

Development Investment Bank of Türkiye

2022 Integrated Report

September 2023



- Adana • Adıyaman • Diyarbakır • Gaziantep • Hatay
- Kahramanmaraş • Kilis • Malatya • Osmaniye • Şanlıurfa

WE ARE DEEPLY MOURNING THE EARTHQUAKES, WHICH HAD THEIR CENTER IN KAHRAMANMARAS AND CAUSED SEVERE DAMAGE IN THE SURROUNDING PROVINCES. WE SHARE OUR CONTINUOUS MATERIAL AND MORAL SUPPORT WITH OUR PEOPLE FOLLOWING THE CATASTROPHIC EVENT, AND WE TRULY BELIEVE THAT WE WILL QUICKLY OVERCOME THESE CHALLENGING DAYS THROUGH UNITY AND SOLIDARITY.



Development and Investment Bank of Türkiye

2022

Integrated Report

Contents

	Development and Investment Bank of Türkiye Overview	
	About The Report	10
	Message From the Chair of the Board	12
	Message From the CEO	14
	Development and Investment Bank of Türkiye at a Glance	18
	Activities of Development and Investment Bank of Türkiye	32
	Corporate Governance	
	Management Approach	46
	Sustainability Management	50
	Impact Management Working Principles	56
	Risk Management	66
	Ethics Management	74
	Corporate Governance Principles Compliance Report	77
	Corporate Structure	78
	Committees	90
	Strategic Perspective	
	Developments in the World and Sectoral Expectations	100
	Global Economic Developments and Expectations	102
	Global Trends, Risks, and Opportunities	104
	Sectoral Conditions and Expectation	118
	Strategy of the Development and Investment Bank of Türkiye	122
	Strategic Sustainability Approach	124
	Materiality Analysis and Stakeholder Engagement	
	Materiality Matrix	138
	Interaction with Stakeholders	140
	Our Value Creation Model	
	Financial Capital	146
	Human Capital	157
	Natural Capital	172
	Intellectual Capital	184
	Social Capital	200
	Appendix	

Acronyms

ABS: Asset Backed Securities
ADB: The Asian Development Bank
ADFIAP: Association of Development Financing Institutions in Asia and the Pacific
AFD: Agence Française de Développement
AIIB: Asian Infrastructure Investment Bank
APEX: Wholesale Banking
API: Application Programming Interface
AR: Absenteeism Rate
ASS: After-Sales Services
BIST: Borsa Istanbul
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
CGF: Credit Guarantee Fund
CISA: Certified Information Systems Auditor
CMB: Capital Markets Board
COMCEC: Standing Committee on Economic and Commercial Cooperation of the Organization of Islamic Cooperation
CRM: Customer Relations Management
CTF: Clean Technology Fund
CTI: Cyber Threat Intelligence
DCP: Diffusion Capital Partners
DEG: German Investment 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 Office
EOI: Expression of Interest
ERP: Enterprise Resource Planning

ERTA: Integrated Reporting Türkiye
ESMS: Environmental and Social Management System
EUAS: The Electricity Generation Corporation
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
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
IFRS: International Financial Reporting Standards
ILO: International Labor Organization
IMF: International Monetary Fund
IP: Internet Protocol Address
IR: Incident Rate
IS: Information Systems
IsDB: Islamic Development Bank
IT: Information Technologies
ITSM: Information Technologies Service Management
İSO: Istanbul Chamber of Industry
İVCi: Istanbul Venture Capital Initiative
JBIC: Japan Bank for International Cooperation
JCR: Eurasia Rating
KfW: German Development Bank
KOSGEB: Small and Medium Enterprises Development Organization of Türkiye
KPI: Key Performance Indicator
LDR: Loss Day Rate
LMA: Loan Market Association
MASAK: Financial Crimes Investigation Board
MBA: Master of Business Administration
MIGA: Multilateral Investment Guarantee Agency
MKFS: Central Invoice Recording System
MKK: Central Registry Agency
MW: Megawatt
NGO: Non-Governmental Organizations

NPL: Nonperforming Loan
MC: Emergency Center
ODR: Occupational Disease Rate
METU: Middle East Technical University
OECD: Organization for Economic Development and Cooperation
OHS: Occupational Health and Safety
OIC: Organization of Islamic Cooperation
OPIC: Overseas Private Investment Corporation
OWASP: Open Web Application Security Project
PDP: Personal Data Protection
POC: Proof of concept
PRB: Principles of Responsible Banking
PSEC: Pre-Shipment Export Credit
R&D: Research and Development
RIPE IP: European IP Networks
RPA: Robotic Process Automation
RSM: Risk Sharing Mechanism
SDG: Sustainable Development Goals
SDIF: Savings Deposit Insurance Fund
SFL: Special Fund Loan
SLBP: Sustainability-Linked Bond Principles
SMART: Specific Measurable Accepted Realistic Timely
SME: Small and Medium Enterprises (KOBİ)
SOFR: The Secured Overnight Financing Rate
SPO: Second Party Opinion
SPO: State Planning Organization
SPV: Special Purpose Vehicle
SSL: Secure Sockets Layer
SUTP: Syrians Under Temporary Protection
TAKSAN: Takım Tezgahları San. ve Tic. A.Ş.
TBB: The Banks Association of Türkiye
GNAT: Grand National Assembly of Türkiye
TCMA: Türkiye Capital Markets Association
TDF: Türkiye Development Fund
TEMSAN: Türkiye Elektromekanik Sanayi A.Ş.
TESTAŞ: Türkiye Elektronik Sanayi ve Ticaret A.Ş.
TFRS9: Türkiye Financial Reporting Standards
TIF: Advanced Technologies Participation Venture Capital Investment Fund
TII: Türkiye Investment Initiative
TKYB: Development and Investment Bank of Türkiye
TL: Turkish Lira

TOGAF: The Open Group Architecture Framework
TR: The Republic of Türkiye
TSE: Türk Standardization Institute
TÜMOSAN: Türk Motor Sanayi ve Ticaret Anonim Şirketi
TWF: Türkiye Wealth Fund
UN: United Nations
UNDP: United Nations Development Program
UNEP- FI: United Nations Environment Programme Finance Initiative
UNFCC: United Nations Framework Convention on Climate Change
UNGC: United Nations Global Compact
URF: CRF – Corporate Governance Compliance Report
USA: United States of America
VAT: Value Added Tax
VCIF: Venture Capital Investment Fund
WEF: World Economic Forum

01

Development and Investment Bank of Türkiye

“We have been adding value to
tomorrow for nearly half a century.

Türkiye Kalkınma ve Yatırım Bankası A.Ş. is a
development and investment bank financing businesses
operating in industry, tourism, energy, education, health,
infrastructure, and similar sectors.”

Development and Investment Bank of Türkiye Overview

About The Report	10
Message From the Chair of The Board	12
Message From the CEO	14
Development Investment Bank of Türkiye at a Glance	18
Activities of Development and Investment Bank of Türkiye	32

01

About The Report

The Integrated Report of Development and Investment Bank of Türkiye A.Ş. for 2022 is the third integrated report to be published.

Covering the period between January 1, 2022, and December 31, 2022, this report provides a detailed overview of the Bank's sustainability steps, corporate strategies, management philosophy, performance and the impact of these elements on sustainable development. All data and information in this report have been obtained from the Istanbul operations of the Headquarters of Development and Investment Bank of Türkiye.

Unless otherwise stated, the terms “Development and Investment Bank of Türkiye,” “TKYB,” “the Bank,” and “Our Bank” throughout this report refer to Development and Investment Bank of Türkiye

The “tick” symbol in the report indicates that the relevant data has been subject to limited assurance by the Independent Audit Firm



The report can be accessed at <https://www.kalkinma.com.tr>
In addition, questions and comments on the report can be e-mailed to surdurulebilirlik@kalkinma.com.tr

The 2022 Integrated Report has been prepared in accordance with the GRI Standards and is based on the International Integrated Reporting Framework supported by the Value Reporting Foundation. The report is also a Communication on the Progress of the United Nations Global Compact, of 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.

During the preparation of the report, sectoral research, national and global sustainability initiatives, development plans and programs were used as guiding sources. Within the scope of selected environmental performance indicators included in the report; Scope 1,2,3 emission amount (tCO₂-eq), GHG emission intensity (tCO₂-eq/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); within the scope of social performance indicators; number of employees, proportion of women employees (total, senior and mid-level) and training time per employee, number of employees on maternity leave, number of employees on paternity leave, proportion of employees returning to work after maternity leave, employee turnover rate (%), number of occupational accidents; installed capacity of financed renewable energy projects covered by governance performance indicators (MW),

data on financing provided to renewable energy (TL) and annual tCO₂-eq emissions avoided by funded renewable energy projects, TKYB's share in Türkiye's renewable energy capacity (%), ratio of Sustainable Development Goals (SDG) linked loans to total portfolio (%), performance data such as SDG-linked loan amount, climate and environment-related SDG-linked loan portfolio as a percentage of entire portfolio (%), number of projects with environmental and social risk assessments, ratings of projects with environmental and social risk assessments, sustainability governance, etc. have been independently limited assurance audited and reflected in the report.

Making the Integrated Report accessible to all stakeholders and receiving feedback from stakeholders on the report is among the top priorities of Development and Investment Bank of Türkiye. In this context, the report is presented in a limited edition as part of the Bank's environmental responsibility.



Message From the Chair of The Board

Dr. Raci KAYA

Chair of the Board of Directors

// We created loan and support programs for renewable energy projects. Maintaining its activities in line with the United Nations Sustainable Development Goals, our Bank continues to fulfill its responsibility in developing the impact investment ecosystem and achieving the 2053 net zero emission target. //



Dear Stakeholders,

In the 100th year of our Republic, we were deeply shaken by earthquake disasters that affected many of our provinces. I wish Allah's mercy to our citizens who lost their lives in the earthquakes, and my condolences to their relatives and our nation. I would like to emphasize that we will continue the support we have provided since the first moments of the disaster in the recovery and development processes of the region as well.

The global economy, which started 2022 strongly, lost its pace of growth due to geopolitical risks caused by the Russia-Ukraine war, global inflationary developments, rising recession expectations in developed countries and the uncertainty in supply chains caused by China's zero-case policy. Despite the global slowdown, the Turkish economy maintained its strong growth performance in 2022.

As Development and Investment Bank of Türkiye, we consolidated another successful year with our financial results. While taking important steps to support Türkiye in achieving its development goals, we encourage economic growth, play an active role to increase employment and support sustainable development through our operations. In 2022, our Bank continued to support the sustainable growth of our country with funds from development finance institutions with our 48-year-long history of bilateral strong cooperation. The total amount of funds we obtained internationally exceeded USD 5 billion. In the past period, we aimed to increase foreign capital inflows to Türkiye by obtaining resources from international organizations with which we established a deep-rooted partnership.

In this way, we provided financing support to projects in sectors such as agriculture, energy, infrastructure, industry, tourism, and information technologies in our country, supporting the growth and competitiveness of these sectors.

We supported the development of the entrepreneurship ecosystem across our country by directly investing in start-up companies with a fund size exceeding TL 1.6 billion managed under the umbrella of the Türkiye Development Fund.

As a Bank that has focused on sustainability since the first day of our establishment, we have prioritized the financing of green projects to support Türkiye's sustainability goals. We created loan and support programs for renewable energy projects. Maintaining its activities in line with the United Nations Sustainable Development Goals, our Bank continues to fulfill its responsibility in developing the impact investment ecosystem and achieving the 2053 net zero emission target.

At the Development and Investment Bank of Türkiye, we not only provide financial services but also care about our social responsibilities. We see it as our responsibility to increase the welfare of society by supporting social projects in areas such as education, health, environment, and social development. We implemented various corporate social responsibility projects to support social development as well as sustainable development.

As the Bank, we continue to work relentlessly to meet Türkiye's development and investment needs, focusing on embracing sustainability principles and contributing to society. Accordingly, we will continue to support our country's development journey in the coming years with our diversified financial services, innovative solutions, and strategic collaborations. On behalf of myself and the Board of Directors, I would like to extend my gratitude to all our stakeholders, especially our valuable employees, who contributed greatly to the successes of our Bank.

Dr. Raci KAYA
Chair of the Board of Directors

Message From The CEO

Dear Stakeholders,

Before presenting the assessment for 2022, we would like to wish Allah's mercy on our citizens who passed away, patience to their families and a speedy recovery to hundreds of thousands of injured citizens in the February 6, 2023, earthquake disaster centered in Kahramanmaraş, which devastated 11 provinces and shook us to the core. We will continue to support our citizens in the region as Development and Investment Bank of Türkiye. With our nation's spirit of solidarity, we are confident that we will surmount these challenging times together.

In 2022, when global inflationary pressures and geopolitical risks intensified, and adverse risks to global growth became more apparent, the Turkish banking sector continued to provide financial support for our nation by effectively managing all risks, owing to its robust financial structure.

As Development and Investment Bank of Türkiye, we continued our support to the real sector in 2022 and continued to take responsibility for the sustainable development of our country. As of the end of 2022, our Bank increased its assets by 89 percent compared to the previous year to TL 92 billion and increased its loans by 61 percent to TL 60 billion. In the same period, our Bank's return on equity increased to TL 6.84 billion, and the Bank's return on equity was realized above 31 percent.

In accordance with its vision of sustainability, our Bank has continued to fund initiatives that make efficient use of our nation's resources. By providing credit support to small and medium-sized enterprises (SMEs) and exporters, as well as by supporting sustainable investment projects with our loan options consisting of long-term financing resources for strategic sectors, especially project financing and corporate loans, we expand our sphere of influence through our core business, development banking. With our investment banking expertise, we continue to advise the public and private sectors according to their respective requirements. In this context, we continue to connect investors with low-cost funds from foreign and domestic sources.

In 2022, our Bank continued to bring resources from abroad to our country to support projects with a focus on sustainability. We realized the first sustainable Eurobond issuance of 100 million EUR financed by the French Development Agency (AFD). We also secured a 300 million USD loan from the Asian Infrastructure Investment Bank (AIIB) to finance renewable energy and energy efficiency projects.

We continued to support renewable energy and energy efficiency projects for Türkiye's fully independent energy supply. By the end of 2022, we financed 6 percent of Türkiye's renewable energy capacity. In addition, approximately 80 percent of our portfolio consisted of sustainability-themed loans as of the end of 2022. In the same period, the total amount of our loans linked to the United Nations Sustainable Development Goals exceeded USD 2.5 billion. With all these results, we directly and indirectly contribute to 15 of the 17 Sustainable Development Goals.

Environmental, Social, and Governance-themed (ESG) resources that we provided for financing sustainable development continued to contribute to the development of the real sector. At the end of 2022, fifty percent of our portfolio consists of our renewable energy and energy efficiency initiatives financing. In the same sector, we supported projects with an installed capacity of 3,357 MWe through the end of 2022.

As the first signatory of the Impact Management Working Principles (OPIM) in Türkiye, our Bank published the first Impact Report in Türkiye last year in line with the Impact Principles. With this report, we once again stated that our approach to creating positive environmental and social impact in our impact management systems and processes are transparent. Our Bank continues its efforts to improve the impact investment ecosystem without slowing down.

Again, at the International Finance Awards organized by the international finance magazine International Finance, our Bank was awarded in the "Best Green Project Financing Bank 2022" category for its intermediation in Türkiye's first low-carbon economy transition bond issuance.

We continue our efforts to create regional and global companies operating in strategic sectors prioritized for development and to support high-tech start-ups. We played an important role in the development of the startup ecosystem by investing in new-generation startups with the Türkiye Development Fund, which we established to support sectors that have strategic importance in the sustainable growth of our country. With 6 sub-funds under its umbrella, the Türkiye Development Fund (TDF) continued to make capital investments in our country's innovative startups and companies with high growth potential this year. With the establishment of METU Teknokent Venture Capital Investment Fund in partnership with the Türkiye Development Fund and METU Teknokent in 2022, TKF managed a total fund size exceeding 1.6 billion TL.

Development and Investment Bank of Türkiye, which has so far brought more than 5 billion dollars of resources from abroad to our country for the future of our country, will continue to work by foreseeing tomorrow from today, as it has been doing for 48 years.

In the coming periods, we will continue our efforts to finance sustainable development without slowing down, and we will maintain our role as the leading guiding bank in this field. We will support the green transformation of our country as we have done so far. I would like to thank the Republic of Türkiye Ministry of Treasury and Finance, our largest shareholders, our Board of Directors, all our stakeholders who acted with us in this process, and all our sustainable development-oriented employees for being with us on this journey.

İbrahim H. ÖZTOP
CEO and Board Member



01

Highlights

As always, the Bank continued to support the real sector, production, and employment in 2022 and closed the year with growth in terms of funding, loans, and operational profitability. The Bank increased its assets by 89% compared to the same period of the previous year, reaching 91.60 billion TL. The Bank's shareholders' equity increased to 6.84 billion TL and its capital adequacy ratio stood at 16.67%. In 2023, the Bank will continue to add new products and services to its existing ones, focus on digitalization and quality, and continue its efforts to achieve its financial and operational targets.

The Bank has been reporting to the Climate Change Program of CDP, the world's largest environmental reporting platform, since 2016, where questions on strategy, governance, emission metrics, targets, performance and value chain interaction are answered voluntarily, and has achieved a B (Management Level) score in 2022.

To diversify its funding sources and contribute to the sustainable growth of our country, Development and Investment Bank of Türkiye has realized its first sustainable Eurobond issuance of 100 million EUR in 2022, adding a new one to the foreign resources it has obtained in the field of sustainability. At least 75% of the funds to be obtained from the 11-year maturity issue financed by the French Development Agency (AFD) will be allocated to the financing of green projects that contribute to the fight against climate change in Türkiye, while the remaining portion will be directed to social projects.

As a result of the research conducted by Great Place to Work, the Bank was awarded the Great Place to Work certificate based on the evaluation of its employees.

The Bank's first corporate governance rating study was completed, and the rating score was determined as 9.32 out of 10. This high rating indicates that the Bank is in the first group according to the World Corporate Governance Index.

With a risk rating of 11.0 in 2022, the Bank was positioned among the leading institutions in Türkiye and contributed to the successful ranking of our country in the top ranks with the 11.0 risk rating it received in 2022 within the scope of the risk rating of Sustainalytics, one of the international sustainability rating agencies, where Environmental, Social and Governance (ESG) topics are evaluated.

In addition to the ISO 45001 Occupational Health and Safety Management System and ISO 9001 Quality Management System certificates, the company obtained the ISO 10002 Customer Satisfaction Management System certificate, which aims to address, evaluate, and reduce customer complaints, increase customer satisfaction, and address future customer expectations.

The Bank has complied with the ISO/IEC 27001:2013 Information Security Management System Standard, the only auditable international standard published by the International Organization for Standardization (ISO), which defines the requirements for information security and includes the controls that institutions and organizations must comply with in information security and has been entitled to receive the relevant certificate.

Türkiye's first Impact Report in line with the Impact Principles and the Bank's Sustainable Financing Framework was published in 2022. Second Party Opinion (SPO) was obtained for the framework, which is in line with ICMA (International Capital Market Association) Green Bond Principles, ICMA Social Bond Principles, LMA (Loan Market Association) Green Loan Principles and LMA Social Loan Principles.

At the Bonds Loans & Sukuk Türkiye awards, the Bank won the first prize in the "IPO of the Year" category with the public offering of Aydem Renewable Energy A.Ş. and the second prizes in the "Islamic Finance Deal of the Year" and "Local Currency Bond of the Year" categories with Türkiye's first social sukuk issuance. In addition, the Bank won the first prize in the "Best Green Project Financing Bank 2022" category at the International Finance Awards organized by the international finance magazine International Finance for its intermediation in Türkiye's first low-carbon economy transition bond issuance. Within the framework of the protocol signed between the COMCEC Coordination Office and the Bank, 2 of the 24 projects to be financed in the implementation period of 2022 were canceled and 16 projects were completed.

There are six projects with ongoing financial reporting and disbursement processes. As of 30.12.2022, a payment of 15,649,212.64 TL was received within the scope of COMCEC in 2022 and 12,643,154.38 TL of this amount was transferred for project payments.

Strategic collaborations were established by ensuring the participation of the Ministry of Industry and Technology and KOSGEB as investors in the Regional Development Fund and Technology Innovation Fund, which are sub-funds of the TIF, and the size of the Technology and Innovation Fund reached 475 million TL in 2022 with additional commitments made by KOSGEB.

In 2022, METU Teknokent Girişim Destek ve Yatırım A.Ş. and the Development METU Teknokent Venture Capital Investment Fund, in which the Bank is an investor, were established with a size of 6 million USD. Innovative and Advanced Technologies Participation Venture Capital Investment Fund, Development Participation Venture Capital Investment Fund and Development METU Teknokent Venture Capital Investment Fund aim to support technology-oriented companies that contribute to the national economy with funds subject to CMB legislation.

01

Development and Investment Bank of Türkiye at a Glance

With 99.08% of its capital owned by the Ministry of Treasury and Finance of the Republic of Türkiye, Development and Investment Bank of Türkiye has strong public support, assurance, and faith behind it.

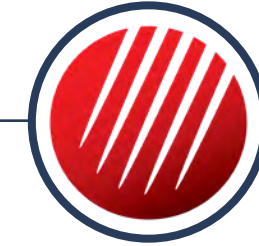
Development and Investment Bank of Türkiye is a financial institution that has been operating since 1975 to contribute to Türkiye's sustainable development. The Bank's mission is to provide financing support to companies operating in priority sectors of strategic importance such as industry, energy, education, health, and infrastructure. The Bank operates as a joint stock company subject to private law regulations.



Current Capital Share (%)

99.08%

Republic of Türkiye Ministry of
Treasury and Finance



0.92%

Other*

(*) It covers all real and legal persons, and the number of shareholders cannot be known since the shares of the majority of shareholders are traded on Borsa Istanbul.

The Bank's stable structure, built on solid foundations, plays a critical role in achieving Türkiye's development goals. The Bank was established on November 27th, 1975, as the State Industrial and Labor Investment Bank and has since assumed strategic roles with its long-term resources by helping companies from a wide range of sectors realize their investments.

The Bank continues its services with its strong and experienced structure and provides financial and technical support in all areas where necessary. The Bank aims to contribute to Türkiye's structural transformation and fair capital distribution. To this end, the Bank provides credit support, capital support, investment banking, partnership, equity financing and advisory services to a range of companies from start-ups to industrial companies and SMEs.

01

A Strong Structure Created through the Transformation Process

In line with its founding purpose, the Bank has participated in the establishment of many labor companies and provided financing and consultancy support.

It contributed to the capital of some large manufacturing industry enterprises as a founding partner. In 1988, the Bank changed its name to Türkiye Kalkınma Bankası A.Ş. and made it possible to finance non-industrial sectors as well. With the resources it provided, the Bank provided significant support to competitive and efficient production for a stable and strong economy.

In 2018, the Bank was restructured as Development and Investment Bank of Türkiye with a change in the law and moved its headquarters from Ankara to Istanbul in 2019.

During the transformation process, the Bank strengthened its organizational structure with experienced staff from the private sector. Including Investment Banking and Türkiye Development Fund services in its scope, the Bank's missions include providing the economy with alternative financing instruments for sustainable development and diversifying and deepening Türkiye's capital markets.

With the Türkiye Development Fund, the Bank further expanded its range of services by providing resources to technology initiatives and companies operating in priority areas of development.



Since 1975, the Bank has focused on Türkiye's 2023 targets and the United Nations Sustainable Development Goals and has been working towards financing sustainable development. With its specialized and experienced staff, the Bank is well-versed in international banking standards and supports investors with innovative products and services.

Happy 48th Anniversary

In its 48th year, our Bank continued to support the real sector, production, and employment and closed 2022 with growth in terms of resource supply, loans, and operational profitability.

Development and Investment Bank of Türkiye operates in three main areas: Development Banking, Investment Banking and Türkiye Development Fund. Its main objective is to contribute to the development of the country by supporting every sector in line with Türkiye's 11th Development Plan and to reduce imports and increase exports.

The Bank fulfills its core function by focusing on financing sustainable development projects. Starting from the selection criteria of the projects to the process and evaluation stages, the Bank proceeds meticulously and contributes to the economic development of our country.



In 2022, the Bank displayed a successful performance by focusing on supporting the real sector, increasing production and employment. At year-end, the Bank recorded growth in terms of funding, loans, and operational profitability.

The Bank increased its assets by 89% compared to the same period of the previous year, reaching 91.6 billion TL. At the same time, the Bank's shareholders' equity increased to 6.84 billion TL and its capital adequacy ratio was realized as 16.67%.

The Bank has a reputable position on the international platform and has strong and mutually trusting relationships with the leading funding institutions of the global economy. It provides financial solutions by offering long-term resources to the business world through direct lending and wholesale banking (APEX Banking).

In the coming period, the Bank will further strengthen its financial performance and continue to outperform the sector in terms of growth in its loan portfolio and resources, support to the real sector and increase the added value created.

01

Investing in Türkiye's Tomorrow with our Reep-rooted History

TKYB carries out its investment banking activities with a team with extensive experience and skills that can analyze the dynamics and complexity of national and international capital markets. With its diversified product range, the Bank has succeeded in becoming one of the active players in the market.

One of our most important goals is to facilitate businesses' access to local and global funding sources through mergers and acquisitions, capital market products and financial advisory services. Within the scope of our technical advisory services, we provide support to organizations and businesses operating in various sectors. Offering more than a traditional lender, our Bank shares its technical knowledge and experience with its business partners throughout the investment process.

TKYB provides financial advisory services to Türkiye Wealth Fund (TWF) in the areas of horse racing regulation and betting acceptance in line with its licenses. In addition, TKYB has a significant presence in the sector, acting as financial advisor on two projects submitted to the Privatization Administration and seven other private sector projects.

In 2022, the Capital Markets Advisory Unit managed two public offerings with a total value of approximately 3.62 billion TL. Among these offerings was the 147 million TL OBASE Bilgisayar ve Danışmanlık Hizmetleri Ticaret A.Ş., which was oversubscribed 3.78 times and attracted great interest. In addition, the company undertook the management of the public offering of Ahlatcı Doğalgaz Dağıtım Enerji ve Yatırım A.Ş., one of the largest public offerings realized to date, amounting to approximately 3.48 billion TL.

In this context, the Bank won the first prize in the "IPO of the Year" category with the public offering of Aydem Yenilenebilir Enerji A.Ş. and the second prize in the "Islamic Finance Deal of the Year" and "Local Currency Bond of the Year" categories with Türkiye's first social sukuk issuance at the Bonds Loans & Sukuk Türkiye awards. In addition, the Bank received the first prize in the "Best Green Project Financing Bank 2022" category at the International Finance Awards organized by the international finance magazine International Finance for its intermediation in Türkiye's first low-carbon economy transition bond issuance.



We Continue on Our Way with Our Global Targets for Strategically Important Sectors.

In November 2020, Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (KGSPYŞ), which was established as a wholly owned subsidiary of our Bank, received its operating authorization certificate in March 2021 and the management of the funds under the Türkiye Development Fund was transferred to KGSPYŞ. Through the funds established and to be established in the future, KGSPYŞ aims to create strong regional/global companies operating in strategic sectors and support high-tech startups, mainly through a growth capital approach.

We Add Value to Sustainable Development with Our Responsible Banking Principle

Since its establishment, Development and Investment Bank of Türkiye has been contributing to the sustainable development of our country and setting its goals to increase its impact in this area. Our sustainability strategy is built on a banking structure that aims to add value to the future by supporting the sustainable development of our country without compromising our responsible banking approach.

01

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 fair capital distribution.

We add value to our employees and all other stakeholders with a dynamic, innovative, environmentally and socially sensitive banking approach.

Our Core Values



We are deeply committed to the United Nations (UN) Sustainable Development Goals

- Within the scope of the United Nations' Sustainable Development Goals, we act sensitively towards the world, environment and society we live in. We constantly 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 transparent 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 opportunities.



We are Innovative

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

01

48 Years of Experience and Contribution to Sustainable Development

In the 70s

“The Bank emerged as the first financial institution to support workers” companies and provide financing from abroad. It became a pioneering institution by participating in heavy industry companies such as TAKSAN, TŪMOSAN, TEMSAN, TESTAŞ, also known as SAN companies.”

In the 80s

Technical services were provided to the State Planning Organization (SPO) under the Aid to Africa program. Supported the financing and upgrading of workers’ companies through the Credit Special Fund II (CSF II). It played an active role in the realization of infrastructure investments in the tourism sector and supported the growth of the sector by financing tourism facilities.

In the 90s

“Within the scope of the “Bringing Unfinished Investments and Enterprises with Insufficient Working Capital into the Economy Project”, financing was provided to 525 different companies with a loan of approximately 100 million USD, thus supporting the creation of 9,000 new jobs.”

In the 2000s

Through Wholesale Banking (APEX Banking), the Bank provided financing to non-incorporated investments and SMEs. The Bank became a partner in the Türkiye Investment Initiative (TII), led by the European Investment Fund (EIF) established by the European Investment Bank and the European Commission.

2010

The Bank has established the ISO 14001 Environmental Management System within its own organization and is the first public Bank to have this standard. With the Environmental Management System, the Bank has started the necessary activities to identify and mitigate adverse environmental impacts, reduce resource use, and monitor environmental performance.

2014

The Bank has made a significant contribution to the country’s development by providing more than 3 billion TL in financial support.

2016

The Bank decided to increase its issued capital to 500 million TL. This step contributed to further strengthening the Bank’s position as one of the pioneers of the financial sector. The Bank also took an important step forward with its reporting efforts for the CDP Climate Change Program.

2017

The Bank is working with new initiatives to expand its global cooperation network.

The disbursement of the 100 million EUR APEX loan provided by the Council of Europe Development Bank (CEB) was initiated and the loan utilization was completed in 2019.

The financing from the Islamic Development Bank amounted to 200 million USD and the loan disbursement was completed at the end of 2020.

2018

By meeting the “Climate Friendly Organization” criteria of the Turk Standards Institute, the Bank has achieved the status of a carbon neutral Bank that is entitled to receive certification.

The Bank realized Türkiye’s first 3.15 billion TL Asset-Backed Securities (ABS) issuance by establishing the Wealth Financing Fund using the mortgage-backed securities of Türkiye’s leading Banks.

The Bank has been restructured and now operates as Development and Investment Bank of Türkiye.

A loan agreement worth 50 million EUR was signed with the Black Sea Trade and Development Bank for SME financing.

The Industrial and Commercial Bank of China (ICBC) provided a loan of 400 million USD to be used in the Bank’s banking activities.

2019

As part of the restructuring process, the Bank moved its headquarters to Istanbul.

The Bank was a founding signatory of the UNEP-FI Principles for Responsible Banking.

The Bank established the Second Wealth Financing Fund by issuing 1 billion TL worth of Asset-Backed Securities (ABS).

The Bank established the Development Fund of Türkiye.

2020

The Bank published its first sustainability report covering its 2019 activities.

In January 2020, the Bank’s Environmental and Social Policy entered into force with the approval of the Board of Directors.

The Bank started to implement the Sustainability Principles in June 2020.

The Bank’s Climate Change Mitigation and Adaptation Policy entered into force in June 2020.

The Technology and Innovation Fund and the Regional Development Fund were established within the Türkiye Development Fund.

It advised on the establishment and licensing of a company called “Türkiye Securitization Company”, which is expected to play an important role in securitization activities.

The Bank 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 CMB regulations.

The Bank has established Kalkınma Yatırım Varlık Kiralama A.Ş., in which the Bank holds a 100% stake.

Provided exclusive financial advisory services to Tarkim Bitki Koruma A.Ş. for the issuance of a 1-year Amortising Sukuk-al-Wakala amounting to 42 million TL for its working capital needs.

01

48 Years of Experience and Contribution to Sustainable Development

2021

Development and Investment Bank of Türkiye provides financial advisory, capital markets advisory and mergers and acquisitions advisory services to major projects in various sectors as well as sectors prioritized for development. Through these services, TKYB both supports existing projects and continues its efforts to meet the financing needs of future projects.

With a transaction worth 50 million TL realized through capital markets, the Bank realized Türkiye's first social sukuk issuance and signed the Bank's first sustainable bond issuance.

Palgaz Doğalgaz Dağıtım A.Ş. successfully completed Türkiye's first low-carbon transition bond issuance amounting to 200 million TL. This important transaction was crowned with the "Best Green Project Financing Bank" award by the International Finance Awards in 2022.

The Bank established the Innovative and Advanced Technologies Venture Capital Investment Fund and the Development Participation Venture Capital Investment Fund supported by TKYB Sermaye Fonu ve Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.

The management of the Regional Development Fund and Technology and Innovation Fund was transferred to Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.

The Bank was the first and only institution in Türkiye to sign the Impact Management Working Principles led by the International Finance Corporation (IFC).

The Bank received a score of B in CDP's Climate Change Program, making it the highest scoring institution in the finance sector in 2021.

The first Integrated Report of Development and Investment Bank of Türkiye was published.

2022

The Bank issued a 100 million EUR sustainable Eurobond to contribute to sustainable growth to be allocated to green projects that combat climate change.

The Bank has achieved a high rating of 9.32 points out of 10 by complying with the CMB's Corporate Governance Principles. This rating indicates that the Bank is in the best practice category and ranks in the first group in the World Corporate Governance Index.

In addition to the ISO 45001 Occupational Health and Safety Management System and ISO 9001 Quality Management System certificates obtained as part of the Integrated Management System activities, the company also obtained the ISO 10002 Customer Satisfaction Management System certificate. This certification aims to increase customer satisfaction and meet future customer expectations by addressing, evaluating, and reducing customer complaints.

The Bank was awarded the "Great Place to Work" certificate based on employee evaluations.

The first Impact Report in line with the Impact Principles has been published.

In 2022, KGSPYŞ established the Development METU Teknokent Venture Capital Investment Fund, a 6,000,000 USD venture capital investment fund.

The Bank intermediated Türkiye's first low-carbon transition bond issue.

In the Environmental, Social and Governance (ESG) risk rating study conducted by Sustainalytics, a global sustainability assessment organization, the Bank received a risk rating of 11.0, placing it among the leading institutions in Türkiye.

The Bank intermediated Türkiye's first low-carbon transition bond issuance and received an award in the "Best Green Project Financing Bank 2022" category at the International Finance Awards.

Within the scope of the protocol signed between the Bank and COMCEC Coordination Office, 2 out of 24 projects were canceled and 16 projects were completed in 2022. Six projects are still in the financial reporting and disbursement process. In 2022, a payment of 15,649,212.64 TL was received within the scope of COMCEC and 12,643,154.38 TL of this amount was transferred for the projects.

> The Ministry of Industry and Technology and KOSGEB have formed strategic partnerships by participating as investors in the Regional Development Fund and Technology Innovation Fund, which are sub-funds of the TIF. With the additional commitments made by KOSGEB in 2022, the Technology and Innovation Fund reached a size of 475 million TL.

> At the Global Sustainable Finance Awards organized by the European Organization for Sustainable Development (EOSD), the Bank received an award in the "Outstanding Sustainable Project Financing" category for its innovative contributions to the Sustainable Development Goals and financing activities that apply ESG criteria.

In 2022, the Bank announced its Sustainable Financing Framework to the public. This framework is in line with the International Capital Market Association (ICMA) Green Bond Principles, ICMA Social Bond Principles, Loan Market Association (LMA) Green Loan Principles and LMA Social Loan Principles and Second Party Opinion (SPO) has been obtained.

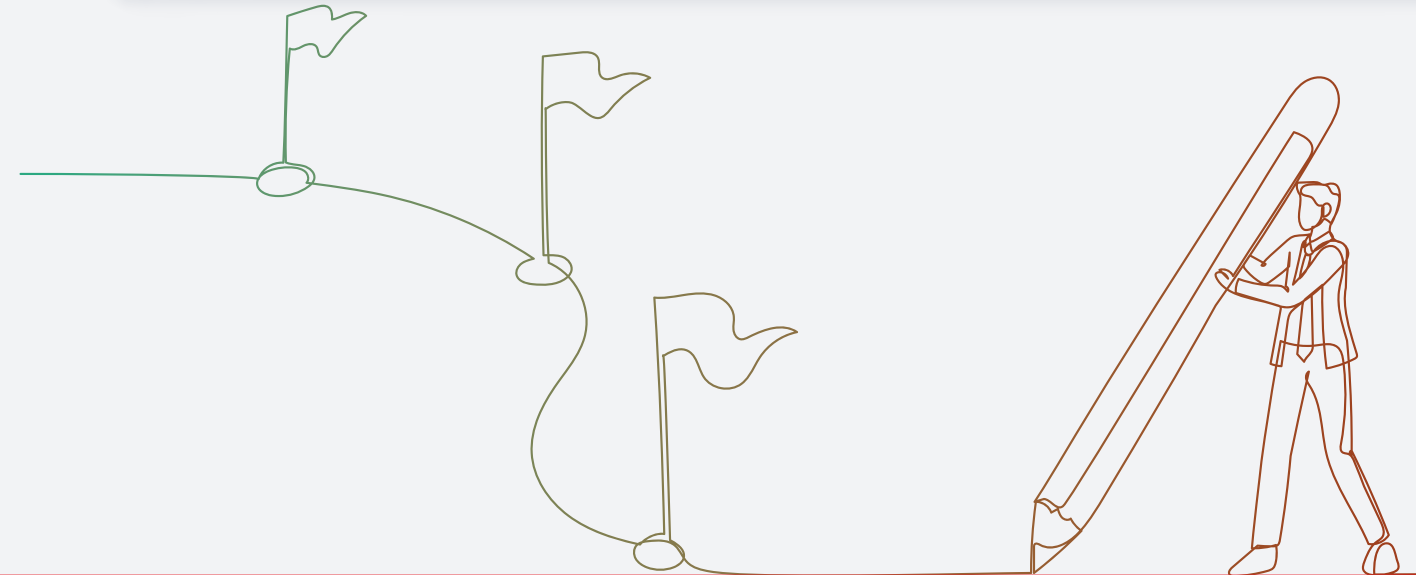
01

Our Firsts

In its 48th year, Development and Investment Bank of Türkiye has supported the real economy with its know-how and expertise, pioneered many innovative steps in Türkiye and achieved many firsts in its corporate history.

