reports domestic and international economic, financial and commodity price developments; conducts research in macroeconomics and finance that will contribute to development and investment banking activities; and monitors and analyzes data on the Türk banking sector.

The Bank develops its intellectual capital, which it utilizes to generate strategies and ideas through research on current development issues.

In 2021, Development and Investment Bank of Türkiye provided advisory services in 8 merger and acquisition transactions. The total project value of these 8 transactions amounted to TRY 3.4 billion.

Social Capital

In addition to their direct activities, organizations can expand their sphere of influence through collaborations and partnerships in line with their objectives. The multiplier effect of projects grows with the power of unity, resulting in higher marginal benefits. This benefit can be both economic and social.

The social impact of organizations, along with their economic impact, is becoming increasingly important. Social impact refers to the positive changes that organizations make or create to address social injustice. A bank can contribute to

improving the welfare of a particular segment or region, providing access to information, supporting cultural development or ensuring social equality, either by providing disadvantaged groups with access to financial resources or by financing other organizations. In this way, it can contribute to social justice, social peace and create large-scale change through unity, togetherness, walking together and focusing on the same goal.

Transformations and achievements, including global goals such as the Sustainable Development Goals, will be difficult to achieve without social interaction and cohesion. Building support to finance the SDGs requires considerable solidarity within and between countries.

Development and Investment Bank of Türkiye, which applies sustainability to every level of the value chain and places it at the center of its activities, supports investments that generate

social impact as well as environmental impact. Increasing cooperation and support for Small and Medium-Sized Enterprises (SMEs), which constitute a large part of the production power in our country, is among the Bank's priority targets. The Bank is able to utilize the funds it receives from the organizations to which it provides funds according to the conditions of the fund provider. Loans can be extended based on the employment and turnover of the funding institutions. At the same time, in many sectors, SMEs can be financed in Türk Lira within the scope of the Investment Committed Advance Loan provided by the CBRT. In addition, with the World Bank's Registered Employment resource, the Bank evaluates loan requests from 24 provinces in a focused manner. On the other hand, since there are no provincial restrictions on the utilization of other foreign resources, the Bank is able to provide funds to its customers across the country.

Targets

- Increasing cooperation and support for SMEs through International Financial Institutions and Türkiye Development Fund
- Increasing employment in many sectors with the projects to be financed
- Participation in the Employment and Innovation Program (EASI), one of the prestigious programs of the European Union
- Increasing customer satisfaction
- Providing and utilizing thematic funds in line with the solution of social problems and regional needs
- Supporting the expansion of Türkiye's production potential and offsetting the impact of the Covid-19 pandemic on economic activity
- Stepping into projects that will contribute to the development of the country with Investment Banking services

Priority Issues

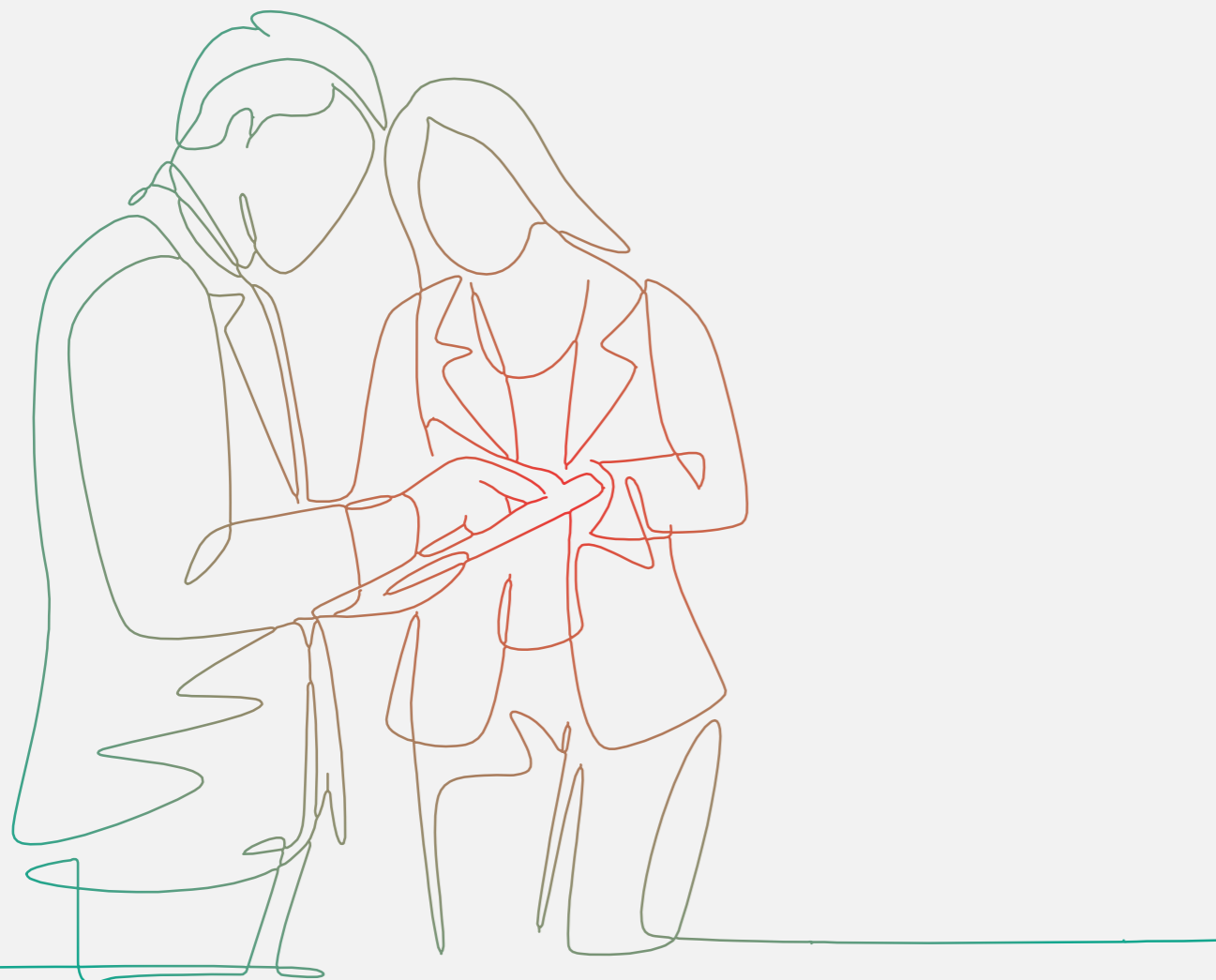
- Supporting Employment Growth
- Supporting Regional Development
- Financing SMEs
- Ethics and Human Rights
- Unique Customer Experience

Financing SMEs

The Bank's priorities include supporting SMEs, which are recognized for their important characteristics such as providing production and product diversification; creating employment with low investment costs; easily adapting to changes and diversifications in demand; being prone to technological innovations; realizing balanced development between regions; minimizing the distortion in income distribution; encouraging, directing and mobilizing individual savings; being a support and complementary to large industrial enterprises; and forming one of the cornerstones of a democratic and liberal economy as an element of political and social stability.

Support for Women Employment

The Bank attaches particular importance to women's employment in its goal of creating employment. Arguing that sustainable development is only possible with more women in the workforce, the Bank pays attention to the ratio of women to men in its workforce and emphasizes the importance of women's employment through its research. Women-inclusive SMEs are prioritized in the Registered Employment Creation Project and Emergency Company Support Loans provided by the World Bank.



Development Cooperation Programs with Public Institutions and the World Bank

Within the framework of development cooperation with public institutions, the Bank participates in grant programs, including COMCEC (Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation) and European Union programs, and provides project management and consultancy services to institutions.

COMCEC Project Financing Grant Programs

The Memorandum of Understanding and Protocol between Development and Investment Bank of Türkiye and the Presidency of the Republic

of Türkiye, Directorate General for Strategy and Budget, COMCEC and International Development Cooperation (COMCEC Coordination Office) on project management services for the financing and monitoring of COMCEC Project Finance Grant Programs (<http://www.comcec.org/pcm/>) was signed on 01.03.2021 and entered into force.

It has been decided to support 20 projects to be implemented by 12 Organization of Islamic Cooperation (OIC) member countries in 2021 (8th Call Period) by COMCEC Coordination Office. Together with the 22 projects postponed from 2020 (7th Call Period), the implementation, monitoring and financing of a total of 42 projects were monitored in 2021. Due to the pandemic conditions, Development and Investment Bank of Türkiye and the COMCEC Coordination Office officials jointly provided an online training to the relevant authorities of the project owner institutions on the implementation of

CONTRIBUTION TO SDGs



INPUTS	ACTIVITIES
<ul style="list-style-type: none"> • Expectations and demands of public institutions and organizations • Customer demands and expectations • Risk hotline • Stakeholder engagement reports and complaint/suggestion forms • Third party sustainability consultants 	<ul style="list-style-type: none"> • Cooperation for financing social projects that require public support • Two-way communication with customers in project financing • Guidance and implementation of investments with consultancy support in areas of expertise • Presentation of environmental and social informative documents related to projects to the public on the Bank's corporate website • Financial and ESG-focused assessments by rating agencies • Publishing the necessary information on the Public Disclosure Platform and the Bank's corporate website
OUTPUTS	VALUE CREATED
<ul style="list-style-type: none"> • 8 projects successfully closed in 2021 within the scope of Mergers&Acquisition Advisory • 6 projects successfully closed since 2021 within the scope of Capital Markets Advisory • Services provided to companies and projects within the scope of Financial Consultancy • World Bank FRIT II (Facility for Refugees in Türkiye) project suggestion and grievance mechanism • 11 APEX loan programs implemented since 2008, 2,800 SMEs financed and 7,500 additional jobs created 	<ul style="list-style-type: none"> • Contribution to international trade • Access to long-term financing • Unique customer experience • Increasing know-how • Improving environmental and social management capacity • Information security • Transparency • Supporting entrepreneurship ecosystem • Supporting regional development • Employment creation • Promoting social inclusion

the projects to be supported under the COMCEC Project Finance in April 2021. The aim of the projects carried out in the fields of agriculture, tourism, financial cooperation, transportation, poverty alleviation and trade, which have been identified as COMCEC cooperation areas, is to improve the institutional capacities of the public institutions of the project host member countries in the relevant fields.

Due to the ongoing pandemic conditions and the impossibility of realizing the project activities, the Coordination Committee completed and closed 21 of the 42 projects in 2021, postponed 7 of them to 2022, the activities of 5 of them were delayed to 2022 and canceled 9 of them. As of 31.12.2021, USD 736,008.79 has been transferred to the projects that have realized their project activities.

Grant Program Funded By The European Union FRIT-II Fund

The Formal Employment Creation Project, implemented jointly with the World Bank, aims to improve the conditions for formal employment creation by firms operating in 24 provinces with a high proportion of Syrians under Temporary Protection ("SuTP") for the benefit of Türk citizens and refugees. EUR 316 million will be disbursed under the loan component of the Project, while the second component, the Grant Scheme from the European Union FRIT-II Fund, amounts to EUR 75.9 million. The third component of the project, the Technical Assistance Component, amounting to EUR 6.6 million, aims to increase the impact and success of both the loan and grant components through training and capacity building activities. The technical assistance will include the procurement of part-time individual consultants, training, evaluation and monitoring services to improve the Bank's project implementation capacity. EUR 5.9 million from the grant will be used for technical assistance activities.