- It is the first Bank to offer both financial and technical support to businesses.
- It was the first Bank to implement incentive loans.
- It is the first Bank to support clusters within the program.
- It is the first and only organization that provides financial and technical support to the sectors to unlock and develop tourism potential.
- It was the first Bank to realize an initial public offering in the capital markets.
- The Bank is the initiator of the financial support program for unfinished facilities.
- It is the first Bank among public and private sector financial institutions to receive the TSE "Climate Friendly Organization" certificate.
- The Islamic Development Bank was the first financial institution to channel its resources to SMEs.

- It is the first public Bank to implement the ISO 14001 Environmental Management System.
- It is the first and only Bank to support geothermal drilling projects through the Risk Sharing Mechanism (RSM), a grant program of the World Bank.
- It is the first and only Bank in Türkiye to be a member of the European Investment Fund National Promotional Institutions (EIF-NPI).
- It was the first Bank in Türkiye to issue asset-backed securities against the mortgage-backed securities of sector Banks through the Asset Financing Fund.
- The Bank is the first institution to intermediate Türkiye's low-carbon transition bond issuance.
- It was the first Bank to issue social sukuk in Türkiye.
- Intermediated Türkiye's first amortizing sukuk issuance.
- We are the first and only organization in Türkiye to sign the Impact Management Code of Conduct.



Development and Investment Bank of Türkiye Activities

Thanks to its strong capital structure and strategic partnerships with international financial institutions, TKYB offers a wide range of financing solutions that will add value to the economy of Türkiye and accelerate sustainable development.

In addition to investment banking services, the Bank provides financial advisory, capital markets advisory and M&A advisory services to major projects. These activities aim to contribute to Türkiye's economic growth targets and accelerate the country's sustainable development.

TKYB's main fields of activity and strategic objectives are categorized under three main headings: Development Banking, Investment Banking and Türkiye Development Fund.

Each of these areas offers different approaches and solutions to promote and accelerate economic growth and sustainable development.

Development Banking

The Bank aims to design and offer financial structures and products in line with Türkiye sustainable development goals. In this context, the Bank's prioritized objectives under development Banking activities can be listed as follows:

- Expanding financial instruments for priority areas identified in development strategies that have foreign trade deficits, high import dependency and contribute positively to employment and foreign exchange earnings.
- To provide financing opportunities by offering the most appropriate investment Banking services together with loans suitable for the financial structure and cash movements of the projects to support the continuous growth of our country, to stimulate and encourage investments.
- Supporting projects that advance sustainable development goals such as adapting to a low-carbon economy, acting against climate change, conscious production, and consumption, ending poverty, and protecting our world.

Project Finance and Corporate Loans

It can be clearly stated that Development and Investment Bank of Türkiye has made a major financial contribution to various sectors of our country over the last 18 years. It has contributed more than 5 billion USD in financing from international funds to our country through investments in areas such as industry, renewable energy, energy and resource efficiency, circular economy, education, health, wholesale banking, urban infrastructure, and tourism.

By means of project finance and corporate loans, our esteemed Bank extends unwavering support to the pivotal sectors of Türkiye. We empower the manufacturing industry, foster the growth of renewable energy, enhance educational institutions, bolster healthcare services, and much more. Through these strategic endeavors, we not only drive economic growth but also facilitate social progress and champion environmentally conscious development. By providing financial solutions to companies in the manufacturing industry for their needs related to new investments as well as capacity expansion and modernization investments, the Bank promotes employment, competitiveness, and technological product production.

The Bank contributes considerably to Türkiye's efforts to increase exports and enhance import substitution via its support for Research and Development (R&D) and innovation investments.

By responding to the financing needs of investors in projects (such as hydroelectric, solar, wind, biomass and geothermal power plants) for the efficient and proper use of renewable energy resources and for bringing domestic energy resources into the economy, the Bank supports Türkiye's goals of increasing energy supply, reducing the use of fossil fuels and reducing external dependence on energy.

Development and Investment Bank of Türkiye takes important steps towards a sustainable economy by financing investments that increase energy and resource efficiency and improve waste management of companies operating in sectors with high energy use intensity such as cement, iron and steel, paper, and ceramics.

In line with Development and Investment Bank of Türkiye environmental sustainability goals, the financial support it provides to waste heat-to-energy generation, wastewater treatment technologies and modernization investments supports important environmental goals such as reducing fossil fuel use and greenhouse gas emissions and increasing recycling.

Development and Investment Bank of Türkiye Activities

Project Finance and Corporate Loans

In the tourism sector, it finances investments in the renovation of existing tourism facilities and supports investments to increase the energy efficiency of buildings. These steps make significant contributions to the development and protection of sustainable tourism.

Investments carried out to expand the accessibility of education and health services and to integrate physical and technological developments into these services are also among the important sectors supported by the Bank. By creating customized financing solutions according to the needs of investors, the Bank contributes to Türkiye’s sustainable development through these investments.

The client can use a corporate loan or an operating loan to obtain long-term financing. For this purpose, a corporate loan or special purpose vehicle (SPV) is formed to obtain a loan for the investment project and a financing package is created. Applications are made to the project finance service where the investment is financed and if the Bank approves the loan, the loan is allocated.

In its wholesale banking services, Development and Investment Bank of Türkiye is able to raise funds through various financial institutions instead of direct lending. This demonstrates the Bank’s ability to offer a wide range of financing solutions.

Creditization Process

Project Risk Analysis	Feasibility	Project Financing Model	Monitoring Period
Macroeconomic Risks	Technical Evaluation	Loan-Equity Balance	Technical Progress Reports
Sectoral Analysis	Financial Evaluation	Working Capital	Environmental Social Monitoring Reports
Project Risks	Economic Evaluation	Term	
Firm Risks	Project Cash Flow	Project/Credit Guarantees	
Company/Group Analysis	Sales and Pricing		
Environmental, Social and Governance (ESG) Risk Analysis	Environmental and Social Risk Evaluation		
	Legal Permissions and Legal Status		

The lending process consists of Project Risk Analysis, Feasibility, Project Financing Model and Monitoring Period. In the Project Risk Analysis phase, sectoral and company/group analyses are conducted, while macroeconomic risks, project and company risks are assessed. The feasibility stage involves assessing the technical, financial, economic, legal, environmental, and social feasibility of the project. In accordance with the Environmental and Social Policy, the Bank addresses the risks that may arise from its services and activities from economic, environmental, and social perspectives.

The Bank takes into account the impact assessments of the Environmental and Social Risk Assessment and Monitoring Process in its lending decisions for projects. The Project Financing Model phase involves determining the financial criteria and processes of the project, such as loan/equity balance, working capital, maturity, and project/loan collaterals. Finally, in the Monitoring Period phase, the technical progress of the project and environmental and social monitoring reports are generated, and the loaned project is followed up.

APEX Loan Process

Project Identification	Loan Program Development and Resource Supply	Intermediary Institution Selection and APEX Loan Agreement Process	Utilization and Reporting
Economic research and strategies of development plans and programs in line with developed projects	Negotiation of loan terms and origination contract with mechanism	Determination of risk limits for possible intermediary financing organizations	Withdrawal of loan amount from the source organization
Increasing the competitiveness of SMEs	Ensuring the Republic of Türkiye Treasury and Ministry of Finance guarantee	IFIs financial, operational environmental and social their suitability evaluation reports preparation and approval by the source organization	To the IFIs utilization
Employment	Preparation of project/program application manual	Realization of agreement negotiations with the intermediary organization and signing intermediary financial organization loan contracts (APEX)	Reporting of sub-loans by IFIs via our Bank APEX online app
Renewable Energy			Review of Sub-loans, approval process and reporting to the source organization
Energy efficiency etc.			Preparation and evaluation of the program reports
Negotiation of the project proposal with possible development financing organizations			

01

Development and Investment Bank of Türkiye Activities

Project Finance and Corporate Loans

APEX Lending process includes Project Identification, Loan Program Development and Funding, Intermediary Selection and Contracting Process, Disbursement and Reporting. In the project definition phase, preliminary economic and thematic research on the project proposal is conducted and negotiations with funding agencies are carried out.

The Loan Program Development phase includes the negotiation of loan terms with resource institutions, signing of the contract, securing the guarantee of the Republic of Türkiye Ministry of Treasury and Finance and preparation of the implementation manual. In the Intermediary Selection and Contracting Process, the financial, operational, environmental, and social suitability of the Intermediary Financial Institutions (IFIs) is assessed, and negotiations and agreements are concluded between the intermediary and the originator.

Finally, at the Disbursement and Reporting stage, the loan amount is transferred from the originating institution to the intermediary institution, and the sub-loans granted by the AFI are reviewed, approved, and reported to the originating institution by the Bank in terms of financial, environmental and social aspects and program closing reports are prepared and submitted to the originating institutions.

Investment Banking

Development and Investment Bank of Türkiye's investment banking services aim to bring Türkiye's capital markets to an international level and encourage foreign capital inflows.



In this context, the Bank;

Providing investment banking services to private and public sector economic enterprises at international standards,

Develop financing solutions to attract foreign direct investment,

Development of alternative financing instruments for the resource needs of enterprises,

Creating capital solutions to increase the competitive advantage of local firms,

Innovative capital market products and consultancy services for financial and managerial bottlenecks of enterprises

are among the services it offers.

Our investment banking unit provides services such as capital markets advisory, mergers, acquisitions advisory, and financial advisory.

Within the framework of Capital Markets Advisory, the Bank provides consultancy services to companies on the issuance of equities, debt instruments, lease certificates, and other capital market instruments, helping them to raise additional funds. Such issuances contribute to the institutionalization and transparency of firms and provide easier access to different financing alternatives for companies that increase their recognition in capital markets.

Within the scope of alternative borrowing-based financing methods, the Bank offers a wide range of consultancy services to companies through bond and bill issuances and the rapidly increasing issuance of lease certificates (sukuk). The Bank advises on the issuance of innovative capital market financing products (green, social and sustainable products) related to environmental and social issues and strives to make a difference in capital markets.

01

Development and Investment Bank of Türkiye Activities

Investment Banking

In 2022, in line with the Bank's goal of transferring more resources to the real economy and money markets through more effective use of capital market instruments;

Presented consultancy services to Tarfin Tarım A.Ş. in its sukuk issuance amounting to 140 million TL, of which Tarfin Tarım A.Ş. was the fund user within an issuance ceiling of 400 million TL.

147 million TL in the public offering of Obase Bilgisayar ve Danışmanlık A.Ş. as the lead intermediary institution.

Participated as the lead brokerage house in the public offering of Ahlatçı Doğalgaz Dağıtım Enerji ve Yatırım A.Ş. with an issue size of 3.48 billion TL.

Provided consultancy services to Tarım Kredi Holding A.Ş. within the scope of obtaining a bond/bond issuance ceiling amounting to 371 million TL.

Supplied consultancy services to Tarım Kredi Yem A.Ş. within the scope of obtaining a bond/bond issuance ceiling amounting to 800 million TL.

Tarım Kredi provided consultancy services to Birlik Tarım Ürünleri Hayvancılık Hayvancılık Ambalaj Petrol Nakliyat İthalat İhracat Sanayi ve Ticaret A.Ş. within the scope of obtaining a bond issue ceiling of 150 million TL.

Provided consultancy services to Gübre Fabrikaları T.A.Ş. within the scope of obtaining a bond issue ceiling of 3 billion TL.

Implemented consultancy services to Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. within the scope of obtaining a bond / bond issuance ceiling amounting to 100 million TL.

Provided consultancy services to Çimsa Çimento Sanayi ve Ticaret A.Ş. for obtaining a sukuk issuance ceiling amounting to 2 billion TL.

Offered consultancy services to Altınmarka Gıda Sanayi ve Ticaret A.Ş. for obtaining a sukuk issuance ceiling amounting to 200 million TL.

Within the scope of M&A advisory services, the Bank provides financial advisory services in asset purchase/sale, merger, demerger, partnership, and privatization projects.

The services include supporting partnership/merger/acquisition transactions to enable firms or shareholders to exit business lines or entire operations, or to gain access to new markets, assets, or intellectual property rights.

In these processes, it supports with its in-depth sectoral knowledge and national/international experience in identifying potential companies/investors, preparing proposals, and coordinating the work and negotiations between other parties to the process and its advisors.



In 2022, the Bank played an active role in two separate privatization projects carried out by the Privatization Administration. The first project involves the privatization of some cargo and yacht ports owned by Turkish Maritime Enterprises.

Preparatory work under this project continued, and a tender process was finalized in 2022. A further tender is planned for the first half of 2023. The Bank has also been actively involved in the privatization of selected power generation plants owned by Elektrik Üretim A.Ş.

In this context, the tenders for two power plants were technically completed in 2022. Work on these projects, carried out with the Privatization Administration, will continue in 2023.

In 2023, the Bank will also continue to serve as a financial advisor to the Turkish Wealth Fund (TWF) in the procurement process for the licenses to regulate and accept bets on horse racing.

01

Development and Investment Bank of Türkiye Activities

Investment Banking

Within the framework of Financial Advisory services, Development and Investment Bank of Türkiye provides financial restructuring, financial feasibility, company valuation and structured/project finance advisory services to its clients.

The Bank prepares financial feasibility reports and provides support in the debt restructuring process for companies experiencing debt repayment difficulties and the financial institutions to which these companies owe money. It also provides financial, technical, and sectoral analyses of its clients' investment plans and projects and shares its views on the financial feasibility of investments.

Within the framework of company valuation services, it also provides services to calculate the value of companies in cases such as changes in shareholding structure or financing needs. In this assessment process, issues such as firms' assets, business activities, future plans, and intellectual capital are taken into account.

The Bank also offers debt refinancing, restructuring, acquisition, investment, and project finance advisory to meet long-term investment and financing needs.

In 2022, the Bank provided valuation and financial feasibility consultancy services to public and private sector companies regardless of sector, and prepared valuation, feasibility and current situation reports as annexes to investment incentive certificate applications for companies operating in the chemical, defense, agriculture, health, energy, and food sectors. The reports have guided investors in achieving their strategic objectives.



With these advisory services, the Bank helps companies evaluate their financial performance and shape their future investment decisions.

Türkiye Development Fund

Development and Investment Bank of Türkiye's strategic goals include increasing the diversity of its financing products by focusing on priority sectors determined in accordance with the country's development plans and programs, in areas with high import dependency, foreign trade deficits and providing great potential for employment and foreign exchange earnings. In this way, the Bank aims to provide effective solutions for the sectors that the economy needs.

TKF's strategic objectives:



1

To be a key player in the growth of the entrepreneurship ecosystem by providing support to critical sectors for the sustained growth of our country, including its sub-funds, and by investing in new generation startups.



2

Take strategic steps to channel public resources into capital projects directed towards the country's development.

The Türkiye Development Fund, established by the Participation and Investment Bank of Türkiye to realize Türkiye's development goals, has exceeded 1.6 billion TL in total. In addition to providing financing to sectors for which development strategies have been identified, these funds aim to achieve nationwide development by expanding venture capital investments and encouraging the private sector's orientation in this field.

01

Development and Investment Bank of Türkiye Activities

The names and objectives of the funds established under the TKF umbrella fund are listed below:

Regional Development Fund (525 Million TL): Established in July 2020, this fund aims to increase exports of SMEs in strategic sectors and reduce the current account deficit, as well as expand regional employment.

Technology and Innovation Fund (475 Million TL): Created in December 2020, this fund expands the entrepreneurship ecosystem by supporting venture capital and technological investments.

TKYB Capital Fund (200 Million TL): Established by the Bank in September 2021, this fund aims to achieve technology-based growth by directly investing in venture capital funds and technology-focused startups.

Development Participation Venture Capital Investment Fund (125 Million TL): Established in May 2021, this fund invests capital in strategic companies operating in the manufacturing sector that will help reduce the current account deficit.

Innovative and Advanced Technologies Participation Venture Capital Investment Fund (235 Million TL): Created in May 2021, this fund aims to make equity or structured capital investments in companies aiming to produce high technology that can be used in the defense sector.

Development METU Teknokent Venture Capital Investment Fund (6 million USD): Development METU Technopolis Venture Capital Investment Fund, Innovative and Advanced Technologies Participation Venture Capital Investment Fund, and Development Participation Venture Capital Investment Fund are funds subject to CMB legislation. The objective is to contribute to the national economy by supporting technology-oriented companies.

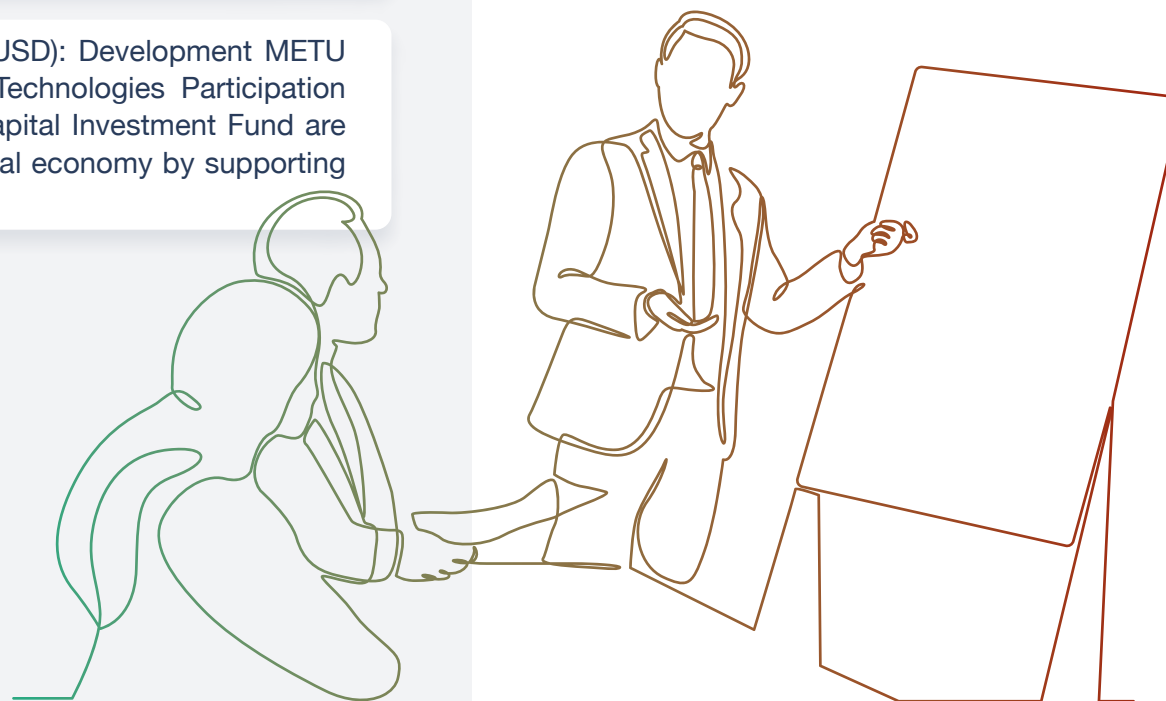
These six funds, which enable direct capital investment in small and medium-sized companies, are designed to increase venture capital investments and direct more private sector resources to this area. The Bank's goal is to contribute to the growth of the private sector through entrepreneurship and capital support by spreading investments across the country.

Development METU Teknokent Venture Capital Investment Fund, established jointly by the Bank and METU Teknokent Girişim Destek ve Yatırım A.Ş., was launched with a capital of 6 million USD.

Development and Investment Bank of Türkiye has taken on a special role to facilitate access to finance and support the formulation of long-term plans, focusing on the 11th Development Plan's objectives for priority sectors.

Aware of this duty and responsibility, Development and Investment Bank of Türkiye continues its efforts to transform the manufacturing industry and supports access to resources for production-based growth. At the same time, the Bank continues to support industrial enterprises and initiatives in priority development sectors through six funds managed by its wholly owned subsidiary, Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.

Aware of this duty and responsibility, the Development and Investment Bank of Türkiye continues its efforts to transform the manufacturing industry and supports access to resources for production-based growth. At the same time, the Bank continues to support industrial enterprises and initiatives in priority development sectors through six funds managed by its wholly owned subsidiary, Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.



02

Corporate Governance

“Development and Investment Bank of Türkiye conducts its operations by taking on a role that promotes sustainable development and adhering to responsible banking standards.”

Corporate Governance

Management Approach	46
Sustainability Management	50
Impact Management Working Principles	56
Risk Management	66
Ethics Management	74
Corporate Governance Principles	
Compliance Report	77
Corporate Structure	78
Committees	90

Corporate Governance

Management Approach

The Bank embraces a thorough and inclusive management strategy, with the goal of creating value for all stakeholders.

Development and Investment Bank of Türkiye's Board of Directors is made up of seven members elected by the General Assembly, and each member can be elected for a maximum of three years. According to the Articles of Association, the Board of Directors meets at least once a month with the majority of the total number of members and makes decisions with the majority of the members present.

Due to the number of board members and the obligation to include independent members in the committees, members of Development and Investment Bank of Türkiye's Board of Directors serve on more than one committee. In 2022, the Bank's Board of Directors met 20 times and made 291 decisions, 11 of which were interim.

Depending on the circumstances, Development and Investment Bank of Türkiye constructs a three- or five-year Strategic Business Plan and evaluates it annually. The Senior Management and Board of Directors of the Bank approve the plans as part of this strategic planning process.

To effectively administer all processes, the Bank's organizational structure includes 21 committees. These committees operate within the scope of internal regulations, conduct regular meetings, and make decisions in accordance with legal requirements, current trends, and organizational needs.

Asset-Liability Committee

The Asset-Liability Committee was formed by the bank in order to effectively and efficiently manage assets and liabilities. This committee's operations are guided by the Bank's vision, purpose, strategic objectives, and risk management policies and strategies. Furthermore, the corporation continues to operate while taking into account present and future economic trends, interest rates, maturity periods, and currency choices. The Committee made ten decisions in 2022.

The Audit Committee

The Audit Committee is in charge of overseeing the efficacy and competency of Development and Investment Bank of Türkiye's internal systems on behalf of the Board of Directors. It is also responsible for ensuring that these systems work in line with accounting and reporting laws and regulations, as well as the integrity of the information produced. The Committee is mandated to convene at least once every three months, and in 2022, the Committee met 18 times and passed 66 resolutions.

The Credit Assessment Committee

The Credit Assessment Committee defines and develops lending standards in accordance with the overall goals and policies of Development and Investment Bank of Türkiye, while taking current market conditions into account. In addition, the Committee ensures and oversees the smooth flow of work, information, and documents throughout the Bank's credit transaction units. The Committee monitors the Bank's credit risk and the state of the loan portfolio, as well as analyzes, evaluates, and determines credit allocation choices.

Within the parameters established, the Committee is responsible for making decisions on things such as deferral, installment payments, and rearrangement of loan receivable terms and circumstances. Furthermore, it establishes the principles and procedures that govern the Bank's credit policies, develops strategies in response to changing and developing conditions in order to increase the efficiency of the loan portfolio, and aims to take measures and make decisions involving problematic customers who are subject to legal scrutiny. Furthermore, the Committee discusses ideas offered by the various departments. The Committee met 52 times in 2022, making decisions on 195 proposals and issues and referring those that needed approval to the Bank's Board of Directors.

The Corporate Governance Committee

The Corporate Governance Committee establishes the guidelines for Development and Investment Bank's corporate governance policy and monitors compliance with those standards. Furthermore, it continues to conduct corporate governance reform studies and to make recommendations to the Board of Directors in this regard.

The Executive Committee

The Executive Committee was founded to discuss and implement issues involving the day-to-day management and operation of Development and Investment Bank of Türkiye. This committee is in charge of effectively managing the Bank's

operational activities, implementing strategic decisions, and accomplishing the Bank's objectives. The Executive Committee is in charge of ensuring that the Bank's day-to-day operations are effective, efficient, and compliant.

The Remuneration Committee

The Remuneration Committee was established to assess Development and Investment Bank's remuneration policy and practices in terms of risk management and to provide recommendations to the Board of Directors in this regard. In 2022, the Committee met once and made one decision to present to the Board of Directors.

The Sustainability Committee

The Sustainability Committee was established in order to effectively create and integrate Development and Investment Bank's sustainability strategy and policies. The Committee oversees the procedures of setting sustainability goals, developing policies, monitoring performance, and reporting. It also performs activities such as making strategic decisions that address environmental, social, and corporate governance issues, exploring creative solutions, and encouraging projects that promote sustainability. In 2022, the Committee met once and made two decisions.

The Business Continuity and Emergency Committee

The Business Continuity and Emergency Committee was established to create Development and Investment Bank of Türkiye's business continuity management structure and to manage business continuity policies, plans, tests, and actions. The Committee is in charge for identifying potential risks, preparing emergency scenarios, founding business continuity policies, and assessing their implementation. It also supervises and coordinates actions such as emergency-related trainings, risk monitoring, and constant improvement.

The Disciplinary Board

The Disciplinary Board was established to make decisions on investigation files presented to Development and Investment Bank of Türkiye.

Corporate Governance

The Information Security Committee

The Information Security Committee was established to review the implementation of and compliance with the Information Security Policy at Development and Investment Bank of Türkiye. This committee determines the Bank's information security strategies, evaluates the effectiveness of security measures and monitors the implementation of relevant policies.

The Information Systems Strategy and Steering Committee

The Information Systems Strategy and Steering Committee was established to oversee the effective utilization of the Bank's IS investments in accordance with the requirements of the Information Systems (IS) strategy plan and the alignment of the Bank's business objectives and IS objectives. This committee determines the prioritization of IS investments and projects, monitors the status of ongoing IS projects, and ensures progress by resolving resource conflicts between projects. It also provides guidance to ensure regulatory compliance of the IS architecture and IS projects and monitors service levels for IS services. The Committee continues its work to guide the IS management in line with the IS strategy plan and to ensure the efficient utilization of IS investments.

The Human Resources Committee

The Human Resources Committee was established to carry out the workforce planning of Development and Investment Bank of Türkiye and to ensure the training and development of its employees. This committee determines the Bank's human resources strategies, analyzes workforce needs, and manages appropriate recruitment and placement processes.

The Information Systems Continuity Committee

The Information Systems Continuity Committee was established to guide efforts to establish and keep the measures, plans, regulations and procedures to be taken up-to-date to ensure that Information Technology (IT) systems and applications function appropriately in situations that threaten the continuity of Development and Investment Bank of Türkiye's corporate activities. This committee establishes the necessary conceptual framework to ensure the continuity of IT systems and manages continuity planning processes. It also directs activities such as determining business continuity measures, developing emergency scenarios, backing up the IT infrastructure and establishing recovery strategies. The Committee continues its efforts to take the necessary measures to ensure the uninterrupted continuity of the Bank's activities and to achieve continuity targets.

The Turkish Financial Reporting Standards (TFRS 9) Committee

The Turkish Financial Reporting Standards (TFRS 9) Committee was formed to provide governance and supervision of the TFRS 9 impairment calculation process at the highest level. This committee is responsible for ensuring objectivity and impartiality in the IFRS 9-compliant impairment calculation procedure.

The Procurement Committee

The Procurement Committee was established to determine the procurement principles of Development and Investment Bank of Türkiye, to make the necessary changes and to direct and decide on the procedures and principles related to transactions such as purchase, sale, construction and leasing within the determined committee limit. This committee determines the Bank's procurement policies and procedures, manages supplier selection processes and ensures that procurement activities are carried out effectively.

The Innovation and Business Development Committee

was established to evaluate and implement new products, services, innovations and business development opportunities within Development and Investment Bank of Türkiye. The Committee determines the Bank's innovation strategies, conducts market analysis, assesses customer needs and explores new business opportunities.

The Personal Data Protection (PDP) Committee

works to determine the principles regarding Development and Investment Bank of Türkiye's Personal Data Protection Policy. At the same time, it monitors compliance with the Law on the Protection of Personal Data, carries out continuous improvement and corrective or preventive actions and makes recommendations to the Board of Directors. The PDP Committee ensures the Bank's compliance with legal regulations on the security and confidentiality of personal data and ensures the effective protection of personal data.

The Information Sharing Committee

coordinates 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 Development and Investment Bank of Türkiye. The Committee evaluates and determines the compliance of incoming sharing requests and records these evaluations. In addition, it determines the necessary policies and procedures to ensure the security of the Bank's confidential information and ensures that information sharing between the relevant units is carried out in a compliant and secure manner. The Information Sharing Committee plays an active role in the protection and sharing of confidential information.

The Financial Institutions Committee

was established by Development and Investment Bank of Türkiye to set limits for transactions with financial institutions. This committee manages the Bank's relations with financial institutions and determines the procedures and principles and

takes decisions regarding transactions such as purchase and sale, leasing and construction with these institutions.

The Ethics Commission

was established to provide advice and guidance to all employees of Development and Investment Bank of Türkiye regarding the problems they face regarding the principles of ethical behavior. The duty of the Commission is to support the establishment and development of an ethical culture and to evaluate ethical practices within the Bank.

The Ethics Commission works to establish and implement policies to ensure compliance with ethical standards. It also addresses ethical issues of personnel, organizes ethics training and takes various measures to ensure the spread of ethical culture. The Ethics Commission aims to ensure that the Bank operates in accordance with ethical values and to encourage ethical behavior of employees.

The Strategic Steering Committee

The Strategic Steering Committee was established to determine the future outlook of Development and Investment Bank of Türkiye and to evaluate its strategic goals. The Committee also aims to support change and transformation processes to increase collaboration among the Bank's departments and ensure institutionalization.

While evaluating these synergy efforts, it ensures the creation of a culture within the Bank and the preparation of strategic business plans and the coordination of the process. The Strategic Steering Committee also evaluates the Bank's overall performance and provides guidance to ensure that performance targets are achieved. Therefore, it determines the Bank's long-term strategies and supports the Bank in achieving sustainable growth and success.

Corporate Governance

Sustainability Management

Putting sustainability at the center of all its financial activities with a responsible banking approach, Development and Investment Bank of Türkiye has been financing thousands of investment projects for nearly 50 years. The Bank has a special focus on supporting small and medium-sized enterprises (SMEs) in Türkiye.

One of the primary objectives of Development and Investment Bank of Türkiye is to improve the quality of life of communities by promoting sustainable and inclusive growth. In this context, the Bank aims to provide financing for climate change mitigation and adaptation and to support innovation and entrepreneurship. “Climate Action” is one of the Bank’s top priorities, mobilizing financial resources on a global scale and helping to direct them to the regions where their impact is felt the most through loan and advisory activities.

To support sustainable development, the Bank conducts robust environmental and social risk assessments and provides technical advisory services.

It also strives to provide the financing needed to achieve the global warming target of “**below 1.5°C**”. The Bank’s expert staff identifies environmental and social actions to eliminate or mitigate emerging risks.



Placing sustainable development at the center of its operations, the Bank adopts the 17 Sustainable Development Goals (SDGs) established by the United Nations in 2015 as a guide and contributes directly and indirectly to 15 Sustainable Development Goals (SDGs).

The Bank’s priority is to improve the quality of life for society and create positive impacts on the environment.

In accordance with IFC performance standards, the Bank monitors the environmental, social and governance-oriented performance of companies throughout the loan period and contributes directly and indirectly to protecting the environment and public health of all investments it finances.

In 2021, the Bank integrated the measurement of contributions to the United Nations Sustainable Development Goals into all credit assessment processes and made it a standard operating procedure.

By the end of 2022, 79% of the Bank’s loan portfolio consisted of sustainability-related loans associated with the United Nations Sustainable Development Goals. The Bank continues to make a significant contribution to climate and environmental issues by providing financing in compliance with the sustainable development targets.

In 2022, the total amount of loans provided was recorded as 60.3 billion TL.

The Bank demonstrated its support for Türkiye’s sustainable development by sharing with stakeholders the economic, environmental and social values created as a result of its long-standing activities with its third integrated report published in 2022.

In the report, the Bank’s value creation model, strategy, capital management, outputs and targets are shared in detail based on the International Integrated Reporting Framework in addition to GRI Standards. This report informs stakeholders by presenting the Bank’s sustainability performance and commitments in a transparent manner.

Corporate Governance

Sustainability Management

Development and Investment Bank of Türkiye was the first public bank to establish the ISO 14001 Environmental Management System in 2010, which aims to identify the negative environmental impacts of its operations, take measures, monitor performance and manage these environmental impacts effectively.

The Bank continuously improves its environmental performance with this management system in order to fulfill its commitments to environmental sustainability and adopt best practices. In this way, the Bank aims to control environmental impacts and use resources efficiently.

The Bank participates in the CDP Climate Change Program to report on climate change. During the reporting process, the Bank evaluates its risks and opportunities related to climate change and voluntarily discloses information on strategy, governance, emission metrics, targets, performance and value chain engagement.

As a result of these efforts, the Bank achieved a B score in 2022, making it one of the highest scoring institutions in Türkiye in the finance sector.

In 2019, the Bank became a founding signatory to the Principles for Responsible Banking established by the United Nations Environment Programme Financial Institutions (UNEP FI). The Bank also participates in UNEP FI's working groups.

The Bank actively participates in national and global collaborations to contribute to sustainability efforts at the national and international level, playing an effective role in the field of sustainability.

In addition, the Bank aims to develop sustainability awareness and integrate it into the corporate culture through activities involving employees. The Bank aims to increase the level of knowledge and awareness on sustainability issues by providing a total of 502 hours of training to 326 employees in the field of sustainability.



502 hours of
Sustainability Training

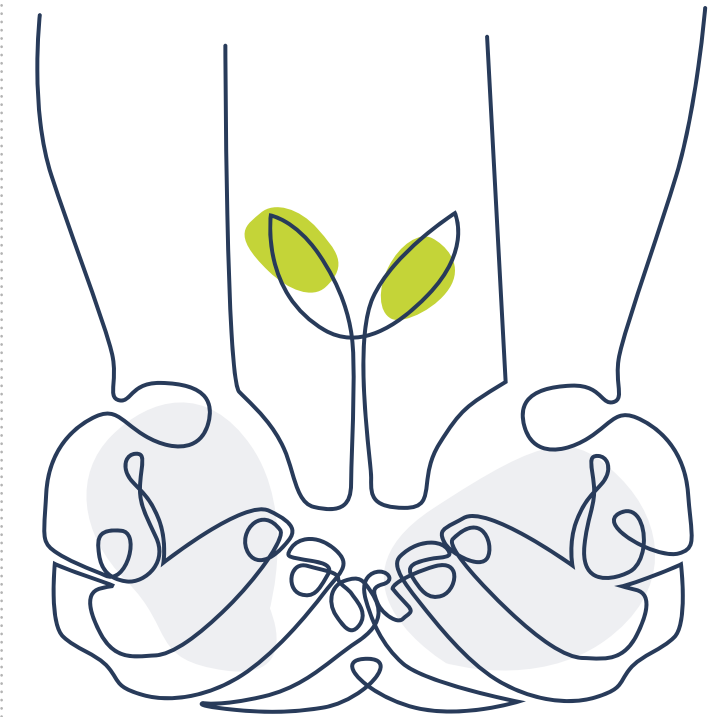
Sustainability and Environmental Social Impact

Established in 2020, the Sustainability Committee continues its activities with the aim of developing the sustainability strategy and policies of the management and integrating them into all activities. The Committee carries out its activities in accordance with the Sustainability Committee Directive.

The Committee is chaired by the General Manager 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 Unit, the Executive Vice President in charge of the Development Finance Institutions Unit, the Executive Vice President in charge of Finance and Strategy, the Sustainability and Environmental Social Impact Management Unit Manager, and other assistant members to be selected by the Committee.

The Sustainability and Environmental Social Impact Management Unit was established by the Bank in order to carry out the activities carried out by different units in the fields of sustainability and environmental social risk management in a more focused and efficient manner under a centralized business model.

The Sustainability and Environmental Social Impact Management Unit prepares Environmental and Social Risk Assessment Reports for hundreds of projects in all loaning processes of the Bank.



The Sustainability and Environmental and Social Impact Management Unit prepares Environmental and Social Risk Assessment Reports for hundreds of projects in all lending processes of the Bank.

Corporate Governance

The main areas of work of the Sustainability and Environmental Social Impact Management Unit are as follows:

- To follow domestic and international developments in the field of sustainability and to have up-to-date information on this subject.
- Supporting the creation of an impact investment ecosystem in the country and contributing to Türkiye's sustainable development and achievement of the UN Sustainable Development Goals (SDGs).
- Integrate environmental, social and governance issues into all financing processes of the Bank and determine policies and practices on these issues.
- To fulfill the tasks defined in accordance with environmental and social risk assessment in the lending process and to assess the interaction of projects with the SDGs.
- Carrying out sustainability and integrated management system activities and monitoring related memberships. Ensuring the implementation of international standards such as IFC PS.
- Prepare and share the Bank's Sustainability, Impact, Integrated Management and Carbon Disclosure Project reports with stakeholders.
- Fulfill the requirements of the Bank's Sustainability Committee and work in accordance with the committee's strategic directions.



“Environmental and Social Risk Assessment Procedure in the Lending Process” was prepared in order to evaluate the environmental and social risks of the loans requested from the Bank and to ensure effective management of the issue in line with the Bank's strategy. Loan requests are evaluated according to the List of Non-Financeable Activities 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 Non-Financed Activities List. Risk categorization is performed 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:

- Inclusion of ESG-Focused Detailed Obligations in Credit Agreements,
- Checking the List of Unfunded Activities,
- Providing Project Documents,
- Environmental and Social Risk Assessment and Preliminary Classification of both the Clients and the Project,
- Checking the Environmental and Social Risk Assessment, and Final Classification of the Loan,
- Preparation of Environmental and Social Action Plan,
- Checking the Project Evaluation Report,
- Informing the Customer about the Environmental Action Plan,
- Loan Approval and Inclusion of the Environmental Action Plan in the Loan Agreement,
- Environmental and Social Monitoring,
- Recording of Annual Implementation Results of Environmental and Social Assessment.

Corporate Governance

Impact Management Working Principles

Development and Investment Bank of Türkiye has demonstrated its leadership in the international arena by becoming the first and only Turkish institution to sign the Impact Management working principles (Impact Principles) .

In September 2022, the Bank proved its pioneering position by publishing Türkiye's first Impact Report in line with the Impact Principles. This independently audited report provides information on the Bank's strategy to create positive environmental and social impact and its impact management systems and processes.