The 24 provinces identified as project provinces are Istanbul, Gaziantep, Hatay, Şanlıurfa, Adana, Mersin, Bursa, İzmir, Kilis, Konya, Ankara, Kahramanmaraş, Mardin, Kayseri, Kocaeli, Osmaniye, Diyarbakır, Malatya, Adıyaman, Batman, Sakarya, Manisa, Tekirdağ and Denizli.

Within the scope of the European Union FRIT-II Fund Grant Program, a total of 70 million Euros in grants of between 15,000-300,000 Euros will be provided to eligible small, medium and large sized beneficiary companies operating in 24 selected provinces, based on the condition of creating formal employment for Türk citizens and refugees, by taking project applications based on the viable business and employment plans of the companies.

Firms will be required to create half and half Türk and Refugee Employment and maintain/retain it for 18 months. Employment data will be verified with SSI data. Firms will only be able to benefit from one of the grants and loans. It is expected that the employment to be created in the grant beneficiary companies will be 9,000 people, of which 2,700 will be women, and the number of companies that will benefit from the grant will be approximately 800.

On 17 December 2021, the Bank published the Call for Proposals Announcement on its website www.kayist.org in order to encourage companies to create long-term employment and to fund additional investments to be made for this purpose within the scope of the Registered Employment Creation Project Grant Program, with a total grant support of EUR 70,000,000. The Call for Proposals was also announced on www.ab-ilan.com and announcements were made to potential applicants through the Chambers of Commerce and/or Industry and Development Agencies in the selected Project Provinces.

Information meetings were organized to support applications under the Creating Registered Employment Project Grant Scheme and information was shared through the project website. Sub-project applications prepared in accordance with the Application Guidelines were received electronically through the Kayist Platform until March 14, 2022.

Kayist Grant Program beneficiaries will be announced after the administrative, technical, financial, environmental and social evaluation of the applications. After the completion of the evaluation phase, grant agreements will be signed with the applicants who are entitled to receive support, and grant payments will be made through the progress payment method by monitoring the additional employment of the beneficiary companies for 18 months.

Importance Given to Customer Experience

Since its establishment, Development and Investment Bank of Türkiye has always prioritized its customers and their needs, and has developed all its services and activities in line with these needs. In the last three years of structural change, the Bank has focused on customer-oriented activities. In line with these efforts, a Corporate Banking and Project Finance team was established to act as a one-to-one and single point of contact with customers. The Corporate Banking and Project Finance team deals with customer acquisition, identification of customer needs and customer relationship management. Similarly, Investment Banking and Türkiye Development Fund are responsible for identifying customer needs and customer relationship management in their respective areas. The Bank also develops new products to meet identified customer needs. Among the products offered to meet the needs of customers are the "detachment account" application, in which the funds held in the account will accrue interest, and various treasury products.

The Bank made a significant development and progress by obtaining an investment banking license. With the investment banking license, the Bank aims to increase the satisfaction of customers who require investment banking/consultancy in addition to loans.

The Bank developed Support for Investment, Wholesale Banking (APEX) and Grant Management applications to offer domestic and international funds to the Bank's customers and continued to offer products and services in line with customer needs through the online channel in a fast, secure and uninterrupted manner during the Covid-19 pandemic.

In order to offer value-added services to its users, our Bank evaluates FinTech collaborations with the open banking channel and continues its activities to create APIs for open banking services.

The Bank always aims to respond to customer requests in the fastest and most accurate manner. In this context, loan requests are quickly evaluated and customers are immediately contacted for projects that are deemed unfavorable. The fact that the process proceeds faster than other banks in favorable projects is among the positive comments conveyed to the Bank by customers.

In addition, the Bank ensures that it is accessible to its customers through certain communication channels. In this context, the Bank's social media channels are actively used in order to be in closer communication with its customers; the Bank deepens its relations with its customers and its presence in the sector by participating in sectoral conferences and congresses. In order to further facilitate communication with its customers, the Bank completed a customer satisfaction survey. The Bank uses the Suggestion/Complaint Form on its website to communicate all kinds of requests from its stakeholders and takes actions in response to these requests. The Bank has also started working to incorporate ISO 10002 Customer Satisfaction Quality Management System standards into its Integrated Management System.

Supplier Selection

In line with its responsible banking approach, Development and Investment Bank of Türkiye attaches importance to improving the environmental and social performance of its suppliers and adopts a guiding role in interaction with stakeholders in this regard.

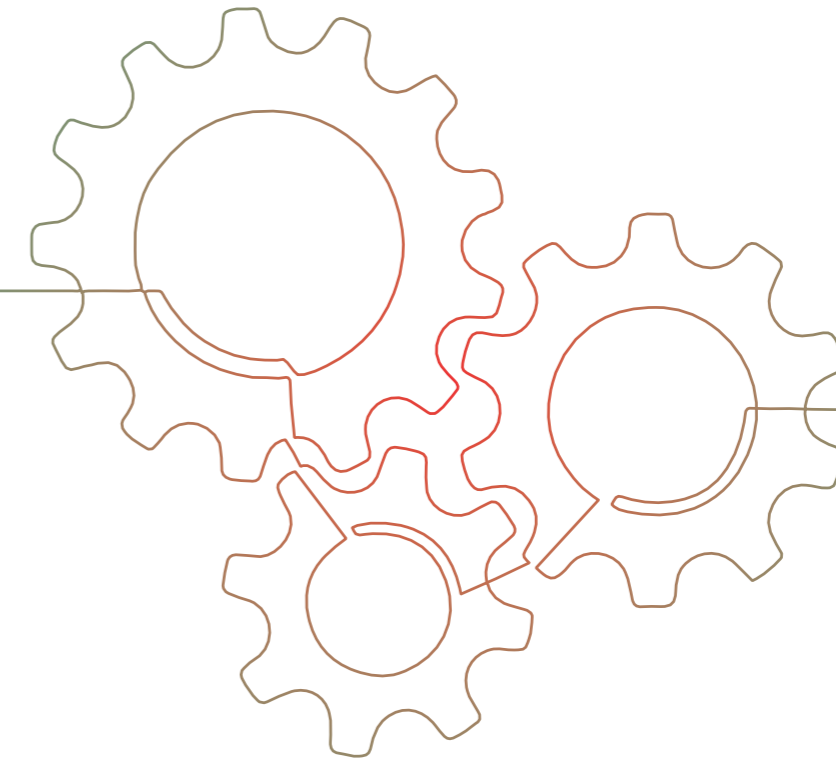
The Bank indirectly creates environmental and social impact due to the activities of its suppliers and shows the necessary sensitivity in the selection of its suppliers in line with the continuity of the supply chain. The Bank, which carries out its procurement transactions in accordance with the "Purchasing and Tender Regulation"; prefers domestic suppliers when it is possible to obtain the relevant product and/or service from the domestic market.

Our Bank has made the selection of suppliers into a procedure and published it on 08.02.2021. In order to improve the environmental and social performance of the services provided by suppliers, the Bank published the "Supplier Code of Conduct" on 29.07.2020, which includes conditions such as occupational health and safety, environment, employee rights. The Supplier Code of Conduct has been included in the procurement processes in all new and renewed contracts.

By determining the most appropriate supply chain management for the Bank, it is ensured that the following main functions are realized. Rules,

business processes and functional tasks related to supply chain management are determined. Necessary arrangements and improvements are made according to changing conditions through continuous control.

- Supply management plan
- Identification of potential vendors and assessment of their qualifications
- Making make/buy decisions
- Management of Tender / Bid / Contract processes
- Acceptance of supplies



Supplier Determination Procedure

Supplier determination procedure has been prepared to regulate the selection criteria that will be effective in the selection of the supplier companies from which the products and services for the needs will be provided in order to meet the needs that will be required within the TKYB, and the approval of the supplier after the selection of the supplier company and the re-evaluation processes once a year. Information Technologies System and Infrastructure, Information Technologies Application and Development, Information Security, External/Support Service and Valuation Service purchases, expenditures made with the company credit card and expenditures made as work advances are outside the scope of this procedure. Relevant regulations/procedures are applied for these purchases. In order for the supplier company to become an "Approved Supplier", it must submit the minimum documents and instruments and must also provide the documents and instruments that may be required according to the nature of the product / service requested to be supplied and that may be required separately in the technical specifications of the work.

In addition, an International Prohibited List Match check is performed by the Internal Control and Compliance Unit. The Bank does not work with any company subject to embargo or sanctions. The approval of the Executive Vice President of the relevant business line is obtained for the parties requested to receive procurement services that are considered high-risk within the scope of the Bank's customer acquisition principles. Existing approved suppliers are subjected to an international banned list check once a year. Business relations with companies found to be subject to embargo or sanctions are terminated. As a result, the Unit receiving the Service evaluates its approved supplier annually with the attached Supplier Evaluation form. Among the questions in the evaluations, the existence of Integrated Management Systems, in other words ISO 9001, ISO 14001, ISO 45001 etc. certificates are also questioned.



Annexes

167

Performance
Indicators

181

Reporting Guide

183

Memberships and
Collaborations

185

Independent
Assurance Report

190

UNGC Progress
Report

191

GRI Content
Index



Performance Indicators

Environmental Performance Indicators

Energy Consumption	2019	2020	2021
Natural Gas (m ³)	133,927.81	87,282.94	98,114.93
Natural Gas (GJ)	4,626.01	3,014.85	3,387.00
Electricity (kWh)	1,135,411.87	948,765.68	1,055,692.76
Electricity (GJ)	4,088.22	3,415.56	3,800.49
Bank-owned vehicle fuel consumption-motor (lt)	24,193.44	31,376.60	32,338.84
Bank-owned vehicle fuel consumption-motor (GJ)	857.55	1,112.16	1,146.26
Bank-owned vehicle fuel consumption- (lt)	-	886.11	2,550.35
Bank-owned vehicle fuel consumption- (GJ)	-	28.36	81.62
Employee service vehicle consumption- (lt)	77,600.28	124,123.44	28,591.56
Employee service vehicle consumption- (GJ)	2,750.58	4,399.61	1,012.76
Total Energy Consumption (GJ)	12,322.35	11,971.15	9,428.13