The purpose of the report is to transparently share the Bank's commitments and approach to managing and enhancing its environmental and social impact. This demonstrates that the Bank has an impact management approach that not only aims to generate economic benefits, but also considers social and environmental impacts.

The Bank takes the responsibility for developing the impact investing ecosystem and achieving Türkiye's 2053 net zero emissions target seriously. In 2023 and beyond, the Bank is committed to continuously contribute to its activities focused on Impact Investing through current and future international thematic resources and Türkiye Development Fund components. This reflects Development and Investment Bank of Türkiye's ambition to become one of Türkiye's leading institutions in impact investing.

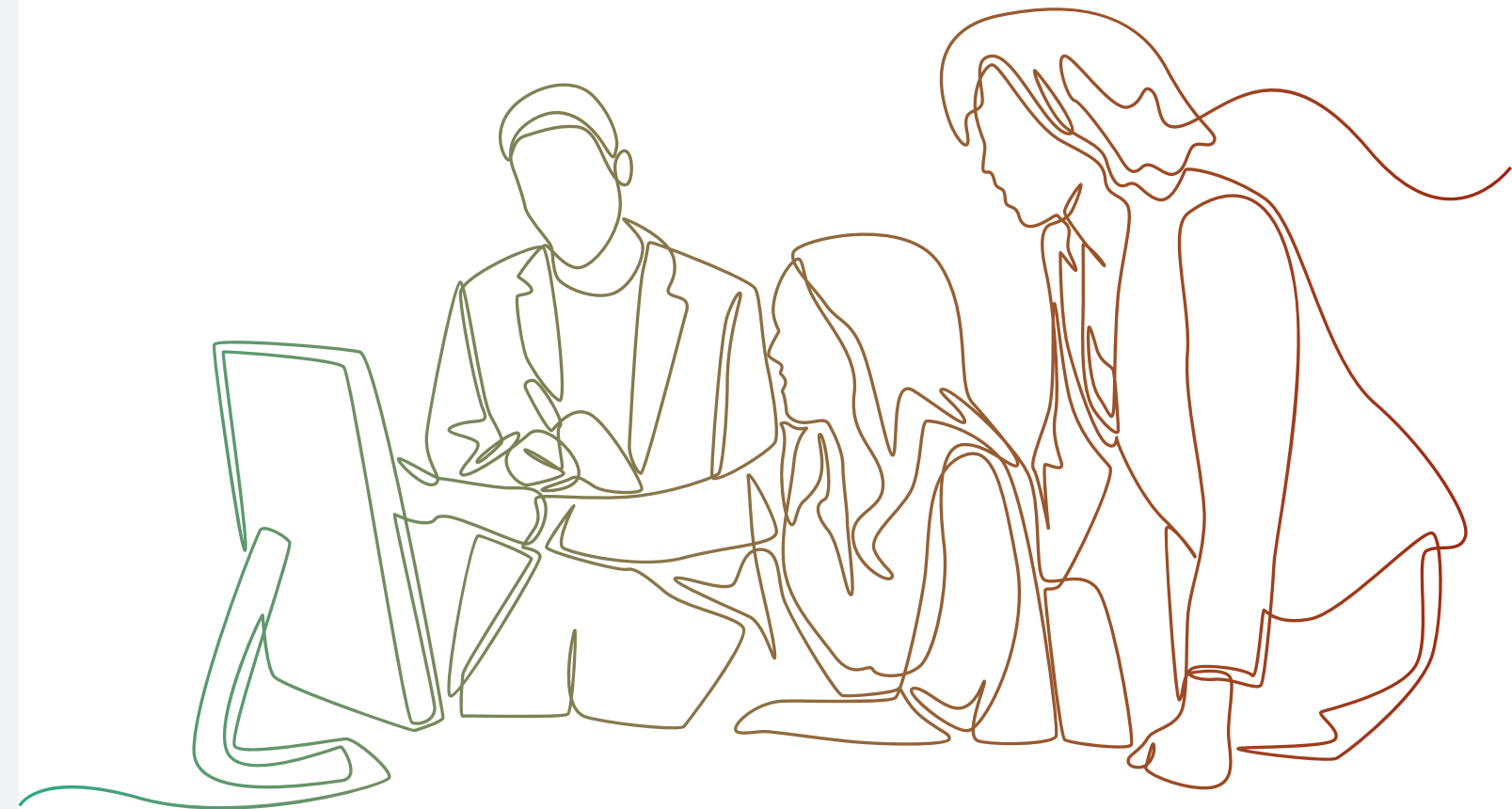
With this global standard, the Bank has committed to managing its corporate banking, project finance, venture capital and private equity investment activities through an "impact lens" in a disciplined, transparent and measurable manner. As one of the founding members of the Impact Investing Advisory Board (EYDK), the Bank supported the goals to further advance the impact investing model in Türkiye and to create an effective impact investing ecosystem.

The Bank emphasized the need for discipline, transparency and measurability in the management of impact investments and committed to implementing these principles. Through both local and global partnerships, the Bank continues to pursue its vision of supporting companies, organizations and funds in achieving financial, social and environmental gains.

The Bank's priority to fund energy efficiency, resource efficiency, employment, technological development and digitalization projects is in line with its goal of creating a positive environmental impact in the fight against climate change.

In 2022, strategies governed by this framework and principles helped reduce approximately 4.5 million tons of CO₂ equivalent greenhouse gas emissions annually. This is a significant achievement that demonstrates the Bank's commitment to sustainable development and environmentally friendly practices.

As of 2022, 173 signatory organizations from 39 countries, with assets worth approximately USD 520 million, joined the Impact Management Working Principles (Impact Principles).



Corporate Governance

Impact Management Working Principles

These include leading institutions such as 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 Institution (DEG).

Contribution to Türkiye's development process as a model of sustainable finance is at the center of Development and Investment Bank of Türkiye's strategic banking objectives.

In this context, the Bank has signed a series of ESG-themed loan agreements with international financial institutions such as the World Bank, Japan Bank for International Cooperation, Asian Infrastructure Investment Bank and China Development Bank.

By the end of 2022, approximately 79 percent of the Bank's portfolio consisted of sustainability-themed loans. These loans contribute directly and indirectly to 15 of the United Nations Sustainable Development Goals. ESG-themed financing focuses on areas such as renewable energy, energy efficiency, employment, infrastructure, SMEs, health and education sectors.



The Impact Management Code of Conduct is a program that comprehensively defines a process to help organizations make measurable positive social and environmental impacts as well as financial gains. The Impact Principles consists of Strategic Intent, Structuring, Portfolio Management, Exit Strategy and Independent Verification.

Impact investments can offer an important solution to issues such as economic inequality, clean water access and sanitation, agricultural productivity and natural resource conservation. By adopting these principles and aiming to manage project finance and Türkiye Development Fund activities through an "impact lens", Development and Investment Bank of Türkiye has reinforced its pioneering role in this field.

Strategic Intent

1

Define strategic impact objectives consistent with the investment strategy.

2

Manage strategic impact on a portfolio basis.

Structuring

3

Identify the manager's contribution to achieving impact.

4

Assess the expected impact of each investment based on a systematic approach.

5

Assess, address, monitor and manage potential negative impacts of each investment.

Portfolio Management

6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

Exit Strategy

7

Execute exits taking into account the impact on ongoing impact.

8

Review, document and improve decisions and processes based on the success of impact and lessons learned.

Independent Verification

9

Publicly disclose compliance with the Principles and provide regular independent verification of compliance.

Corporate Governance

Sustainalytics - ESG Risk Rating

The Sustainalytics ESG Risk Rating is based on a research framework that assesses the extent to which an organization is exposed to sector-specific environmental, social and governance (ESG) risks and how effectively these risks are managed.

The rating provides a quantitative measure of unmanaged ESG risks and categorizes risks into five categories: negligible, low, medium, high and very high. Key issues considered in this assessment process include Corporate Governance, Human Capital, ESG Integration - Financials and Business Ethics.

Thanks to its successful efforts, the Bank received a risk rating of 11.0 in Sustainalytics' Environmental, Social and Governance (ESG) risk rating in 2022 and took its place among the leading organizations in Türkiye.

This achievement reinforces the Bank's pioneering role in sustainability at both national and international levels and positively affects Türkiye's ranking in this area.

As a result of an assessment conducted by Sustainalytics, which evaluated approximately 15,000 organizations around the world, the Bank earned the **'ESG Industry Top Rated'** and **'ESG Regional Top Rated'** badges and was listed among the 50 banks to be entitled for these prestigious titles in 2023. This demonstrates that the Bank's ESG performance and effectiveness in risk management are recognized at both industry and regional levels.



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

The United Nations Global Compact's Young SDG Innovators Program (UNGC Young SDG Innovators) enables companies to recognize young talent within their organizations and accelerate progress towards the Sustainable Development Goals (SDGs) through innovation. This accelerator program's time period is ten months, and it encourages future business leaders to realize their companies' sustainability goals by creating innovative solutions with new technologies, businesses and business models.

The program provides an opportunity to solve real sustainability challenges and incorporate SDGs into an organization's business strategy through collaboration, innovation and knowledge exchange.

By participating in this prestigious program in 2021, Development and Investment Bank of Türkiye demonstrated its commitment to developing projects and solutions to contribute to the SDGs.

In 2021, the Bank was one of the 20 companies that entered the United Nations Global Compact Young SDG Innovators Program.



In 2022, the Bank maintained its position by taking an active role in the program and enhanced its innovation activities to achieve the SDG targets. Throughout this process, the Bank developed a number of innovative projects and solutions to support sustainable development goals.

Corporate Governance

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

The United Nations Global Compact's Climate Targeted Accelerator is a six-month accelerator program designed to raise awareness on how companies can incorporate climate change mitigation strategies into their efforts to grow their economies.

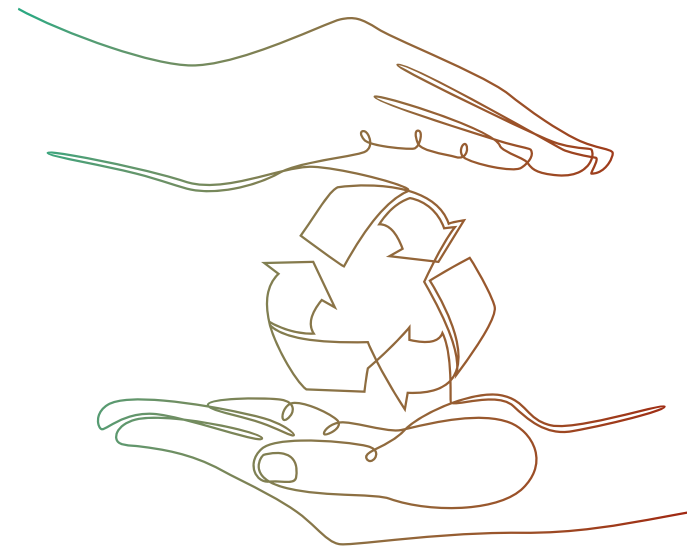
The program aims to accelerate progress on setting science-based emission reduction targets and creating a roadmap for achieving net zero emissions by 2050. It also sets targets to equip companies with the knowledge and skills they need.

The program aims to encourage companies of various scales, sectors and regions to take action against climate change and to make it easier for them to achieve their emissions reduction targets.

Participating companies gain access to global best practices, inter-organizational learning opportunities, capacity-building sessions and on-demand training through the Global Compact's Local Networks around the world.

Development and Investment Bank of Türkiye was one of the 19 companies that were part of this program in 2021 and remains an active participant in 2022.

As part of these efforts, the Bank has developed a number of innovative solutions to support the transition to a sustainable economy and implement strategies to combat climate change.



Management Systems

In 2021, Development and Investment Bank of Türkiye used the ISO 14001 Environmental Management System established in 2010 to manage and reduce the environmental impacts of its operations. This system enabled the bank to identify and mitigate negative environmental impacts, increase positive impacts and reduce resource use, while also helping it monitor its overall performance.

However, in 2020, in order to broaden the scope of the system and integrate different areas, the Bank started working on transitioning to an Integrated Management System, including ISO 9001 Quality Management System and ISO 45001 Occupational Health and Safety Management System, and in 2021 the Bank obtained ISO 9001 and ISO 45001 certifications.

In 2022, the Bank took further steps to further expand its management system. In this context, the Bank obtained ISO 10002 Customer Satisfaction Management System certification with the aim of managing, evaluating and mitigating customer complaints, increasing customer satisfaction and meeting future customer expectations. To commemorate the receipt of this certificate, the Bank created a Quality, Customer Satisfaction, Environment, Occupational Health and Safety Policy and presented it to all stakeholders.

In addition to information security controls, the Bank also complied with ISO/IEC 27001:2013 Information Security Management System Standard, the only auditable international standard defining information security requirements, and obtained the relevant certificate.

These developments demonstrate that the Bank prioritizes not only environmental performance and occupational health and safety, but also customer satisfaction and information security. In this way, the Bank has proven its adaptability and sustainability commitments to succeed in an ever-changing and evolving world.

TKYB's existing Management System Certificates:

- ISO 9001 Quality Management System
- ISO 10002 Customer Satisfaction Management System
- ISO 14001 Environmental Management System
- ISO 27001 Information Security Management System
- ISO 45001 Occupational Health and Safety Management System

Corporate Governance

Sustainability Principles

In 2022, TKYB built a strong sustainability culture by demonstrating incomparable loyalty to its sustainability commitments. The Bank's core mission is to meet the financing and advisory needs of investors, to assist Türkiye's structural transformation in line with its sustainable development priorities, and to ensure fair capital distribution. In line with this goal, the Bank has rigorously adopted the Sustainability Principles since 2020, and it has maintained and strengthened its strong sustainability culture based on these principles.

The Bank's commitment to the United Nations' Sustainable Development Goals informs each of its actions and services. The Bank continues to provide services through projects and practices that serve these goals and target sustainable development.

In accordance with its Sustainability Principles, the Bank conducts all its communication activities in a fair and transparent manner and is committed to providing its employees and customers with a fair, equal, and dependable working environment that respects human rights. The Bank expects its customers to accept and implement these values and seeks to raise awareness about this issue.

The Bank adopts an efficient governance model with the objective of developing, implementing, managing, and monitoring sustainability activities. This model facilitates the development and implementation of corporate sustainability management in accordance with international sustainability standards. In this context, 2022 was the year in which the Bank strengthened its commitment to and culture of sustainability.

Published Sustainability Policies

Environment and Social Policy

In 2022, TKYB maintained its commitment to its Environmental and Social Policy and strengthened its adherence to its guiding principles. This policy, which was implemented by the Bank in January 2020, aims to manage the direct and indirect environmental and social impacts of its operational activities and financial services, and it applies to all Bank employees and activities.

The Bank is well aware of the significance of environmental and social development, as well as the long-term benefits these processes provide. TKYB firmly believes that the policy should be an integral part of routine decision-making processes in all investment and loan-providing practices with respect to environmental and social risk assessment.

In this context, the Bank has developed an Environmental and Social Management System (ESMS). This system is designed to be active throughout the loan term and aims to safeguard investments against credit, reputation, environmental, and social risks.

The Bank evaluates all lending activities in accordance with national environmental and social laws, the Bank's own policies and procedures, and other international environmental and social standards, such as the World Bank E&S Standards, IFC Performance Standards, and other international environmental and social standards with which the Bank is committed to comply when necessary. The Sustainability Committee is responsible for monitoring and updating the Environmental and Social Policy, while the Board of Directors is responsible for approving the policy and repealing it when necessary.

In 2022, the Bank have not supported or financed investments with potentially unacceptable environmental and social impacts. The commitment to preserve biodiversity and cultural heritage remains a prominent component of each investment it finances.

Combating Climate Change and Adaptation Policy

Aware of the effects of climate change on social welfare, economic development, and financial stability, TKYB remains committed to making combating climate change the focal point of its strategic objectives in 2022. In this context, the Bank's Climate Change Mitigation and Adaptation Policy was published in June 2020.

In accordance with this policy, the Bank carefully monitors greenhouse gas emissions from its operational activities and sets reduction targets.

Each year, TKYB voluntarily reports its performance regarding greenhouse gas emissions to the Carbon Disclosure Project (CDP) Climate Change Program. The Bank organizes training programs and creates a platform for the exchange of ideas in order to raise environmental awareness and provide suggestions for improving its environmental impacts. At the same time, the Bank considers compliance with environmental and social procedures and principles when evaluating all service, investment, and project financing transactions.

In 2022, the Bank has remained committed to these policies and emphasized the importance of combating climate change at all levels. In this context, TKYB's commitment to a sustainable future and its policies in this area continue to serve as pillars of the organization's strategic objectives.



You can access the Bank's published environmental and social policies and principles by scanning the QR code below.

Corporate Governance

Risk Management

Implementing a comprehensive risk management strategy enables Development and Investment Bank of Türkiye to defend itself against potential risks and threats within the context of the sectors in which it operates and the transactions it conducts. The risk management procedures and mechanisms determined by the Bank ensure that risks are identified and prioritized, thereby minimizing strategic divergences and ensuring the continuity of operations.

Development and Investment Bank of Türkiye’s risk management process consists of three fundamental steps: identifying risks, measuring and monitoring risks, and managing these risks within the limits set by the Board of Directors in accordance with national and international legal regulations.

The risk reports prepared by the Risk Management Department at regular intervals are designed to meet legal requirements and the specific needs of the Bank. These reports play an important role in identifying, measuring, monitoring, and assessing risks, which are critical components of risk management.

The risk management process is built on three main mechanisms: the Risk Management Department, Risk Committees, and risk areas that are either implemented or planned. These mechanisms enhance the Bank’s capacity to manage risks and successfully realize its operational goals.

Risk Management Department

The Risk Management Department of Development and Investment Bank of Türkiye continuously monitors the current and potential risks that the Bank may face. For this purpose, detailed reports are prepared on a daily, weekly, monthly, and annual basis and shared with the Audit Committee, the Board of Directors, and the Bank’s senior management.

The Risk Management Department’s primary responsibilities consist of identifying, measuring, analyzing, monitoring, and reporting the risks faced by the Bank and ensuring that the necessary steps are taken to mitigate controllable and uncontrollable risks.

Within this framework, the Risk Management Department uses internal reports to monitor the Bank’s current and potential risks.

During the daily reporting process, the Bank’s sensitivity to interest and foreign exchange rates is analyzed under various scenarios, daily limits and liquidity crisis indicators are monitored, the duration of the Bank’s securities portfolio is evaluated, and the compliance of the Bank’s placements and accepted letters of guarantee with the Bank’s limits is assessed. Weekly reports include general economic analyses, risk assessments, and limit monitoring tables on liquidity and foreign exchange risks.

The Risk Management Department’s monthly risk analysis report provides a comprehensive analysis of the risks to which the Bank is exposed. The “Risk Limits Monitoring Report” compiled by the Department details the risk limits established for quantified risks and approved by the Board of Directors. The relevant departments, senior management, Asset-Liability Committee, Audit Committee, and Board of Directors receive monthly reports.

The risk reporting set, which includes calculations such as capital adequacy ratio, interest rate standard ratio arising from banking accounts, value at operational risk, and whose format is determined by the BRSA, is prepared by the Risk Management Department and submitted to the BRSA. In addition, in accordance with the “Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks” published by the BRSA in the Official Gazette No. 29057 dated July 11, 2014, the Bank prepares an Internal Capital Adequacy Assessment Process (ICAAP) Report annually. The 2022 “Türkiye Development and Investment Bank A.Ş. Internal Capital Adequacy Assessment Process (ICAAP) Report” is planned to be prepared by the Risk Management Department in March 2023, approved by the Board of Directors and submitted to the BRSA.

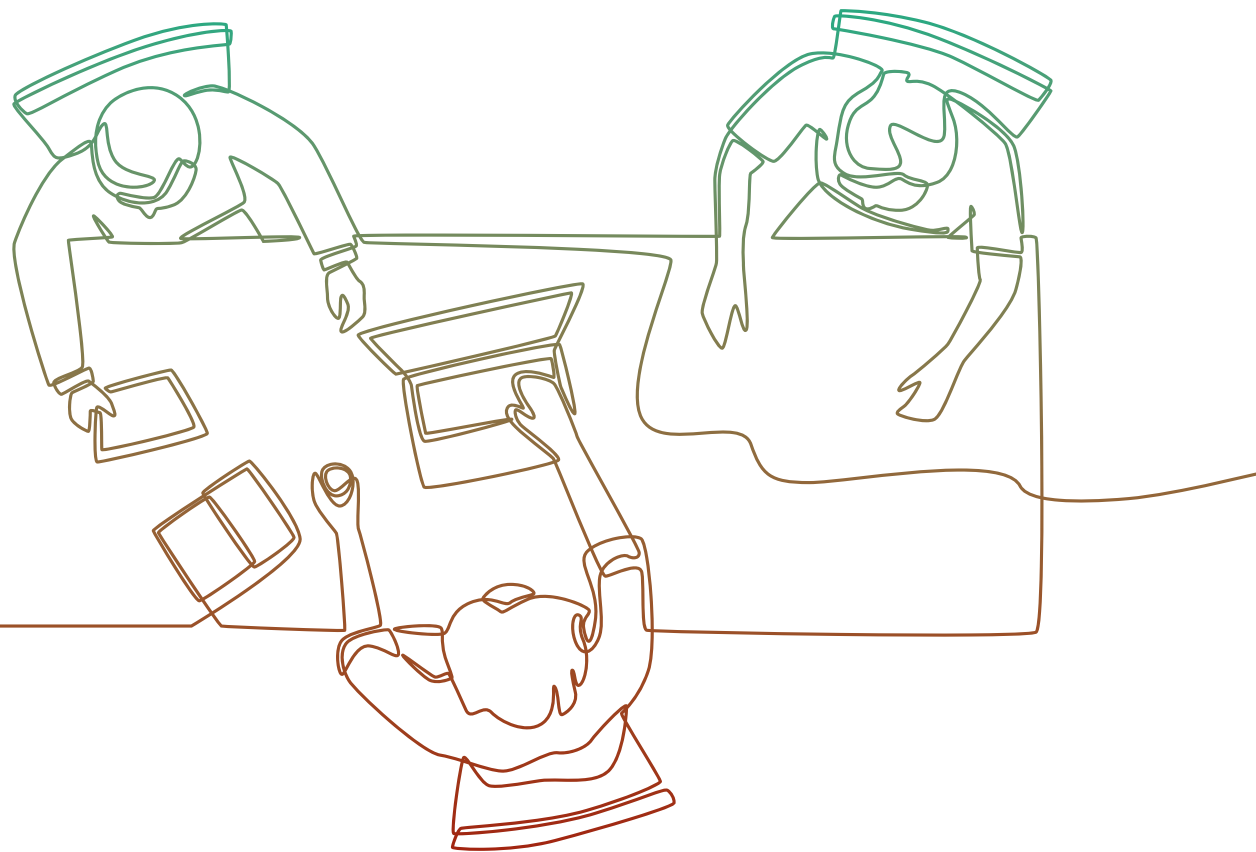
Corporate Governance

Risk Committees

In the organizational structure of Development and Investment Bank of Türkiye, six important committees are among the determinants of decision-making and risk management processes.

The Asset-Liability Committee, Credit Assessment Committee, Audit Committee, Turkish Financial Reporting Standards (TFRS) 9 Committee, Executive Committee, and Corporate Governance Committee stand out as the main structures that influence and guide the Bank's risk stance, strategies, and practices.

These committees play an important role in determining and implementing the Bank's overall risk management process. The engagement of these effective mechanisms ensures that the Bank's overall risk stance and tolerance are carefully defined, and risks are effectively managed.



Corporate Risks

In the corporate risk management process of Development and Investment Bank of Türkiye, the decision-making mechanism and committees take an active role together with the risk budgeting practice, thus ensuring the sound functioning of the risk management process. According to the "Risk Management Strategies, Policies, and Implementation Principles" document approved by the Board of Directors, the Bank's general risk policy is based on the principles of specialization in the areas of activity, acceptance of identifiable, controllable, and/or manageable risks, and avoidance of taking risks other than unavoidable risks.

In this general framework, the Bank takes and implements the necessary measures to ensure that the risks it will take are defined and manageable while specializing in the fields of activity in line with its vision and structure and shaping its asset composition accordingly. Legally prescribed risk measurement and reporting techniques and internal risk measurement methods enable the measurement of the current and potential future effects of the risks taken. In addition, predictions made through stress tests and scenario analyses are evaluated through retrospective tests to ensure that risk predictions are based on a more solid foundation.

In accordance with the Bank's risk policies, the Risk Management Unit sets written limits in line with BRSA regulations for quantifiable risks arising from the Bank's activities.

Risk Limits and Implementation Principles," which is the main policy document determining the Bank's risk appetite, is revised annually and when necessary and approved by the Board of Directors.

In this framework, the most significant indicator of the Bank's risk appetite level is the limits set and the execution of activities within these limits. The realization of the Bank's activities within these limits approved by the Board of Directors is periodically monitored through reports prepared by the Risk Management Unit, and in case of limit exceedances, rapid actions are taken to ensure that the risks in question are brought within the limits as soon as possible.

Corporate Governance

Integration of Environmental, Social and Governance Criteria into Banking Operations

While the traditional face of risk management is usually associated with financial risks, the management of environmental, social, and governance (ESG) risks has become increasingly important as the concept of sustainability has grown in importance over time.

The maturity of banks to effectively manage environmental and social risks is seen as part of their overall risk management practices. This link between sustainable financing and risk management helps banks to control risks arising from their own operations while at the same time allowing them to take into account indirect risks that may arise from their lending activities.

Development and Investment Bank of Türkiye **takes measures both to control environmental and social risks arising from its operations and to take into account indirect risks that may arise during lending operations.**

In lending practices, environmental and social risk assessments have become part of a routine decision-making process.

With these assessments, the Bank analyzes the risks of customers and projects in detail. Prioritizing activities that can have a positive impact further extends the Bank's risk-based approach.

With the responsibility that comes with its identity, Development and Investment Bank of Türkiye keeps sustainable financing among its main priorities and pioneers the realization of effective investments in many different fields, such as renewable energy, energy efficiency, tourism, environmental protection, and the job-creating manufacturing industry. These investment projects are evaluated in terms of environmental and social risks. The Bank's policy was approved by the Board of Directors, and the "Environmental and Social Policy" and "Environmental and Social Risk Assessment Procedure" were published in 2020.

The Environmental and Social Risk Assessment System, which is managed in compliance with the "Environmental and Social Risk Assessment Procedure in the Lending Process", ensures that the environmental and social impacts (direct, indirect and cumulative) that may arise during the construction and operation phases of an investment or project are identified, assessed and necessary measures are developed to mitigate any negative impacts.

To minimize environmental and social impacts, Environmental and Social Action Plans (ESAPs) are prepared that identify actions to be implemented by the client and include a monitoring program. These plans support the development of the client's capabilities in this area.

The Bank's risk assessment model is at the heart of its ESG risk assessment efforts. This model provides a risk-based assessment of existing operations and investment projects to be financed.

This assessment identifies four different risk categories-Category A(High Risk), B+ (Medium-High Risk), B- (Medium Risk), and C (Low Risk) - which are fully aligned with the definitions in the World Bank's new Environmental and Social Framework. The application of this model considers environmental and social risks, as well as the likelihood of their occurrence, the management capacity of the company, and the level of impact on the environment and society. The Bank's comprehensive risk assessment strengthens risk management and sustainability maturity while protecting the Bank's reputation and position in the sector.



Corporate Governance

Environmental and Social Risk Assessment and Monitoring Process

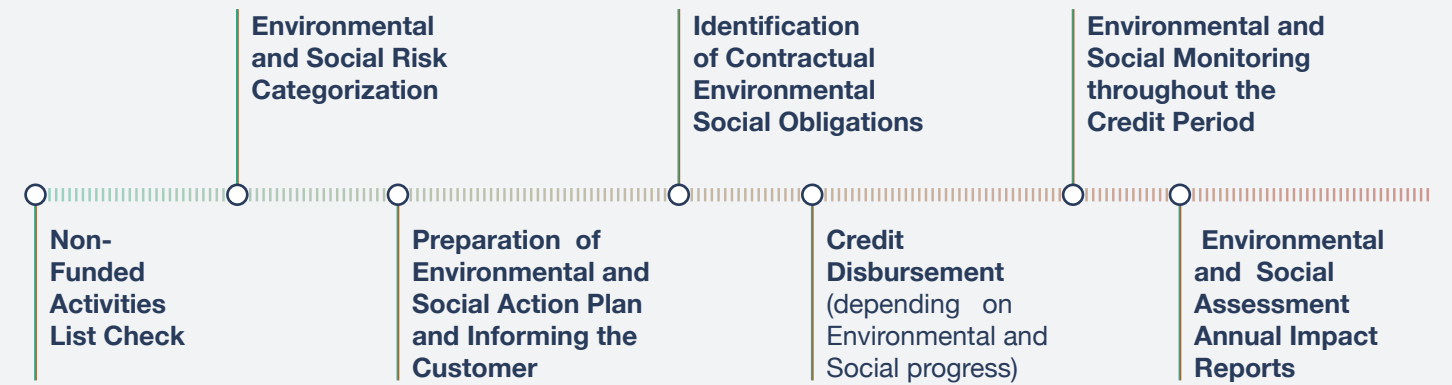
In line with its “Role Supporting Sustainable Development” and “Responsible Banking Approach”, the Bank adopts sustainability principles in both its own operations and customer relations by using the Environmental and Social Risk Assessment Procedure in credit evaluation processes. Sustainability principles have been aligned with the World Bank Standards in the light of comprehensive analyses and evaluations by various units of the Bank, such as the Sustainability and Environmental Social Impact Management Unit, Engineering, Corporate Banking and Project Finance Unit, and Credit Allocation Units.

In this process, the policies and procedures of International Development Organizations were carefully reviewed, and a framework approved by the Bank’s Board of Directors was established.

The Bank conducts its Environmental and Social Risk Assessment and Monitoring processes in compliance with national and international legislation and global standards. The main, but not limited to, standards that the Bank considers in this process are listed below:

NATIONAL ENVIRONMENTAL LEGISLATION	INTERNATIONAL ENVIRONMENTAL LEGISLATION
Environmental Law	World Bank E&S Standards
EIA Regulation	IFC Performance Standards
Waste Management Regulation	European Union E&S Legislation
Water Pollution Control Regulation	AIIB E&S Performance Standards
Occupational Health and Safety Law	International Best Available Techniques
Legislation on Biodiversity - Community Health and Safety and other issues	Paris Climate Agreement and the European Green Deal
Regulation on Industrial Air Pollution Control	
Environmental Permit and License Regulation	
Environmental Noise Control Regulation	
Regulation on Prevention and Mitigation of Major Industrial Accidents	
Regulation on Monitoring of Greenhouse Gas Emissions	

In addition, the List of Non-Financed Activities in the Bank’s policy is consistent with the World Bank’s Exclusion List of Prohibited Activities. The Bank’s environmental and social risk assessment procedure is applied at every stage of credit assessment regardless of the type, sector, or amount of financing. This reflects the Bank’s commitment and industry-leading role in managing environmental and social risks. This process includes the following steps:



With this approach, the Bank aims to achieve its own sustainability goals and guides its customers in this direction.

During 2022, the total number of projects included in the environmental and social risk assessment process was 112.

Details of the risk categorization and grading of these projects are presented in the table below.

PROJECT ESG RISK RATING	NUMBER OF PROJECTS
A	4
B+	21
B-	69
C	18
Total	112

Corporate Governance

Ethics Management

The Development and Investment Bank of Türkiye maintains open contact lines with its stakeholders, clients, and beneficiaries. The “Grievance Management Procedure for Projects Conducted with International Financial Institutions” is being adopted in this area. Integrated into TKYB’s internal systems, the notification center provides bank personnel access to the whistleblowing, ethical, suspicious transaction, suggestion, and complaint lines.

Furthermore, employees not involved in International Financial Institutions’ projects can express their concerns and suggestions on whistleblowing and ethics to the specially constructed e-mail addresses. These procedures ensure that complaints concerning IFC projects are collected through the communication channels and procedures outlined in the Grievance Redress Mechanism.



Suggestions and complaints are submitted via the Customer Suggestion Complaint Form, which can be found at <https://kalkinma.com.tr/tr/bize-ulasin/iletisim-bilgileri>. At the same time, reports of practices and misconduct violating the “Code of Ethical Conduct,” available to employees, are sent to etikhatti@kalkinma.com.tr.

Employees report illegal practices and behaviors to the e-mail address ihbarhatti@kalkinma.com.tr. Furthermore, the address ihbar@kalkinma.com.tr is available for ethics-related reports, and reports received via this address are transmitted to İÇKU(Internal Control and Compliance). This information is also available on the website.

All notifications are treated confidentially in all of these processes. Only reports of misconduct and wrongdoing reported to the ethics hotline are routed directly to the General Manager. The Bank informs all employees and project participants about these grievance mechanisms.

Simultaneously, the Development and Investment Bank of Türkiye is a signatory to the United Nations Global Compact and ensures that these principles are followed in all of its business procedures.

The Code of Ethics at TKYB seeks to deliver quality service to customers, stakeholders, employees, and the general public, as well as to use resources effectively and efficiently and to avoid unfair competition. The Bank has taken on the obligation to operate in accordance with ethical values by accepting the Ethical Principles Charter and the Banking Ethical Principles established by the Banks Association of Türkiye.

The “TKYB Code of Ethics” and “Environmental and Social Policy” shape TKYB’s ethical understanding, while the “Conflict of Interest Policy,” “Regulation on Combating Laundering Proceeds of Crime and Financing of Terrorism,” and “Anti-Bribery and Anti-Corruption Policy” support this understanding.

The Development and Investment Bank of Türkiye’s Code of Ethics adopts and implements the Banks Association of Türkiye’s “**Code of Banking Ethics,**” the “**Regulation on the Principles of Ethical Conduct and Application Procedures and Principles for Public Officials,**” and the decisions of the Turkish Public Officials Ethics Board.

The ethical standards of TKYB address customer, banking sector, and colleague obligations, the bank, society, and business relations, relationships with the media and external organizations, confidentiality, and anti-laundering measures.

TKYB safeguards customer rights within the legal framework, avoids activities that may create unfair competition, and adheres to the principle of equal opportunity in its internal operations in accordance with these principles. While attempting to maintain its reputation, the Bank provides finance and consulting services promoting societal and environmental sustainability. The Bank operates in compliance with its Conflict-of-Interest Policy in its commercial relationships.

TKYB stresses societal benefit, individual rights, and objectivity in its interactions with the media and public institutions. The confidentiality clause is governed by the Bank’s applicable policies and processes and is implemented in line with the requirements of Law No. 6698 on the Protection of Personal Data. These ethical guidelines are carried out by the TKYB Board of Directors and take effect on the date of approval by the Board of Directors.

The Supplier Code of Conduct of the Development and Investment Bank of Türkiye addresses issues such as workplace standards, health and safety measures, wage and working hour regulation, freedom of association and collective bargaining agreements, forced or compulsory labor, child labor prevention, anti-discrimination, harassment and abuse prevention, compliance with laws and regulations, and ensuring the principle of sustainability.

Corporate Governance

Ethics Management

TQRMU assesses sustainable development along three dimensions: environmental, social, and economic. The “Environmental and Social Policy” of the Bank controls the direct and indirect environmental and social implications of operating activities and financial services.

This policy seeks to systematically monitor and reduce greenhouse gas emissions produced by activities, regulate resource consumption and waste, meet legal requirements connected to sustainable development, and raise environmental and social awareness.

Finally, TKYB adheres to the sustainability principle by adhering to the “**Environmental and Social Policy,**” “**Sustainability Principles,**” and “**Climate Change Mitigation and Adaptation Policy.**”

In accordance with the appropriate rules, the Development and Investment Bank of Türkiye maintains an Ethics Commission. Within the scope of the 2022 organizational reform, this commission has a structure with updated committee members. “**Ethics Agreements**” have been signed by all Bank workers and are meticulously documented in personnel files.

Furthermore, the bank closely adheres to the “Banking Ethical Principles” issued on July 26, 2006, by the Banks Association of Türkiye. The Ethics Commission’s primary responsibilities include ensuring conformity with applicable laws, rules, circulars, and resolutions.

No complaints were brought against the Development and Investment Bank of Türkiye for ethical infractions in 2022. This outcome is a positive result of the extensive anti-corruption training that all workers and management receive, and it illustrates the Bank’s strong adherence to its ethical principles and standards.



	2020	2021	2022
Number of Managers Receiving Anti-Corruption Training	44	51	64
Percentage of Managers Receiving Anti-Corruption Training	100%	100%	100%
Number of Employees Receiving Anti-Corruption Training	247	265	259
Percentage of Employees Receiving Anti-Corruption Training	100%	100%	100%

Corporate Governance Principles Compliance Report

The Development and Investment Bank of Türkiye, as one of Türkiye’s top development banks, operates in accordance with Law No. 7147, the Banking Law, and other necessary legislative rules. Furthermore, the Bank strives to optimize conformity with the Capital Markets Board’s Corporate Governance Principles. It seeks to maximize compliance with non-required principles in addition to these mandatory principles.

Although TKYB strives to comply with all the Corporate Governance Principles, there have been challenges in fully implementing some of the principles, and some of these standards are not entirely consistent with the Bank’s and the market’s current structures. However, these principles, which have not yet been implemented, are being rigorously explored, and how they may make the Bank’s administration more effective is being investigated through legal, administrative, and technical infrastructure studies.

The Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) will be published on the Public Disclosure Platform (PDP) platform in accordance with the Capital Markets Board resolution dated 10.01.2019 and numbered 2/49 as part of the Corporate Governance Communiqué numbered II-17.1.



These reports, as well as the form, can be found on the Bank’s website at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s> under the headings “Corporate Governance” and “Corporate Governance Principles Compliance Report.”

TKYB’s Corporate Governance operations were carried out in compliance with the Capital Markets Board’s Corporate Governance Principles throughout 2022. The Board of Directors and Board Committees were constituted in accordance with the communiqué at the same year’s Ordinary General Assembly Meeting, and these committees continue to carry out their activities efficiently.

Corporate Governance

Corporate Governance Rating

According to a study provided by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. on April 15, 2022, The Development and Investment Bank of Türkiye received a Capital Markets Board (CMB) Corporate Governance Principles Compliance Rating Score of 9.32. Despite the fact that this was the Bank's first corporate governance rating study, it was a success. According to the World Corporate Governance Index, this rating allowed the bank to be rated top.

The evaluation was based on judgments of TKYB's adherence to corporate governance principles in four major categories. The table below illustrates the key categories and how the scores in these categories impacted the Bank's total compliance rating. The high compliance grade demonstrates TKYB's corporate governance standards expertise and commitment to continual progress.

Corporate Governance Compliance Rating					
	Shareholders	Public Disclosure and Transparency	Stakeholders	Board of Directors	Corporate Governance Principles Compliance Rating Score
Percentage	25%	25%	15%	35%	
Grade Received	9.41	9.73	9.81	8.76	9.32

Corporate Structure

The TKYB's highest level of authority, the Board of Directors*, has delegated part of its functions to committees in compliance with laws and regulations. This section describes the committees and organizational structure developed to ensure the effective performance of TKYB's functions.

Board of Directors

The Bank's Board of Directors is made up of seven individuals who are elected by the General Assembly. According to the General Assembly's decision, members of the Board of Directors may serve for up to three years. According to the Articles of Association, the Board of Directors meets at least once a month with the majority of the total number of members, and decisions are made by the majority of the members present.

The decisions made as a result of the meetings' discussions are recorded in the Board of Directors' Decision Book in compliance with applicable legislation.

For issues where there are differing viewpoints, reasonable and thorough reasons for dissenting votes are included in the judgment.

Members of the Board of Directors have no veto power in this procedure. The bank has taken out Directors and Officers Liability Insurance with a limit of USD 3 million to protect the members of the Board of Directors. The Private Secretariat and the Board of Directors Office Unit oversee the Chair and the Board's information and communication procedures.

The Chair of the Board guarantees that all members attend the Bank's Board of Directors meetings and establish the agenda and date.

Full Name	Title	Date of Appointment	Education Level	Work Experience in Banking and Business Administration (Years)
Dr. Raci Kaya	Chair of the Board	09.11.2020	Ph.D.	33
Ömer Karademir	Deputy Chair of the Board	25.03.2022	Master's Degree	16
İbrahim Halil Öztop	General Manager and Board Member	13.12.2018	Master's Degree	26
** Salim Can Karaşıklı	Board Member	13.12.2018	Bachelor's Degree	26
Dr. Turgay Geçer	Board Member	27.05.2019	Ph.D.	31
Erdal Erdem	Board Member	10.07.2020	Bachelor's Degree	27
Onur Gök	Board Member	21.06.2022	Bachelor's Degree	11

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

** Salim Can Karaşıklı resigned from his duty on 31.03.2023.

Notes:

Ömer Karademir was elected as deputy chair upon the resignation of Hakan Ertürk on 21.06.2022. Onur Gök was elected upon the resignation of Abdullah Bayazıt, dated March 25, 2022.

Members of the Audit Committee are considered Independent Members of the Board of Directors within the framework of the Capital Markets Board's Corporate Governance Communiqué II-17.1.

Corporate Governance

Dr. Raci Kaya

Chair of the Board

He was born in Ankara in 1967. He received his bachelor's degree in public administration from METU's Faculty of Economics and Administrative Sciences in 1989. Dr. Raci Kaya earned his master's degree in economics in 1996 from Hacettepe University's Faculty of Economics and Administrative Sciences. In 2013, he received his Ph.D. from Marmara University's Institute of Banking and Insurance.

Dr. Raci Kaya began his profession in 1990 and worked in a number of banks till 2007. He was Assistant General Manager at Aktif Yatırım Bankası A.Ş. till 2014, Assistant General Manager at Ziraat Katılım Bankası A.Ş. between 2015 and 2016, and Deputy Undersecretary and Deputy Undersecretary at the Ministry of Treasury and Finance of the Republic of Türkiye between 2016 and 2018.

He was the Chair of the Board of Vakıfbank from 2018 to 2019, as well as a member of the Board of Directors of Eximbank from 2016 to 2018, and the Executive Director of the IMF from November 2018 to November 2020. He has been the Deputy Undersecretary of the Republic of Türkiye Ministry of Treasury and Finance since December 2016 and was elected Chair of the Development and Investment Bank of Türkiye's Board of Directors in November 2020.

Ömer Karademir

Deputy Chair of the Board

He was born in Malatya in 1982. In 2006, he graduated from METU's Department of Economics and Administrative Sciences, Department of Economics. He earned his master's degree in public administration from Carnegie Mellon University in 2015.

Between 2006 and 2009, he worked as an assistant expert in the Treasury Undersecretariat, General Directorate of Foreign Economic Relations. He then served as a specialist in various departments at the General Directorate of Public Finance until 2017.

Following these numerous appointments, he served as Head of the Department till 2020. Between 2021 to 2022, he served on the Board of Directors of the General Directorate of State Supply Office before returning to his role as the General Directorate of Public Finance of the Ministry of Treasury and Finance in December 2021. Since 2022, Mr. Karademir has served on the Board of Directors of the General Directorate of the Development and Investment Bank of Türkiye.

İbrahim Halil Öztop

General Manager and Board Member

He was born in Şanlıurfa in 1969. He graduated from METU's Faculty of Engineering, Department of Industrial Engineering, in 1991. He received his master's degree in business administration from Bilkent University.

He held senior positions in investment banking at Türkiye Sınai Kalkınma Bankası A.Ş., Körfezbank A.Ş., and Garanti Yatırım Menkul Kıymetler A.Ş. during his career. He was appointed General Manager of the Development and Investment Bank of Türkiye in August 2018, where he also serves as a member of the TKYB Board of Directors, KOSGEB Executive Committee Member, and TII-Turkish Investment Initiative Board Member.

In October 2021, he began his duties as Chair of the Board of the Turkish Capital Markets Association, and in February 2021, he began his duties as Deputy Chair of the Board of the Central Registry Agency. He continues to serve as the Chair of the Board at Kalkınma Girişim Sermaye Portföy Yönetim A.Ş., which started in February 2021

Salim Can Karaşıklı

Independent Board Member

Deputy Chair of the Corporate Governance Committee

Remuneration Committee Chair

Audit Committee Member

He was born in İzmit in 1965. He received his bachelor's degree in business administration from Boğaziçi University's Faculty of Economics and Administrative Sciences in 1989. Between 1994 and 1999, he was General Manager at Toprak Factoring and Toprak Leasing, General Manager at CBank between 1999 and 2004, and Board Member in charge of Risk Management and Internal Audit at Bank Pozitif between 2004 and 2006.

H. Bayraktar Yatırım Holding A.Ş., Ege Endüstri Holding A.Ş., Baylas Otomotiv A.Ş., Baytur Motorlu Vastalar A.Ş., Bayraktar Gayrimenkul Geliştirme A.Ş., Bayraktar Otomotiv ve Servis Hiz. A.Ş.

Corporate Governance

Turgay Geçer

Independent Board Member
Audit Committee Chair

He was born in Samsun in 1970. He graduated from Istanbul University's Department of Business Administration in 1991. He received his master's and doctorate degrees from Marmara University, Institute of Banking and Insurance. He began his work at Al Baraka Türk in 1991 as a Second Manager in the Project Department, a post he held until 1997.

Between 1997 and 2001, he worked as a Finance Coordinator for the Orion Asya Group of Companies. He then worked as the Head of Risk Management at Family Finans Kurumu A.Ş. until 2005, as the Head of the Risk Management Group at T.C. Ziraat Bankası A.Ş. until 2007, and as the Assistant General Manager, Board of Directors, and Audit Committee Member at Aktif Yatırım Bankası A.Ş. until 2009. Between 2011 and 2015, Dr. Turgay Geçer worked as a Project Manager and Advisor to General Manager at Belbim A.Ş. In 2010, he was appointed as an Assistant Professor at Istanbul Sabahattin Zaim University, a position he held until 2018. He has been a member of the TKYB Board of Directors since 2019 and of the Kalkınma Yatırım Varlık Kiralama A.Ş.

Erdal Erdem

Independent Board Member
Chair of the Corporate Governance Committee
Audit Committee Member

He was born in Çankırı in 1971. He earned his bachelor's degree in finance from Afyon Kocatepe University in 1993 and his master's degree from Beykent University. Between 1995 and 1996, he began his professional career with Faisal Finance Institution. He then had several jobs in the participation banking sector till 2011. Assistant Marketing Specialist, Project Marketing Group Manager, Credit Service Manager, Assistant General Manager in charge of Credit Monitoring, Legal Consultancy, and Credit Revision Units were among the jobs held. He was a Board Member and Credit Committee Member at T.C. Ziraat Bankası A.Ş. between 2012 and 2014, as well as Vice Chair of Ziraat Leasing A.Ş. and Member of Ziraat Bankası Moscow Board of Directors. He joined Halk Bank in 2014 as Deputy General Manager of SME Banking Marketing, Deputy General Manager of Financial Management and Planning, Acting Deputy General Manager of Human Resources and Quality Organization, Chair of the Board of Halk Factoring A.Ş., and Board Member of Halk Bank Serbia. He was the Assistant General Manager of SME Banking and the General Manager of Şekerbank between 2017 and 2020. He assumed the post of Board Member at Türkiye Kalkınma ve Yatırım Bankası A.Ş. in July 2020, and as of February 2022, he took the job of General Manager at Kredi Garanti Fonu A.Ş., which he still holds today.

Onur Gök

Board Member
Remuneration Committee Member

He began his employment as an Assistant Tax Inspector in 2011, passed the qualification exam, and was appointed as a Tax Inspector by a royal decree issued in the Official Gazette on July 1, 2015, and numbered 29403. Between September 2017 and April 2018, he held an administrative post at the Tax Inspection Board's Presidency, where he also worked as the Rapporteur of the Central Report Evaluation Commission and at the Board's Legislation Unit.

With the Ministry's approval, he served as the Deputy Secretary General of the Tax Council from April 2018 until March 2019. He was a member of the Tax Council's working group on income and corporate tax reform, as well as the Istanbul Finance Center. Following these accomplishments, he served as the Tax Audit Board's Deputy Chair of the Board from April 2019 to June 2021. He began his duties as the Secretary General of the Tax Council at the Ministry of Treasury and Finance of the Republic of Türkiye in January 2020 and will stay until July 2021. He has been the Minister of Treasury and Finance's Advisor to the Minister since December 2021 and the Deputy General Manager of Financial Markets and Foreign Exchange since June 10, 2022.

02

Corporate Governance

Units within the Scope of Internal Systems

Dr. Kaan Ramazan Çakalı

Head of the Inspection Board

He was born in Istanbul in 1980. He received his bachelor's degree in English from Marmara University in 2002 and his master's degree in business administration from ITU in 2003. In 2008, he received his Ph.D. in Business Management from Işık University.

He began his professional career as an Assistant Inspector at Finansbank Board of Inspectors in 2002 and worked in the same company as an Assistant Inspector, Senior Assistant Inspector, Inspector, Senior Inspector, Manager, and Department Manager until 2018. He worked as Department Manager at the Risk Management Department from 2018 to 2019. Since May 27, 2019, he has served as Chair of the Board of Inspectors.

Burhan Serhan Peker

Internal Control and Compliance Manager

He was born in 1983 in Ankara. He received his bachelor's degree in business administration from Boğaziçi University's Faculty of Economics and Administrative Sciences in 2006.

He began his first work as an Assistant Inspector at T. Garanti Bank in 2006. Between 2010 and 2014, he was an Inspector, and between 2015 and 2016, he was the Internal Audit Manager at Garanti Fleet Management Services. He worked at Garanti Investment Securities as the Audit Unit Manager and the Internal Control Manager between 2017 and 2018. On February 14, 2019, he joined the Development Investment Bank team as Internal Control and Compliance Manager.

Dr. Semra Pekaya

Head of Risk Management Department

She was born in Ankara in 1969. In 1989, she received her bachelor's degree in economics from Ankara University's Faculty of Political Sciences. In 1997, she obtained her master's degree from the Institution of Economics at Gazi University, and in 2005, she received his Ph.D. from the same institution. She began her work as an Assistant Specialist at the Development and Investment Bank of Türkiye in 1990. Within the bank, she worked as a Specialist in Economic and Social Research, Resources, and External Relations, and Development Investment Securities Departments. Since its inception in 2001, she has served as Assistant Manager in the Risk Monitoring Department until 2006 and as Manager since 2006. She worked as a Manager in the Treasury Department from 2011 to 2013. Since September 13, 2013, she has been serving as the Head of the Risk Management Department.

Bank Senior Management

İbrahim Halil Öztıp

General Manager and Board Member

He was born in Şanlıurfa in 1969. He graduated from METU's Faculty of Engineering, Department of Industrial Engineering, in 1991. He received his master's degree in business administration from Bilkent University.

He held senior positions in investment banking at Türkiye Sınai Kalkınma Bankası A.Ş., Körfezbank A.Ş., and Garanti Yatırım Menkul Kıymetler A.Ş. during his career. In August 2018, he was appointed General Manager of Development Investment Bank, where he also serves on the TKYB Board of Directors, the KOSGEB Executive Committee, and the TII - Turkish Investment Initiative Board of Directors. In October 2021, he began his duties as Chair of the Board of the Turkish Capital Markets Association, and in February 2021, he began his duties as Deputy Chair of the Board of the Central Registry Agency. He continues to serve as the Chair of the Board at Kalkınma Girişim Sermaye Portföy Yönetim A.Ş., which started in February 2021.

Nuri Yasin Külahçı

Assistant General Manager

Mr. Nuri Yasin KÜLAHÇI earned a bachelor's degree in industrial engineering from Istanbul University's Faculty of Engineering and a master's in finance and accounting from Yeditepe University. Mr. Nuri Yasin KÜLAHÇI began his career as an assistant inspector at Finansbank A.Ş. Board of Inspectors in 2003 and has since worked as a Senior Consultant at Deloitte and a Senior Manager at PwC (PricewaterhouseCoopers), successfully managing many audit and consultancy projects in various Turkish and international finance institutions. Mr. Nuri Yasin KÜLAHÇI joined Türkiye Kalkınma ve Yatırım Bankası A.Ş. in 2019 as Director of Strategy, Organization, and Process Management. He has been serving as Executive Vice President responsible for Strategy and Organization, Financial Affairs, Budget and Cost Management, and Support Services Units since December 2022.

02

Corporate Governance

Bank Senior Management

Satı Balcı

Assistant General Manager

She was born in Yozgat in 1966. In 1988, she received her bachelor's degree in business administration from Ankara University's Faculty of Political Sciences. After graduating, she began working as an Assistant Specialist at Yapı ve Kredi Bank. She served as a Specialist in TKYB's Project Evaluation, Credit Allocation, and Credit Monitoring departments from 1993 to 1998. She then worked as a Senior Specialist from 1998 to 2006, Manager from 2006 to 2011, and Head of Department from 2011 to 2017. She served on the boards of Yozgat Otelcilik A.Ş., Arıcak A.Ş., and T.H. Kalkınma Yatırım Menkul Değerler A.Ş., all of which are subsidiaries of the Bank. She has been the bank's Executive Vice President since November 2017. Since September 2021, she has been serving as the Vice Chair of the Board at Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. She is also responsible for the Türkiye Development Fund, Credit Operations, Treasury and Capital Market Operations, and Subsidiaries and Corporate Affairs Units.

Seçil Kızılkaya Yıldız

Assistant General Manager

She was born in Konya in 1973. In 1998, she received her bachelor's degree in business administration from Boğaziçi University's Faculty of Economics and Administrative Sciences. In 1998, she began her career with Türkiye Sınai ve Kalkınma Bankası A.Ş. Throughout her career, Yıldız has worked in a variety of financial companies. Between 2006 and 2007, she worked as Assistant Corporate Finance Manager at Oyak Yatırım Menkul Değerler A.Ş. and as Assistant Corporate Finance Manager at Oyak Yatırım Menkul Değerler A.Ş. Between 2007 and 2008, she worked as a Senior Credit Analyst at Bayerische Hypo-und Vereinsbank AG's Istanbul Liaison Office. Between 2008 and 2012, she was the Capital Markets Director at UniCredit Menkul Değerler A.Ş. She was the Structured Finance Group Manager of ING Bank A.Ş. from 2012 and 2014. She worked as a Corporate Finance Consultant from 2014 to 2016. She was the Founder and Managing Partner of FSM Advisory Consulting Partnership from 2016 to 2017. Between 2017 and 2019, she worked as the Assistant General Manager of Kuzu Toplu Konut İnşaat A.Ş. Mr. Yıldız serves on the boards of T.H. Kalkınma Menkul Değerler A.Ş., Birleşik İpotek Finansmanı A.Ş., Kalkınma Yatırım Varlık Kiralama A.Ş., and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. She joined Türkiye Kalkınma ve Yatırım Bankası A.Ş. in March 2019 as the Assistant General Manager in charge of the Project Evaluation, Sustainability, and Corporate Communication Units in Investment Banking.

Emine Özlem Cinemre

Assistant General Manager

In 1988, she received her bachelor's degree in business administration from Boğaziçi University's Faculty of Economics and Administrative Sciences. Following graduation, she began her job as an Assistant Specialist at QNB Finansbank A.Ş. She was a Board Member at QNB Finans Leasing, QNB Finans Factoring, and Hemenal Finansman A.Ş. in 2018-2019 after serving as a Foreign Relations Officer between 1989 and 1991, Foreign Relations Unit Manager between 1991 and 1992, Head of Foreign Relations Group between 1993 and 1997, and Assistant General Manager of Foreign Relations between 1997 and 2018. She began her duties as Executive Vice President in charge of Treasury and Financial Institutions at Türkiye Kalkınma ve Yatırım Bankası A.Ş. in June 2019. In addition to her current position, She has served as a Board Member in several non-governmental organizations in Türkiye.

Ali Yunuslar

Assistant General Manager

In 1999, he graduated from the METU Computer Engineering Department. Between 2011 and 2012, he earned his master's degree with an MBA from ITU. He began his career with VestelNet as a Software Engineer. He went on to work as a Software Specialist at VeriPark and Bizitek after this experience. He joined the Industrial Development and Investment Bank of Türkiye in 2004 as a Senior Software Specialist and stayed for seven years as a manager. He joined Mastercard Payment Systems as Application Development Director in 2013. In 2017, he established Mentavision Information Technologies. In 2019, he was appointed Application Development Director at the Development and Investment Bank of Türkiye. He is still the Executive Vice President in charge of Information Technologies, a position he was assigned to in 2022.

Yeşim Şimşek

Assistant General Manager

In 1986, she graduated from Ankara University's Faculty of Communication. She began her employment at Yapı Kredi Bank after graduating. Between 1993 and 1995, she worked as a Branch Manager at Koçbank, then at Bank Ekspres and Garanti Bank until 2004. Between 2004 to 2013, she worked as Regional Manager at Garanti Bank after serving as Branch Manager. She worked as a Commercial Banking Marketing Coordinator from 2013 until 2018. Between 2018 and 2022, she was Alternatifbank's Assistant General Manager of Corporate & Commercial Banking and Project Finance. She has been the Executive Vice President in charge of Corporate Banking and Project Finance at Türkiye Kalkınma ve Yatırım Bankası A.Ş. since June 2022.

Muzaffer Gökhan Songül

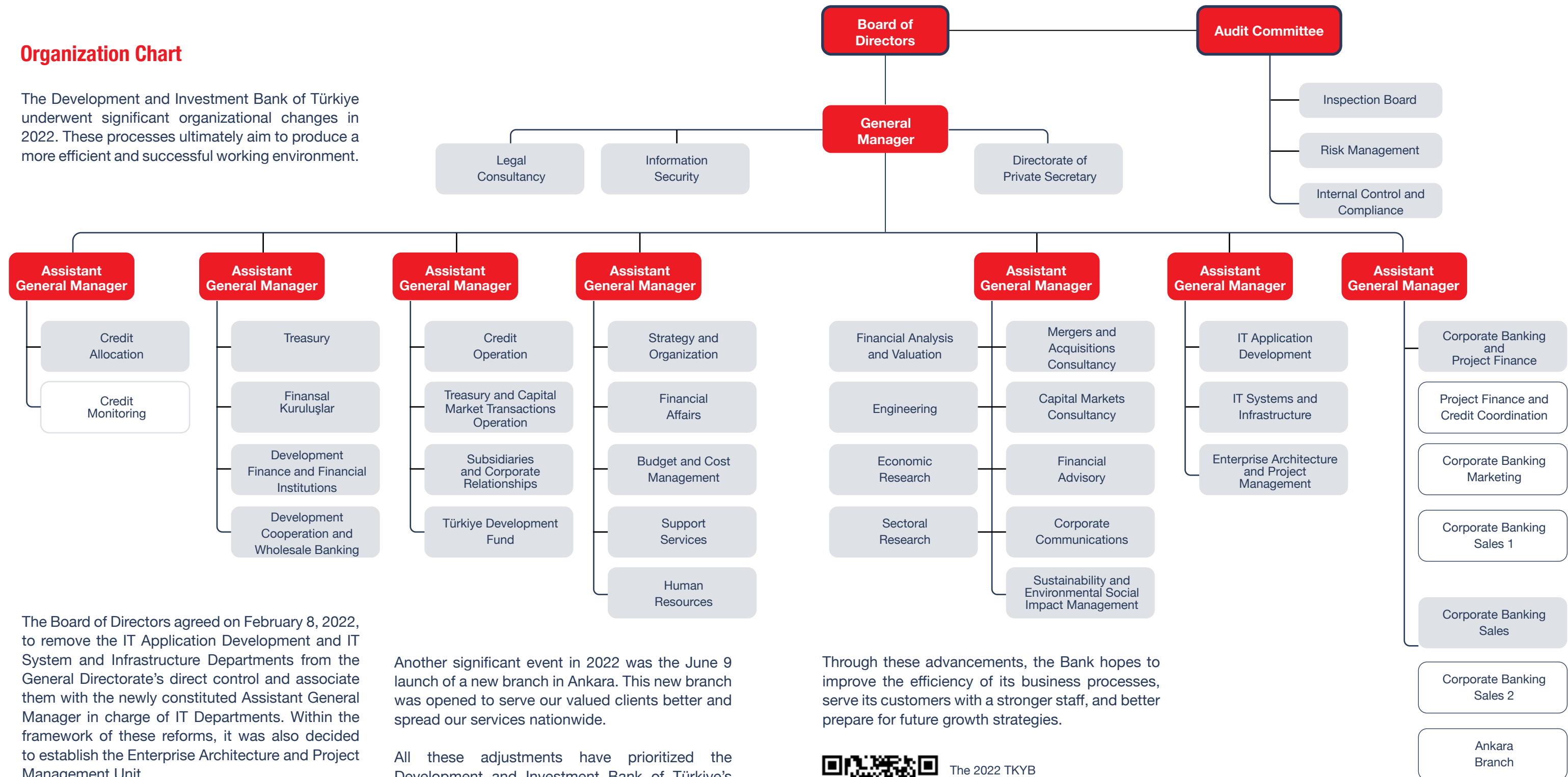
Assistant General Manager

In 2002, he received his bachelor's degree in business administration from Istanbul University's Faculty of Political Sciences. He received his master's degree in international economics from Marmara University Institute of Social Sciences. He began his professional career in 2004 when he joined Garanti Bank. He worked at ABN AMRO Bank from 2007 to 2010, at Royal Bank of Scotland as Assistant General Manager from 2010 to 2014, and at Alternatif Bank A.Ş. between 2014 and 2022. Between 2014 and 2022, he also served on the boards of Alternatif Yatırım and Alternatif Leasing. Since September 2022, he has been the Executive Vice President in charge of Loans at Türkiye Kalkınma ve Yatırım Bankası A.Ş.

Corporate Governance

Organization Chart

The Development and Investment Bank of Türkiye underwent significant organizational changes in 2022. These processes ultimately aim to produce a more efficient and successful working environment.



The Board of Directors agreed on February 8, 2022, to remove the IT Application Development and IT System and Infrastructure Departments from the General Directorate's direct control and associate them with the newly constituted Assistant General Manager in charge of IT Departments. Within the framework of these reforms, it was also decided to establish the Enterprise Architecture and Project Management Unit.

The Executive Vice President in charge of Corporate Banking and Project Finance was created in a new development, and the Corporate Banking and Project Finance Unit was affiliated with this new position.

Another significant event in 2022 was the June 9 launch of a new branch in Ankara. This new branch was opened to serve our valued clients better and spread our services nationwide.

All these adjustments have prioritized the Development and Investment Bank of Türkiye's internal operations and giving the finest service to its customers.

Through these advancements, the Bank hopes to improve the efficiency of its business processes, serve its customers with a stronger staff, and better prepare for future growth strategies.



The 2022 TKYB organization chart is given above. The most up-to-date organization chart can be accessed by using the QR code.

Corporate Governance

Committees

Audit Committee

With the decision numbered 227 taken on October 31, 2006, the Board of Directors of the Bank established the Audit Committee to support the Board of Directors in fulfilling the audit and supervision activities carried out by the Board of Directors in accordance with Article 24 of the Banking Law No. 5411 and the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks.

Turgay Geçer, Erdal Erdem, Salim Can Karaşıklı, and Ömer Karademir were elected to the Audit Committee by the Board of Directors on April 5, 2022, via resolution no. 2022-06-02/076.

The Audit Committee's functions are carried out in line with the Audit Committee Regulation, which was established by the Board of Directors in its resolution 88 dated May 15, 2020.

It will meet at least four times per year. In 2022, the Committee had 18 meetings and made 66 decisions.

Audit Committee Members and Their Main Duties

Full Name	Title	Primary Duty
Turgay Geçer	Chair	Independent Board Member
Erdal Erdem	Deputy Chair	Independent Board Member
*Salim Can Karaşıklı	Member	Independent Board Member
Ömer Karademir	Member	Independent Board Member

* Salim Can Karaşıklı resigned from his duty on 31.03.2023.

Remuneration Committee

The Board of Directors established the Remuneration Committee with resolution no. 2011-23-10/272 dated 08.12.2011 to evaluate TKYB's remuneration policy and practices from a risk management perspective and to make recommendations to the Board of Directors in accordance with the Regulation Amending the Regulation on Corporate Governance Principles of Banks published in the Official Gazette no. 27959 dated 09.09.2011 by the Banking Regulation and The Remuneration Policy was established and entered into force on April 18, 2013, with the resolution 2013-Ara Decision/074. The Remuneration Committee Regulation was adopted and enacted on June 13, 2013, with the resolution 2013-11-14/121.

The Board of Directors re-determined the members of the Remuneration Committee in a resolution dated June 29, 2022, and numbered 2022-10-03/154.

The Committee met in 2022 and submitted a resolution to the Bank's Board of Directors.

Remuneration Committee Members and Their Primary Duties*

Full Name	Title	Primary Duty
**Salim Can Karaşıklı	Chair	Independent Board Member
Onur Gök	Member	Board Member

* Dr. Hakan Ertürk served as a member of the Remuneration Committee between 25.11.2021 - 21.06.2022.

** Salim Can Karaşıklı resigned from his duty on March 31, 2023.

Corporate Governance

Committees

Corporate Governance Committee

The Corporate Governance Committee was established with the decision of the Bank's Board of Directors, dated June 15, 2007. It numbered 185, within the scope of the Regulation on Corporate Governance Principles of Banks published by the BRSA in the Official Gazette dated November 1, 2006, and numbered 26333 and the Corporate Governance Principles published by the Capital Markets Board.

The Operating Procedures and Principles of the Corporate Governance Committee were implemented by a decision of the Board of Directors dated July 24, 2007, and numbered 209. It was later renamed the Corporate Governance Committee Regulation after revisions were made by the Board of Directors' resolution dated December 29, 2011, numbered 283. The Board of Directors later renewed the Regulation in a decision numbered 211 dated September 22, 2022.

The Corporate Governance Committee oversees establishing the Bank's corporate governance policy, monitoring compliance with the Corporate Governance Principles, performing improvement studies, and providing recommendations to the Board of Directors. Erdal Erdem, an independent and non-executive Board Member, was chosen as the Chair of the Corporate Governance Committee by a decision of the Board of Directors dated April 5, 2022, and numbered 2022-06-04/078. In 2022, the Committee met twice and adopted two decisions.

The Bank's Board of Directors has agreed that the Nomination Committee's functions under the Capital Markets Board's Corporate Governance Communiqué would be completed by the Bank's Corporate Governance Committee. The bank's attempts to improve corporate governance practices continue.

Corporate Governance Committee Members and Their Primary Duties*

Full Name	Title	Primary Duty
Erdal Erdem	Chair	Independent Board Member
Salim Can Karaşıklı	Deputy Chair	Independent Board Member
Metin Yılmaz	Member	Treasury and Capital Market. Operations. Op. Unit Manager

* Salim Can Karaşıklı resigned from his duty on 31.03.2023.

Credit Revision Committee

TKYB has taken action to determine the principles and principles of lending and to develop them in line with current conditions. In line with these objectives and policies, the TKYB has undertaken various tasks to ensure cooperation and information flow between the units involved in credit transactions and to assess credit risk and the status of the credit portfolio. Reports on credit allocation are reviewed, evaluated, and decided upon. In addition, within the scope of TKYB's Environmental and Social Policy, projects that comply with the economic, social, and environmental dimensions of sustainable development are lent. Decisions are taken within the limits set on issues such as postponement, installment payments, and rearrangement of loan receivables. In addition, TKYB's procedures regarding credit policies are determined, and the efficiency of the loan portfolio is increased in accordance with changing conditions. A Credit Revision Committee has been established to take measures and decisions regarding strategies for problematic customers or customers under legal follow-up. This committee was mobilized to discuss the proposals submitted by the relevant units.

The Committee is chaired by the General Manager and is made up of the Executive Vice Presidents listed in the table below, with the exception of the Executive Vice President in charge of Treasury, Financial Institutions, Development Cooperation and Wholesale Banking, Development Finance Institutions, the Executive Vice President in charge of Finance and Strategy, and the Executive Vice Presidents in charge of IT Application Development, IT Systems and Infrastructure, Enterprise Architecture, and the Executive Vice President in charge of IT Application Development. Meetings are chaired by the Deputy General Manager when the General Manager is unable to attend. Employees other than members may be invited to Committee meetings, depending on the agenda; however, guest participants do not have the right to vote.

In 2022, the Committee met 52 times, made decisions on 195 proposals and issues, and forwarded those that needed approval to the Board of Directors.

Members of the Credit Assessment Committee and Their Main Duties

Full Name	Title	Primary Duty
İbrahim Halil Öztop	Chair	General Manager
Muzaffer Gökhan Songül	Member	Assistant General Manager
Seçil Kızılkaya Yıldız	Member	Assistant General Manager
Satı Balcı	Member	Assistant General Manager
Yeşim Şimşek	Member	Assistant General Manager
Relevant Department Managers	Participant	Relevant Unit Head of Department / Manager

Corporate Governance

Committees

Assets and Liabilities Committee

The Assets and Liabilities Committee was formed to oversee the effective and efficient administration of TKYB's balance-sheet assets and liabilities. The Committee conducts its actions in accordance with the Bank's vision, mission, strategic goals, and objectives, as well as risk management policies and strategies, taking current and potential economic events, interest rates, maturity periods, and currencies into account.

The Committee was established by a Board of Directors decision dated September 8, 2008, and numbered 213, and the Asset Liability Committee Regulation, which outlines the Committee's working procedures and principles, was finalized by a Board of Directors decision dated October 25, 2022, and numbered 246.

The General Manager chairs the Committee, which comprises individuals such as Assistant General Managers and the Head of the Risk Management Department. In the absence of the Chair, the meetings are presided over by the Assistant General Manager in charge of the Treasury. The Chair of the Committee may invite relevant unit managers or staff to the discussions, depending on the agenda. In 2022, ten decisions were made.

Assets and Liabilities Committee Members and Their Main Duties		
Full Name	Title	Primary Duty
İbrahim Halil Öztop	Chair	General Manager
Emine Özlem Cinemre	Deputy Chair	Assistant General Manager
Nuri Yasin Külâhçı	Member	Assistant General Manager
Seçil Kızılkaya Yıldız	Member	Assistant General Manager
Satı Balcı	Member	Assistant General Manager
Yeşim Şimşek	Member	Assistant General Manager
Ali Yunuslar	Member	Assistant General Manager
Muzaffer Gökhan Songül	Member	Assistant General Manager
Dr. Semra Pekkaya	Member	Head of Risk Management Department

Sustainability Committee

A Sustainability Committee was formed to guarantee that all efforts are made to create and incorporate TKYB's sustainability strategy and policies into all activities.

The Committee's functions are being carried out in accordance with the amended Sustainability Committee Directive, which was issued in October 2022. The Sustainability Committee is chaired by the General Manager and is made up of an independent member of the Board of Directors, the Assistant General Manager in charge of the Sustainability and Environmental Social Impact Management Unit, the Assistant General Manager in charge of the Development Finance Institutions Unit, the Assistant General Manager in charge of Finance and Strategy, the Sustainability and Environmental Social Impact Management Unit Manager, and the Sustainability and Environmental Social Impact Management Unit Manager. The Committee's conclusion determines the Independent Board Members and associate members.

During 2022, the Committee convened one decision-making meeting, at which two decisions were made. Aside from decision-making meetings, the Committee held occasional consultations.

Sustainability Committee Members and Their Main Duties		
Full Name	Title	Primary Duty
İbrahim Halil Öztop	Committee Chair	General Manager
Turgay Geçer	Committee Chair Deputy	Board of Directors Member
Seçil Kızılkaya Yıldız	Member	Assistant General Manager
Emine Özlem Cinemre	Member	Assistant General Manager
Nuri Yasin Külâhçı	Member	Assistant General Manager
Erhan Çalışkan	Member	Manager

As of 23.08.2021, the members of the Sustainability Committee have been updated.

Corporate Governance

Summary Board's Report

In 2022, the Bank maintained its consistent performance.

Due to geopolitical risks and global financial conditions, global economic activity began to decelerate in the second quarter of 2022. Global economic growth, which reached 5.9% in 2021, is estimated to have slowed to 2.9% in 2022 as a result of the slowdown, which became more pronounced in the fourth quarter.

Despite growing concerns about a global recession, global supply shocks, and the war between Russia and Ukraine, the economy of Türkiye continued to expand. Since the last quarter of 2019, economy of Türkiye has expanded continuously, ranking first among G20 nations and second among OECD nations.

In 2022, our bank continued its strong performance trend. Examining the year-end financial indicators of our bank revealed that our assets reached 92 billion TL as of the last quarter of 2022, representing an increase of 89% compared to the same period of the previous year.



Our Bank continues to contribute to sustainable growth by providing credit support for investments in line with our nation's development goals.

In December 2022, our loans, which represented 66% of our total assets, reached 60,3 billion TL.

Compared to the end of 2021, our loan volume increased by 61%, and the ratio of gross non-performing loans to total loans decreased by 0.8 percentage points to 1.48%. The capital adequacy ratio for the previous quarter was 16.67. Our profit for 2022 was 1,691.4 million TL.

Our Bank will continue to work towards the sustainable growth and development of our country with its strong capital structure, expertise in development and investment banking, Türkiye Development Fund, and the goal of bringing depth and diversity to Türkiye's capital markets by focusing on sustainable development and playing an active role in realizing environmentally and socially sensitive investments since its establishment.

As the Board of the Development and Investment Bank of Türkiye, we would like to extend our gratitude to all our stakeholders who contributed to all of our activities during the operating period of 2022 and present the Board of Directors' and Auditors' Reports and financial reports of the Development and Investment Bank of Türkiye for 2022 for your consideration.

The Development and Investment Bank of Türkiye Board of Directors



03

Strategic Perspective

“The Development and Investment Bank of Türkiye plays an important role in financing sustainable development by continuing its activities in support of Türkiye’s green transformation.”

Strategic Perspective

Developments in the World and Sectoral Expectations	100
Global Economic Developments and Expectations	102
Global Trends, Risks, and Opportunities	104
Sectoral Conditions and Expectation	118
Strategy of the Development and Investment Bank of Türkiye	122
Strategic Sustainability Approach	124

03

Strategic Perspective

The Bank's efforts to combat climate change and goals to increase its contribution to the United Nations' Sustainable Development Goals place it in a leading position.

Simultaneously, the Bank continues its efforts to develop impact investing and expand its investment banking activities. In addition to focusing on environmental and social responsibility, the Bank adheres to international best practices.

Developments in the World and Sectoral Expectations

2022 was an important year for Turkish and global capital markets, with a significant increase in the demand from companies to participate in capital markets. This year, the number of listed companies increased to 497, with a total market capitalization of approximately 5.7 trillion TL.



Investments in green and sustainable debt instruments also increased substantially. Additionally, during this period of progress toward the “Century of Türkiye” goal, significant advancements were made in areas such as digital financial services, sustainability, participation finance, financial literacy, and the Risk Center Platform. These developments shape expectations for the Turkish and global economies and present the banking sector with new opportunities.

In 2022, the global emphasis on climate change and sustainability, highlighted by the Paris Agreement, continued to influence strategic priorities across sectors and countries. The Paris Agreement, adopted by the United Nations Framework Convention on Climate Change (UNFCCC), aims to keep global warming below 2°C above pre-industrial levels. The participating countries are gradually implementing measures to meet their commitments regarding this objective.

Another noteworthy development is the European Green Deal (EGD), which serves as a pioneer in the transition to a green economy. This agreement, published by the European Union (EU) in 2019, aims to achieve net zero greenhouse gas emissions by 2050, making Europe the first climate-neutral continent and has taken significant steps in 2022. Increased investments in green initiatives and technology prompted this development. As a result, both EU and non-EU countries have increased their efforts to align their policies and strategies with the EGD's ambitious goals.

The banking sector, in particular, is responding by further incorporating sustainability principles and the United Nations (UN) Sustainable Development Goals (SDGs) into all its operations and strategies. Globally, more banks are adopting the ‘Principles for Responsible Banking’ presented by the United Nations Environment Program Finance Initiative (UNEP-FI), committing to the integration of these principles into their business models and cultures.

Despite the disruption by the COVID-19 pandemic, Türkiye is still on track to meet its 2053 target of net zero emissions. The Banking Regulation and Supervision Agency (BRSA) approved the Sustainable Banking Strategic Plan in the last quarter of 2021, driving the sector to adopt more sustainable practices. This plan aims to ensure the necessary adaptation of the banking sector of Türkiye to future financial obligations.