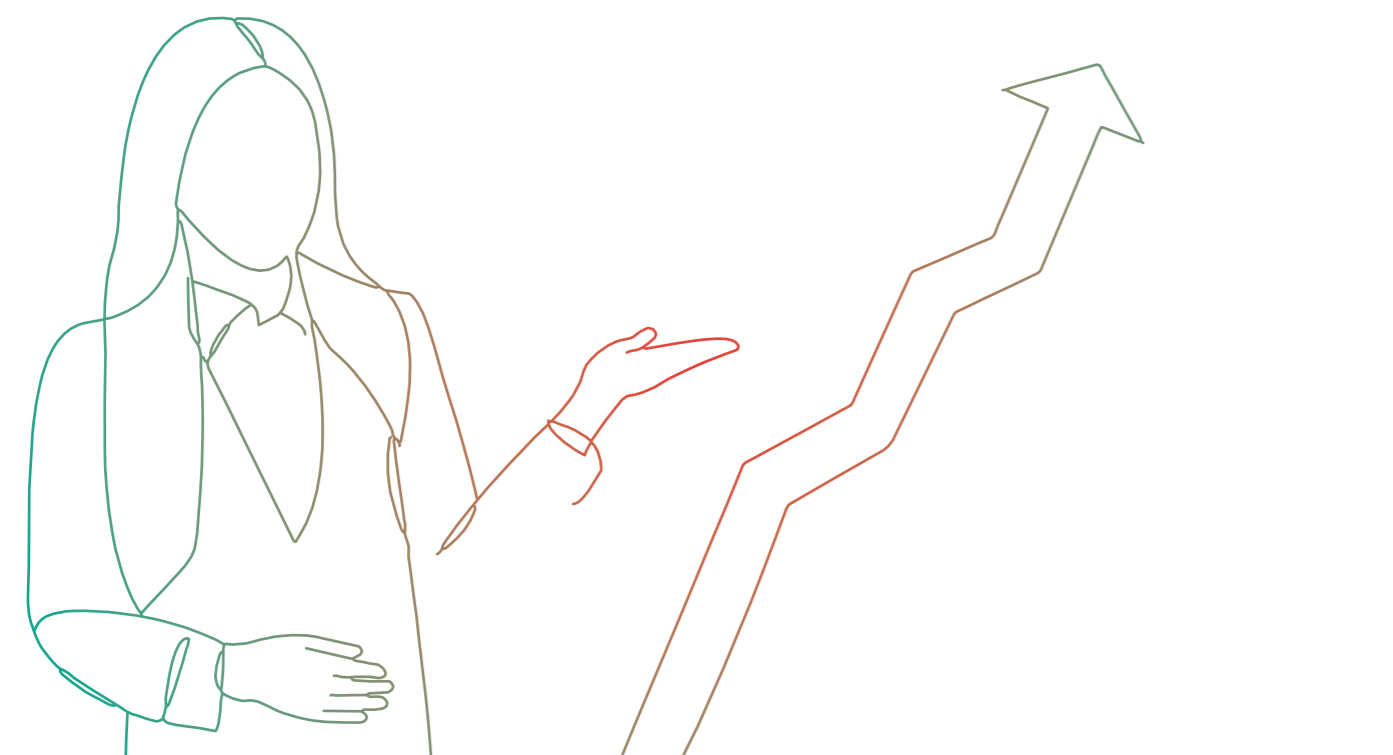
Emissions (tCO ₂ e)	2019	2020	2021
Scope 1	511.90	336.90	1,851.86
Scope 2	574.89	469.47	-
Scope 1 + 2	1,086.79	806.37	1,851.86
Scope 3	1,132.49	472.34	819.73
Emission Intensity (Scope 1+2) /Number of employees	2.68	2.75	6.61

Water (m ³)	2019	2020	2021
Water Withdrawal	6,120.55	3,146.73	2,966.40
Waste Water Discharge	5,136.89	2,641.00	2,458.99

Non-Hazardous Waste (kg)	2019	2020	2021
Recycled	5,323.85	4,088.00	4,485.00
Paper Consumption	3,113.51	2,518.83	5,301.01

Hazardous Waste (kg)	2019	2020	2021
Recycled	-	146	378

Social Performance Indicators



Bank Employees	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Number of Full-Time Employees	106	179	111	162	122	176
Number of Part-Time Employees	-	-	-	-	-	-
Total Number of Employees	106	179	111	162	122	176
Number of Subcontractor Employees	7	7	6	5	1	2
Number of Employees with Disabilities	-	3	1	2	1	2

Number of Employees by Seniority	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
0-5 years	27	43	28	41	26	47
5-10 years	23	41	31	47	41	49
10 years and above	56	95	52	74	55	80

Number of Employees by Age and Gender	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Over 50 years old	16	37	10	17	9	16
30-50 years old	58	103	73	97	81	113
Under 30 years old	32	39	28	48	32	47

Social Performance Indicators



Executives	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Over 50 years old	7	19	6	10	6	10
30-50 years old	22	35	25	43	30	44
Under 30 years old	1	-	1	-	1	-
Total (Gender Based)	30	54	32	53	37	54
Total	84		85		91	

Age and Gender Distribution of the Board of Directors	Under 30 years old			30-50 years old			Over 50 years old		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Number of People	-	-	-	5	4	3	2	3	4

New Recruitments	2021 New Hires	Male		Female		Total		
		Number	Ratio (%)	Number	Ratio (%)	Number of Release	Ratio (%)	
2021	Istanbul	50	30	%60	20	%40	50	%100

New Recruitments	Number of Newly Recruited Employees	Male						Female						
		Under 30 years		30-50 years old		Over 50 years old		Under 30 years		30-50 years old		Over 50 years old		
		Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	
2019	Istanbul	155	20	%13	60	%39	1	%1	25	%16	47	%30	2	%1
2020	Istanbul	63	17	%27	21	%33	1	2%	10	%16	14	%22	-	%0
2021	Istanbul	50	17	%34	12	%24	1	%2	4	%8	16	%32	-	%0



Social Performance Indicators

Employee Turnover	2019 ⁹		2020		2021	
	Female	Male	Female	Male	Female	Male
Employee Turnover Rate (%)	41.10	60.90	6.97	24.74	3.93	7.14

Total Employee Turnover	Average Number	Male		Female		
		Number of Release	Ratio (%)	Number of Release	Ratio (%)	
2021	İstanbul	280	20	%65	11	%35

Total Employee Turnover	Average Number of Employees	Male						Female						
		Under 30 years		30 - 50 Yaş Arası		Over 50 years		Under 30 years		30 - 50 Yaş Arası		Over 50 years		
		Number of Release	Ratio (%)	Number of Release	Ratio (%)	Number of Release	Ratio (%)	Number of Release	Ratio (%)	Number of Release	Ratio (%)	Number of Release	Ratio (%)	
2019	İstanbul	399	15	4%	73	18%	155	38%	15	4%	61	15%	88	22%
2020	İstanbul	287	5	5%	40	44%	26	29%	2	2%	11	12%	7	8%
2021	İstanbul	280	10	32%	7	23%	3	10%	3	10%	7	23%	1	3%

Promotion	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Number of Promoted Employees	7	18	7	14	29	27
Total	25		21		56	

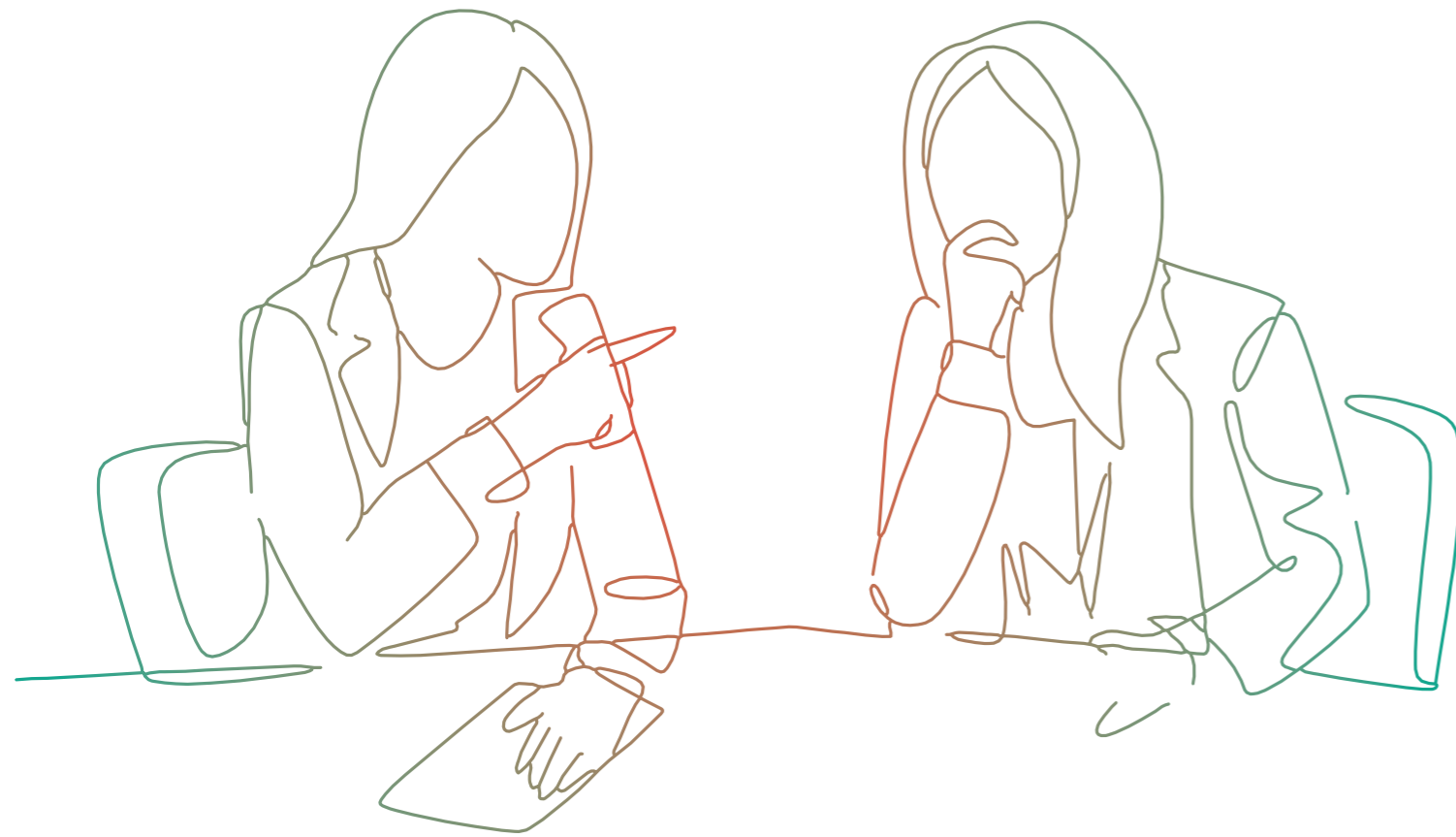
⁹ In June 2019, as a result of the relocation of the Bank's headquarters from Ankara to Istanbul, the employee turnover rate in 2019 and subsequently in 2020 was different from the usual figures.