Strategic Perspective

2022 was a year of increased action by the banking sector of Türkiye to adopt green finance and sustainability-oriented policies. This indicates that the banking sector of Türkiye is rapidly transitioning to responsible banking practices. However, challenges such as the sector’s short-term financing structure, gaps in green asset identification and taxonomy, and limited analytical capacity on climate-related issues continue to exist. Banks are encouraged through regulation and action plans to address these challenges to embrace a more sustainable banking sector.

The Development and Investment Bank of Türkiye capitalizes on global and sectoral developments by strengthening its green finance portfolios and integrating sustainability principles into all its operations. The Bank is a pioneer in facilitating Türkiye’s transition to a green economy in accordance with the 2053 net zero emissions target.

In 2022, further progress on sustainability is expected, supported by relevant developments increased global awareness, regulatory focus and the untapped potential of green finance. The road ahead will include continued efforts to improve sustainability practices in the banking sector and a broader societal shift towards environmental awareness and action.

Global Economic Developments and Expectations

The year 2022 was characterized by a slowdown in the global economic recovery following a rapid rebound in 2021. The primary causes of the slowdown were rising geopolitical risks (particularly the Russia-Ukraine war), rising inflationary pressures from rising energy and food prices, monetary tightening led by the US Federal Reserve (FED), supply constraints, and China’s zero-tolerance policies against the pandemic.

2022. This volatility illustrates the complexities and uncertainties in the global economic environment, highlighting the continued impact of existing pandemic-related challenges in 2022 and the continued impact of new geopolitical risks. Global trade volume followed a similar pattern and increased by 4% in 2022, down from the 10.6% increase recorded in the previous year. This trade slowdown mirrors the global economic slowdown and emphasizes the impact of ongoing supply chain disruptions and geopolitical tensions. .

Inflation emerged as a major issue in 2022, fueled primarily by the increase in food and energy prices. According to the World Bank, the year-on-year global inflation rate reached 7.6%.

This is a significant increase compared to the 4.7% rate in 2021, prompting central banks of developed countries to implement tighter monetary policies. The global public debt stock/GDP ratio, which reached 107% at the end of 2020 due to increased public spending during the pandemic, fell partially to 99% by the end of the third quarter of 2022. While this indicates some fiscal recovery, the economic outlook as a whole still faces challenges.

Looking ahead, the World Bank expects global growth to go down to 1.7% in 2023, led by a slowdown in the US, European Union, and Chinese economies, due to tighter monetary policies, deteriorating financial conditions, and the effects of the ongoing Russia-Ukraine war. Fortunately, what lies beyond the horizon is not completely grim.

Global inflation is expected to remain high in 2023, but it will gradually decline. This shift will provide some relief to economies struggling with cost pressures and offer a potential path to stability.

Key Indicators of the Global Economy	2021	2022	2023
Global Growth Rate (%)	5.9	2.9	1.7
Developed Countries Growth Rate (%)	5.3	2.5	0.5
Developing Countries Growth Rate (%)	6.7	3.4	3.4
Global Trade Volumes (change in %):	10.6	4.0	1.6
Oil Prices (USD, Barrel)	70.4	100	88
Global Inflation (%)	4.7	7.6	5.2

Source: World Bank Global Economic Prospects Report, January 2023

The Development and Investment Bank of Türkiye maintains its agility and adaptability through a strategic approach that acknowledges the multifaceted nature of global challenges. Despite the ongoing uncertainties in the global economic landscape, the Bank is strengthening its commitment to sustainable growth and development with solid foundations. The Bank’s vision is motivated by the promotion

of sustainable investments that contribute to national and international prosperity. The Bank closely monitors global economic developments and forecasts, incorporating pertinent information into its strategic decision-making. Given the uncertainties and fluctuations in the global economy, the Bank moves forward with determination and caution, aiming for optimal outcomes for all stakeholders.

Strategic Perspective

Global Trends, Risks, and Opportunities

The Development and Investment Bank of Türkiye closely monitors global trends, risks, and opportunities and takes strategic steps accordingly. Global attention is currently focused on significant issues such as the climate crisis, the energy crisis, and digitalization and innovation. By developing a vision and strategy for these trends, the Bank assumes a solution-oriented and effective role in the field of sustainability. In addition to global trends and associated risks, the Bank also seizes opportunities and contributes to sustainable development through innovative projects and investments.

The climate crisis is one of the world's most serious and urgent environmental problems. The Bank has taken a firm stance on combating climate change and incorporated climate change mitigation into its strategic goals. Simultaneously, the Bank seizes important opportunities such as ensuring the transition to a low-carbon economy, increasing energy supply security, and supporting environmental investments. As the importance of green finance increases, the Bank plays an active role in this area and offers sustainable financing solutions.

With uncertainties and fluctuations in energy supply around the world, the energy crisis poses a serious risk. The Bank promotes investments in renewable energy sources to mitigate the impact of energy crises and support a sustainable energy transition. At the same time, it offers sustainable and environmentally friendly energy solutions in the energy sector by seizing opportunities such as increasing energy efficiency and diversifying energy supply. .

In addition, the Bank supports projects to seize opportunities in the digitalization process and encourages innovation. At the same time, the Bank also pays attention to issues such as data security and privacy risks that may arise in digitalization processes. The Bank takes into consideration the possibility that technological transformation may reduce labor demand in certain industries and that the digital divide may affect disadvantaged groups. Therefore, the Bank offers solutions to ensure sustainability and social justice in the digitalization process.

The Bank has made sustainability a priority in all its activities. In this respect, the Development and Investment Bank of Türkiye has positioned itself among the leading institutions in Türkiye with a risk rating of 11.0 from Sustainalytics, one of the international sustainability rating agencies, within the scope of risk rating studies in which Environmental, Social, and Governance (ESG) topics are evaluated.

The Development and Investment Bank of Türkiye plays an active role in sustainability in line with global trends, risks, and opportunities. It addresses critical issues such as the climate crisis, energy crisis, and digitalization and offers solutions that are consistent with its strategic goals. The Bank promotes green finance in the fight against climate change, provides sustainable solutions in the energy sector, and encourages innovation in the digitalization process. In this way, the Bank aims to increase the welfare of the country and the people through projects and investments that contribute to sustainable development.

According to the World Economic Forum's 2023 Global Risk Report, climate action failure and extreme weather events are among the top long-term global risks in terms of impact and likelihood. These findings emphasize the importance of focusing on environmental sustainability and the need for organizations to integrate sustainability into their business processes. The 10 most serious global risks for the next ten years, according to this analysis, can be seen in the following list.



Risks

Environmental

- Failure to mitigate climate change
- Failure of climate-change adaptation
- Natural disasters and extreme weather events
- Biodiversity loss and ecosystem collapse
- Natural resource crises
- Large-scale environmental damage incidents

Societal

- Large-scale involuntary migration
- Erosion of social cohesion and societal polarization

Technological

- Widespread cybercrime and cyber insecurity

Geopolitical

- Geoeconomic confrontation

Strategic Perspective

Climate Change



Climate change is one of the most important sustainability issues on a global scale, and it was a major concern in 2022. Increased carbon dioxide emissions have negative consequences such as global warming, extreme weather events, diminishing water resources, and biodiversity loss.

This situation highlights the need to strengthen climate commitments globally and take necessary steps towards sustainable development goals.

Türkiye has taken important steps in the fight against climate change and developed a variety of policies and projects to comply with the Paris Agreement goals. Increasing investments in renewable energy sources, improving energy efficiency, and focusing on carbon-reduction technologies will enable Türkiye to go further in the fight against climate change.

It is also important to adopt sustainable practices in sectors such as agriculture, transportation, industry, and waste management.

The Development and Investment Bank of Türkiye is aware of the effects of climate change on social welfare, economic development, and financial stability of societies, and includes combating climate change among its strategic objectives.

The Bank believes that the risks associated with the transition to a low-carbon economy should be taken into account in business plans and recognizes the role of financial institutions in this transition. It also aims to meet societal needs and demands in accordance with the country's sustainable development priorities.

The Bank is taking important steps in the fight against climate change. It plays an active role in the realization of environmental investments as well as renewable energy and energy efficiency investments.



The Bank monitors greenhouse gas emissions resulting from its operational activities and sets reduction targets. It voluntarily reports this performance to the CDP's Climate Change Program.

The Development and Investment Bank of Türkiye aims to manage its impacts in an environmentally and socially sensitive manner. It takes necessary measures to reduce its resource consumption (energy, water, paper, etc.) and waste generation. The bank has also obtained ISO 14001 Environmental Management System certification for its Headquarters building, with the goal of reducing the environmental impact of its operations.

TKYB organizes training programs to raise environmental awareness and enables its personnel to submit suggestions for improving environmental impacts. It assesses the compliance of all service, investment, and project financing transactions with environmental and social procedures and principles. It does not support or finance investments that may have unacceptable impacts on the environment and society. It assesses the environmental and social risks of the project for which it provides loans and aims to eliminate their negative impacts. It monitors the environmental performance of the investments for which it provides loans and their impact on climate change.

The Bank also values raising public awareness about climate change. It helps to raise public awareness about climate change by supporting voluntary activities in collaboration with the public, non-governmental organizations, and other stakeholders. It also works to raise awareness of climate change through trainings and information-sharing sessions.

In response to the climate crisis, the Development and Investment Bank of Türkiye aims to contribute to sustainable development goals, and encourages compliance with international climate agreements. In this context, it is committed to full compliance with the requirements of international climate agreements such as the Paris Agreement. The Bank supports projects based on climate-friendly technologies and promotes the use of renewable energy sources to ensure that projects and financing are compatible with these goals.

The Development and Investment Bank of Türkiye acts decisively in the fight against the climate crisis and contributes to the establishment of a sustainable future. It supports the welfare of society, economic development, and financial stability through its efforts to combat climate change. The Bank focuses on combating the climate crisis in line with its sustainable development priorities.

Strategic Perspective

Risks

- Increasing greenhouse gas emissions are leading to global warming and climate change. Climate change can increase the frequency and severity of natural disasters such as extreme weather events, drought, and the rise of sea levels.
- Climate change can have negative impacts on agriculture, water resources, ecosystems, and human health. This could lead to problems in food security and access to water resources.
- Climate change may cause instability in financial markets. Failure to properly assess climate risks and take appropriate measures can have negative impacts on the financial system.

Opportunities

- Increasing the use of renewable energy sources contributes to the fight against climate change by reducing carbon emissions. At the same time, while contributing to the reduction of carbon emissions, it also enables the creation of green jobs.
- The development and use of climate-friendly technologies pave the way for sustainable development. Innovative digital technologies can be used to monitor and reduce greenhouse gas emissions.
- International cooperation and agreements to combat climate change offer opportunities for joint action. It helps mobilize financial resources to reduce greenhouse gas emissions. Climate funds and support mechanisms allow developing countries to strengthen their capacity to tackle climate change.
- Green finance is becoming increasingly important in combating climate change. Banks, financial institutions, and investors can play an active role in combating climate change by using green financing instruments such as green bonds, green loans, and sustainable investment funds to finance climate-compatible projects. The Bank seizes this opportunity by financing sustainable projects and green technologies.

Our efforts

- The Bank is actively working to reduce carbon dioxide (CO₂) emissions from the combustion of fossil fuels as part of its effort to combat the global climate crisis. To stop the release of large amounts of CO₂ into the atmosphere from process emissions in other industries, it also backs carbon capture and storage technology projects. The CO₂ gas produced by the combustion of fossil fuels for energy production is the focus of these projects, which seek to collect and eliminate the gas from the atmosphere. By doing so, we can mitigate the effects of climate change caused by the release of CO₂ into the air. The Development and Investment Bank of Türkiye promotes the spread and increased use of carbon capture and storage technologies by providing financial support to projects utilizing these technologies.

- The Bank values education, training, capacity building, and awareness-raising activities on climate change mitigation. In this context, the Bank organizes programs to raise awareness and educate the public and its stakeholders on climate change. It also encourages information sharing to help society understand key concepts and solutions related to climate change. The Bank aims to raise the sensitivity of society and businesses through education, training, capacity building, and awareness-raising efforts to combat climate change.

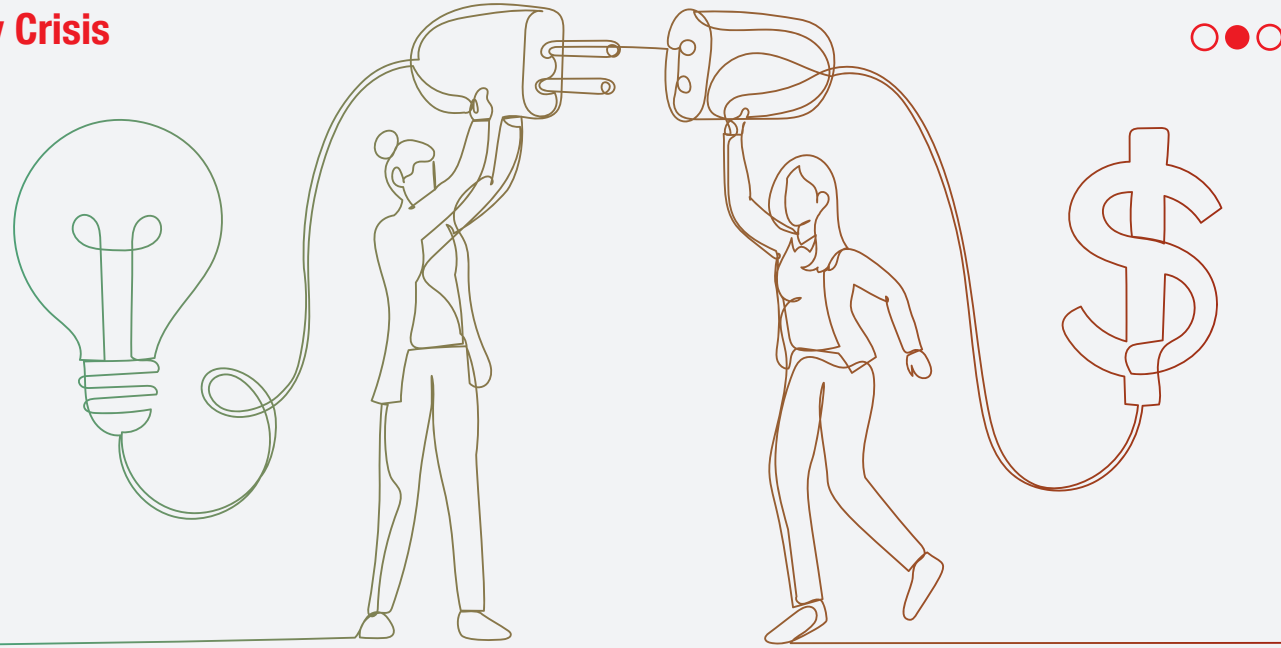
- As part of the fight against the climate crisis, the Bank encourages the transition to coolants with lower Global Warming Potential (GWP). In this respect, precautions are taken to strengthen the industrial, commercial, and residential infrastructure in place. Some coolants used in conventional cooling systems consist of gases that are released into the atmosphere and may aggravate the greenhouse effect. These gases have a high global warming potential and contribute to climate change. Therefore, switching to alternative coolants with lower GWP is a crucial development. The Bank supports projects to strengthen industrial, commercial, and residential infrastructure to promote more environmentally friendly and sustainable cooling systems. These projects offer innovative solutions to increase energy efficiency, reduce greenhouse gas emissions and minimize environmental impacts. The Bank provides financial support to transform existing infrastructure and promote the use of lower GWP refrigerants.

- The Bank aims to increase resource efficiency by focusing on methods that reduce greenhouse gas emissions. It conducts research to ensure that resources allocated in order to improve existing supply chains are used efficiently and that savings are made. With these efforts, the Bank aims to reduce greenhouse gas emissions through the efficient use of energy, water, and other resources. The Bank aims to reduce the environmental impact of its supply chains through measures that improve resource efficiency.

- The Bank aims to contribute to sustainable development goals by supporting compliance with international climate agreements. While emphasizing the importance of global cooperation in combating climate change, it is also committed to the requirements of international climate agreements. The Development and Investment Bank of Türkiye supports the objectives of international climate agreements such as the Paris Agreement and develops policies and projects in line with these objectives. In order to promote compliance with international climate agreements, the Bank ensures that projects and financing are compatible with these goals. In this context, the Bank supports measures such as projects based on climate-friendly technologies, promoting the use of renewable energy sources, and increasing energy efficiency. The Bank's policies, projects, and activities that support compliance with international climate agreements contribute to the realization of sustainable development goals. Through these efforts, the Bank aims to contribute to the joint efforts of the international community in the fight against climate change and to help build a sustainable future on a global scale.

Strategic Perspective

Energy Crisis



The energy crisis was a major global problem in 2022. Geopolitical developments such as the Russia-Ukraine war, in particular, lead to uncertainties and problems in energy supply. This situation has once again brought up the issues of European countries' external dependence on energy supplies as well as energy supply security. Europe resorting to coal-fired power plants during the crisis period, although considered a temporary transition period, has brought about a situation that may cause an increase in carbon emissions and harm sustainable energy transformation goals.

The energy crisis not only affects the energy supply, but also has negative impacts on economic growth, industrial production, and employment. This situation emphasizes how important it is to invest in more sustainable and diverse sources in the energy sector.

Türkiye's goals of increasing energy supply, reducing the use of fossil fuels and reducing external dependence on energy are supported. At the same time, it is important to focus on regional collaborations and diversification of energy imports to reduce external dependence on energy supply.

In this context, the Development and Investment Bank of Türkiye has included tackling the energy crisis among its strategic objectives. The Bank aims to serve the needs and demands of society in line with climate change and sustainable development goals. In the energy sector, the Bank provides financial support for projects that reduce CO₂ emissions and increase resource utilization efficiency.

In addition to renewable energy and energy efficiency investments in the energy sector, the Bank also plays a role in putting environmental investments into practice. The Bank monitors greenhouse gas emissions resulting from its operational activities and sets targets for their reduction. It also assesses the environmental and social risks of projects in the energy sector and aims to eliminate or mitigate their negative impacts. In the fight against the energy crisis, the Bank supports compliance with international climate agreements and contributes to sustainable development goals.

In the fight against the energy crisis, the Development and Investment Bank of Türkiye supports voluntary activities carried out with the public, civil society organizations, and other stakeholders to raise awareness of the society and stakeholders. It aims to create and raise awareness by organizing activities such as trainings and information-sharing sessions. The Bank acts in line with its environmental and social policies by not supporting investments that may have unacceptable impacts on the environment and society and continues its efforts to reduce CO₂ emissions and resource use in the energy sector by providing loans.

The energy crisis is a problem that can have serious consequences on a global scale and is an important challenge for sustainability. The Development and Investment Bank of Türkiye acts responsibly regarding climate change and the energy crisis and contributes to the fight against these problems by supporting sustainable energy projects. By taking a leading role in the fight against the energy crisis, the Bank aims to contribute to the development of a more sustainable energy sector for society's future.

Strategic Perspective

Risks

- Increasing global energy demand and supply imbalances can result in energy crises. Furthermore, limited fossil fuel resources, continued reliance on fossil fuels, and energy security concerns may lead to fluctuations in energy supply and price, as well as rising prices.
- Climate change and extreme weather events pose a threat to the energy sector by disrupting energy production and damaging resources. In addition to the effects of climate change, natural disasters can also affect the energy infrastructure. Disruptions in systems that rely on renewable energy sources may also lead to energy supply issues
- Increase in energy, food, and raw material prices impact production costs in Türkiye. This may diminish the competitiveness of businesses, resulting in economic instability and social unrest.
- Tensions and political conflicts in the region can have a negative impact on the availability of energy resources and the integrity of logistics networks. This can result in energy supply fluctuations and interruptions.

Opportunities

- Increasing investments in renewable energy sources can promote energy supply diversification and energy security. Increasing energy efficiency can also facilitate more efficient energy use and mitigate the effects of energy crises by reducing energy demand.
- Innovative energy storage solutions can ensure energy supply stability. Investments in sustainable energy projects can contribute to economic expansion and job creation.
- Rising energy prices and Türkiye’s close proximity to the EU market can provide a competitive advantage in the transportation industry. This may present possibilities for promoting domestic production and expanding exports.
- The international community’s demand for sustainable energy sources could increase Türkiye’s strategic importance in energy security. Renewable energy projects and energy trade can contribute to the nation’s gross domestic product.

Our Efforts

- The Bank is developing energy-efficient supply chain enhancements for its existing supply chains. These efforts include supportive measures for real sector companies to improve energy efficiency, as well as cooperation to optimize energy use in supply chains, promote energy conservation, and make efficient use of resources.
- The Bank is developing energy-efficient supply chain enhancements for its existing supply chains. These efforts include supportive measures for real sector companies to improve energy efficiency, as well as cooperation to optimize energy use in supply chains, promote energy conservation, and make efficient use of resources.
- Bank supports projects that produce components, infrastructure, or equipment for the renewable energy, energy efficiency, or low-carbon technology sectors. These projects are crucial for increasing the use of renewable energy sources, promoting energy efficiency, and facilitating low-carbon production processes. The Bank provides financial resources for infrastructure investments in renewable energy generation, the development of energy-efficient technologies, and projects that support low-carbon production processes. This contributes to the achievement of sustainability goals in the energy sector.
- The Bank supports the research and development of technologies for renewable energy, energy efficiency, and low carbon emissions. These projects seek to identify, develop, and implement innovative technologies in the field of sustainable energy. The Bank contributes to the financing of projects that promote the production of renewable energy, energy storage technologies, solutions that improve energy efficiency, and low-carbon production processes. Thus, it contributes to the advancement of innovation and environmental sustainability in the energy sector.

Strategic Perspective

Digitalization and Innovation

Digitalization and innovation are prominent components of sustainable development. Technological advancements allow for innovative solutions in areas such as energy efficiency, resource management, environmental monitoring, and impact assessment. This demonstrates that digital technologies and data analytics play a major role in achieving sustainability goals.

In the field of digitalization and innovation, Türkiye has taken significant steps and seized potential opportunities. In areas such as smart grids, energy storage systems, and energy management solutions, the use of digital technologies has expanded within the renewable energy sector.

Sectors such as sustainable agriculture, water management, transportation, waste management, digitalization, and innovation also present significant opportunities.

It is essential to support digitalization and innovation, as well as to promote sustainable solutions in these fields. The Bank aims to realize digital transformation and innovation projects and contribute to sustainability objectives by providing investors and businesses with financial support and advisory services.

Moreover, the Development and Investment Bank of Türkiye's collaboration with stakeholders in the field of digitalization and innovation through cooperation and joint projects will produce more comprehensive and effective outcomes.



Risks

- Risks to data security and privacy may arise in the digitalization process. Risks to data security and privacy in the digitalization process can include information leaks, cyber-attacks, and misuse of personal data. These risks should be mitigated by securing digital infrastructure and implementing strict data protection measures.
- Technological transformation may reduce labor demand in some sectors and create a risk of unemployment. The acceleration of technological transformation and advancing technologies such as automation and artificial intelligence can lead to the automation of some jobs, reducing the demand for human labor.
- The digital divide can disadvantage groups with limited access to digitalization. Digital inequality can be caused by factors such as limited access to technology, digital skills, and internet connectivity.

Opportunities

- Utilizing digital technologies effectively can increase efficiency and contribute to achieving sustainability objectives. For example, energy management systems, smart city technologies, and Internet of Things (IoT) based solutions can reduce environmental impact by encouraging energy savings and more efficient resource utilization.
- Digitalization enables the creation of innovative business models and the expansion of market opportunities. Digital platforms and e-marketplaces can help businesses reach a broader customer base, promote their products and services more effectively, and support sustainable growth.
- Innovation and digital technologies offer innovative and original solutions to environmental challenges. The application of digital technologies in fields such as renewable energy, water resource management, and climate change mitigation has the potential to increase environmental sustainability and generate innovative solutions for a better future.

Our Efforts

- Systems for monitoring greenhouse gas emissions: The Bank uses advanced monitoring systems to monitor and effectively manage greenhouse gas emissions in accordance with its sustainability objectives. These systems are used to identify emission sources, monitor changes in emissions, and evaluate progress toward achieving goals.
- Digital solutions and programs that reduce greenhouse gas emissions: The Bank's goal is to reduce greenhouse gas emissions using digital solutions and programs. These solutions and programs include digital technologies to increase energy efficiency, optimize energy consumption, enhance waste management, and reduce environmental impacts. The Bank supports innovative digital applications and collaborates on projects and collaborations in this area.
- Aware of the significance of digitalization and innovation, the Bank provides financial resources to support digitalization projects that are innovative. In addition, financial resources are provided to startups so as to support the commercialization of innovative ideas and revitalize the entrepreneurial ecosystem. Thus, the Bank contributes to the acceleration of technological transformation, the diffusion of digitalization and innovation, the enhancement of enterprise competitiveness, and the achievement of sustainability objectives.

In conclusion, global trends and risks such as the energy crisis, climate change, digitalization, and innovation present significant opportunities for the Development and Investment Bank of Türkiye. In line with the Sustainable Development Goals, the Bank takes these trends into account and adopts a strategic approach to manage risks and seize opportunities. The Bank aims to contribute to sustainable development and social welfare by strengthening local and international cooperation, promoting innovative solutions, and providing financial support.

Strategic Perspective

Developments and Expectations in Türkiye's Economy

Despite negative developments such as intensified supply shocks due to the Russian-Ukrainian war and increased uncertainty, Türkiye's economy remained strong during the first three quarters of 2022 thanks to the measures taken.



After growing by 7.6% in the first quarter and 7.8% in the second quarter of the year, Türkiye's economy continued to grow at an annualized rate of 4.0% in the third quarter, reflecting the deceleration in global demand. Despite growing concerns about a global recession, Türkiye's economy continued to expand by 3.5% in the final quarter of 2022, bolstered by robust consumption growth.

Thus, Türkiye's economy extended its uninterrupted growth performance into the tenth quarter, and with a growth rate of 5.6% in 2022, Türkiye became one of the countries with the highest growth rate among developing countries.

Despite fluctuations in the Euro/Dollar exchange rate and the negative effects of rising geopolitical risks on the European economy, our largest export partner, Türkiye's economy, was able to maintain its export strength and reach 254.2 billion USD with an annual growth rate of 12.9% by the end of the second quarter of the year. Imports, on the other hand, grew by 34% to 363.7 billion USD, as a result of the increase in energy prices and gold imports.

In 2022, supply constraints became more pronounced due to geopolitical risks, and there were rapid increase in global commodity and food prices, particularly energy. Consequently, annual consumer inflation reached 64.3% by the end of 2022, while producer inflation reached 97.7%.

In 2023, inflation is expected to decline due to the impact of the slowdown in global economic activity, the anticipated decline in commodity prices, and the stabilization of the foreign exchange market with the help of macroprudential measures.

Main Indicators of the Turkish Economy	2020	2021	2022
Growth Rate (%)	1.9	11.4	5.6
Foreign Trade Balance (Billion USD)	-49.9	-46.2	-109.5
Current Account Balance (Billion USD)	-4.4	-0.9	-5.3
Consumer Inflation (%)	14.6	36.1	64.3
Budget Balance (proportioned to GDP)	-3.5	-2.8	-0.9
Unemployment Rate (%)	13.1	12	10.4
Population (Million)	83.6	84.7	85.3

Source: TURKSTAT, CBRT, Republic of Türkiye Ministry of Treasury and Finance

Strategic Perspective

Sectoral Conditions and Expectations

// The Turkish banking sector's total size of assets increased by 55.7% between 2021 and 2022, reaching 14.3 trillion TL. At the beginning of 2022, it was observed that the pandemic's effects had subsided, and the banking sector's risks had returned to normal in many respects. //



The strength of the Turkish banking sector's operational and capital structure counters the risks in global markets. Thus, the sector managed to maintain its strong course with its capital growth and adequacy ratio.

Total assets of the Turkish banking sector increased by 55.7% in 2022 compared to 2021 and reached 14.3 trillion TL. Loans, which constitute the largest share of the sector's assets, reached 7.6 trillion TL, representing an increase of 54.7%.

The Turkish banking sector maintained its positive performance in 2022, increasing its net year-on-year profit by 366% to 433.5 billion TL due to growth in assets and loans. The sector's capital adequacy standard ratio increased year-on-year by 1.1% to 19.5% in 2022, significantly above the legal requirement.

In the banking sector's balance sheet, loans represented 52.8% of total assets in December 2022. Securities, another important component of assets, accounted for a 16.5% share in December 2022.

In terms of total liabilities, the share of deposits stood at 61.8% in December 2022. Analyzed in terms of Turkish Lira and foreign currency, the share of foreign currency loans in total loans was 33% in December 2022, while the share of foreign currency deposits in total deposits was 46%.

Strategic Perspective

Selected Balance Sheet Items in the Banking Sector

Assets (billion TL)	2020	2021	Annual Change (%)
Cash and Cash Equivalents	1,229	1,661	35.1%
Required Reserves	702	946	34.7%
Loans	4,901	7,581	54.7%
NPL (Gross)	160	163	2.1%
Securities	1,477	2,370	60.5%
Other Assets	746	1,623	117.6%
Total Assets	9,215	14,344	55.7%
Liabilities (billion TL)	2020	2021	Annual Change (%)
Deposit	5,303	8,862	67.1%
Debts to Banks	1,048	1,432	36.6%
Repo Transactions	587	540	-7.9%
Issued Securities	310	325	4.9%
Equity	714	1,407	97.1%
Other Obligations	1,253	1,778	41.9%
Total Liabilities	9,215	14,344	55.7%

Source: BDDK

In 2022, loans comprised 59.1% of Development and Investment Bank of Türkiye's total assets. During the same period, 66% of all loans were made in foreign currency. On the liabilities side, deposits contributed the most to the year-over-year increase. In 2022, deposits increased by 67.1% from the previous year to reach 8.8 billion TL.

Specifically, the increase in TL deposits was the driving force behind this increase. Due to the impact of Foreign Exchange Protected Deposit accounts and the CBRT's measures to support TL deposits, the annual growth rate of TL deposits increased to 154.1% in 2022. In the previous year, this rate of growth was observed to be 21.6%.

The Loans/Deposits ratio of the banking sector, which was 95.9% in December 2021, was set at 87.9% in December 2022. This change is attributable to the increase in deposits caused by the exchange rate effect and the deceleration in the growth of loans. Due to the substantial increase in deposits, the ratio decreased from 127% in 2017 to 110% in 2019 compared to previous years.

The wholesale and retail trade sector accounted for 13% of all loans in the banking industry. The construction sector ranked second with a 7.2% share, followed by the energy sector with a 6.5% share. In the case of development and investment banks, 12.5% of all loans are allocated to the energy sector.

In 2022, the sector's return on assets was 3.7%, while the return on assets of domestic private banks and foreign banks exceeded the sector average at 5.5% and 4.4%, respectively. In December 2022, the return on equity for the banking sector was 49.9%, with both domestic private banks and foreign banks having above-average returns of 66% and 60%, respectively. In other words, the return on equity increased in all groups compared to the same month of the previous year.

By December 2022, a total of 54 banks were operating in the banking sector, and the total number of employees in the sector reached approximately 206,200. During this time period, there were 11,000 bank branches across the sector, with state-owned banks increasing their branch count while domestic private and foreign banks decreased their branch count.

Selected Ratios from Türkiye's Banking Sector (%)

	2021	2022
Loan / Deposit Ratio	95.9	87.9
NPL (Non-Performing Loans) Ratio	3.1	2.1
Non-performing Loans Provision Ratio	79.5	86.7
Return on Assets (ROA)	1.3	3.7
Return on Equity (ROE)	15.5	49.9
CAR Ratio	18.3	19.5
Shareholders' Equity / Total Assets	7.7	9.8
Total Assets / GDP	127.1	95.6
Cost to Income Ratio (CIR)	30.2	20.2

Strategic Perspective

Strategy of the Development and Investment Bank of Türkiye

By adopting an impact-oriented approach, the Development and Investment Bank of Türkiye aims to manage its corporate banking, project finance, venture capital, and private equity investment activities in a more disciplined, transparent, and measurable manner in line with global impact standards.

The Development and Investment Bank of Türkiye is of the opinion that the understanding of finance should be centered on sustainability objectives in order to construct a climate-conscious and equitable economy.

In this regard, the Bank believes that corporate brands should disclose the social benefits they provide in accordance with SDG (Sustainable Development Goals) indicators by initiating integrated reporting and impact reporting processes in addition to financial reports and annual reports.

With this sense of responsibility, the Bank published the first Impact Report for Türkiye in accordance with the Impact Principles, demonstrating its dedication to enhancing discipline, transparency, and measurable outcomes.

The Development and Investment Bank of Türkiye completed its first sustainable Eurobond issuance worth EUR 100 million in September 2022, adding a new item to its expanding foreign financing portfolio within the framework of sustainability. This export, with a 11-year maturity, was financed by the French Development Agency (AFD). At least 75% of the funds obtained from the issuance will be invested in investments aimed at combating climate change in our country and 25% in supporting social projects.

Strategic Goals

The Development and Investment Bank of Türkiye continues to play a leading role in financing the green transformation through its activities as a development bank, investment bank, and Türkiye Development Fund within the context of the United Nations Sustainable Development Goals and Türkiye's green development initiative and aims to continue to play an active role in all areas of green transformation in our country.

The Bank adheres to the principles of responsible banking in accordance with its primary strategic goals. These objectives are based on the creation of long-term value for the investors with whom it has a solution partnership and the promotion of sustainable development.

Goals for Development Banking

- Diversification of financing products for priority sectors with high import dependency, foreign trade deficit, contribution to employment and foreign currency income potential, as determined in Development Plans and Programs
- Contribution to the sustainable growth of our country and to providing financing with the most appropriate instruments through investment banking products in addition to loans that are suitable for the feasibility and cash flow of the project in order to encourage and revitalize investments
- Supporting projects that serve the goals of transition to a low carbon economy, combating climate change, conscious production-consumption, eliminating poverty, protecting our planet, etc., in order to realize the Sustainable Development Goals

Goals for the Türkiye Development Fund

- Playing an important role in the development of the startup ecosystem by investing in new-generation startups while supporting sectors of strategic importance in the sustainable growth of our country with its sub-funds
- Carrying out activities to transform public resources into capital investments focused on national development .

Goals for Investment Banking

- Raising the Türkiye capital market to the level of international capital markets and encouraging the inflow of foreign capital to Türkiye
- Providing all investment banking services at international standards
- Providing reconstructive consultancy services for companies' financial bottlenecks
- Supporting sound investment decisions through financial feasibility consulting
- Participating in investment banking projects that will attract direct foreign investment to our country
- Developing alternative financing sources to meet the funding needs of businesses
- Developing innovative capital market products in accordance with market conditions and the suitability of cooperating sales intermediaries

Goals for Strengthening the Resource Structure

- Creating a strong and diversified funding structure that supports sustainable asset growth .
- Increasing the inflow of resources to the Bank from development finance institutions and comparable loan providers

Goals For Environmental and Social Responsibility

- Continuing efforts to further strengthen our Environmental and Social Risk Assessment practices in line with international standards with the technical support of the German Development Bank (KfW), continuing to strengthen capacity and making significant progress on the subject by the end of 2023
- Recognizing that impact investing activities in Türkiye have increased significantly in recent years due to the growth of impact investing initiatives and investor appetite, making a tangible and measurable contribution to social and environmental issues as well as financial returns with an impact-oriented approach
- Continuing the ongoing technical assistance work with AFD-Frankfurt School of Finance to develop a "Gender Equality Risk Assessment Tool" and assessing gender equality while evaluating social risks with this tool

Goals for Information Technologies and Business Processes

- Developing a corporate structure and processes that ensure operational effectiveness and efficiency in all areas of operation, with an emphasis on digitalization and supported by information technologies

Strategic Perspective

Strategic Sustainability Approach

Since 1975, the Development Investment Bank has been a financial supporter of companies operating in strategically important sectors such as industry, energy, education, health, and infrastructure in order to contribute to Türkiye's sustainable development efforts. The Bank strives to balance both economic growth and environmental protection by placing sustainability at the center of all its activities.

The Development and Investment Bank of Türkiye considers sustainability among its prioritized principles in all areas, including the projects it finances, investment banking services, the activities of the Türkiye Development Fund, and its daily operations.

In this context, 79% of the Bank's loan portfolio consists of sustainability-oriented loans, which amounts to 2.5 billion USD.

In 2018, the Development and Investment Bank of Türkiye incorporated investment banking and the Türkiye Development Fund into its structure through a law amendment. This step expanded the Bank's mission to include the integration of alternative financing instruments into the national economy, the enrichment of capital markets, and the expansion of the entrepreneurship ecosystem within the framework of sustainable development.

79%

Sustainability Focused Loans

This step expanded the Bank's mission to include the integration of alternative financing instruments into the national economy, the enrichment of capital markets, and the expansion of the entrepreneurship ecosystem within the framework of sustainable development.

Responsible Banking

Since its establishment, the Development and Investment Bank of Türkiye has adopted the vision of supporting sustainable development and considers its goal of expanding its impact in this field as an important responsibility. The Bank's sustainability strategy aims to contribute to Türkiye's sustainable development efforts and add value to the future, while providing an exemplary banking structure by adhering to responsible banking principles with utmost care.

Within this framework, the goal of realizing TKYB's mission of sustainable development remains at the center of decision-making.

In 2018, the Development and Investment Bank of Türkiye incorporated investment banking and the Türkiye Development Fund into its structure through a law amendment. This step expanded the Bank's mission to include the integration of alternative financing instruments into the national economy, the enrichment of capital markets, and the expansion of the entrepreneurship ecosystem within the framework of sustainable development.

As a reflection of its approach to responsible banking, the Development and Investment Bank of Türkiye seeks to create value for its employees, maintain its sensitivity to the environment, and collaborate with customers who share this sensitivity. Throughout 2022, the Bank worked actively to increase its employees' awareness and comprehension of sustainability.

In accordance with this vision, a total of 502 hours of training on sustainability principles was organized, and the skillset of 326 valuable employees were improved as a result. Since environmental protection and climate change mitigation are essential components of sustainable development, the company cultivates international collaborations in these areas and achieves success in this regard.



Strategic Perspective

Within this framework,

The Bank is among the founding signatories of the ‘Principles for Responsible Banking’ established by the United Nations Environment Program Finance Initiative (UNEP-FI) to increase the banking sector’s impact on a sustainable future.

The Bank has been preparing reports under the world’s largest environmental reporting platform, the Climate Change Program of the Carbon Disclosure Project (CDP), since 2016 and received a B (Management Level) score in 2022. In this evaluation, potential risks and opportunities associated with climate change are analyzed, along with a voluntary response to strategy, governance, emission metrics, targets, performance, and value chain interactions.

Thanks to its innovative contributions to the Sustainable Development Goals and the environmental, social, and governance (ESG) criteria applied to its financing activities, the Bank was awarded the “Outstanding Sustainable Project Finance” category at the European Organization for Sustainable Development’s (EOSD) Global Sustainable Finance Awards.

In 2022, the Bank became one of the leading companies in our country with a risk score of 11.0 within the scope of the Environmental, Social, and Governance (ESG) risk rating by Sustainalytics, an international sustainability rating agency, and was entitled to be listed in the “ESG Industry Top Rated” and “ESG Regional Top Rated” categories in the “Most Admired ESG Companies List”, where approximately 15,000 companies worldwide are evaluated by Sustainalytics.

In 2022, it established a Sustainable Finance Framework that meets international standards. This framework has been designed in accordance with the ICMA’s Green and Social Bond Principles and the LMA’s Green and Social Loan Principles. A Second Party Opinion (SPO) has been received to determine compliance with these principles.

In 2022, it successfully concluded the issuance of 200 million TL worth of low-carbon economy transition bonds for the first time, and this led to the “Best Green Project Financing Bank 2022” award.

Environmental and Social Impact

In its loan-providing processes, the Development and Investment Bank of Türkiye considers it essential to consider environmental and social risks in addition to financial ones. Due to this perspective, the evaluation and management of environmental and social risks have become an integral part of the decision-making process.

In this context, the Bank published its first sustainability report in 2020, followed by its first integrated report in 2021, and began to announce its activities and objectives within the context of sustainable development strategies. The Bank, which publishes an integrated report annually, presents to all its stakeholders the support it has provided to the sustainable development of our country for the past 48 years, its value creation model, strategy, capital elements, goals, and economic, environmental, and social values resulting from its banking activities, as well as its performance in these areas.

In September 2022, **the Bank’s first Impact Report in accordance with Türkiye’s Impact Principles** went through an independent assurance audit and was published. This report describes in detail how the Development and Investment Bank of Türkiye generates positive environmental and social impacts, as well as its impact management systems and processes.

The Development and Investment Bank of Türkiye conducts all loan-providing operations in accordance with national, environmental, and social laws and regulations, the Bank’s own policies and procedures, and, if applicable, other environmental and social standards with which it has committed to comply. In all loan-providing processes, an **Environmental and Social Risk Assessment** is performed to analyze risks on a customer-by-customer and project-by-project basis.

This system managed in accordance with the Environmental and Social Risk Assessment Procedure, is intended to identify the environmental and social impacts (direct, indirect, and cumulative) of an investment or project, assess these impacts, and implement measures to mitigate potential negative effects. Moreover, Environmental and Social Action Plans (ESAP) are utilized to reduce the environmental and social impacts of projects. These plans identify actions that the client must implement and include a monitoring program, thereby contributing to the client’s capacity to address environmental and social concerns.

The Bank has worked to expand access to impact investing and has joined the Global Impact Investing Network (GIIN), the foremost organization in this field. Through its membership in GIIN, the Bank aims to provide companies, organizations, and funds with financial, social, and environmental benefits through impact investing.

Strategic Perspective

Organizational Structure

Developing a sustainability-oriented organizational structure and demonstrating a commitment to corporate and ethical values, the Development and Investment Bank of Türkiye received a high score of 9.32 out of 10 in the first corporate governance rating study, certifying that activities are carried out in compliance with the Capital Markets Board's Corporate Governance Principles.

The Development and Investment Bank of Türkiye supports the sustainable development of our country through financing and advisory services and, at the same time, considers sustainability as a corporate responsibility and goal within the framework of a responsible banking approach. Within this framework, the Bank has incorporated its sustainability strategy into all its banking operations.

The Bank has established a Sustainability Committee to develop its sustainability strategy and policies and to incorporate these strategies into the Bank's overall operations. The committee continues its work in line with a directive updated in October 2022.

The Sustainability Committee of the Development and Investment Bank of Türkiye operates under the leadership of the CEO. The members of this committee include an independent Board Member, the Executive Vice President in charge of the Sustainability and Environmental Social Impact Management Unit, the Executive Vice President in charge of the Development Finance Institutions Unit, the Executive Vice President in charge of Finance and Strategy, and the Sustainability and Environmental Social Impact Management Department Manager. In addition, other auxiliary members determined by the committee also serve on this committee. The committee decides on an independent member of the Board of Directors and who the associate members will be.

Apart from the Sustainability Committee, the Bank started to carry out its activities in sustainability, environmental and social risk management through **the Sustainability and Environmental Social Impact Management Unit**, a unique unit established in July 2021 within the framework of a business model that is in line with the vision of development Banking and increases efficiency. Thanks to this new organizational structure, environmental, social, and governance elements have a more dynamic and productive role within the Bank.

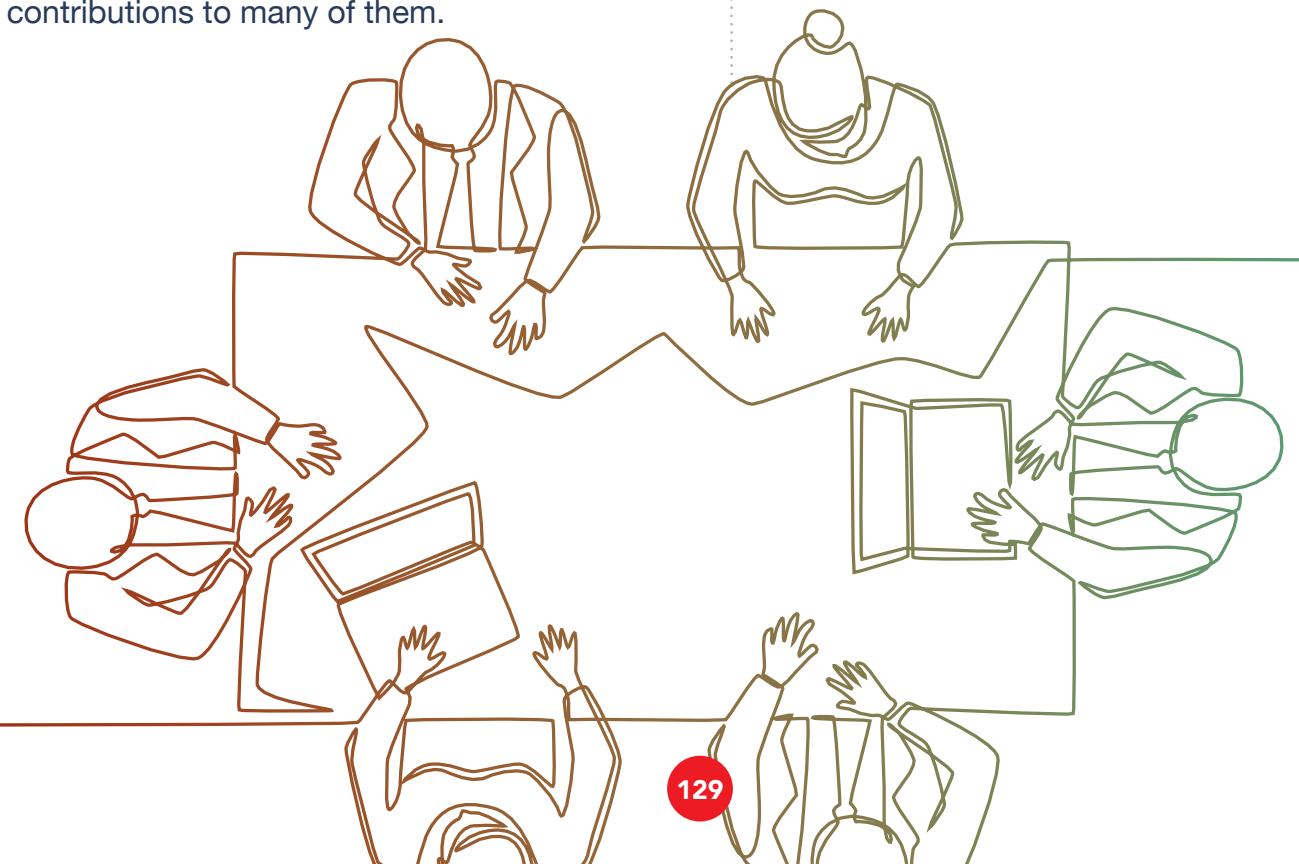
Sustainable Development

The Development and Investment Bank of Türkiye has chosen a responsible banking approach and a mandate to help sustainable development by using the United Nations' Sustainable Development Goals as a guiding principle. As a result, the Bank has made both direct and indirect contributions to the 15 Sustainable Development Goals.

The Strategic Plan of the Development and Investment Bank of Türkiye for 2023 is in line with the Sustainable Development Goals (SDGs) and makes direct and indirect contributions to many of them.

TKYB supports investments with a strategy targeting sustainable development. It directly contributes to SDG 8, decent work, and economic growth.

Looking at all the Bank's large-scale investments, it directly supports the goals of Supporting Industry, Innovation, and Infrastructure (SDG 9), Affordable and Clean Energy (SDG 7), and Climate Action (SDG 13). In addition, acting on the principle of Partnerships for the Goals (SDG 17), the Bank mobilizes additional sources of capital through cooperation and sees this as the main way to increase available financing.



Strategic Perspective

Sustainable Development

Other SDGs to which the Bank indirectly contributes are No Poverty and Zero Hunger (SDG 1 and SDG 2), Good Health and Well-being (SDG 3), Quality Education (SDG 4), Gender Equality and Reduced Inequalities (SDG 5 and SDG 10), Sustainable Cities and Communities (SDG 11), Responsible Consumption and Production (SDG 12), and Life Below Water and Life on Land (SDG 14 and SDG 15).

Direct Contribution



Indirect Contribution



At the same time, the Bank has demonstrated how seriously it takes its responsibility to support sustainable development by undertaking several important initiatives in support of sustainable development:

- The Development and Investment Bank of Türkiye promotes sustainable business practices as a member of the Business Council for Sustainable Development (BCSD Türkiye), the Turkish network of the World Business Council for Sustainable Development (WBCSD).
- In 2021, the Bank switched to an integrated reporting process to present all its activities and results together and became a member of the Integrated Reporting Türkiye Network (ERTA).
- The Bank signed a cooperation agreement with Istanbul Technical University to support further research and innovation in sustainability. Within that the same time, the Bank has demonstrated how seriously , the Bank has initiated project work on the prevention of climate change.

- However, the Bank is well on its way to making its Environmental and Social Management System more innovative and dynamic, based on a grant agreement with the German Development Bank for Technical Assistance.

- In November 2022, the Bank participated in the 27th Conference of the Parties (COP27) of the United Nations Framework Convention on Climate Change (UNFCCC) in Sharm El Sheikh, Egypt, and continued its efforts to provide resources to Türkiye to finance measures to be taken against climate change and adaptation efforts.

These various initiatives are indicative of TKYB's commitment to sustainable development goals.



03

Strategic Perspective

Sustainability Principles

The mission of the Development and Investment Bank of Türkiye is to support Türkiye's structural transformation in line with its sustainable development priorities by meeting the financing and advisory needs of investors. At the same time, the Bank also aims to contribute to the broad-based distribution of capital. The Bank aims to add value to its employees and all stakeholders by acting with a dynamic, innovative, environment and community-oriented Banking approach. To this end, the Bank adopts the following principles:

The Bank considers the direct and indirect environmental and social impacts of its operational activities and financial services.

Environmental and social risk assessment is considered part of the routine decision-making processes of all the Bank's investment and lending practices.

The Bank does not support or finance investments that may have unacceptable impacts under its Environmental and Social Policy. Likewise, the negative impacts of investments financed through the Environmental and Social Management System are managed throughout the life of the loan.

The Bank monitors the negative environmental and social impacts arising from its operational activities and adopts the goals of minimizing these impacts and increasing its positive environmental and social activities.

Capacity building is an essential building block of sustainability activities for the Bank, providing ongoing support to staff and customers.

The financial institution believes that collaboration with all stakeholders is essential for sustainable success and develops opportunities for cooperation.

The Banking group regularly measures and monitors greenhouse gas emissions and resource consumption resulting from its operational activities and sets targets to improve resource and energy efficiency.

The Bank is committed to the United Nations Sustainable Development Goals and aims to provide services through practices and projects aimed at sustainable development.

The financial company provides its personnel with a working environment that respects human rights and ensures fairness, equality, and trust. The Bank expects its customers to adopt the same approach and aims to raise awareness for this purpose.

Within the scope of the Human Resources Regulation, the Bank aims to offer equal opportunities to people under equal conditions in recruitment and to provide fair and equal opportunities to employees by targeting a practice based on equal opportunity. At the same time, the Bank adopts a fair rewarding system that aims to increase productivity and service quality by considering strategic goals, ethical values, and the employee's contribution to success.

The Bank adopts a zero-tolerance policy in the fight against bribery and corruption. The Bank takes measures against all forms of corruption such as laundering proceeds of crime and financing of criminal activities. In this context, it acts within the framework of the Anti-Bribery and Anti-Corruption Policy.

The Bank provides a healthy and safe working environment for its employees within the framework of legal regulations and practices related to occupational health and safety.

The Bank follows a fair and transparent communication policy in its dialog activities. It supports sharing information with all stakeholders by reporting its sustainability performance.

The Bank effectively recognizes its stakeholders such as personnel, shareholders, customers, suppliers, regulatory and supervisory bodies. The Bank communicates timely and accurate information to its stakeholders through the right channels to receive their feedback and understand their needs. It creates communication channels (written, visual and social media) for this purpose.

The financial organization adopts an effective governance model to develop, implement, manage, and monitor sustainability activities. The Bank supports and aims to continuously improve corporate sustainability management in accordance with international sustainability standards.

04

Materiality Analysis and Stakeholder Engagement

Materiality Analysis and Stakeholder Engagement

Materiality Matrix	138
Interaction with Stakeholders	140

Prioritization Analysis and Stakeholder Engagement

Prioritization Analysis and Stakeholder Engagement

In 2022, the Development and Investment Bank of Türkiye reviewed its Material Topics from a double materiality perspective. As it does every year, the Bank received opinions from all stakeholder groups on the relevant issues and provided input to the materiality analysis.

The Bank acts with an integrated perspective and attaches great importance to receiving stakeholders' opinions on Material Topics and taking steps to meet their expectations in line with its sustainability strategy.

The Development and Investment Bank of Türkiye regularly engages with all stakeholder groups through various communication channels and focuses on creating value by taking into account the priorities, needs and expectations of different stakeholders from the Bank.

During the preparation of the 2022 Integrated Report, the Bank sought the views of all stakeholder groups on Material Topics and these assessments contributed to the materiality analysis.

Material Topics were identified based on the Bank's strategy, the views of internal stakeholders, the views of material external stakeholders and the results of the external environment analysis.

In this process, priority issues under the focus areas where the Bank's strategy is shaped were identified and shared with internal and external stakeholders to obtain their views and comments.

In addition, the Bank has gained insight into what goals the Development and Investment Bank of Türkiye should set to achieve solutions that will create value on their behalf. These assessments were shaped by taking into account reports published by national and international organizations.

Interaction with Stakeholders

The Development and Investment Bank of Türkiye regularly communicates with its stakeholders, focuses on their Material Topics, and listens to their views on business conduct. It also understands their expectations and improves its activities and practices to meet these expectations.

To ensure secure and uninterrupted communication with employees, the Bank has launched an intranet portal for their use. In this way, developments and updates within the Bank are quickly communicated to employees. Employees are encouraged to provide feedback by using communication channels. The Bank attaches importance to increasing productivity and encouraging cooperation by facilitating employees' access to information.



04

Materiality Analysis and Stakeholder Engagement

Materiality Matrix

The financial institution has deemed thirteen problems essential. The Bank polled its customers and other interested parties to gauge sentiment on these matters. The surveys were issued to both internal and external stakeholders, and they received a total of 100 replies.

In addition to the insights gained from these responses, global and sectoral trends, the Bank's own strategy and the views of senior management, the Banking Regulation and Supervision Agency's (BRSA) Sustainable Banking Strategic Plan, the Sustainable Development Goals, the Global Risk Report updated annually by the World Economic Forum (WEF), the Sustainable Accounting Standards Board (SASB) and the sector-specific issues that require prioritization by Morgan Stanley Capital International (MSCI) were also taken into consideration.

Based on the insights gained from the above references, the Bank ranked its 13 Material Topics as first, second, and third priorities.

Top Priority Issues

- 1 Climate Change and Environmental Impact
- 2 Sustainable Financing
- 3 Bank Portfolio and ESG Risk Management

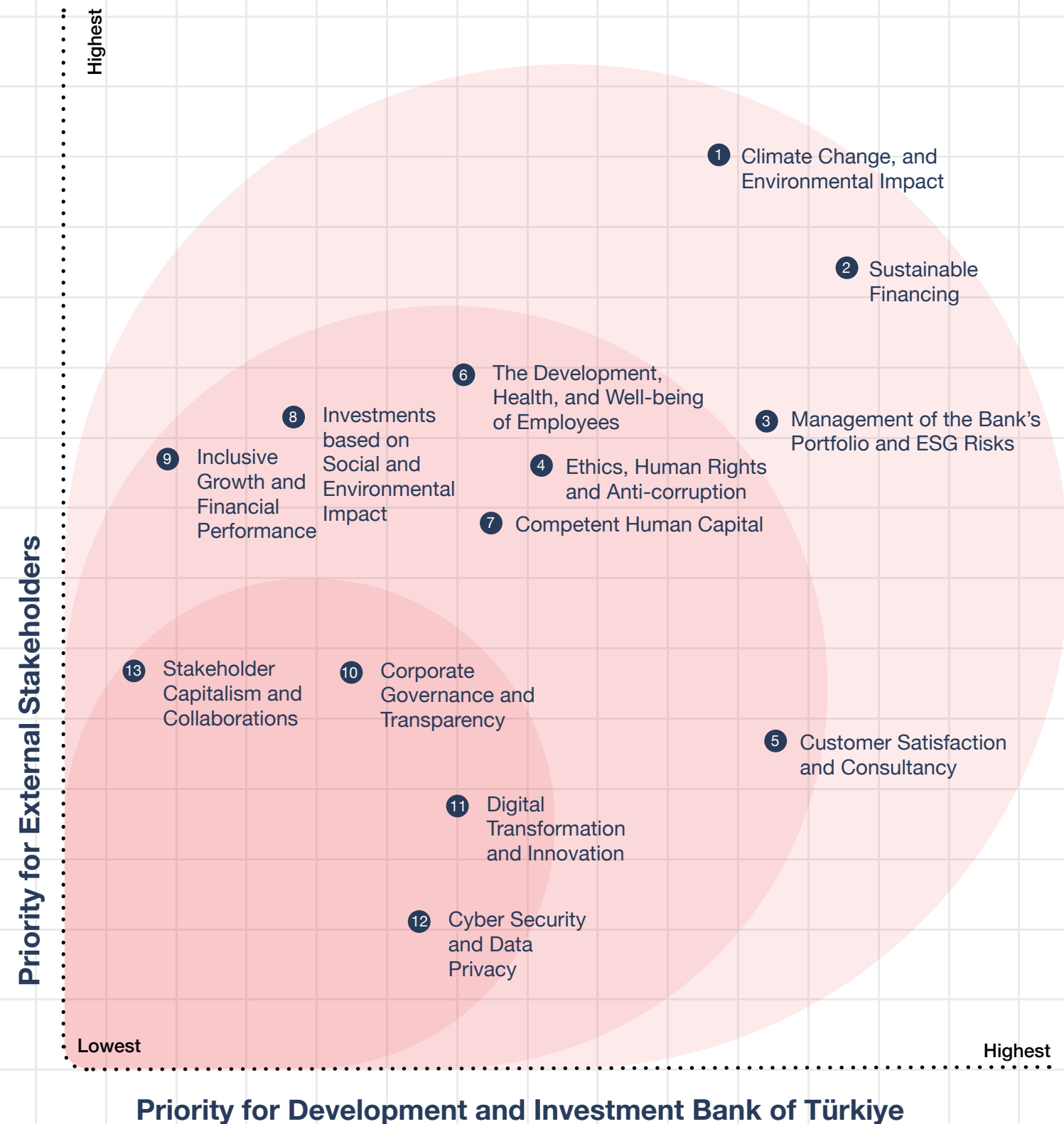
Secondary Priority Issues

- 4 Ethics, Human Rights and Anti-Corruption
- 5 Customer Satisfaction and Consulting
- 6 Employee Development, Health, and Well-being
- 7 Competent Human Capital
- 8 Investments Based on Social and Environmental Impact
- 9 Inclusive Growth and Financial Performance

Tertiary Priority Issues

- 10 Corporate Governance and Transparency
- 11 Digital Transformation and Innovation
- 12 Cyber Security and Data Privacy
- 13 Stakeholder Capitalism and Collaborations

TKYB Prioritization Matrix



04

Materiality Analysis and Stakeholder Engagement

Stakeholder Interaction

Stakeholder	Stakeholder Communication Channel	Stakeholder Expectation	Actions
Employees	E-mail, phone, meetings, suggestion and complaint hotline and forms, surveys kalkınma.net portal, notification centers	<ul style="list-style-type: none"> Responsible human resources approach, Performance rewarding Occupational health and safety Effective performance feedback, Employee training and development, Equal opportunities and diversity, Employee health and safety, 	<ul style="list-style-type: none"> Training activities, Performance evaluation system, Vocational and personal training programs, Two-way dialog channels
International Financial Institutions	E-mail, phone, surveys cargo, video conference meeting platforms, physical meeting, reporting website	<ul style="list-style-type: none"> Providing the data request and completing the approval processes, Timely and accurate communication, Job creation, Ensuring financing of SMEs, Financing renewable energy, Responsible Banking approach, reporting, Meetings Current assessments of the Turkish market Investment trends, periodic updates on projects that are being lent, 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, Conducting mission and status update meetings, Full participation in necessary meetings, Supporting the promotion of the loan portfolio with visuals such as presentations, etc. when necessary, Timely completion of necessary preparations and reporting, The Bank observes market trends and investor tendencies for the rapid and efficient placement of existing resources and the continuity of new resources, and feeds international financial institutions accordingly, As teams in one-to-one communication with the client, conveying the sectoral, regional and qualitative orientations of current investments and planned investments in periodic meetings with funders, Project management in sectors in line with the sustainable development goals of our country, Providing consultancy services to private sector and public institutions in the field of renewable energy,
Investors	General assembly meetings, one-to-one meetings, phone, E-mail, surveys website Public Disclosure Platform, press releases social media accounts	<ul style="list-style-type: none"> Job creation, Financing renewable energy, Responsible Banking, Providing added value to the national economy, Debt instrument issuances, Providing consultancy services for equity 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, Sharing announcements and current news, Determining the Bank's strategic objectives in line with the objectives of our country, New funding agreements with strong public support, Conducting the Bank's activities in line with common stakeholder expectations, Meetings with investors within the scope of advisory services provided for capital markets transactions carried out by public institutions and private sector companies, Consultancy services provided for environmental and social capital markets transactions for Türkiye's sustainable development, Raising awareness on capital markets, Providing consultancy services for projects carried out by public institutions and private sector companies in leading sectors such as energy, chemistry, technology, automotive
Customers	Phone, E-mail, surveys Public Disclosure Platform, customer meetings, website social media accounts, loan allocation process, press releases one-to-one meetings	<ul style="list-style-type: none"> Financing SMEs, Financing renewable energy, Representation of the Bank, Accurate communication of the Bank's objectives, Meeting expectations in the credit allocation process, Responsible Banking approach Debt instrument issuances, Providing consultancy services for equity public offerings and other capital markets transactions, Ensuring appropriate sources of financing, Access to alternative sources of financing (strategic/financial partnership, acquisition of companies/active sales, mergers, spin-offs), Financial evaluation and feasibility of greenfield investments within the scope of investment incentive certificate 	<ul style="list-style-type: none"> Organizing project information meetings, Sharing announcements and current news, Signing of contracts, Providing training, Monitoring and financing of projects, Completing the necessary preparations for meetings on time and ensuring full participation Application processes carried out with institutions such as CMB, Borsa İstanbul, CRA, TakasBank and all other institutions Advisory services for capital markets transactions with environmental and social characteristics for Türkiye's sustainable development Always finalizing customer requests in the fastest and most accurate way Submitting for the approval of the Board of Directors for the credit proposals created to meet customer demands and needs within the framework of the Bank's credit policies for investments in line with the Bank's resource structure Managing the loan disbursement processes in case the loan offer is approved Mergers and acquisitions and financial advisory services for public institutions and domestic/foreign private sector companies Obtaining ISO 10002 Customer Satisfaction Management System certification, which aims to address, evaluate, and reduce customer complaints, increase customer satisfaction, and address future customer expectations

Materiality Analysis and Stakeholder Engagement

Stakeholder Interaction

Stakeholder	Stakeholder Communication Channel	Stakeholder Expectation	Actions
Public Institutions	E-mail, phone, surveys cargo, meetings, Video conference meeting platforms, physical meeting, reporting website Electronic Document Management System (EDMS), Public Disclosure Platform, legal compliance and annual reports	<ul style="list-style-type: none">• Providing data request, completing approval processes• Timely and accurate communication,• Supporting regional development,• Priority sectors (import reduction and export enhancing sectors) to be supported• Execution of applications regarding capital markets transactions with the Ministry of Treasury and Finance, CMB, Borsa Istanbul, MKK, TakasBank and other public institutions• 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• Within the scope of consultancy services, making applications to institutions such as CMB, Borsa Istanbul, MKK and TakasBank• Developing projects in line with the demands of all relevant public institutions and taking part in working groups• Providing financial, M&A and privatization advisory services to public institutions and portfolio companies, especially OIB, TWF, SDIF
Civil Society Organizations	Memberships conferences surveys website social media accounts, press releases	<ul style="list-style-type: none">• Supporting Regional Development,• Financing Renewable Energy• Supporting Employment	<ul style="list-style-type: none">• Ensuring project period communication• Providing financial advisory and M&A advisory services to Greenfield and/or portfolio companies
Suppliers	Meeting, E-mail, surveys website online integrations	<ul style="list-style-type: none">• Growing together and creating value by supporting their financial development	<ul style="list-style-type: none">• 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• After-sales services (SLA and customer relationship management)
Auditors	Meeting, E-mail, surveys audit reports	<ul style="list-style-type: none">• Transparency, accountability, and credibility• Compliance and internal controls	<ul style="list-style-type: none">• Provision of audit documentation and coordination with relevant departments to prepare the requested data,• Ensuring project period communication and monitoring audit reports• After-sales services (SLA and customer relationship management)

05

Our Value Creation Model

“The Investment and Development Bank of Türkiye adopts an approach based on a multidimensional value creation model.

This model shows how and to what extent the Bank has an impact on the five main capital areas in 2022 and how these impacts create value. ”

Our Value Creation Model

Financial Capital	146
Human Capital	157
Natural Capital	172
Intellectual Capital	184
Social Capital	200

Our Value Creation Model

Financial Capital

Financial capital is an economic resource that can be measured in monetary terms, based on money or activities that entrepreneurs and businesses use to purchase the goods and services they need to produce their products. It is important because it refers to tangible assets that can only be used as cash. It is a term that represents assets that are considered liquid and do not include permanent assets such as buildings and equipment. It is also a traditional term used by banks to describe funds that are used in bulk.

Development and Investment Bank of Türkiye continues its journey with the understanding of a bank committed to Türkiye's development. With a wide range of services such as project finance, corporate banking, and investment banking, it aims to support the development of our country and provide guidance in sustainable finance. It finances new investments, expansion/modernization investments in line with the needs of companies operating in the manufacturing sector and aims to respond to the financing needs of domestic renewable energy projects.

Through the APEX Banking mechanism, Development and Investment Bank of Türkiye provides resources for thematic investments of micro, small, and medium-sized enterprises through commercial banks and other financial institutions such as leasing companies.

Having established trust-based relationships with international financing institutions with its expert staff, Development and Investment Bank of Türkiye continues to stand by its clients for inclusive economic growth.



Targets

- Long-term loan agreements with international financial institutions for use in priority sectors
- Providing support to industrial enterprises and SMEs in priority development sectors through the Technology and Innovation Fund, Regional Development Fund, TKYB Capital Fund, Development 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, to create regional employment through the "Regional Support Strategy"
- In line with its development mission, meeting the financing needs of the real sector and providing financial support for the realization of infrastructure investments
- Sustainable bond issuance

Priority Issues

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

Risks

- Investment risk
- Loan risk
- Liquidity risk
- Strategy execution risk
- Market risk
- Reputational Risk

Our Value Creation Model

Value Creation Model within the Framework of Financial Capital

Inputs	Actions
Strong state-sourced capital structure	Cooperation with international financing institutions
6.84 billion TL equity	Provision and utilization of credit resources
Sources of financing	Provision and utilization of project financing resources
World Bank FEC (Formal Employment Creation) Loan – 316 million EUR	Finding investment projects suitable for the funding source
Asian Infrastructure Investment Bank (AIIB) Covid-19 Loan – 300 million USD	Diversification of funding sources and credit products
Asian Infrastructure Investment Bank (AIIB) Renewable Energy and Energy Efficiency Additional Financing – 100 million USD	Expansion of customer portfolio
World Bank Emergency Firm Support Project (Emergency Firm Support Loan) – 250 million USD	
World Bank Geothermal Loan – 150 million USD	
Japan Bank for International Cooperation (JBIC) GREEN III Loan – 170 million USD	
Central Bank of the Republic of Türkiye Investment Commitment Advance Credit – 35 billion TL	
Themed funds: - 525 million TL Regional Development Fund - 475 million TL Technology and Innovation Fund - 125 million TL Development Participation GDP - 235 million TL Innovative and Advanced Technologies Participation GDP - 200 million TL TKYB Capital Fund	
Development METU Teknokent GDP - 4.806.347 USD	
Agence Française de Développement (AFD) invests €100 million in TKYB's sustainable Eurobond.	
Themed loans suitable for market needs	
Outputs	Created Values
500 million TL capital increase in 2022	Ensuring new and different product diversity
16.7% Capital Adequacy Standard Ratio	Increasing market capitalization
60 billion TL net loan	Transparency and reliability
	Information security
	Utilization of financial resources for their intended purpose
	Realization of the organization's mission

Development and Investment Bank of Türkiye's Financial Performance

In a period of heightened global recession concerns and downward revisions to growth forecasts, the Turkish economy continued to grow uninterruptedly since the third quarter of 2020 with the contribution of consumption and exports.

The sector's total assets reached TL 14.3 trillion in December 2022, up 56% year-on-year. Loans, which have the largest share, increased by 55% year-on-year to TL 7.6 trillion. Loans, which have the largest share, increased by 55% year-on-year to TL 7.6 trillion. In addition, the capital adequacy standard ratio increased by 1.1 percentage points to 19.5%, well above the legal requirement.

Maintaining its success in banking activities with its 48 years of experience and know-how, Development and Investment Bank of Türkiye continues to improve its financial and operational performance day by day. In 2022, in line with its strategic goals, the Bank played a role in supporting sustainable development by adopting a responsible banking approach to create value for all its stakeholders and achieved strong financial and operational results.

As of December 2022, the Bank's assets reached TL 92 billion, representing 89% growth compared to the end of the previous year and clearly demonstrating its strong and stable performance. Loans accounted for 66% of total assets and increased by 61% year-on-year to TL 60 billion.

The ratio of gross non-performing loans to total loans decreased by 0.8 percentage points year-on-year to 1.48% in the last quarter of 2022. The Bank's net profit for 2022 increased by 108% year-on-year to TL 1.7 billion. The capital adequacy ratio was realized as 16.67% in the last quarter.

Our Value Creation Model

Development and Investment Bank of Türkiye's Financial Performance

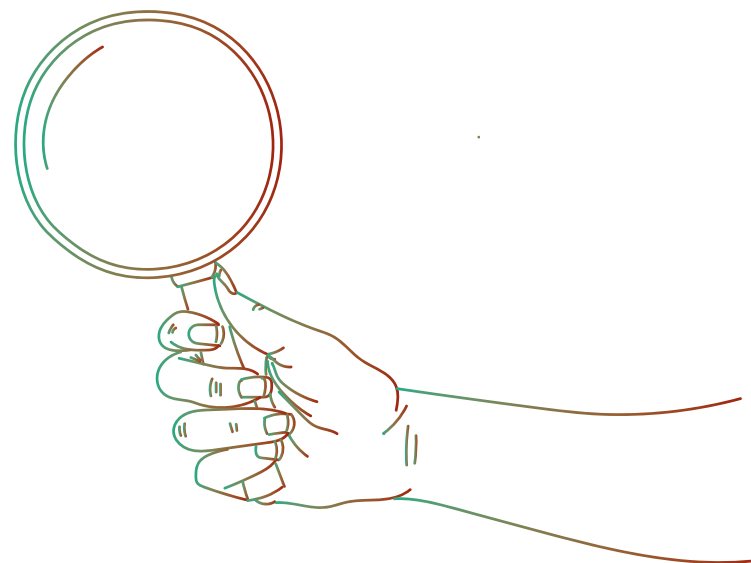
Financial Indicator	2021	2022
FX Adjusted Loan Growth	%13.8	%35.6
Loan/Asset Ratio	%77.5	%65.9
Net Fee & Commission Increase	%89.7	%76.4
Increase in Operating Expenses	%24.7	%88.5
Net Interest Margin	%3.9	%4.1
Return on Equity Ratio	%20.2	%31.1
Return on Assets Ratio	%2.4	%2.4
Expense/Revenue Ratio	%11.0	%73.2
Capital Adequacy Ratio	%14.3	%16.7
Non-performing Loans Ratio	%2.3	%1.5
Net Cost of Risk	%1.9	%1.0

Financial Capital

Development and Investment Bank of Türkiye continued to support the real sector, production, and employment in 2022 and completed the year with growth in terms of resource supply, loans, and operational profitability. The Bank increased its assets by 89% year-on-year to TL 91.60 billion. Likewise, the capital adequacy ratio of Development and Investment Bank of Türkiye, which increased its shareholders' equity to TL 6.84 billion, was realized as 16.67%. In 2023, the Bank will continue to focus on digitalization and quality by adding new products and services to its existing products and services and will continue its efforts to achieve its financial and operational targets.

The Regional Development Fund and Technology Innovation Fund, which are sub-funds of the TKYB, have established strategic partnerships with the participation of the Ministry of Industry and Technology and KOSGEB as investors. With the additional commitments provided by KOSGEB, the Technology and Innovation Fund reached a size of 475 million TL in 2022.

In addition, in 2022, METU Teknokent Girişim Destek ve Yatırım A.Ş. and Development METU Teknokent Venture Capital Investment Fund, in which the Bank is an investor, were established with a size of USD 6 million. The Bank aims to contribute to the national economy and support technology-oriented companies with funds subject to CMB legislation such as the Innovative and Advanced Technologies Participation Venture Capital Investment Fund, Development Participation Venture Capital Investment Fund and Development METU Teknokent Venture Capital Investment Fund.



Regional Development Fund Strategies

Investment Types	Capital Structured capital/Structured debt
Investment Focus	Increasing exports or reducing the current account deficit in strategic sectors prioritized for development.
Geographical Scope	<ul style="list-style-type: none"> Companies incorporated in Türkiye and/or operating in Türkiye Companies that generate more than 50% of their turnover from Türkiye.
Target Investments	<p>Medium-sized companies:</p> <ul style="list-style-type: none"> Turnover: 20 million-750 million TL It consists of the manufacturing industry, professional services, information technologies, pharmaceuticals/healthcare, and consumer goods sectors.
Number of Targeted Investments	4-8 Firms

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
Geographical Scope	Funds established in Türkiye and/or making at least 50% of their investments in Türkiye	Türkiye (with at least 50% of its operations in Türkiye)
Target Investments	GS 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 Firms

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 Scope	Funds established in Türkiye and/or making at least 50% of their investments in Türkiye	Türkiye (with at least 50% of its operations in Türkiye)
Target Investments	GS 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

Our Value Creation Model

Financial Capital

Innovative and Advanced Technologies Participation Venture Capital Investment Fund Strategies	
Investment Types	Capital Structured Capital
Investment Focus	Companies targeting high technology-oriented production that the defense industry can also use.
Geographical Scope	Companies incorporated in Türkiye and/or operating in Türkiye.
Target Investments	Medium-sized companies Company Value: 50m TL - 400m TL Turnover: 20m TL - 250m TL EBITDA: 5m TL - 50m TL
Number of Targeted Investments	2-4 Firms

Development Participation Venture Capital Investment Fund Strategies	
Investment Types	Capital Structured Capital
Investment Focus	Priority sectors for development, manufacturing-oriented, strategic sectors that will contribute to reducing the current account deficit.
Geographical Scope	Companies incorporated in Türkiye and/or operating in Türkiye.
Target Investments	Established and/or operating in Türkiye
Number of Targeted Investments	4-8 Firms

Inclusive and Strategic Financing

Operating in line with the Sustainable Development Goals, Development and Investment Bank of Türkiye focuses on investments that reduce external dependency, lower the current account deficit, and increase employment. By diversifying its financing products for the priority sectors identified in Türkiye’s development plans and programs, the Bank supports projects with high contributions to employment and foreign currency income potential.

TKYB facilitates access to finance to help investors grow by promoting inclusive economic growth. By promoting productivity and high value-added production, the Bank aims to increase our competitiveness in international markets and reduce imports by supporting exports. To this end, the Bank continuously improves its financing products and services, and offers investors wider access to finance.

Access to Finance in line with Türkiye’s Development Priorities

Development and Investment Bank of Türkiye sets its roadmap to support Türkiye’s development priorities. Accordingly, its strategic objectives were determined within the scope of the 2021-2023 Strategic Plan and approved by the Board of Directors. The Bank has three strategic objectives for development banking.