Social Performance Indicators

Maternity Leave	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Number of Employees Benefiting from Maternity Leave	-	-	-	-	5	7
Number of Employees Returning from Maternity Leave	-	-	-	-	4	7
Number of employees whose maternity leave ended in the previous year but whose right to work continued	-	-	-	-	4	7

Return to Work Rate Among Those Who Take Maternity Leave (%)	Female	Male
2021	100%	80%

Unionization	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Number of Unionized	-	3	-	1	-	-
Number of Employees Covered by Collective Bargaining Agreement	-	-	-	-	-	-





Social Performance Indicators

OHS-Bank Employees	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Number of Incidents	-	-	-	-	-	-
Number of Work-Related Fatalities	-	-	-	-	-	-
Number of Occupational Diseases	-	-	-	-	-	-
Absenteeism due to Incident	-	-	-	-	-	-
Incident Frequency Rate (IR)	-	-	-	-	-	-
Occupational Disease Rate (ODR)	-	-	-	-	-	-
Lost Day Rate (LDR)	-	-	-	-	-	-
Absenteeism Rate (AR)	-	-	-	-	-	-

OHS-Subcontractors	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Number of Incidents	-	-	-	-	-	-
Number of Work-Related Fatalities	-	-	-	-	-	-
Number of Occupational Diseases	-	-	-	-	-	-
Absenteeism	-	-	-	-	-	-
Incident Rate (IR)	-	-	-	-	-	-
Occupational Disease Rate (ODR)	-	-	-	-	-	-
Lost Day Rate (LDR)	-	-	-	-	-	-
Absenteeism Rate (AR)	-	-	-	-	-	-



Number of Complaints Submitted by Customers	2020	2021
Complaints about service satisfaction		
Total Complaints	11	5
Resolved Complaint	11	5
Complaints related to communication/information		
Total Complaints	11	-
Resolved Complaint	11	-

Number of Complaints Submitted by Other External Stakeholders	2020	2021
Complaints about service satisfaction		
Total Complaints	27	37
Resolved Complaint	27	37
Complaints related to communication/information		
Total Complaints	2	5
Resolved Complaint	2	5

Social Performance Indicators

Employee Trainings	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Total Hours of Training	2,630	4,223	3,977	5,301	4,472	6,327
Total Training Hours per Employee	18.29	29.36	13.57	18.09	38	39
Training on Combating Corruption and Bribery						
Total Hours of Training	96	125	122	169	133	183
Total Training Hours per Employee	0.9	0.69	1.17	1.16	1.14	1.12
Training on the Field of Ethics						
Total Hours of Training	94	126	119	168	134	185
Total Training Hours per Employee	0.88	0.7	1.14	1.15	1.15	1.13
Training on the Field of Sustainability						
Total Hours of Training	296.25	423.5	211	188	253	349
Total Training Hours per Employee	2.79	2.36	2.02	1.28	2.17	2.14
Training on The Field of Occupational Health and Safety						
Total Hours of Training	219	294	340	447	297	409
Total Training Hours per Employee	2.06	1.64	3.26	3.06	2.54	2.51

Average Training Hours by Gender and Employee Category (Hours/Employee)	Whitecollar					
	MALE			FEMALE		
	2019	2020	2021	2019	2020	2021
İstanbul	36.7	37.3	39.4	36.8	37.0	39.6
Ankara	-	-	-	-	-	-
TKYB (Total)	37	37	39	37	37	40

REPORTING GUIDE

INDICATOR	INDICATOR DESCRIPTION
Greenhouse Gas Emission Intensity in the Reporting Period > Emissions by number of employees: (t (CO ₂ e)/average number of employees)	Development and Investment Bank of Türkiye's greenhouse gas emissions include greenhouse gas emission intensity values calculated by dividing Scope 1 (Direct Greenhouse Gas Emissions) and Scope 2 (Indirect Greenhouse Gas Emissions) by the average number of employees. Scope 1 and Scope 2 greenhouse gas emissions arising from the Bank's operations are calculated and verified by the Türkiye Standards Institute and in accordance with TS EN ISO 14064 Greenhouse Gas Calculation and Verification Management System Standards. The average number of employees is calculated by dividing the total number of Bank employees reported at the end of each month by 12.
Total Annual Electricity Consumption (GJ)	Indicates the total amount of electrical energy consumed in the Head Office Building where Development and Investment Bank of Türkiye operates. During the reporting period, Istanbul Head Office Building was included in the total annual electricity consumption calculations. Electricity consumption is calculated in kWh units by the electricity supplier operating under free market conditions and then converted to GJ. In this conversion, a conversion factor of 1 kWh = 0.0036 GJ was used.
Total Annual Paper Consumption (kg)	Indicates the total amount of paper consumed in the operations of Development and Investment Bank of Türkiye (Head Office). Reporting limits include consumables (A4 paper, other paper, printing).
Total Amount of Waste Sent for Recycling (kg)	Indicates the total amount of recyclable wastes such as paper, cardboard, glass, metal, plastic, etc. generated by the operations of Development and Investment Bank of Türkiye. The total amount of waste sent for recycling is calculated in kg based on the amount of waste delivered to licensed recycling companies for recycling.
Installed capacity of renewable energy projects financed during the reporting period (MW) and amount of loans provided to these projects (TRY)	The scope of renewable energy projects financed during the reporting period is as follows: Hydroelectric Power Plant (HEPP) Wind Power Plant (WPP) Biomass Power Plant (BES) Solar Power Plant (SPP) Geothermal Power Plant (GPP) The amount of financing provided to renewable energy projects is determined by taking the total amount of cash loans extended by the Bank. In consortium structures, bank shares are not taken into account when calculating the installed capacity and the total installed capacity of the power plant(s) is reported.

INDICATOR	INDICATOR DESCRIPTION
Total Annual Emissions Avoided by Financed Renewable Energy Projects (t (CO ₂ e))	Indicates the emissions avoided as a result of electricity generation in line with the operating capacity of renewable energy power plants. In the calculations, the projects that were in operation during the reporting period and in which the Bank participated in financing were taken into consideration. As Emission Factor, the data in Türkiye's National Electricity Grid Emission Factor Information Form published by the Ministry of Energy and Natural Resources in 2021 is taken into consideration.
Total Number of Employees	Total number of employees includes all employees of the Bank as of December 31, 2021. Internship and subcontracted employees are not included in the reporting scope. Employees who were assigned to the Bank's subsidiaries and returned to the Bank as of December 31, 2021 are included in the total number of employees. The average number of employees in 2021 is 280.
Female Employee Ratios > Senior and mid-level managers (%) > Total female employees (%)	As of December 31, 2021, it indicates the ratio of female employees with senior and middle management titles (Board of Directors, CEO, Executive Vice President, Director and Manager) and the total ratio of female employees in the Bank.

National and International Memberships



Operating Principles for Impact Management (OPIM)

Operating Principles for Impact Management (OPIM)

In 2021, Development and Investment Bank of Türkiye became the first and only institution in Türkiye to sign the Impact Management Code of Conduct led by the International Finance Corporation (IFC).



United Nations Global Compact

United Nations Global Compact (UN Global Compact)

Development and Investment Bank of Türkiye is a signatory to the UN Global Compact (UN GLOBAL COMPACT). In 2020, it became a signatory to the Global Compact Türkiye Sustainable Finance Statement and signed the renewed Business World Leaders Statement for Global Cooperation.



PRINCIPLES FOR RESPONSIBLE BANKING

United Nations Environment Program Finance Initiative Principles for Responsible Banking (UNEP FI PRB)

In 2019, Development and Investment Bank of Türkiye became a founding signatory of the "Principles for Responsible Banking" established by the United Nations Environment Program-Finance Initiative (UNEP FI). In 2021, the Bank continues its efforts to fulfill the requirements of the principles at the national and global level through national and international collaborations and sustainability efforts. The Bank also takes part in UNEP FI Working Groups.



Global Impact Investing Network (GIIN)

Development and Investment Bank of Türkiye is member of the Global Impact Investing Network (GIIN), a leading organization working to promote impact investing. As a member of GIIN, the Bank aims to provide financial, social and environmental gains to companies, organizations and funds through impact investing



Business Council and Sustainable Development (BCSD Türkiye)

Development and Investment Bank of Türkiye is a member of the Business Council and Sustainable Development (BCSD Türkiye), which is the regional network and business partner of the World Business Council for Sustainable Development (WBCSD) in Türkiye.



CDP Climate Change Program

Development and Investment Bank of Türkiye has been reporting to the Climate Change Program of CDP, the world's largest environmental reporting platform, since 2016.



Institute of International Finance (IIF)

Development and Investment Bank of Türkiye is a member of IIF.



European Investment Fund (EIF-NPI)

Development and Investment Bank of Türkiye is the first and only Türk Bank to be an affiliated member of EIF-NPI (European Investment Fund National Promotional Institutions).



Association of Development Finance Institutions in Islamic Development Bank Member Countries (ADFIMI)

Development and Investment Bank of Türkiye is a member of ADFIMI.



Integrated Reporting Türkiye

Development and Investment Bank of Türkiye became a member of ERTA in 2021 with its transition to integrated reporting.

Independent Assurance Report



KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Limited Assurance Report

To the Board of Directors of Türkiye Kalkınma ve Yatırım Bankası A.Ş.

We were engaged by Türkiye Kalkınma ve Yatırım Bankası. (hereinafter "Bank" or "TKYB"), to provide independent limited assurance on the "Selected Information" contained in the Integrated Annual Report of TKYB (hereinafter "the Report") for the year ended 31 December 2021.

The scope of our assurance is limited to the Selected Information listed for TKYB below:

- Greenhouse gas emission intensity
- Greenhouse gas emission intensity trend (3 years)
- Electricity consumption
- Natural gas consumption
- Water Consumption
- Paper consumption
- The amount of waste (sorted for recycling)
- Installed capacity of renewable energy projects financed in 2021
- TKYB's share in Turkey's renewable energy capacity by the end of 2021 (%)
- Ratio of SDG related loans to total portfolio as of the end of 2021 (%)
- SKA-related loan amount disbursed in 2021
- Percentage (%) of climate and environment related SDG related loan portfolio to total portfolio in 2021.
- Number of projects with environmental and social risk assessment in 2021
- Notes of projects for which environmental and social risk assessments were made in 2021
- Sustainability governance
- Amount of financing provided to renewable energy in 2021
- Annual tCO2 emissions prevented by renewable energy projects financed in 2021
- Number of employees
- Female employee ratios (total, upper and mid-level)
- Training time per employee (Total training hours per employee / Average number of employees)
- Rate of Employees Returning to Work After Maternity Leave
- Number of Employees on Maternity Leave

KPMG, a member firm of the KPMG network, is a limited liability company in Turkey. KPMG is not a member firm of the KPMG network in Turkey. KPMG is not a member firm of the KPMG network in Turkey.



- Number of Employees Taking Paternity Leave
- Employee turnover rate (%)
- Water density (m3/worker)
- Electricity density (kWh/m2)
- Natural gas density (m3/m2)
- Scope 1,2,3 emission amount
- Number of work accidents

Management's responsibilities

Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the TKYB's Reporting Guidance as described in the Report, and the information and assertions contained within it; for determining the TKYB's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that TKYB complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibilities

Our responsibility is to carry out an independent limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

We apply the International Standard on Quality Control 1 (ISQC1) and, in conformity with this Standard, maintain a comprehensive system of quality control including documented policies and procedures regarding the compliance with ethical principles, professional standards and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.



Procedures performed

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information,
- Using the Reporting Guidance of the Report to measure and evaluate the Selected Information,
- Evaluating the design and implementation of key processes and controls over the Selected Information,
- Re-performing, on a sample basis, the calculations used to prepare the Selected Information for the reporting period,
- Evaluating the disclosure and presentation of the Selected Information in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of TKYB,
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information,
- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of TKYB.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less wide than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.



Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in the Report of TKYB for the year ended 31 December 2021 is not presented, in all material respects, in accordance with the TKYB's internally developed reporting criteria as explained in the Reporting Guidance.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for TKYB in connect with reporting to TKYB and for no other purpose or in any other context.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than TKYB, for any purpose or in any other context. Any party other than TKYB who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than TKYB for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Şirin Soysal,
Partner
İstanbul, 7 July 2022

UNGC Communication on Progress

SUBJECT	PRINCIPLES	RELEVANT SECTION OF THE REPORT	PAGE NUMBER
Human Rights	Principle 1: Businesses should uphold and respect proclaimed human rights	Human Capital	129-137
	Principle 2: Businesses should not be complicit in human rights violations	Human Capital	129-137
	Principle 3: Businesses should support workers' freedom of association and collective bargaining	Human Capital Social Performance Indicators	129-137 169-180
	Principle 4: Forced and compulsory labor must be ended	Human Capital GRI (Global Reporting Initiative) Content Index	129-137 191-200
Working Standards	Principle 5: All forms of child labor must be abolished	GRI (Global Reporting Initiative) Content Index	191-200
	Principle 6: Discrimination in recruitment and placement must be ended	Human Capital	129-137
Environment	Principle 7: Businesses should support precautionary approaches to environmental challenges	Natural Capital	138-146
	Principle 8: Businesses should support all activities and organizations that promote environmental responsibility	Natural Capital	138-146
	Principle 9: Businesses should support the development and diffusion of environmentally friendly technologies	Natural Capital Technology and Innovation Fund	138-146 153-156
Anti-Corruption	Principle 10: Businesses should fight corruption in all its forms, including bribery and extortion	Ethics Management Human Resources Approach and Equal Opportunity	59-60 130-133

GRI Content Index



We developed the content of the report in accordance with the requirements of the GRI Standards Core option. We received confirmation from GRI's "Materiality Disclosures Service" that GRI Standards 102-40 to 102-49 general disclosures are correctly included in the report. The service was provided through the Türk version of the report.

GRI STANDARD	NOTIFICATIONS	RELATED TITLE OR THE ANSWERS	PAGE/ URL	
GRI 101: Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016	Corporate Profile			
	102-1	About the Report	10	
	102-2	About Development and Investment Bank of Türkiye	20	
	102-3	About Development and Investment Bank of Türkiye	20	
	102-4	About Development and Investment Bank of Türkiye	20	
	102-5	About Development and Investment Bank of Türkiye	19	
	102-6	Activities of Development and Investment Bank of Türkiye Development and Investment Bank of Türkiye Strategy	27-34 103,104	
	102-7	Social Performance Indicators	170	
	102-8	Social Performance Indicators	170	
	102-9	Supplier Selection	163,164	
	102-10	There has been no significant change in the Bank's organizational structure or suppliers during the reporting period.		
	102-11	Risk Management	53-56	
	102-12	Sustainability Management Materiality Analysis and Stakeholder Engagement National and International Memberships	41-44 111,112 184	
	102-13	National and International Memberships	183, 184	
	Strategy			
	102-14	Message from the Chairperson of the Board of Directors	11-12	
	102-15	Materiality Analysis and Stakeholder Engagement	111,112	
Ethics and Integrity				
102-16	Our Values	22		
102-17	Ethics Management and Working Principles	45,46		

GRI STANDARD	NOTIFICATIONS	RELATED TITLE OR THE ANSWERS	PAGE/ URL
General Disclosures			
GRI 102: General Disclosures 2016	Governance		
	102-18	Sustainability Management Sustainability Committee	41-44
	102-19	Management Approach Sustainability Management	37-40 41-44
	102-20	Management Approach Sustainability Management	37-40 41-44
	102-21	Materiality Analysis and Stakeholder Engagement	111,112
	102-22	Management Approach	37-40
	102-23	Corporate Structure	63,64
	102-26	Sustainability Management	41-44
	102-27	Sustainability Management	41-44
	102-29	Sustainability Management Risk Management	41-44 57
	102-30	Risk Management	57
	102-31	Risk Management	57
	102-32	Message from the Chairperson of the Board of Directors Sustainability Management	10-12 41-44
	102-33	Corporate Governance Principles Compliance Report	61,621
	102-34	Summary Board of Directors Report	77,78
	102-35	Wage Policy	https://kalkinma.com.tr/en/about-us/corporate-governance/corporate-policies
	102-36	Wage Policy	https://kalkinma.com.tr/en/about-us/corporate-governance/corporate-policies
	102-37	Wage Policy	https://kalkinma.com.tr/en/about-us/corporate-governance/corporate-policies
	102-38	Wage Policy	https://kalkinma.com.tr/en/about-us/corporate-governance/corporate-policies
102-39	Wage Policy	https://kalkinma.com.tr/en/about-us/corporate-governance/corporate-policies	

GRI STANDARD	NOTIFICATIONS	RELATED TITLE OR THE ANSWERS	PAGE/ URL
General Disclosures			
GRI 102: General Notifications 2016	Stakeholder Analysis		
	102-40	Materiality and Analysis Stakeholder Engagement	111
	102-41	Social Performance Indicators	175,176
	102-42	Materiality and Analysis Stakeholder Engagement	111
	102-43	Materiality and Analysis Stakeholder Engagement	111
	102-44	Materiality and Analysis Stakeholder Engagement	111,112
	Report Implementation		
	102-45	About the Report About Development and Investment Bank of Türkiye	10 20
	102-46	About the Report	10
	102-47	Materiality Analysis and Stakeholder Engagement	112
	102-48	No restatement has been made during the reporting period.	193
	102-49	Strategic Sustainability Approach	107
	102-50	About the Report	10
	102-51	2020 Sustainability Report (1 January- 31 December 2020)	https://surdurulebilirlik.kalkinma.com.tr/#
	102-52	Annual	10
	102-53	Contact	Back Cover
	102-54	About the Report	10
102-55	GRI Content Index	191-200	
102-56	Independent Assurance Report	185-189	

GRI STANDARD	NOTIFICATIONS	RELATED TITLE OR THE ANSWERS	PAGE/ URL
GRI 200: Economic Standard Series			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Sustainability Management Strategic Sustainability Approach	41-44 105-108
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	41-44 111-114
GRI 201: Economic Performance 2016	201-1	Development and Investment Financial Performance	122
	201-2	Integration of Environmental, Social and Governance Criteria into Banking Operations	57,58
		Climate Change The Role of Development and Investment Bank of Türkiye in the Transition to a Net Zero Economy	92 139
	201-3	Human Resources Approach and Equal Opportunity	130-132
Market Position			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Sustainability Management Strategic Sustainability Approach	41-44 105-108
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	41-44 111-114
GRI 202: Market Presence 2016	202-1	Human Resources Approach and Equal Opportunity	130-134
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Sustainability Management Strategic Sustainability Approach	41-44 105-108
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	41-44 111-114
GRI 203: Indirect Economic Impacts 2016	203-1	Access to Finance in line with Türkiye's Development Priorities	125
	203-2	Value Creation Model Materiality Analysis and Stakeholder Engagement	110 111,112
		Access to Finance in line with Türkiye's Development Priorities	125

GRI STANDARD	NOTIFICATIONS	RELATED TITLE OR THE ANSWERS	PAGE/ URL
GRI 200: Economic Standard Series			
Responsible Sourcing			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Sustainability Management Strategic Sustainability Approach	41-44 105-108
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	41-44 111-114
GRI 204: Procurement Practices 2016	204-1	Intra-Bank Environmental Impact Supplier Selection	142 163,164
Anti-Corruption			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Sustainability Management Strategic Sustainability Approach	41-44 105-108
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	41-44 111-114
GRI 205: Corruption 2016	205-1	Ethics Management Human Resources Approach and Equal Opportunity	59,60 130,131
	205-2	Human Resources Approach and Equal Opportunity	134
Tax			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Sustainability Management Strategic Sustainability Approach	41-44 105-108
	103-3	Sustainability Management Materiality Analysis and Stakeholder engagement	41-44 111-114
GRI 207: Tax 2019	207-2	2021 Annual Report - Explanations on tax applications	FR 165,166
	207-3	2021 Annual Report - Explanations on tax applications	FR 165,166

GRI STANDARD	NOTIFICATIONS	RELATED TITLE OR THE ANSWERS	PAGE/ URL
GRI 300: Environmental Disclosures			
Energy			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Energy and Carbon Emissions Management Strategic Sustainability Approach	144 105-108
	103-3	Energy and Carbon Emissions Management Materiality Analysis and Stakeholder Engagement	144 111-114
GRI 302: Energy 2016	302-1	Energy and Carbon Emissions Management Environmental Performance Indicators	144 167
	302-2	Energy and Carbon Emissions Management Environmental Performance Indicators	144 167
	302-3	Energy and Carbon Emissions Management Environmental Performance Indicators	144 167
	302-4	Energy and Carbon Emissions Management Environmental Performance Indicators	144 167
	302-5	The Role of Development and Investment Bank of Türkiye in the Transition to a Net Zero Economy	139
Water and Effluents			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Water Management Strategic Sustainability Approach	145 105-108
	103-3	Water Management Materiality Analysis and Stakeholder Engagement	145 111-114
GRI 303: Water and Effluents 2018	303-1	Water Management	145
	303-3	Water Management Environmental Performance Indicators	145 168
	303-4	Water Management Environmental Performance Indicators	145 168
	303-5	Water Management Environmental Performance Indicators	145 168

GRI STANDARD	NOTIFICATIONS	RELATED TITLE OR THE ANSWERS	PAGE/ URL
GRI 300: Environmental Disclosures			
Emissions			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Energy and Carbon Emissions Management Strategic Sustainability Approach	144,145 105-108
	103-3	Energy and Carbon Emissions Management Materiality Analysis and Stakeholder Engagement	144,145 111-114
GRI 305: Emissions 2016	305-1	Energy and Carbon Emissions Management Environmental Performance Indicators	144,145 168
	305-2	Energy and Carbon Emissions Management Environmental Performance Indicators	144,145 168
	305-3	Energy and Carbon Emissions Management Environmental Performance Indicators	144,145 168
	305-4	Energy and Carbon Emissions Management Environmental Performance Indicators	144,145 168
	305-5	Energy and Carbon Emissions Management Environmental Performance Indicators	144,145 168
Waste			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Waste Management Strategic Sustainability Approach	146 105-108
	103-3	Waste Management Materiality Analysis and Stakeholder Engagement	146 111-114
GRI 306: Waste 2020	306-1	Waste Management Environmental Performance Indicators	146 168
	306-3	Waste Management Environmental Performance Indicators	146 168
	306-4	Waste Management Environmental Performance Indicators	146 168
	306-5	Waste Management Environmental Performance Indicators	146 168

GRI STANDARD	NOTIFICATIONS	RELATED TITLE OR THE ANSWERS	PAGE/ URL
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Activities Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Sustainability Management Strategic Sustainability Approach	41-44 105-108
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	41-44 111-114
GRI 307: Environmental Compliance 2016	307-1	Environmental Impact of Internal Bank During the reporting period, no fines were imposed for non-compliance with environmental laws and regulations.	198
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1	Activities of Development and Investment Bank of Türkiye Materiality Analysis and Stakeholder Engagement	27-34 111-114
	103-2	Sustainability Management Strategic Sustainability Approach	41-44 105-108
	103-3	Sustainability Management Materiality Analysis and Stakeholder Engagement	41-44 111-114
GRI 308: Supplier Environmental Assessment 2016	308-1	Supplier Selection	163,164
	308-2	Supplier Selection	163,164
GRI 400: Social Disclosures			
Employment			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	111-114 130-132
	103-2	Human Capital	129
	103-3	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	111-114 130-132
GRI 401: Employment 2016	401-1	Social Performance Indicators	169,170
	401-3	Social Performance Indicators	175,176

GRI STANDARD	NOTIFICATIONS	RELATED TITLE OR THE ANSWERS	PAGE/ URL
GRI 400: Social Disclosures			
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Safe and Healthy Work Environment	111-114 135-137
	103-2	Materiality Analysis and Stakeholder Engagement Safe and Healthy Work Environment	111-114 135-137
	103-3	Safe and Healthy Work Environment	135-137
GRI 403: Occupational Health and Safety 2018	403-1	Safe and Healthy Work Environment	135-137
	403-2	Social Performance Indicators	177,178
	403-3	Safe and Healthy Work Environment	135-137
	403-4	Safe and Healthy Work Environment	135-137
	403-5	Social Performance Indicators	179,180
	403-6	Safe and Healthy Work Environment	135
	403-7	Safe and Healthy Work Environment	135-137
Training and Education			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Safe and Healthy Work Environment	111-114 137
	103-2	Materiality Analysis and Stakeholder Engagement Safe and Healthy Work Environment	111-114 137
	103-3	Materiality Analysis and Stakeholder Engagement Safe and Healthy Work Environment	111-114 137
GRI 404: Training and Education	404-1	Human Capital Social Performance Indicators	129,130 179,180
	404-2	Safe and Healthy Work Environment	137

GRI STANDARD	NOTIFICATIONS	RELATED TITLE OR THE ANSWERS	PAGE/ URL
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	111-114 130-133
	103-2	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	111-114 130-133
	103-3	Materiality Analysis and Stakeholder Engagement Human Resources Approach and Equal Opportunity	111-114 130-133
GRI 405: Diversity and Equal Opportunity 2016	405-1	Human Resources Approach and Equal Opportunity	130-133
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1	Materiality Analysis and Stakeholder Engagement Intra-Bank Environmental Impact	111-114 142,143
	103-2	Sustainability Management	41-44
	103-3	Supplier Selection	130-133
GRI 414: Supplier Social Assessment 2016	414-1	Supplier Selection	163,164
	414-2	Supplier Selection	163,164

UNEP-FI Principles of Responsible Banking Reporting Index

Principle 1: Harmony

As expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks, we will align our business strategy in a way that aligns with and contributes to the needs of individuals and the goals of society.

Reporting and Self-Assessment Requirements	Comprehensive Summary of the Bank's Response	References/Bank's Full Answer or Links to Related Information
<p>1.1 Define (in depth) the Bank's business model, including key customer segments, types of products and services, key sectors, types of operations, and technologies financed in the geographies in which the Bank operates</p>	<p>Focusing on financing sustainable development in line with the United Nations Sustainable Development Goals and our country's 2053 net-zero emission target, the Bank supports investors with its strong resource structure, competent human resources and innovative products and services. The main goal of Development and Investment Bank of Türkiye is to strengthen the sectors that will contribute to the development of the country, decrease the imports and increase the exports of the country, within the framework of Türkiye's 11th Development Plan. The Bank works to contribute to Türkiye's structural transformation and to the spread of capital through the loans, capital support, partnership and consultancy services it offers to companies that will add value to the country's economy.</p> <p>The main function of the Bank, which has an important place in the business world and the banking sector with its prestigious position at national and international scale and the opportunities it provides, is the financing of sustainable development. The Bank plays a leading role in helping companies reach domestic and international funding sources through merger and acquisition activities, capital market products and financial advisory services.</p> <p>Development and Investment Bank of Türkiye, through its technical consultancy services, which is another deep-rooted area of expertise, goes beyond being a traditional lender and shares its technical knowledge and experience with its business partners during the investment period.</p> <p>In addition, it continues its efforts to align banking operations with sustainability by using investment banking products and capital market instruments in the service of sustainable development.</p> <p>Activities and services provided by Development and Investment Bank of Türkiye; Project Finance and Corporate Loans are grouped under three main headings as Investment Banking and Development Fund of Türkiye.</p> <p>Development and Investment Bank of Türkiye, with its support to industrial and tourism investments and SMEs through collective banking (APEX), to economic development; to social development with its support to education and health investments; it contributes to environmentally friendly development with its support for renewable energy investments and projects that increase energy/resource efficiency.</p>	<p>2021 Integrated Report:</p> <p>Corporate Governance</p> <p>47 Years of Experience and Contribution to Sustainable</p> <p>Development and Investment Bank of Türkiye Activities</p>

<p>1.2 The Bank's strategy, Explain how and/or plans are made to align with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>With the understanding of "The Bank Committed to Development", Development and Investment Bank of Türkiye supports the development of Türkiye with its Sustainable Development Goals (SDGs), Paris Climate Agreement, Türkiye's development plans (11th Development Plan), economic programs and development moves.</p> <p>In order to realize the Sustainable Development Goals with the Bank's renewed strategies and specific strategic goals for development banking, such as transition to a net-zero economy, combating climate change and its effects, resource efficiency, smart and sustainable cities, gender equality and contribution to employment projects for these purposes are supported by the Bank. In this context, the Bank aimed to both support sustainable development and maintain its responsible banking approach within the scope of its sustainability roles. The Bank is a member of various international organizations and networks within the scope of protecting the environment and combating climate change and its effects, which are indispensable elements of sustainable development.</p> <p>In addition to all these, the Bank, as an inclusive and strategic financing provider, supports SMEs with APEX banking and provides financing in line with Türkiye's development priorities, providing financing to projects related to regional development, technological developments, and combating climate change and its effects. Thus, in the main focus, SD 7, SD 8 and SD 17; directly contributes to SDG 9 and SDG 13; and indirectly, contributes to SDG 1, SDG 2, SDG 3, SDG 4, SDG 5, SDG 10, SDG 11, SDG 12, SDG 14 and SDG 15.</p>	<p>Corporate Governance</p> <p>Materiality Analysis and Stakeholder Engagement</p> <p>Strategic Sustainability Approach</p>
--	---	---

Principle 2: Impact and Goal Setting

We will reduce the negative impacts of our activities, products and services on people and the environment, and continuously increase our positive impact while managing risks. To this end, we will set and publish targets in areas where we can make the most impact.

Reporting and Self-Assessment Requirements	Comprehensive Summary of the Bank's Response	References/Bank's Full Answer or Links to Related Information			
<p>2.1 Impact Analysis: Show that the Bank has identified the positive and negative areas of greatest impact through an impact analysis that meets the following:</p> <p>a) Scope: Described in 1.1, The main business areas, products / services in the geographies where the Bank operates are discussed within the scope of the analysis.</p> <p>b) Disclosure Scale: While determining the areas where it has the greatest impact, the Bank has taken into account its main activities / core activities, the industries, technologies and geographies to which it is related.</p> <p>c) Context and Relevance: The Bank has taken into account the challenges and priorities most relevant to sustainable development in the countries/ regions in which it operates.</p> <p>d) Scale and Intensity/ Significance of Impact: While determining the most important impact areas, the Bank has taken into account the scale and intensity / importance of the (potential) social, economic and environmental impacts arising from the bank's activities and the supply of products and services. (The Bank should have communicated with relevant stakeholders to help inform its analysis under elements c) and d).</p> <p>Based on this analysis, the Bank's</p> <ul style="list-style-type: none"> • Identifies and explains the areas with the most significant (potential) positive and negative impact. • Demonstrate identifying strategic business opportunities related to enhancing positive impacts/reducing negative impacts 	<p>Development and Investment Bank of Türkiye regularly communicates with all stakeholder groups through various channels and creates value by taking into account the priorities, needs and expectations of different stakeholder groups.</p> <p>Being aware of the importance of measuring the impact of the loans extended in addition to the impacts arising from its own operations, the Bank has carried out a prioritization analysis. Priority issues such as the Bank's strategy, opinions of internal stakeholders, views of prioritized external stakeholders and external environment analysis provide input to the prioritization analysis. The prioritization matrix included in the integrated report has been revised and updated according to current national and international developments, current publications, global trends, risks and opportunities.</p> <p>As a result of the studies carried out, the Bank's activities, performance and targets are evaluated within the scope of 6 very high priority, 3 high priority and 3 priority issues under two main Strategic Focus Areas (Role in Support of Sustainable Development and Responsible Banking Approach) determined on behalf of the Bank, and assessing the impact created in this context.</p> <p>With the APEX method, which started to be implemented in 2008, 11 loan programs have been implemented with loan agreements made with many international development finance institutions such as the European Investment Bank (EIB), the World Bank, the French Development Agency and the Council of Europe Development Bank, US\$ billion was provided, 2,800 SMEs were financed through 14 financial institutions, and 7,500 additional jobs were created.</p> <p>The Bank considers the value and impact it has created within the scope of the Projects Supporting Positive Environmental and Social Impact Investments, which are among the very high priority issues according to the studies carried out in the materiality matrix, to be very important. As of the end of 2021, the Bank supported the realization of 3,836 MW of installed power by financing 291 renewable energy projects in total.</p> <p>In 2021, a total of USD 177 million loan was extended within the scope of renewable energy, energy efficiency, clean energy and energy infrastructure.</p> <p>As of the end of 2021, approximately 81 percent of our portfolio consists of sustainability-thematic loans, primarily renewable energy loans.</p> <p>Development and Investment Bank of Türkiye is working on the "Management of Internal Effects of the Banking Sector" determined in Principle 2 of the "Sustainability Guidelines for the Banking Sector" prepared by the Banks Association of Türkiye. In line with the requirements specified in the guide, the Bank makes measurements regarding the components that have an ecological footprint, particularly the energy consumption, carbon emission and water consumption arising from the operations, and reports regularly.</p> <p>The Bank monitors legal obligations within the scope of Occupational Health and Safety regulations, organizes employee trainings, and audits all processes such as corrective and preventive actions and checks their compliance. In addition to routine OHS measures and activities, it also takes the necessary steps in extraordinary conditions such as the Covid-19 pandemic, which affected the whole world in 2020 and became a primary health problem.</p> <p>The Bank reflects the United Nations Global Compact Communication on Progress, of which it is a signatory, and fulfills the requirements of the United Nations Environment Program Finance Initiative (UNEP-FI) Responsible Banking Principles, of which it is a founding signatory in 2019. Within the scope of UNEP-FI Responsible Banking Principles, our Bank outlines and details the positive and negative impact created by the Bank.</p>	<p>Materiality Analysis and Stakeholder Engagement</p> <p>Sustainability Management – Published Policy Documents</p> <p>SME Finance, Wholesale Banking (APEX Banking) and Impact</p> <p>Natural Capital</p> <p>Internal Bank Environmental Impact</p> <p>Safe and Healthy</p>	<p>2.2 Goal Setting: That the Bank has determined and published at least two Specific, Measurable (can be qualitative or quantitative), Applicable, Relevant and Time-Limited (SMART) targets addressing at least two of the "areas in which it has the most significant impact" due to its activities, products and services. show. Demonstrate that these goals are linked to and contribute to the appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should set a benchmark (evaluated against a specific year) and set targets on that basis. The Bank analyzes and is aware of the significant (potential) negative impacts of the targets set on other dimensions of SDG / climate change / society targets; Demonstrate that the objectives put forward relevant activities to reduce them as much as possible to maximize the net positive impact.</p>	<p>Development and Investment Bank of Türkiye attaches importance to inclusiveness in its global, sectoral and national activities within the scope of its supporting role in sustainable development; it offers suitable financing opportunities to companies and institutions operating in sectors with strategic priority and innovative projects; supports the financing of the fight against climate change.</p> <p>While the Bank supports the sustainable development of Türkiye with its financing and consultancy services; In line with its responsible banking approach, it also considers sustainability as a corporate responsibility and target. With this understanding, the Bank has integrated its sustainability strategy into all banking operations.</p> <p>Within the scope of the targets set by the bank;</p> <ul style="list-style-type: none"> - Increasing the amount of greenhouse gas emissions prevented by 2025 above 5 million tons of carbon dioxide - By the end of 2021, reducing Scope 1 emissions by 10% in 2025 and 40% in 2040 compared to 2020, - With international financial institutions with the aim of using them in priority sectors making long-term loan agreements - Supporting industrial establishments and SMEs in sectors with priority in development through the Technology and Innovation Fund, Regional Development Fund, TKYB Capital Fund, Development Participation GDP and Innovative and Advanced Technologies Participation GDP under the roof of TKF and increasing employment - The Bank provides financing to investors in projects (hydroelectric, solar, wind, biomass and geothermal power plants, etc.) aimed at the effective and correct use of renewable energy resources and bringing domestic energy resources into the economy, thereby increasing Türkiye's energy supply, Reducing the use of fossil fuels and reducing dependence on foreign energy - Continuing to take measures against increasing cyber threats with digitalization, ensuring the continuation of data security and cyber security investments, and continuing to work towards ISO 27001 certification in terms of compliance with international standards in the field of information security - Social problems solution and obtaining and using thematic funds in line with regional needs - Increasing Türkiye's production potential and the effects of the Covid-19 outbreak on economic activity and taking steps towards projects that will contribute to the development of the country with Investment Banking services - Establishing standard criteria for internal promotions and transitions between positions and posting them in the Bank's internal communication channels - Repetition of employee satisfaction surveys at regular intervals - Prevention of occupational risks in the field of OHS, risk and accident elimination of the factors and informing the employees - Ensuring the compliance of the subcontractor companies with the OHS rules. 	<p>Strategic Sustainability Approach</p> <p>Natural Capital</p> <p>Financial Capital</p> <p>Intellectual Capital</p> <p>Social Capital</p> <p>Human Capital</p> <p>Digitalization and Innovation</p> <p>Development Investment Bank of Türkiye Activities</p>
<p>We determined our focus topics by performing a prioritization analysis. We have started our work on impact analysis and will continue to improve it. In this context, we fulfill the requirements of Impact Analysis with our work.</p>			<p>The targets set in the Bank's focus areas are shared through the Integrated Report and the target setting requirements are fulfilled.</p>		