Objective 1

To diversify financing products for priority sectors with high import dependency, foreign trade deficits, high contribution to employment, and foreign currency income potential as identified in Development Plans and Programs.

Objective 2

To contribute to the sustainable growth of our country, to encourage and revitalize investments, and 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.

Objective 3

Supporting projects that serve the goals of transition **to a net-zero economy, combating climate change, conscious production-consumption, ecosystem health, etc.,** in order to realize the Sustainable Development Goals; supporting sectors that enable Türkiye’s import-reducing effects within the scope of the “Growth Capital Strategy.”

** The 11th Development Plan will be implemented within the framework of the “Growth Capital” strategic plan, which includes investments in companies in the priority sectors (chemicals, pharmaceuticals, electronics, machinery-electrical equipment, automotive and rail system vehicles) and especially medium-sized companies.*

Our Value Creation Model

Inclusive and Strategic Finance

Development and Investment Bank of Türkiye plays specific roles to ensure that these sectors have easy access to finance and can make long-term plans. The Bank has a mandate to enter into long-term loan agreements with international financial institutions for use in priority sectors. It also takes on an advisory role to provide services such as technical assistance and financial advisory that projects will need from the outset, focusing on priority sectors. It is aimed to launch the Investment Support Loan in 2020 and to provide financing to the priority sectors specified in the Development Plans and Programs with the ongoing loan package.

Through the Türkiye Development Fund (TDF), Development and Investment Bank of Türkiye provides strategic support to transform public resources into capital investments focused on national development. Through its sub-funds, the TDF supports sectors that are strategically important for Türkiye's sustainable growth while also investing in next-generation start-ups to make a significant contribution to the development of the start-up ecosystem.

In 2022, the Bank led two public offerings totaling 3.62 billion TL as part of its capital markets advisory services. The TL 147 million public offering of OBASE Bilgisayar ve Danışmanlık

Hizmetleri Ticaret A.Ş. was led by the Bank and was one of the most well-attended public offerings, with 3.78 times the demand. The Bank also led the TL 3.48 billion public offering of Ahlatcı Doğalgaz Dağıtım Enerji ve Yatırım A.Ş. one of the largest public offerings in its history.

Financing SMEs, Wholesale Banking (APEX Banking), and Impact

SMEs (Small and Medium-sized Enterprises) constitute a significant share of enterprises in developing countries, including Türkiye, and play a critical role in economic growth and employment opportunities. Recognizing their importance, Development and Investment Bank of Türkiye supports the financing needs of SMEs with high priority. The Bank's main objective is to contribute to Türkiye's overall development and facilitate SMEs' access to financial resources to help them grow, increase their competitiveness, and promote inclusive economic growth.

The Bank supports SMEs through indirect means, including wholesale banking (APEX Banking) loans and loan agreements with international organizations focused on SME support. In addition, the Bank aims to increase its support to SMEs through various funds under the Türkiye Development Fund, such as the Technology and Innovation Fund, the Regional Development Fund, the TKYB Capital Fund, the Development Participation Venture Capital Fund, and the Innovative and Advanced Technologies Participation Venture Capital Fund. The main objective is to strengthen the support system for SMEs and ensure their success in a dynamic economic environment.

To support the creation of employment opportunities, the Bank provides financing for thematic investments of micro, small, and medium-sized enterprises through direct loans and other financial institutions such as commercial banks and leasing companies through the APEX Banking mechanism.

As part of the wholesale banking activities launched in 2008, nearly 1 billion USD worth of financing was provided to SMEs through 5 commercial banks and 8 leasing companies in 11 APEX programs carried out until the end of 2019. To support the financing of SMEs, Development and Investment Bank of Türkiye completed the design of 3 APEX loan programs in 2020, signed contracts with the relevant resource institutions, prepared project implementation guidelines, and brought them to the disbursement stage

The Bank's efforts to extend loans to SMEs through the APEX method continued unabated in 2022. TKYB signed two important projects in cooperation with the World Bank, which will provide a total of 280 million EUR in 2023, and a project for the APEX loan component of 30 million USD in cooperation with the Asian Infrastructure Investment Bank.

World Bank Formal Employment Creation Project Wholesale Banking Component (Formal Employment Creation Project)

The World Bank approved the financial, environmental, and social review and assessment reports prepared within the scope of the selection of intermediary financial institutions for the EUR 190 million APEX loan component of the Registered Employment Creation Project, which is envisaged to be disbursed through the wholesale banking method, and signed Intermediary Financial Institution (IFI) Agreements with six financial leasing companies.

A total of 70 million EUR was disbursed to institutions with signed intermediary loan agreements. Work on evaluating and reporting the sub-projects of financial leasing companies for the loans disbursed continues.

In 2023, a disbursement of EUR 120 million is foreseen. The budget of 650,000 EUR allocated for capacity-building training and consultancy services for Development and Investment Bank of Türkiye, intermediary institutions, and beneficiary companies within the scope of the loan is expected to be used mainly in 2023.

Within the scope of the APEX component of the project, the consultancy service procurement process for the company that will provide consultancy for the Environmental and Social assessment phase is ongoing. In the first quarter of 2023, it is planned to start working with the consultant company.

Our Value Creation Model

World Bank Emergency Firm Support Project

To meet the working capital and investment needs of SMEs affected by the COVID-19 pandemic, the entire USD 250 million Emergency Firm Support Project provided by the World Bank is being disbursed through wholesale banking. Contracts were signed with three financial leasing companies and two banks approved by the World Bank, and a total of USD 90 million was disbursed to intermediary institutions.

In 2023, efforts to assess and report on intermediary institutions' sub-loans will continue, and a total of USD 160 million is planned to be disbursed. The procurement of consultancy services to support the Environmental and Social Assessment process within the scope of the Project is ongoing. Consultancy service terms of reference and a list of potential firms have been prepared. The procurement process is targeted to be completed in the first quarter of 2023.

Asian Infrastructure Investment Bank COVID-19 Project

Wholesale Banking Component

An Intermediary Financial Institution (IFI) Agreement was signed with a commercial bank for the 30 million USD APEX loan component of the 300 million USD COVID-19 Project with the Asian Infrastructure Investment Bank, and the full amount was transferred. The review, approval, and reporting processes of the sub-loans extended by the intermediary bank are planned to be completed in the first half of 2023.

The procurement of consultancy services to support the environmental and social assessment process within the scope of the project is ongoing in conjunction with the World Bank Emergency Company Support Project. Consultancy service terms of reference and a list of potential firms have been prepared. The procurement process is targeted to be completed in the first quarter of 2023.

Human Capital

Human capital refers to the collective skills, knowledge, abilities, and experience of individuals within an organization. It encompasses intellectual and personal qualities that can be further developed and enhanced through education and training, recognizing what employees bring to their work as an asset. It can be characterized as a core asset as it directly contributes to the overall performance and success of the Bank.

Development and Investment Bank of Türkiye also considers the human factor from a sociological and psychological point of view, considering its contribution to economic processes in the evaluation of human resources. Today, economic processes are also influenced by this inclusive perspective. The human capital resource is provided as a result of these interactions, and socio-economic activities are carried out with optimum resource utilization.

The Bank provides fair and equal opportunities to its employees by encouraging continuous learning, participation, and sharing and emphasizing the value of collaboration. The Bank continues to work with an understanding that prioritizes meeting the needs of its employees, considering the requirements of its corporate strategy and sustainability strategy.

When it comes to realizing its goals, the Bank considers the outputs created in line with the expectations of its human resources and stakeholders as its most important value. Development and Investment Bank of Türkiye values its employees, encourages participation, communication, and continuous learning, and emphasizes the value of cooperation and teamwork by offering fair and equal opportunities to its employees.

Targets

- Development of the Bonus System and making individual success and high performance a determining factor in the allocation of bonus amounts
- Announcement in the Bank's internal communication channels
- Setting team and individual goals in parallel with the Bank's goals and strategies
- Repeating employee satisfaction surveys at regular intervals

Outputs

- 39% female employee ratio in the entire bank
- 34% female employee ratio in the Bank's senior and mid-level management
- 18.03 employee turnover rate in 2022
- Total 756 hours/year of OHS training
- Total 40.9 hours of training per employee
- Being one of the 25 companies participating in the UN Global Compact - Target Gender Equality program
- Great Place to Work certification

Priority Issues

- Employee Development, Health, and Well-being
- Ethics, Human Rights and Anti-Corruption
- Qualified Human Capital
- Corporate Governance and Transparency

Risks

- Generational conflict according to employee demographics
- Adaptation to new norms in a globalized business world
- Bad straits
- Social segregation
- Changing employee expectations

Opportunities

- A young and dynamic employee profile
- Adaptation to agile working methods

Our Value Creation Model

Human Resources Approach and Equal Opportunity

The Human Resources Approach is essential to ensure the effective use of talent, foster a healthy work environment and link the organization's human capital to its overall objectives. Human Resources (HR) is an important force for creating long-term value within the integrated reporting framework.

The Bank ensures equality of opportunity in human capital through the fair distribution of opportunities, resources, and rewards among its employees. All employees, regardless of gender, race, age, ethnicity, or any other characteristic, are given the same access to training, professional development opportunities, and incentives. As a healthy and inclusive organization that values diversity, fairness, and social cohesion, the Bank prioritizes equal opportunity.

The foundations of the Bank's HR policy are based on using all the resources needed to conduct business effectively and efficiently, being environmentally sensitive, prioritizing occupational health and safety, meeting legal requirements, valuing people, being open to development and change, and meeting the needs of its stakeholders in a way that is inclusive of all employees in the distribution of employee profile. Development and Investment Bank of Türkiye continuously improves its technology and expertise and draws its strength from the creativity of its competent human capital, and considers human resources as the most important value asset in achieving its goals.

Development and Investment Bank of Türkiye with the mission of providing training, development of skills, and opportunities for its employees and makes the development of a competent and qualified workforce a vision.

By providing a comfortable environment for its employees, it also creates space for them to utilize their skills. In 2022, 62 people joined Development and Investment Bank of Türkiye family. Thus, the Bank reached 303 employees by the end of 2022.

Along with the new hires, an employee over the age of 50 joined TKYB. In addition, a total of 10,212 employees were employed through investment loans signed in 2022, and 50 projects were signed within the scope of the World Bank's FECP (World Bank Registered Employment Creation Project).

50%

Senior Woman
Manager

10,212

Support for Employee
Employment

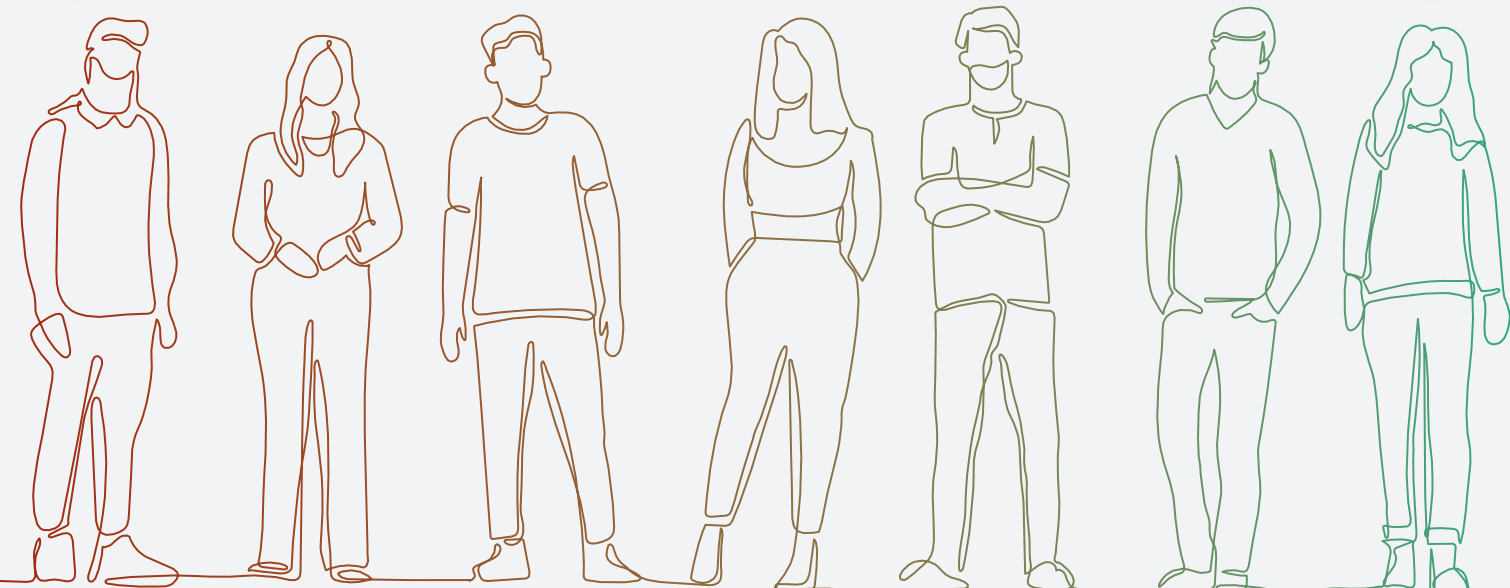
Development and Investment Bank of Türkiye's human resources policy is based on the principle of equal opportunity, which is also one of the cornerstones of the institution's corporate identity.

Equal opportunity for both male and female employees is incorporated into the business culture, and as of 31.12.2022, the ratio of female employees is 39%, with a total of 119 female employees.

The ratio of senior female managers, which has been increasing since 2018, is a visible indicator of this situation, especially at the level of assistant general managers, where the ratio of female managers is 50%.

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

- Working with people who are suitable for the corporate culture and job qualifications
- Ensuring the participation of employees in the process of formulating human resources policy
- Providing a safe working environment and conditions for employees in line with current needs
- Encouraging employees to succeed and providing opportunities to increase their knowledge and personal development
- Providing fair and equal opportunities for the training and development of employees
- Increasing employees' job satisfaction and loyalty to the organization



Our Value Creation Model

Human Resources Approach and Equal Opportunity

The Bank attaches importance to evaluating all dissatisfaction and inclusive suggestions for improvement submitted by employees. Complaints and ideas from employees have been collected under the responsibility of HR since 2020 through the “Personnel Suggestion and Complaint Line.” After HR receives the complaints and suggestions, the request is examined, forwarded to the relevant department if necessary, and the employee is informed of the proposed solution for the request.

Confidentiality in receiving suggestions and complaints is limited to the employee, HR, and the department responsible for the solution. Senior Management reviews all incoming requests. As a result of the meetings, the Bank acts in accordance with the principles of the Human Resources Regulation. In this respect, two-way communication channels are made accessible for employees to receive feedback based on their creative ideas regarding employee continuity and satisfaction. Employee perspectives are consistently collected through various surveys, online meetings, and intranet.

To assess employee loyalty and satisfaction, the Personnel Engagement and Satisfaction Survey was conducted for the first time in January 2022 with the participation of 91% of the workforce, and the satisfaction and loyalty rate was determined as 78% in the completed survey results.

In 2022, in line with the Bank’s overall strategy to increase employee satisfaction, the Bank also focused on the digitalization of human resources and internal communication practices and the goal of making HR processes a part of digital transformation. Starting in 2022, system studies on this subject has been ongoing.

Digitalization aims to create efficient processes, save costs, systematize reporting, and increase employee satisfaction.

“Great Place to Work” is an international research and consulting institute that focuses on organizational performance, workplace culture, and employee engagement. The Great Place to Work concept is based on the idea that companies which emphasize leadership, a positive workplace culture, and employee well-being are more likely to attract and retain top talent, which increases productivity and profits. In this context, surveys are conducted to certify companies with high levels of employee happiness and engagement.

In line with the safe and healthy work culture and employee-oriented perspective of TKYB, a Great Place to Work survey was conducted in December 2022. As a result of the survey completed with the participation of 89% of the employees, the Bank was entitled to receive the “Certified” license. To improve cooperation and teamwork and to strengthen communication between teams, the Internal Customer Satisfaction survey was initiated at the end of 2022. In the second half of 2023, the survey is planned to be conducted.



Our Value Creation Model

Equal Opportunity

In management, career management, and remuneration processes, Development and Investment Bank of Türkiye adopts the principle of equal opportunity for its employees in recruitment, training and development, performance and talent issues, and the principle of equal opportunity is at the heart of the Bank's human resources policy.

The Bank encourages its employees to progress and develop while always providing a safe working environment by giving fair and equal chances to values such as religion, language, race, and gender that are protected within the scope of human rights and freedoms. In line with the guidelines in its HR policy, the Bank is careful to employ only employees with a business culture as declared.

The Bank has published an Equal Opportunity Policy in line with the basic principles of the International Labor Organization (ILO) and the Sustainable Development Goals (SDGs) of the UN and based on international conventions to which our country is a party. With the performance evaluation including these criteria, Development and Investment Bank of Türkiye complies with the provisions of the Human Resources Regulation and other relevant laws. The Bank evaluates employee goals and competencies together and uses these gains as input for remuneration, career development, and sustainable growth. Development and Investment Bank of Türkiye continuously promotes equal opportunities and cultural diversity for all employees and all subcontracted employees, which will number 30 by the end of 2022.

Regardless of ethnicity, language, religion, race, or gender, the Bank treats all employees equally in recruitment, training, development, performance and talent management, career management, remuneration, and other human resources activities to promote gender equality. Regarding the evaluation of goals and competencies, 92% of the employee profile is higher education graduates in terms of education level, expertise, and knowledge. Their feedback on the Bank's core activities, and their proactive efforts to move the Bank forward in a positive direction are important.

The fact that the level of education is mostly high and qualified contributes to the sustainability of TKYB's human capital. In addition, employees can use the Idea Platform to submit their innovative suggestions for new products/services, process improvements, and anything else they wish to implement at the Bank. Every idea is carefully considered, and the Bank's corporate identity is reflected in its human resources policy, which is based on an understanding of equal opportunity. The Bank provides its employees with an inclusive working environment where both employee rights and human rights are respected.

The Bank's equal opportunity policy gives high priority to the importance of gender equality among employees.

In this context, in 2022, the “Gender Risk Assessment Model” was added due to a study focusing on gender equality in an environmental and social risk assessment conducted with the Credit Institute for Reconstruction (KfW).

In this way, the social management system has been transformed into a more innovative and dynamic structure.

There are 50% female managers in the Bank's senior management structure, and the equal ratio of female employees, especially in the senior management structure, is an indicator of equal opportunity for equal work, one of the main objectives of the Equal Opportunity Policy of Development and Investment Bank of Türkiye. The Bank always selects its employees from professionals who are suitable for the corporate culture, always provides its employees with a safe working environment and conditions, and always offers fair and equal chances to its employees, as stated in the Human Resources Regulation.

In all internal promotions and transfers between positions, Development and Investment Bank of Türkiye applies standard criteria such as experience, length of service, performance, competency assessment, examination, and interview. Within the framework of these criteria, the Bank establishes control and monitoring processes for equal opportunity. The Bank transparently shares the developments in its internal operations in this regard through various communication channels.

Strong human capital ensures the provision of quality service to customers and helps the Bank overcome the challenges it faces and continuously develop in a competitive environment through the creativity, problem-solving, communication, and cooperation skills of its employees. With employees who are in the habit of continuous learning and self-development, the Bank's employees support the Bank in adapting to the changing needs of today's conditions and keeping up to date.

All of this enhances the Bank's reputation, accelerates employee competency acquisition, and helps the Bank gain the trust of its customers. TKYB offers an opportunity for new graduates to contribute to their personal development by bringing them together for a variety of trainings if they possess the necessary qualifications for the Future MT Talent Program and wish to pursue professions in the banking industry. In addition, the Bank offers internal career opportunities among its employees, and those who successfully complete the Assistant Specialist exam can also benefit from these opportunities. The Bank also places great importance on internal transfers to meet its personnel needs.

To increase employee happiness, all units of the Bank participated in “Sharing Just Among Us” sessions on the online platform on a unit basis and shared their views. The suggestions that emerged from these meetings were communicated to the General Manager, and efforts were initiated to implement them. Unit-based meetings are planned to continue periodically.

05

Our Value Creation Model

TKYB Equal Opportunity Policy

Principles

Respects human rights.
Observes the principle of equality in its relations with its employees, customers, and affiliates.

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).

Supports its employees in the areas of training and professional development through continuous feedback.

Works to ensure that the principles contained in this policy are adopted and implemented by all its affiliates and partners.

All Human Resources policies and practices do not discriminate based on language, religion, race, belief, ethnic origin, philosophical belief, social or economic status, age, gender, marital status, political opinion, disability, etc. It attaches importance to ensuring equal opportunities and stands against discrimination.

It controls and continuously monitors the ratio of women to men and the balance between duties and responsibilities, including senior management positions.

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.

It 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.

Employees can submit all kinds of suggestions and complaints through the Employee Suggestion and Complaint Line on the internal communication portal. All suggestions and complaints are examined confidentially, and necessary actions are taken.

Supports employees in the use of maternity leave and unpaid postnatal leave. Provides cash benefits such as maternity benefits without discriminating between men and women.

Two-Way Communication Channels

Within the scope of employee loyalty and satisfaction, by evaluating the ideas of its employees from an innovative perspective, the Company attaches great importance to two-way dialog channels to feed on these ideas. Employee opinions are regularly and systematically collected at regular intervals through online interviews, intranet, and various surveys, and the main goal is to increase employee satisfaction and employee loyalty.

In 2021, preparatory work was completed, and the employee engagement and satisfaction survey were conducted for the first time in January 2022. This survey aims to "Measuring Employee Engagement and Satisfaction." Based on the results, which were completed with the participation of 91% of employees, the satisfaction and loyalty rate in the surveys was determined as 78%.

As with all business processes, the Bank focused on the inclusion of Human Resources processes in the Digital Transformation process, and within the scope of the outputs of this effort, system studies for the digitalization of all business processes of Human Resources in 2022 in line with the Bank's overall strategy are ongoing. Digitalization efforts are aimed at making the Bank's processes more efficient and reducing costs. It is aimed to meet the expectations of saving money, systematizing reporting, and increasing employee satisfaction.

Ethics and Human Rights

Within the scope of ethical rights, which is one of the principles of the Human Rights Policy, the Bank declares its ethical rights through policies that are inclusive of all employees and that also address the products and services offered.

"Conflict of Interest Policy," "Regulation on Combating Laundering Proceeds of Crime and Financing of Terrorism," and "Anti-Bribery and Anti-Corruption Policy" are examples of these practices. The Ethics Commission, established in 2021 for the purpose of ethics management, consists of the General Manager, the Executive Vice President in charge of Finance and Strategy, the Chair of the Board of Internal Auditors, the Head of the Human Resources Department, and the Internal Control and Compliance Unit Manager.

The formation of the Ethics Committee by the Senior Management and experts in their fields provides a series of advantages by reinforcing TKYB's ethical way of doing business. Variables such as respect for human rights, compliance with ethical values, risk mitigation from unethical risks, transparency, and competitive advantage strengthen TKYB's sustainability and social reputation.

Our Value Creation Model

Purpose of the Ethics Committee:

- Establishing and developing an ethical culture with the aim of creating an ethical framework that will ensure that the Bank’s values, corporate goals, and personnel comply with ethical standards.
- Establishing a guideline for staff on how to act when faced with ethical dilemmas in relation to issues they face regarding the principles of ethical behavior.
- Regularly checking the compliance of the Bank’s policies and procedures with ethical standards and updating them when necessary.
- The Bank’s annual training plan includes the topic of “Principles of Ethical Behavior” in Public Administration” to provide regular ethics training and raise ethical awareness.
- Coordinating ethical awareness-raising activities and organizing awareness campaigns and events to encourage compliance with ethical standards.
- Taking the necessary actions for the applications directed by the General Manager as a result of his/her evaluation and those made through the Ethics Line.

Principles of ethical behavior include 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, etc. The Ethics Committee, which works to take the necessary steps to report and resolve practices and misconduct by the Bank’s employees that violate the aforementioned “Code of Ethical Conduct,” carries out the process of reporting practices and misconduct that violate the “Code of Ethical Conduct.”

Throughout the process, a bank employee or any relevant external stakeholder can use the Ethics Hotline to report an ethics violation or misconduct. As part of the Formal Employment Creation Project, the Bank complies with the Grievance Redress Mechanism requirements for projects financed by international financial institutions. In line with these notifications received through the grievance mechanism and human rights and working conditions requirements, TKYB has an internal employee grievance mechanism and procedure for its employees.

On TKYB’s intranet page, employees can submit their reports on ethical issues as well as suspicious transactions, complaints, and suggestions. Each notification is evaluated individually, and in case of ethical complaints, they are processed according to the internal employee grievance procedure.

Complaints related to the whistleblowing procedure are directed to the Board of Internal Auditors; suspicious transactions related to other complaints are directed to the Compliance Officer (Head of Internal Control and Compliance), and other suggestions are directed to human resources. The General Manager evaluates the reported matter and refers the matter to the Ethics Committee for appropriate action.

The Ethics Committee evaluates the situation and takes the necessary actions. This includes initiating an investigation, determining appropriate steps, and revising policies and procedures to correct the violation and prevent recurrence.

This process is seen as part of the bank’s effort to ensure compliance with ethical standards and prevent misconduct. The Bank has adopted to act with a professional and honest approach, to act with a sense of social responsibility, and to ensure corporate ethical rules.

In order to ensure compliance of the Bank’s policies, procedures, and control methods with national and international regulations and generally accepted banking principles, to maintain safe banking activities, to protect the Bank’s reputation and customer quality, to prevent the Bank from being used for laundering proceeds of crime and financing terrorism, and to ensure that the Bank and its employees are aware of their legal and administrative obligations, in this context, employees were provided with 323 hours of MASAK (Financial Crimes Investigation Board) Training on ethics and corruption, Laundering Proceeds of Crime and Combating the Financing of Terrorism in 2022.

Our Value Creation Model

Safe and Healthy Work Environment

In accordance with the objectives of Development and Investment Bank of Türkiye's Integrated Management System, a risk-based approach is adopted in all processes and in the management of Quality, Environment, Occupational Health, and Safety issues to eliminate hazards and take preventive measures against incidents and accidents that may result in environmental pollution. Within the scope of Occupational Health and Safety, the Bank seeks to establish a work environment in which it is committed to safeguarding the health and safety of its employees through preventive and corrective measures.

The OHS Team organizes employee training, audits business processes, and ensures compliance with legal requirements in accordance with OHS regulations.

All occupational accidents and near-miss incidents, implementation of corrective and preventive actions, and coordination of all these are managed by the OHS Board. The Board consists of 8 members in total, including 1 work place doctor, 1 OHS Specialist, and 6 Bank personnel, and is managed by the Head of the Human Resources Management Department, who is the Chair of the Board. This Head of Department reports to the Assistant General Manager. All new recruits receive basic occupational health and safety training following orientation training provided by the authorities at the workplace. The suitability of the personnel for the job is confirmed by an entrance examination conducted by the workplace physician.

OHS Risk Assessment is a routine practice to minimize and control occupational accidents and health-related incidents. In addition, emergency scenarios have been created and are updated every year through regular drills. Emergency action plans and response teams ensure that emergencies can be responded to quickly and effectively. The OHS specialist records occupational accidents and organizes the reporting of accidents. In this way, a healthy and safe work environment can be maintained on an ongoing basis, and potential hazards can be eliminated through a risk-based approach in the workplace.

In 2022, the Bank experienced 1 occupational accident, and efforts were made to prevent them. The number of work-related fatalities, occupational diseases, or absenteeism due to accidents was recorded as zero. Within the scope of Integrated Management System activities, ISO 45001 Occupational Health and Safety Management System and ISO 9001 Quality Management System certificates are in place and regularly renewed.



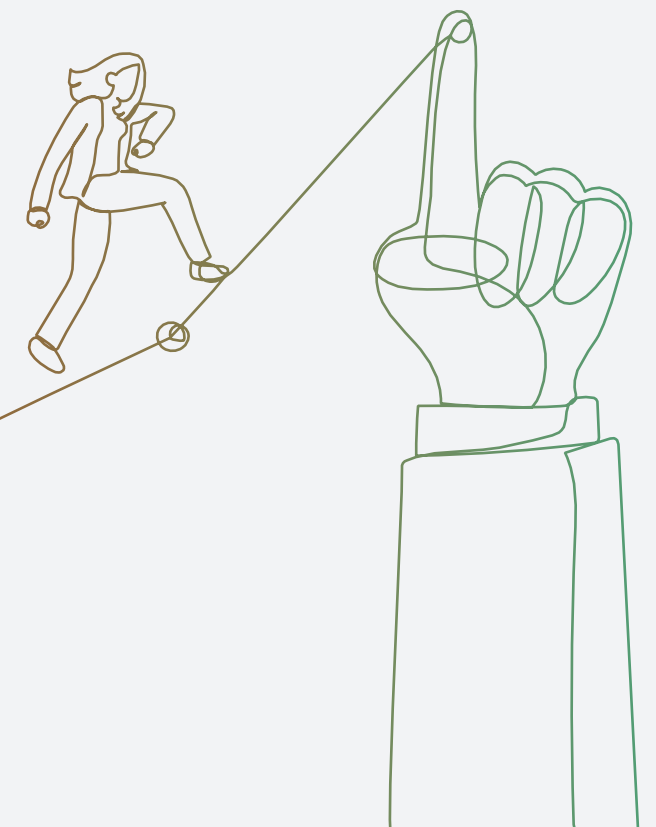
The Bank has established an Occupational Health and Safety Policy and distributed it to all stakeholders. Other targets set in the field of occupational health and safety include eliminating risk and accident factors, preventing occupational risks, protecting occupational health and safety, training and informing employees and their representatives on occupational health and safety, obtaining their opinions, and ensuring balanced participation. Another OHS objective of the Bank is to ensure that its subcontractors also comply with OHS legislation. Making compliance with occupational health and safety rules a habit for all employees is an area of focus for the Bank in creating a safe and healthy working environment.

Career and Performance Management

Development and Investment Bank of Türkiye prioritizes merit in all human resources processes. Management, core, and functional competencies are defined in this context for managerial and higher positions; core and functional competencies are determined for other positions. Employees' performances are evaluated according to their competencies and targets.

For the procedure to be objective, employee evaluations are made by two managers of the employee, and this process is subject to employee approval. Managers have a meeting with the employee they review for feedback. Within the framework of the parameters of the Performance Management System implemented by the Bank, the efficiency of the personnel is supported, and an appropriate environment is provided for the feedback system to function.

The System identifies training needs and provides resources for career development to support employees' development needs and technical know-how. In 2022, all employees were subjected to performance and career development evaluations.



Our Value Creation Model

Career and Performance Management

Employee remuneration is determined in line with the Performance Management System and within the framework of the Remuneration Policy approved by the Board. While designing Remuneration Policies, fixed wage increases, economic conditions, budget, relevant legislation or contractual obligations, performance, and market practices are taken into consideration.

The principles for salary increases are based on the equivalent of the position in the sector, internal balances, promotions, changes in duties, level of competence and experience, scope, quality, quantity, and risks of the work performed, improvement in performance or professional efficiency, past and/or future inflation forecast and the Bank's position in the sector.

In addition to implementing the "equal pay for equal work" remuneration policy, the Bank prioritizes the issue of higher salary increases for high-performing employees based on the performance-based remuneration approach. The ratio of the annual total compensation of the highest-paid employee to the average annual total compensation of all employees is set at approximately 5%. The bonus system, which is integrated with the performance management system of Development and Investment Bank of Türkiye, aims to differentiate bonuses for high-performance employees. The performance evaluation system aims to measure the performance of employees based on targets and their realization.

Systematic bonuses and performance models are supported by concrete, measurable criteria during evaluation. The Bank organizes vocational technical trainings and personal development trainings to ensure that its personnel have the necessary knowledge and equipment, and encourages personnel to participate in these trainings.

The Bank has a task-oriented and objective remuneration approach and ensures that employees performing similar tasks are included in the same pay scale. The Remuneration Committee and the Human Resources Department authorized by the Remuneration Committee are responsible for the review and proper execution of remuneration policies.

As defined in the remuneration policies of senior executives, the fixed monthly salary, and other payments to be paid to the members of the Board are determined by the General Assembly. Within the scope of compliance with the Communiqué on Principles Regarding the Determination and Implementation of Corporate Governance Principles, stock options or payment plans based on the company's performance are not used in the remuneration of independent board members, and no discrimination is made for all employees.

Every employee within the Bank receives training with rich resources in terms of development opportunities, with outputs that increase the quality workforce and support personal development. In 2022, intensive online and classroom trainings were organized.

Mandatory trainings that all employees must complete are offered through the online training platform.

Total trainings have doubled 1.12 times since 2021, with 12399 hours of training provided to all employees by the end of 2022.

With a continuous learning and development perspective, the Bank has memberships to various online training platforms with high international validity and recognition according to the needs and demands of the units. The Bank actively participates in open class trainings offered by the Banks Association of Türkiye three times a year. Three-month foreign language training is provided to all employees who wish to improve their foreign language skills. Leadership Development Programs are organized for managerial staff. Designed in a modular structure, the program lasts approximately three months, starting with the inventory process and supported by one-on-one coaching interviews. Within the scope of the program, participants receive coaching and shed light on both them and their teams. To attract new graduates to the sector, a detailed training program consisting of technical and personal development trainings lasting approximately one month is offered to employees who start working as Assistant Specialists.

The Bank supports employee development continuously by meeting the certification processes required for the specific task with the opinion and approval of the manager. In addition, to support the employee development journey, postgraduate education discount agreements have been made with Türkiye's leading universities for employees who wish to pursue master's and doctorate degrees.

Announcements are made, and support is provided to employees who want to advance in their careers in an effective manner.

Necessary certification processes are processed after training needs analyses are conducted with senior executives. Technical and personal development trainings, which are determined to be necessary for the careers of the relevant employees, are planned by submitting them to the opinion and approval of the managers within the framework of annual plans and are covered by the Bank according to their suitability. Employee development is continuously supported, and unit-specific magazine and database subscriptions are made as needed. The Bank ensures the follow-up and effective completion of periodic trainings required by legal regulations. In accordance with Occupational Health and Safety (OHS) regulations, the OHS team provides 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. Accordingly, 756 hours of OHS training were completed in 2022, an increase compared to the previous year.

As targeted in 2022, the Bank has prepared and implemented long-term training programs for its employees in the talent pool to retain and develop talent. In this context, the Bank obtained ISO 27001 Lead Auditor, CISA, Scrum, Process Management, First Assistant Certificates, as well as Integrated Management System Internal Auditor certificates, which are certificates that the Bank regularly obtained in 2022. The Micro MBA Certificate Program, which lasts approximately five months, was implemented in cooperation with the university for employees in the talent pool. In this context, 15 employees benefited from the program in the first phase and guided their career and development journey with this program consisting of both personal development and technical training. In addition, "Environmental Management System" training was defined as compulsory training for all employees in 2022, and a total of 323 hours of training was provided.

05

Our Value Creation Model

Natural Capital

Natural capital refers to the natural resources that people use in the process of economic and social development. These resources include various elements such as soil, water, air, forests, minerals, energy resources, and biodiversity. Natural capital is among the factors of production used in economic activities and is an important element for people's survival and high level of welfare.

It is vital for economic growth, industrial production, agriculture, energy production, and other human activities. However, it should not be forgotten that these resources are finite and need to be managed sustainably. Conservation and sustainable management of natural capital help businesses reduce their environmental impact and ensure that future generations benefit from these resources.

We work with great responsibility and dedication to understand the importance of natural capital and to manage these resources in a sustainable manner. Protecting, sustaining, and restoring natural capital, which is a fundamental component of our operations, are among our primary objectives.

As part of the environmental sustainability strategy, efforts to optimize the use of natural resources are being increased. Continuous improvements ensure effective and efficient management of resources used in business processes, including water resources, energy, raw materials, and other natural resources. To this end, various measures are taken to save resources and reduce waste generation by using innovative technologies.

Efforts to protect and restore biodiversity and ecosystem health are also carried out. The ecological impacts of activities are assessed, and the principle of minimum environmental damage is applied. The Company contributes to the sustainability of natural capital by supporting projects for the protection of forest and marine ecosystems, habitat restoration and biodiversity conservation.

Sustainable management of natural capital is recognized as an integral part of business strategy. Therefore, the environmental impacts of operations are monitored, measured, and reported. At the same time, transparent communication and sharing on natural capital issues is ensured through collaboration with stakeholders.



In the future, the priority is to put more effort into protecting and sustainably managing natural capital and to move towards developing innovative solutions.

05

Our Value Creation Model

Targets

- It aims to be one of the leading organizations in the sector in the field of sustainability both in 2023 and in the future, to stand by investors in line with the country's 2053 net-zero emission targets, and to support renewable and clean energy projects.
- In order to support the goals set by the United Nations within the scope of the Sustainable Development Goals, Türkiye has initiated a green development move in our country. In this context, it plays a guiding role in the financing of green transformation by continuing to work on three different areas such as Development Banking, Investment Banking, and Türkiye Development Fund. It also aims to contribute to the sustainable development of our country by actively participating in every sector of green transformation.
- Considering that Türkiye is a party to the Paris Climate Agreement, the Bank aims to continue its financing support in 2023 in areas such as employment, renewable energy, and resource efficiency, especially in combating climate change. In addition, the Bank aims to increase the contribution provided by its 80 percent portfolio created in line with the United Nations Sustainable Development Goals.
- To provide effective support in financing green projects, the Bank aims to maintain an active role through sustainable bonds/sukuk issuances offered through direct financing or capital markets.
- It is aimed to cooperate with national and international financial institutions in the transition to a net-zero economy.
- 5 million tons of greenhouse gas emissions were prevented in 2021 and 4.4 million tons in 2022. By 2025, it is aimed to increase the number of emissions prevented. In 2053, the Bank's efforts continue unabated to fulfill its responsibility to reach the net zero emission target and to develop the impact investment ecosystem. In this context, the Bank is the first and only organization in Türkiye to sign the Impact Management Code of Conduct.
- It is aimed to reduce Scope 1 emissions by 10% in 2025 and 40% in 2040 compared to 2020 and to calculate and report Scope 3 emissions.
- By adopting the global standards of the Impact Management Code of Conduct, we aim to provide greater discipline, transparency, and measurability in activities that generate positive environmental and social impacts as well as financial returns.
- With the technical assistance provided by the Credit Institute for Reconstruction (KfW), it has started to further strengthen its Environmental and Social Risk Assessment practices in line with international standards. In this framework, capacity building is still ongoing and is expected to reach a significant stage by the end of 2023.