<p>2.3 Plans for Implementation and Monitoring of Targets: Achieving the Bank's determined targets</p> <p>Show the activities and milestones it has set for Demonstrate that the Bank has established methods to measure and monitor set goals. Definitions of Key Performance Indicators, any changes to these definitions, and any new adjustments to the target base year should be transparent.</p>	<p>The Bank sets targets within the scope of the material issues it has determined every year, and monitors and manages its performance in these areas with the key performance indicators it has determined. In this context, the Bank conducts situation and impact observations and assessments with the performance indicators listed below:</p> <ul style="list-style-type: none"> · Financing Provided by APEX Loans · Number of Firms Benefiting from the AKKB-SME Loan Program · Financing Provided to the Energy Sector · Number of Renewable Energy/Energy Efficiency Projects Funded · Renewable Funded Amount of Energy Produced by Energy/ Energy Efficiency Project · Amount of Resources Provided from International Finance Institutions (according to their themes and institutions) · Utilization of Resources from International Financial Institutions <p>With the awareness of being the founding signatory of the UNEP-FI Principles of Responsible Banking, our bank has taken the first steps to analyze the (negative and positive) impact of banking activities. The Bank has calculated a part of the impact it has created with its portfolio, in addition, it aims to use the "Portfolio Impact Analysis Tool for Banks" published by UNEP-FI, which provides a holistic impact analysis in banking, to calculate the positive and negative impact.</p> <p>Developed jointly by the Principles of Responsible Banking and the Positive Impact Initiative with UNEP-FI Member Banks, the Bank aims to analyze the impacts associated with its corporate banking portfolio. With this tool, it is aimed to determine the most important areas of influence according to the structure, content and geographical scope of the Bank's portfolio and to evaluate the current performance level in terms of these areas of influence. With this assessment, the Bank's ultimate goal is to set targets that will increase our positive impact and reduce the negative impact where it matters most.</p>	<p>Sustainability Management</p> <p>Strategic Sustainability Approach</p>
---	---	---

The targets set in the Bank's focus areas are shared through the Integrated Report and the target setting requirements are fulfilled.

<p>2.4 Progress in Implementing Goals</p> <p>For each target, show the activities implemented by the Bank to achieve the determined target.</p> <p>Or explain why the planned activities were not carried out/ needed to be changed and how the Bank adapted its plan to achieve the set objectives.</p> <p>Report the Bank's progress in the past 12 months (within 18 months from the first report after signing) and the impact of the progress towards achieving each of the set goals. (When applicable, banks should include quantitative disclosures.)</p>	<p>In line with its stated performance indicators and targets, the Bank took steps in many areas in 2021.</p> <ul style="list-style-type: none"> - A loan agreement of USD 200 million with the Asian Infrastructure Bank (AIIB) for the financing of Renewable Energy and Energy Efficiency projects was signed on 10 December 2019, and a resource inflow of USD 150 million was provided in 2021. - Sectors of strategic importance for the sustainable growth of our country were supported by putting the technology and Innovation Fund, Innovative and Advanced Technologies Participation GDP and the Regional Development Fund online application and evaluation application and infrastructure into operation, which are sub-funds under the Türkiye Development Fund. - Since 2008, when the APEX loan application was put into use, 11 loan programs were implemented, 2,800 SMEs were financed and 7,500 provide employment. - It has been decided by the COMCEC Coordination Office to support 20 projects to be carried out by 12 Islamic Cooperation Organization (OIC) member countries in 2021 (8th Call Period). - The Bank is the first and only bank in Türkiye to implement the World Bank "Risk Sharing Mechanism" (RPM) grant program for geothermal exploration projects, and transferring the knowledge gained within the scope of this project to 9 target countries For this purpose, it was included in the GEORISK Project, which was coordinated by TUBITAK in Türkiye and developed within the scope of the EU-Horizon 2020 Research and Innovation Program. - In September 2021, the Capacity Building Report under the responsibility of the Bank was prepared. The Capacity Building Report, prepared within the scope of the Georisk Project, summarizes the development of the geothermal sector and the legal process that laid the groundwork for the geothermal resource development in the target countries, both in Europe and outside of Europe. 	<p>Development and Investment Bank of Türkiye at a Glance Strategic Perspective</p>
---	--	---

With the report, the Bank's performance in 2021 is shared with all stakeholders, and the requirements for progress in setting goals are met.

Principle 3: Customers

We will work responsibly with our customers to promote sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Reporting and Self-Assessment Requirements	Comprehensive Summary of the Bank's Response	References/Bank's Full Answer or Links to Related Information
<p>3.1 Introduce the policies and practices that the Bank currently implements or plans to implement in order to develop responsible relations with its customers.</p> <p>It should contain comprehensive information on implemented (planned) programs and activities, their scale and, where possible, their results.</p>	<p>The Bank aims to maintain its environmentally conscious approach and to select and guide its customers in this way. In line with this, the Bank, which performs environmental and social risk assessments as part of routine decision-making processes in all loan applications, analyzes the risks of both its customers and projects separately. The Bank has a suggestion and complaint hotline, a whistleblowing hotline and an ethics hotline to ensure that the unethical practices faced by its customers are communicated directly to those concerned. Suggestions and complaints that can be sent anonymously by the customers to the Bank are returned within the legal period or, if the legal period is not specified, within 30 days at the latest.</p> <p>Development and Investment Bank of Türkiye attaches utmost importance to customer information security in accordance with the Banking Ethics Principles published by the Banks Association of Türkiye and responsible banking principles. Under the leadership of the Information Security Committee, the Bank has and carries out instant restrictive, monitoring and preventive activities; As part of the digital transformation process, it increases customer information security with new technologies integrated into its IT infrastructure.</p>	<p>Sustainability Management Ethics Management Information</p> <p>Security and Digital Transformation</p>
<p>3.2 Explain how the Bank works with and/or plans to work with its clients to promote sustainable practices and enable sustainable economic activities.</p> <p>This description should include information on planned/implemented activities, products and services developed and, where possible, impacts achieved.</p>	<p>The Bank adopts its "Role to Support Sustainable Development" as a strategic focus area. In 2020, the "Combating and Adaptation Policy against Climate Change" was published. Pursuant to the policy, the Bank aims to produce an indirect impact by playing a supportive and transformative role rather than producing a direct impact on the fight against climate change, the transition to a net zero economy and energy efficiency. In light of this goal, the Bank has identified increasing Türkiye's clean energy potential and providing resources for renewable energy projects as strategic priority areas.</p> <p>Development Investment Bank's activities contribute to environmentally friendly development with its support for projects that increase energy/resource efficiency. The Bank responds to the financing needs of investors in projects (hydroelectric, solar, wind, biomass and geothermal power plants, etc.) aimed at the effective and correct use of renewable energy resources and bringing domestic energy resources into the economy. Our bank makes loan agreements with international financial institutions in order to finance energy and resource efficiency projects. In 2021, a total of 177 million USD loans were disbursed within the scope of renewable energy, energy efficiency, clean energy and energy infrastructure. In addition: As of the end of 2021, financing provided to renewable energy and energy efficiency projects constitutes 53% of the loan portfolio.</p>	<p>Prioritization Analysis and Stakeholder</p> <p>Engagement Development and Investment Bank of Türkiye's</p> <p>Role in Transition to Net Zero Economy Development and Investment Bank of Türkiye Bank Activities</p>

Principle 4: Stakeholders

We will proactively and responsibly consult, interact and partner with relevant stakeholders to achieve the goals of society.

Reporting and Self-Assessment Requirements	Comprehensive Summary of the Bank's Response	References/Bank's Full Answer or Links to Related Information
<p>4.1 Explain which stakeholders (or groups / types of stakeholders) the Bank consults, interacts with, collaborates with or partner with to implement these Principles and improve their impact. This disclosure should include a comprehensive explanation of how the Bank has identified relevant stakeholders and what issues have been addressed/what outputs have been achieved.</p>	<p>Within the scope of its sustainability strategy, Development and Investment Bank takes steps to obtain the opinions of stakeholders on material issues and to meet their expectations. The Bank regularly contacts all stakeholder groups through various channels and creates value by taking into account the priorities, needs and expectations of different stakeholder groups.</p> <p>The Bank has formed its Materiality Analysis and Stakeholder Engagement strategy, which it developed in 2021, in accordance with four material issues: Bank's strategy, Views of Internal Stakeholders, Views of Material External Stakeholders and External Environment Analysis. In this process, the Bank first determined the priority issues in line with its strategy; Internal and external Materiality Analysis and Stakeholder Engagement on these issues Interaction with Stakeholders National and International Memberships, views of stakeholders and their expectations from the Bank; Finally, the evaluations made by examining the reports of national and international institutions were finalized.</p> <p>The Bank has shaped its stakeholder engagement strategy on the basis of 8 stakeholder groups: Employees, International Financial Institutions, Unit Managers, Senior Management, Investors, Customers, Public Institutions and NGOs. The Bank shares in detail the communication channels it has created with stakeholder groups, the expectations of the stakeholders and the actions taken towards these expectations.</p> <p>The Bank is the founder and regular participant of various national networks, primarily sustainable development-oriented initiatives. Networks that the Bank is a member of are shared in detail.</p>	<p>Materiality Analysis and Stakeholder Engagement</p> <p>Stakeholder Engagement</p> <p>National and International Memberships</p>

Principle 5: Governance and Culture

We will demonstrate our commitment to the principles through effective governance and responsible banking culture.

Reporting and Self-Assessment Requirements	Comprehensive Summary of the Bank's Response	References/Bank's Full Answer or Links to Related Information
<p>5.1 Describe the Bank's relevant governance structure, policies and procedures, which already exist or are planned to manage significant positive and (potential) negative impacts and support the effective implementation of the Principles.</p>	<p>Under the leadership of the Sustainability Committee, the Bank continues to work on the development of its sustainability strategy and policies and their integration into all activities. In order to strengthen the sustainability management structure, which deals with economic, social and environmental issues in a holistic manner; It switched to the Integrated Management System in 2021 and abolished the Environment Committee, assigning quality, environment and OHS issues to the responsibility of the entire Bank.</p> <p>In addition to the Environmental and Social Policy published in 2020 and the measures taken to manage the direct environmental and social risks arising from its operational activities, the Bank also evaluates the indirect risks arising within the scope of its loan activities. Carrying out environmental and social risk assessments as part of routine decision-making processes in all loan applications, the Bank analyzes the risks of both its customers and projects separately. This environmental and social Risk Management, which is being done in the process of deciding on the loan disbursement were evaluated and politicized with the "Environmental and Social Risk Assessment Procedure in the Lending Process" published in 2020.</p> <p>In accordance with the Climate Change Combat and Adaptation Policy published in 2020, the Bank monitors the greenhouse gas emissions arising from the bank's operational activities and sets targets for reducing these emissions. The Bank's annual performance in terms of greenhouse gas emissions is reported to the CDP Climate Change Program on a voluntary basis.</p> <p>In order to further improve the inclusiveness of the management system in 2021, Development Investment Bank has started the necessary studies for the transition to an integrated management system, including ISO 9001 Quality Management System, 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management System; It received ISO 9001 and ISO 45001 certificates in 2021. The Bank follows a fair and transparent communication policy in all communication activities in line with its Sustainability Principles.</p>	<p>Sustainability Management</p> <p>Risk Management</p>

<p>5.2 Explain the initiatives and measures that the Bank has already implemented or plans to implement to foster a culture of responsible banking among employees.</p> <p>This disclosure should include, inter alia, a comprehensive explanation of capacity building, compensation structure and performance management and leadership communication.</p>	<p>Development and Investment Bank of Türkiye has established an Ethics Commission in accordance with the “Regulation on Principles of Ethical Behavior for Public Officials and Application Procedures and Principles”. In accordance with the relevant regulation and Development and Investment Bank of Türkiye’s Human Resources Policy, Bank employees are obliged to act in accordance with the “Ethical Principles Agreement” and the “Banking Ethical Principles of the Banks Association of Türkiye”. Development and Investment Bank of Türkiye has Ethical Principles - Compliance - Information Security - Data Security and Confidentiality Disclosure, Commitment. The Bank has also established the “Combating Money Laundering and Financing of Terrorism” and “Conflict of Interest” policies. The Bank has established an Ethics Line so that its personnel can report practices and abuses contrary to the “Principles of Ethical Behavior” to the senior management.</p> <p>The Bank provided its employees with MASAK Training on Ethics and Fight Against Corruption in 2021 on Laundering Proceeds of Crime and Combating the Financing of Terrorism. Employees were provided with 319 hours of training on ethics and 316 hours on corruption and combating Ethics Management Career and Performance Management Contribution to the Development of Employees. Development and Investment Bank of Türkiye carries out its human resources processes with a focus on merit. Managerial, basic and functional competencies for manager and higher titles in line with the Bank’s values; basic and functional competencies are defined for other titles. The performance of the employees is evaluated based on their competencies, targets and their realization. Employee evaluations are carried out by two managers of the employee and open to employee approval in order for the process to be objective. Managers conduct feedback interviews with the employee they are evaluating.</p> <p>Employee wages are determined in accordance with the Performance Management System and within the framework of the Remuneration Policy approved by the Board of Directors. The Remuneration Committee and the Human Resources Unit authorized by the Committee are responsible for the review and duly execution of the remuneration policies. The remuneration policy of the Investment Bank is based on the principles of “equal pay for equal work” and “remuneration according to performance”. The remuneration system of the Bank is based on remuneration according to the task, and personnel doing similar work receive similar wages. Tasks are evaluated within the scope of objective criteria such as the competencies required by that task, the risk it carries, and the number of people managed.</p> <p>Development and Investment Bank of Türkiye organizes trainings in order to further develop the qualified workforce within the Bank and to support the personal development of employees. In 2021, emphasis was placed on online training and virtual classroom training. As of the end of 2021, 22 e-learning trainings were offered to employees via the online training platform. With the perspective of continuous learning and development, various online education platform memberships with high international recognition were obtained according to the needs and demands of the units. During the year, training was organized under 218 different topics. Active participation is ensured every semester in the open classroom trainings offered by the Banks Association of Türkiye three semesters a year. A new graduate assistant specialist training program was organized, and new graduates were brought to our bank with banking and technical trainings and a 1-month training period.</p>	<p>Ethics Management</p> <p>Career and Performance Management</p> <p>Contribution to Employee Development</p>
<p>5.3 Governance Structure for the Application of the Principles Demonstrate that.</p> <p>The Bank has a governance structure for the application of the Principles of Responsible Banking:</p> <p>These activities should also include the following topics:</p> <p>a) Setting goals and carrying out activities to achieve the set goals</p> <p>b) Carrying out corrective actions in case the targets or important steps are not achieved or an unexpected negative impact is detected.</p>	<p>Continuing its activities with its role supporting sustainable development and responsible banking approach, Development and Investment Bank of Türkiye adopts a comprehensive and participatory management approach and works with a focus on creating value for all its stakeholders.</p> <p>Established in 2021, the Sustainability Committee develops the Bank’s sustainability strategy and policies and works to integrate them into all activities.</p> <p>The management of environmental impacts arising from the Bank’s activities is carried out through the Environmental Management System. Switching to the Integrated Management System in 2021, the Bank held all Bank units responsible for its environmental management policy, thereby strengthening its corporate awareness, monitoring and audit capacity.</p> <p>Development and Investment Bank of Türkiye sets internal policies at the level of the Board of Directors in order to develop sound practices in the areas of fairness, transparency, accountability and security, which are the basic principles of corporate governance. The Bank carries out the management of responsible banking principles through the Ethics Committee.</p>	<p>Management Approach</p> <p>Sustainability Management</p> <p>Ethical Management</p>

The Bank fulfills the governance structure requirements for the implementation of the principles, with the existing governance structure and the actions it has taken to strengthen this structure and make it more effective.

Principle 6: Transparency and Accountability

We will periodically review how the principles are applied individually and collectively, and we will be transparent and accountable for our positive and negative impacts and our contribution to society’s goals.

Reporting and Self-Assessment Requirements	Comprehensive Summary of the Bank’s Response	References/Bank’s Full Answer or Links to Related Information
<p>6.1 Progress in Implementation of the Principles of Responsible Banking</p> <p>In addition to setting and implementing targets in at least two areas, show how the Bank has made progress in implementing the six Principles in the last 12 months (up to 18 months at first report after signing). (see 2.1- 2.4).</p> <p>Demonstrate that the Bank takes into account current and emerging international/regional good practices regarding the implementation of the six Principles of Responsible Banking. Based on this, it has defined priorities and targets to align with good practice.</p> <p>Demonstrate that the Bank is making changes/working on its current practices and making progress in implementing these Principles to reflect and align current and emerging international/regional good practices.</p>	<p>Development and Investment Bank of Türkiye (Türkiye Kalkınma ve Yatırım Bankası A.Ş.) 2021 Integrated Report is the second Integrated Report published by the Bank. This report has been prepared in accordance with the GRI Standards “Core” option. The report is based on the International Integrated Reporting Framework implemented by the Value Reporting Foundation.</p> <p>Greenhouse gas emission intensity (tCO₂e/average number of employees), electricity consumption (GJ), paper consumption (kg) and amount of waste sent for recycling (kg) within the scope of selected environmental performance indicators included in the report; In addition to the number of employees within the scope of social performance indicators, the ratio of female employees (total, upper and middle level) and training time per employee; Data on installed capacity (MW) of financed renewable energy projects, financing provided to renewable energy (thousand TL) and annual tCO₂ emissions hindered by financed renewable energy projects for 2021 have been independently audited</p> <p>Report, UNEP-FI, of which the Bank is a founding signatory It reveals the aspects of the Responsible Banking Principles. With the B (management) score it received in 2021 within the scope of the Carbon Disclosure Project (CDP), in which more than 8 thousand companies share their greenhouse gas emissions and climate change strategies with the public on a voluntary basis, the Bank has become one of the institutions with the highest score in the financial sector in our country.</p> <p>The Bank is a member and participant of many international organizations that advocate responsible banking principles.</p> <p>It determines the Sustainable Development Goals by taking into account. The Bank mainly focuses on SDG 7: Accessible and Clean Energy, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, SDG 13: Climate Action and SDG 17: Partnership for Purposes. It attaches importance to the contribution it provides to the relevant SDGs in performance evaluations, especially its targets.</p>	<p>About the Report</p> <p>Climate Change</p> <p>National and International Memberships</p> <p>Strategic Sustainability Approach</p>

Development and Investment Bank of Türkiye fulfills the requirements for progress in the implementation of the Principles of Responsible Banking.

Disclaimer

Development and Investment Bank of Türkiye (Türkiye Kalkınma ve Yatırım Bankası A.Ş.) 2021 Integrated Report (hereinafter referred to as the “Report”) is prepared by Development and Investment Bank of Türkiye. The Report has been prepared for informational purposes only and does not constitute a basis for any investment decision. The content and information contained in this Report have been prepared using information and sources believed to be accurate and reliable at the time the Report was prepared, hence it cannot be interpreted that the content and the information contained in the Report as a representation, warranty and/or undertaking and it is not guaranteed that the information and content contained in this Report are complete and unchangeable. Members of the board of directors, managers, employees, consultants of Development and Investment Bank of Türkiye and of its affiliates and all other persons and institutions contributing to the production of the Report shall not be responsible for any direct or indirect loss and damage that a person may suffer as a result of information or communication based on information contained in the report or not included in the Report. All rights of this Report belong to Development and Investment Bank of Türkiye.



**DEVELOPMENT
INVESTMENT
BANK OF TÜRKİYE**

Development and Investment Bank of Türkiye

Headquarters

Address: Saray Mahallesi Dr. Adnan Büyükdeniz Cad. No: 10 34768 Ümraniye/İstanbul

Telephone: +90 216 636 87 00

Corporate Email: haberlesme@kalkinma.com.tr

Audit Authority: Banking Regulation and Supervision Agency

Mersis No: 0879002993500013

Trade Register Number:198898-5

KEP Address:

kalkinmabankasi@hs02.kep.tr

EFT: 0017

SWIFT: TKBNTR2A

Reporting and Design Consultancy:

ESG Turkey Danışmanlık®

www.esgturkey.com