Priority Issues

- Climate Change and Environmental Impact
- Investments Based on Social and Environmental Impact
- Financing renewable energy and energy efficiency projects
- Sustainable Themed Products/Loans

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

Transitioning to a net-zero economy is vital to curbing global warming and mitigating the effects of climate change. One of the ways to achieve this goal is to minimize the environmental impact of economic activities and invest in sustainability-themed projects. Sustainability-oriented loans account for 79% of the Bank's loan portfolio in 2022, demonstrating the commitment of Development and Investment Bank of Türkiye to sustainable development.

In this portfolio, priority has been given to Solar Power Plant (SPP), Wind Power Plant (WPP), Geothermal Power Plant (GPP), and Biogas projects. In 2022, significant financing was provided to these renewable energy facilities.

Another important step in the sustainable financing framework was Türkiye's first low-carbon economy transition bond issue. Development and Investment Bank of Türkiye acted as an intermediary for this bond issue worth TL 200 million. The Bank also served as the exclusive financial advisor to Palgaz, which distributes natural gas in Northern Marmara. Ziraat Yatırım Menkul Değerler acted as the sales intermediary for this issue, while the sustainability framework was developed in cooperation with Development and Investment Bank of Türkiye and Metsims Sustainability Consulting.

By providing financial advisory services to both private and public institutions, Development and Investment Bank of Türkiye has broken many grounds in sustainable finance and facilitated companies' access to different sources of financing.



Our Value Creation Model

Collaboration Activities

Development and Investment Bank of Türkiye has invested extensively in activities to transition to a net zero economy in 2021. This included investments and efforts in energy efficiency, clean energy, infrastructure, geothermal energy projects, healthcare, and SME financing. The Bank has established global partnerships and signed several agreements that serve this purpose.

On December 10, 2019, a USD 200 million loan agreement was signed with the Asian Infrastructure Investment Bank (AIIB) to finance renewable energy and energy efficiency projects. By the end of 2021, this loan was fully utilized, and a USD 100 million Additional Financing Agreement was signed. The additional financing was fully utilized in 2022.

A “Clean Energy and Energy Infrastructure Installment Sales Loan” agreement was signed with the Islamic Development Bank to finance clean energy and energy infrastructure investments and to finance investments that will contribute to the environment. These partnerships confirm the Bank’s commitment to sustainable energy projects and its leadership in this field.

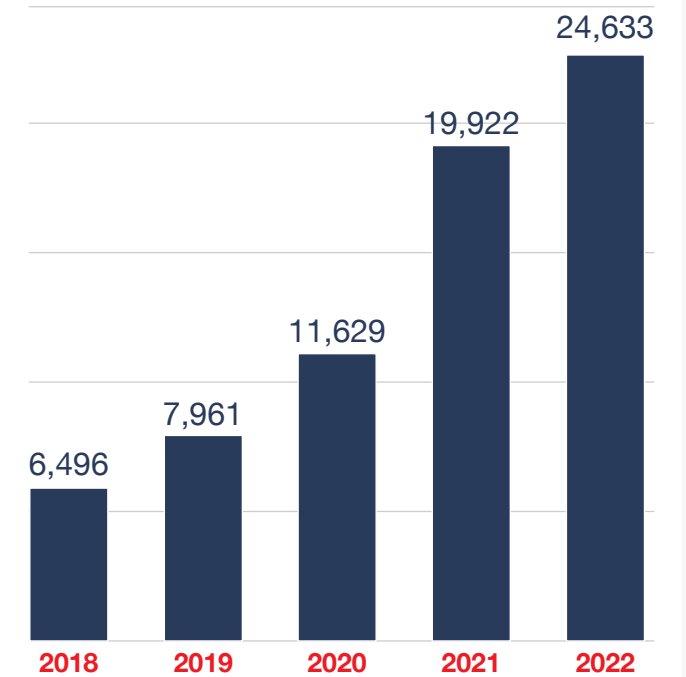
In December 2021, agreements were signed for the sale of a privately owned company’s facilities with a total installed capacity of 55 MW operating in the renewable energy sector and subject to the Renewable Energy Resources Support Mechanism (YEKDEM). Within the scope of these agreements, the transfer transactions were completed in the first quarter of 2022.

In 2022, work continued on the privatization process of selected ports and some power plants owned by The Electricity Generation Corporation (EÜAŞ), for which consultancy services provided to the Privatization Administration continued. In this context, 4 privatization tenders have been completed and work is currently underway for 4 tenders planned for 2023. In the private sector, the Bank provided merger and acquisition advisory services to companies operating in the energy, chemicals, automotive, packaging, retail and technology sectors. While work on these projects continues, the Bank successfully completed the sale of a company in the renewable energy sector in 2022.

These agreements and investments underscore Development and Investment Bank of Türkiye’s active role in supporting the transition to a net zero economy and its commitment to sustainable financing. The Bank plays an important role in managing the risks of climate change and creating a sustainable future.

We stand by SMEs and support renewable energy and energy efficiency projects.

Total Financing Provided in the Energy Sector (Million TL)



As of end-2022, 79 percent of the Bank’s portfolio consisted of sustainability-themed loans totaling USD 2.5 billion. Financing for renewable energy projects accounted for 41% of the loan portfolio in 2022. The Bank financed renewable energy facilities with an installed capacity of 3,228 MWe.

In 2022, Development and Investment Bank of Türkiye contributed to the prevention of **4.5 million tons of CO₂** emissions through the renewable energy projects it financed.

Our Value Creation Model

Our Environmental Impact

The Development and Investment Bank of Türkiye plays a pioneering role in environmental sustainability. In 2010, the Bank became the first public Bank to establish the TSE EN ISO 14001 Environmental Management System, as published by the Turkish Standards Institute (TSE). Development and Investment Bank of Türkiye plays an active role in environmental adaptation and combating climate change, which is an integral part of sustainable development. To this end, the Bank cooperates with international organizations and adopts certain standards in this field.

In addition to creating value for its employees and customers, TKYB adopts a Banking approach that is sensitive to environmental issues and acts accordingly. The Bank has joined the United Nations Environment Program Finance Initiative's (UNEP FI) "Principles for Responsible Banking" as a founding signatory to raise environmental awareness and expand the Banking sector's impact on a sustainable future.

TKYB has been regularly reporting to the Climate Change Program of the Carbon Disclosure Project (CDP), the world's largest environmental reporting platform, since 2016. In this process, the Bank achieved a score of B (Management Level) in 2022. This reporting process includes topics such as assessment of risks and opportunities related to climate change, strategic governance, emission metrics, targets, performance, and value chain interactions.

At the same time, as a pioneer of sustainable development, TKYB is the first and only organization in Türkiye to sign the Impact Management Code of Conduct. The Bank's corporate Banking, project finance, venture capital and private equity activities are managed with greater discipline, transparency, and measurability in line with global impact standards. In 2022, the Bank published Türkiye's first Impact Report in line with the Impact Principles, making transparent its approach to creating positive environmental and social impact, its impact management systems and processes,

The following principles are aimed with the Environmental Management System.

- All activities are carried out with the aim of reducing resource use and waste generation without affecting service quality.
- The Bank focuses on creating positive environmental impact and awareness within the framework of its services and activities.
- It is aimed to minimize harmful effects on human health and the environment.
- Efforts are made to ensure the continuity and continuous improvement of the system.
- Support is given to environmentally sensitive work and all kinds of voluntary activities.
- It is aimed to have an internationally recognized management system that meets the requirements of TS-EN-ISO 14001 Environmental Management System Standard.

And this report was independently assurance audited. The Bank conducts ecological footprint measurements in various areas, particularly energy and water consumption, to reduce its environmental impact and use resources efficiently. While performing its service and management functions, the Bank strictly adheres to the principles of total quality management to ensure customer satisfaction and continuous improvement. It certifies its activities in line with these principles and aims to continuously improve.

2022 Intra-Bank Environmental Impact Parameter	Amount
Total Water Consumption (m³)	3,758 ✓
Water Density (m³/personnel)	12.40 ✓
Electricity Consumption (kWh)	1,434,521 ✓
Electricity Density (kWh/m²)	102.19 ✓
Natural Gas Consumption (m³)	95,147 ✓
Natural Gas Density (m³/m²)	6.78 ✓

The Bank regularly monitors energy, water and paper consumption, air emissions, waste generation and greenhouse gas emissions and aims to reduce its ecological footprint resulting from operational activities. The Bank aims to continuously improve its environmental impact by carrying out performance improvement activities.

The Bank's primary objective is to ensure full compliance with environmental laws and regulations. The fact that no penalties were imposed as a result of non-compliance with environmental laws and regulations during the reporting periods shows the importance given to commitments and environment-oriented policies.

At the same time, as part of its commitment to the Supplier Code of Conduct, the Bank does not cooperate with suppliers that do not comply with these principles. Suppliers are expected not to engage in behaviors that are inconsistent with the Bank's Environmental and Social Policy, Sustainability Principles and Climate Change Mitigation and Adaptation Policy.



Our Value Creation Model

Energy And Carbon Emissions

The Development and Investment Bank of Türkiye takes decisive steps in energy efficiency and carbon emissions management. As part of an initiative in our Head Office building, we are taking energy consumption under control by replacing our lighting systems with LED lighting. This transformation allows us to save energy and reduce our environmental impact with a more efficient lighting system.

To regularly calculate and monitor our greenhouse gas emissions, methods in accordance with TS EN ISO 14064-1 Corporate Carbon Footprint Standard are used. The Greenhouse Gas Inventory and Report are verified in accordance with TSE EN ISO 14064-3 Corporate Carbon Footprint Standard. In this way, our carbon emissions are monitored, performance is evaluated, and we focus on continuous improvement.

The Bank also plays a pioneering role in environmental reporting. The Bank has been reporting to the Climate Change Program of CDP, the world's largest environmental reporting platform, since 2016 and the Bank's success was crowned by achieving a B (Management Level) score in 2022.

During this reporting process, risks and opportunities related to climate change were assessed, strategies, governance structure, emission metrics, targets and performance were shared. In addition, the Bank's interactions in the value chain and climate policies were answered voluntarily.

Steps are being taken to strengthen and promote climate policies in line with the 1.5 °C target set out in the Paris Climate Agreement. To prevent carbon leakage, practices such as carbon regulation at the border are supported to increase the effectiveness of climate policies. Thus, efforts to manage and reduce carbon emissions are managed in a sustainable manner.

The Development and Investment Bank of Türkiye attaches great importance to energy and carbon emission management and is constantly moving forward to contribute to a sustainable future.

Emissions (tCO ₂ e)	2020	2021	2022
Scope 1	337	1,852	364 ✓
Scope 2	469		631 ✓
Scope 1+2	806	1,852	995 ✓
Scope 3 (Excluding Portfolio)	472	820	563 ✓
Scope 3 – Category 15	-	-	3,448,886 ✓
Scope 3 Total Emission	472	820	3,449,009 ✓

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: Category 15 portfolio calculations, emissions include purchased goods and services (food, beverages, municipal water, bottled water, etc.), energy transmission, waste from operations (wastewater, waste oil, etc.), business travel (bus, train, air transportation, accommodation, etc.), employee services, portfolio calculations and mail and cargo shipments.

✓ It has been subjected to limited assurance by the Independent Audit Firm.



05

Our Value Creation Model

Water Management

Climate change and increasing temperature threaten the sustainability of water resources by causing water levels to drop and wetlands to decrease. Therefore, water management is one of the most important stages of the sustainability process. In today's world, where the need for water is gradually increasing and water resources are decreasing due to the climate crisis, effective water management, saving, publicizing its performance, monitoring and evaluation are mandatory.

The Development and Investment Bank of Türkiye carries out its sustainability activities with an eye to the future and water management. The Bank regularly monitors water consumption in its premises and aims to save water by taking various measures in water management.

The headquarters building is in Istanbul and is shared with another institution. Therefore, a joint study is carried out on water consumption. All the water used by the Bank is supplied from the municipal water supply network, and wastewater is processed in accordance with the legislation.

Decisions on water management strategies and targets are assigned to the responsibility of the entire Bank. In this way, assessing environmental impacts and determining sustainable water management policies is moving forward in a system that requires ownership by all. At the same time, the Bank is committed to taking the necessary steps to ensure the sustainability and protection of water resources

Water management is an important part of our sustainability strategy and reflects our commitment to preserving water resources for future generations. Adhering to sustainability principles, we continue to reduce our water consumption and promote effective water management practices.

Waste Management

The Development and Investment Bank of Türkiye carries out waste management 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.

Recycling bins have been placed on each floor of the building in accordance with the regulations so that materials such as glass, plastic, paper, and metal can be separated according to the types of waste. In this way, waste is sorted in an orderly manner and forwarded to the relevant organizations for recycling. Furthermore, to ensure transparency of the waste management process, information is entered into the Ministry's online Integrated Environmental Information System (IEIS). In this way, the waste management process is carried out in a traceable and auditable manner.

As an indicator of the Bank's sensitivity to the environment, 4.938 tons of non-hazardous waste was recycled in 2022. This contributes to the conservation of natural resources and minimizes the negative impact of waste on the environment.

In addition, various activities are carried out to raise employee awareness on climate change and sustainability issues. In 2022, all employees participated in the Environmental Information and Awareness Trainings. These trainings aim to help employees understand environmental impacts and contribute to proper waste management and sustainability practices. In addition, these trainings are also planned for 2023 and are aimed to be continuous.

The Bank will continue to be an environmentally sensitive organization by maintaining its leading role in waste management and will continue to support and develop practices such as waste reduction, sorting and recycling in line with sustainability principles.

05

Our Value Creation Model

Intellectual Capital

Intellectual capital is a combination of know-how, innovative thinking, and intellectual assets, which refers to the knowledge that can be utilized from profit-generating information, including components such as concepts, inventions, technologies, software, designs, companies' capacity to use data, relationships between the Bank and its stakeholders, and creativity. Development and Investment Bank of Türkiye places a high value on intellectual capital, which, together with the ability to apply knowledge, helps the Bank grow and prosper.

A bank closely follows all important developments, especially sectoral, which it has gained since its establishment. In this context, the Bank considers research and being inquisitive as an indispensable part of intellectual capital as it enables learning. Another active element of intellectual capital, which is critical for banking activities, is information technology assets.

Development and Investment Bank of Türkiye, which has access to large amounts of data, provides opportunities to develop its intellectual capital within the scope of data analytics and technological innovations in order to increase its capacity to effectively manage, analyze and use this data.

Inputs

- 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

Activities

- Preparation of 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 economic, technical, and financial aspects of the projects to be supported

Outputs

- 9 completed and 14 ongoing digital transformation projects
- Number of staff involved in projects: 65
- Investing 40% of the 2022 investment and operating budget in digitalization and information security

Value Created

- 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 of 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 through the implementation of the new Core Banking Transformation project
- Improvement of software production infrastructure and dissemination of open-source components

Material Topics

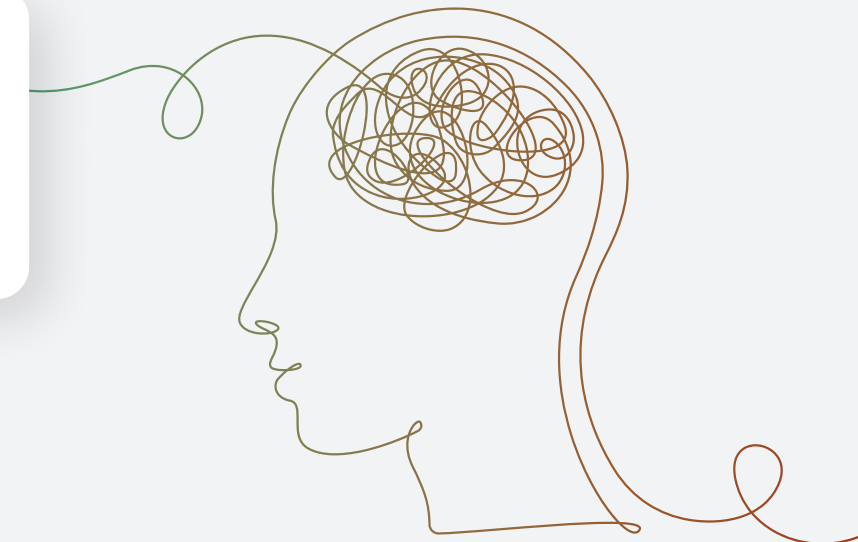
- Cyber Security and Data Privacy
- Digital Transformation and Innovation
- Stakeholder Capitalism and Collaboration

Risks

- Data privacy and security
- Adaptation to constantly renewed technological developments
- Cybersecurity vulnerabilities

Opportunities

- Software solutions
- Data source optimization
- Preventing fraud attempts
- Information Technologies corporate architecture studies



Our Value Creation Model

Information Security and Digital Transformation

Information security and digital transformation are at the heart of modern banking activities. The quality and reliability of the services offered by Banks depend on the robustness of their digital infrastructure and the effectiveness of their information security policies. Protecting customer data, ensuring business continuity, and delivering financial services reliably are the main criteria that Banks aim to achieve through information security and digital transformation.

In this context, within the scope of the digital transformation process that it continued in 2022, Development and Investment Bank of Türkiye is implementing significant improvements in its IT infrastructure in digitalization steps, business continuity, and security in line with its corporate needs regarding measurement and evaluation issues. By focusing on topics such as open-source, open banking, and cloud computing, the Bank aims to increase the effectiveness and efficiency of its processes with artificial intelligence-supported systems and robotic process automation. The Bank's digitalization practices aim to increase operational efficiency and improve customer service.

In 2022, a change was made in the information technology organization, with teams formed to apply agile working principles, and the general framework of the revision of IT processes was outlined, taking into account related consolidation and improvements.

This work aimed to re-evaluate the Bank's integrated project management, change management, and supply management procedures and design processes to achieve high levels of efficiency. The Project Management Institute (PMI) based waterfall method, which is classically adopted, and agile techniques together form the basis of the project management process. This allows both the operation of processes to support strategies and flexibility in response to the specific requirements of the project.

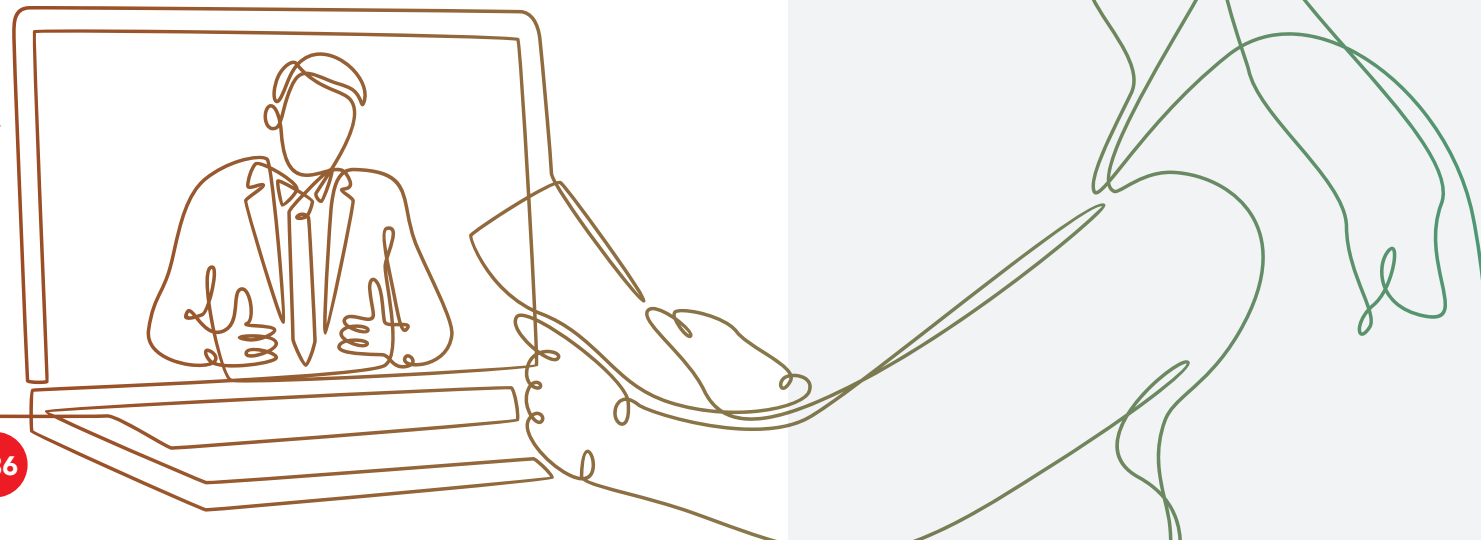
In 2022, corporate business processes were transitioned to a point where all Bank processes could be analyzed under a single and centralized architectural model with an activity-based end-to-end design approach (current case analysis, gap analysis, and target case design). This structure has enabled centralized observation of roles and responsibilities and transitions between functions, facilitated the identification of dependencies, enabled rapid implementation and commissioning of improvement designs, and reduced the need for lengthy and repeated business analysis for automation opportunities.

Process mining solutions that support the collection, processing, and interpretation of real process data and process performance reporting to discover, analyze, and improve business processes and identify automation opportunities were examined, and the procurement process was initiated. Process mining will be used for strategies to increase efficiency, such as visualizing how many different forms and variants the Bank's business processes take, monitoring the losses experienced in the steps in the process (cost, time, etc.), determining the percentage of automation in the operation of the processes and the differences and compatibilities between the designed ideal process and the actual process.

The Innovation and Business Development Committee carries out its activities by introducing new products, services, innovations, and optimizations within Development and Investment Bank of Türkiye in order to take advantage of commercial growth opportunities. Development and Investment Bank of Türkiye ensured the continuity of its digital transformation efforts with the private cloud project completed in 2022. The BRSA's new information systems legislation, which was published in March 2020 and entered into force at the beginning of 2021, allows Banks to use private cloud and community cloud within certain restrictions.

The Bank dynamically followed these legislative changes, seized this opportunity to rapidly initiate the design of its new information systems architecture based on the cloud, and took its place among the pioneering institutions implementing the private cloud in the digitalization race that continues rapidly across the entire sector. Opportunities for new types of cloud technologies are evaluated, and regulatory bodies and technological developments are monitored. Private cloud technology, which has many advantages such as affordable cost, operational efficiency, scalability, high availability, and, most importantly, being at the center of the technological trend in the world, was implemented for the first time in the sector in 2022.

The Bank assesses and manages the risks associated with this comprehensive transition with a holistic approach and by actively involving non-IT stakeholders



Our Value Creation Model

Information Security and Digital Transformation

Throughout 2022, significant work was carried out on this project, which was completed and implemented during the year, while the technological infrastructure of the primary data center and disaster data centers were renewed by the Bank. Subsequently, data centers that meet international standards were put into operation. The new primary center was certified to provide the highest level of availability, security, and resilience with TIER IV, the highest accreditation offered by the Uptime Institute. As part of the ongoing core banking transformation initiative (BCTI), parallel use of ERP modules was initiated, followed by the integration of loans and treasury modules into the parallelization process.

Compliance with the “Regulation on Banks’ Information Systems and Electronic banking” published by the BRSA was achieved, meeting all regulatory requirements, and also compliance with the Information and Communication Security Guidelines prepared by Presidential Digital Transformation Office was ensured.

In terms of information security, the Bank complied with the ISO/IEC 27001:2013 Information Security Management System Standard, the only auditable international standard published by the International Organization for Standardization (ISO), which defines the requirements for information security and includes the controls that institutions and organizations must comply with in information security.

At the same time, the Bank strengthens its measures against potential cyber threats by improving its endpoint security infrastructure while analyzing and positioning endpoint detection products as it regularly informs senior management to increase monitoring and awareness of cyber incidents. These efforts enhance not only the Bank’s digital transformation but also its cyber security approach. With this approach, Development and Investment Bank of Türkiye proactively responds to current and future needs in the field of digital banking and assumes a leading role in the industry in information security.

Some of the other projects realized in 2022 are listed below:

In 2022, the Bank renewed its information technology infrastructure in all areas, such as location, capacity, technological direction, architecture, and security. With the project, all systems were switched to an active-active structure with backups. Bank IPs were replaced with operator-independent RIPE IPs, ensuring high accessibility.

As security threats continued to spread and grow on a global scale, the Bank maintained its security-oriented approach to information technologies.

Activities within the scope of the paperless banking project continued.

New security solutions continued to be implemented in 2022 as the legislation was updated in parallel with the potential threats. In this context, an SSL encryption solution was commissioned and started to be used. The dissemination of open-source systems, which have many advantages such as low cost, reduced supplier dependency, integrated management, and provided high quality, continued. Monitoring, reporting, and visualization activities of the IT platform were provided with open-source systems.

Development and Investment Bank of Türkiye continued its corporate architecture studies in 2022. In this context, various globally accepted architectural models and frameworks were examined in detail, and the most suitable TOGAF-based corporate architecture framework was decided upon for the Bank, and adaptation studies were initiated. By increasing the processes on the incident, problem, and service management system, the digital channel for all units’ demand management was expanded, integrations with supplier call systems were increased, and automation and SLA-based measurements continued in call management processes.

In 2022, the Bank continued to develop innovative services for its customers through mobile and online channels.

Interactive decision support reports on the Bank’s BI portal were accessible on mobile devices, and activities to increase the effectiveness of teams in business processes continued.

Based on the principle that all elements of information technologies should be up-to-date, secure, and efficient, version upgrade projects and technology renewal efforts were emphasized in 2022. E-mail systems were upgraded to the latest versions. User computers were renewed, and operating systems and office applications were upgraded to the latest versions.

In 2022, the Bank modernized the technological infrastructure of its primary data center and emergency centers (EC) within the scope of the data center renovation project of the entire information technology platform and started to operate in data centers with international standards. The new primary center has been certified to offer the highest level of availability, security, and resilience with TIER IV, the highest certification awarded by the Uptime Institute.

Within the scope of the 2022 security plans, the Bank started to test and then procure to use a product suitable for ensuring endpoint security with the aim of strengthening the security infrastructure on end-user computers.

The Bank continued to work on raising staff awareness regarding information security.

The Bank ensured its controls against negative information and notifications that it monitored and identified through the cyber intelligence application and continued to take immediate actions against cyber intelligence that turned out to be positive.

05

Our Value Creation Model

Penetration testing services were procured, and penetration tests were carried out for all modules and applications to be commissioned, especially the Core Banking System, which plays a vital role in the Bank's transformation process.

The development of the derivatives module, which includes forward/swap transactions, execution of risk, limit, collateral and diversity processes, transaction valuation, and taxation functions, was completed on the new main banking SKY platform. The development and migration processes of this application were automated end-to-end, and efficient and high-performance deployment processes were created on Docker technologies.

Centralized reporting and infrastructure fed from all data sources of the Bank, business intelligence, and reporting applications continued to be expanded. Interactive and dynamic decision support reports were increased and updated by 370% in 2022, ensuring effective monitoring and reporting. Data warehousing efforts to improve data quality continued.

New core banking applications were run on Kubernetes infrastructure, and the use of scalable, high-performance, flexible, secure, and low-cost container architectures was expanded.

With the renewal of the existing rating model, the Bank's rating model was modernized with a new IFRS-compliant rating model in a way that takes into account quantitative, qualitative, warning signals and expert opinions for corporate/SME, project loans, and financial institutions, with the aim of providing more accurate, consistent and objective credit risk analysis and management, ensuring healthier and sustainable loan portfolio growth, and transitioning to a system designed with modern algorithms and more convenient for users.

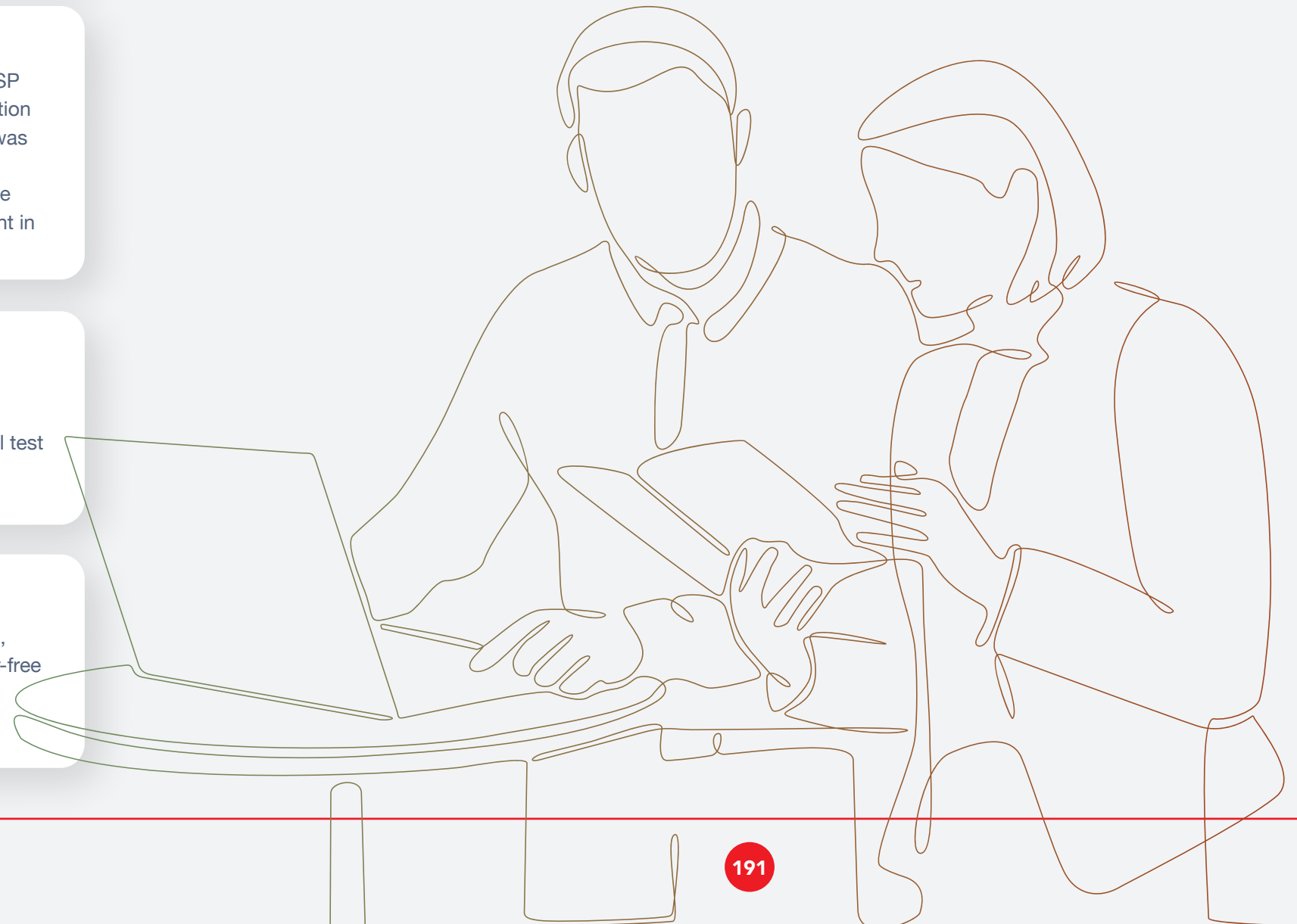
Within the scope of secure software development, the implementation of OWASP standards continued, test process automation studies were carried out, and automation was achieved in the test steps of the software development life cycle, resulting in resource savings, efficiency, and quality improvement in testing and quality processes.

As part of efforts to improve the quality and assurance process in the application development lifecycle, Selenium test automation continued to be extended to all test processes.

Efforts will continue to develop a software development framework based on an agile, fast, low-code approach that enables error-free and rapid application development.

A mobile intranet application was created to strengthen internal communication among the Bank's employees, enabling them to share social posts, send messages of thanks and support based on cultural values, and access announcements, surveys, and internal documents.

In order to offer value-added services to customers, investment processes are ongoing for initiatives operating in the fields of open banking channels and FinTech (Financial Technology) cooperation.



Our Value Creation Model

2023 Plans and Goals

In 2023, Development and Investment Bank of Türkiye plans to carry out R&D and POC activities to improve the use of artificial intelligence in existing applications and processes and to utilize artificial intelligence studies in application areas such as reporting and business analytics, data interpretation, legal compliance, and fraud detection.

By focusing on open-source and open banking activities, microservice architecture will be expanded, efficiency and productivity in corporate processes will be increased by utilizing artificial intelligence-supported systems, and innovative solutions will be offered.

At the same time, efforts will be made to create new insights by analyzing big data to be generated from platforms such as the Bank’s corporate website, application portals, social media, main banking, etc., and studies will be carried out to use advanced analytical techniques such as artificial intelligence-supported text analytics, machine learning, predictive analytics, data mining, statistics, and natural language processing.

Target 1

In 2023, it is aimed to complete the development of modules to carry out electronic lien, pledge cancellation, and collateral transactions, to perform interest-free banking transactions in the main banking system by integrating the central invoice recording system, and to develop a foreign trade module to carry out import/export transactions.

Target 2

The rating project, which has already started, in which rating criteria will be determined and modeled for corporate, SME, financial institutions and project finance, integration project of supplier financing products with the main banking system, treasury switchboard call center, remote customer acquisition, KPI-based performance measurement, treasury profitability, system infrastructure, and implementation monitoring projects will be carried out.

Target 3

In 2023, new security solutions will continue to be implemented, and segmentation, firewall, and load balancer solutions will be expanded. The Bank will renew the technology in the main backbones of its corporate network and renew the network access control system.

Target 4

Emphasis will be placed on virtualization technologies, and desktop virtualization solutions will be used.

Target 5

In 2023, it is also aimed to strengthen the Disaster Recovery Center and transition to an architecture that will operate in an active-active structure with the primary data center.

Target 6

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, which have a technological life span, 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.

Target 7

In 2023, Development and Investment Bank of Türkiye will continue its digital transformation and offer innovative services to its customers through mobile and online channels. The Bank will follow the legislative regulations on digital merchant/corporate customer acquisition and will continue its digitalization and process automation efforts by establishing the necessary infrastructures.

Target 8

In 2023, the Bank will continue to add new products and services to its existing products and services, focusing on digitalization and quality to achieve its financial and operational targets

Our Value Creation Model

Information Technology Service Continuity

Development and Investment Bank of Türkiye has identified the development and maintenance of its Information Technologies (IT) infrastructure as a priority in order to realize its corporate goals and provide continuous service.

The Bank carries out regular improvement and maintenance activities to prevent service interruptions and to create a high-performance IT infrastructure. Risk assessments, performance measurement studies, and the need to upgrade IT processes guide the Bank’s improvement approach and action plans. Within this framework, the Bank takes the necessary measures to ensure that the entire infrastructure is redundant and highly accessible. The active-active data center remodeling project aims to ensure the synchronized operation of primary and secondary data centers.

In addition, TKYB tries to prevent financial, managerial, and reputational damage with its Information Technologies Risk Policy. This policy includes identifying the application, system, software, and data security risks, taking necessary measures, and systematically monitoring the risk management process. The Bank monitors the risk management process through annual risk assessment reports and determines the steps to be taken against risks through these reports.

Finally, TKYB’s IT continuity approach, together with the necessary measures to ensure that the Bank’s activities are not interrupted beyond the limits of acceptability, the information systems services that support the Bank’s activities are backed up with the IT Continuity Plan established within the scope of the IT Continuity Policy and IT Services Access Policies. The steps of this plan can be listed as testing, reporting, and continuous improvement. Thus, the continuity of the Bank’s information technology services, risk management, and infrastructure improvements are ensured.

Technology and Innovation Fund

In line with Türkiye’s development goals, Development and Investment Bank of Türkiye recognizes a special place for technology and innovation in the Türkiye Development Fund, which was established to support investments in priority sectors and sustainable growth.

The development and production of high-value-added, innovative, and technological products are supported through the Türkiye Development Fund. TKYB realizes this support mechanism with the Technology and Innovation Fund, providing financing to the startup ecosystem and technology investments.

The Technology and Innovation Fund not only provides financing but also provides advisory support to clients on strategic, managerial, and financial issues. This comprehensive approach demonstrates that the Bank fully recognizes the importance of technological innovation and entrepreneurship.

Technology and Innovation Fund Strategies

Emissions (tCO ₂ e)	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 that produce/use high technology
Geographic Coverage	Funds established in Türkiye and/or at least 50% of the investments to be made in Türkiye	At least 50% of its operations are in Türkiye
Target Investments	VC funds with successful exit experience, well-known in the ecosystem, and a joint investment-oriented strategy	• Technology-driven, turnover-generating startups with high growth potential • Up to 50% participation in rounds with leading investors
Number of Targeted Investments	4-8 Venture Capital Funds	6-12 Company
Investment Amount	Series A and before 1 million + TL Series B and before 2 million + TL 5-20 million TL per company	10-50 million TL

As a result of the collaborations and fundraising efforts made in this context, strategic collaborations were established by ensuring the participation of the Ministry of Industry and Technology and KOSGEB as investors in the Regional Development Fund and Technology Innovation Fund, which are sub-funds of TDF, and the size of the Technology and Innovation Fund reached 475 million TL in 2022 with additional commitments of 100 million TL provided by KOSGEB. In 2022, DVCPM established the 6 million USD Development METU Teknokent Venture Capital Investment Fund. The Technology and Innovation Fund made a direct capital investment of 1.4 million USD in 2022.

With this sub-fund, the Bank extends its support to technology initiatives by concentrating its investments in technological innovation-oriented new-generation initiatives (startups) and funds investing in these initiatives (venture capitals). Thus, TKYB contributes significantly to Türkiye’s development and economic growth through its investments in technology and innovation.

Our Value Creation Model

212 Regional Fund II

Development and Investment Bank of Türkiye acts with the mission of supporting venture capital funds investing in technology and innovation. In this context, as a result of the cooperation with the European Investment Fund (EIF) and the Türkiye Investment Initiative (TII), the Bank made an investment commitment of 3 million EUR to the Luxembourg-based 212 Regional Fund II, which has an initial fund amount of 30.5 EUR million and whose main objective is to invest in early-stage companies operating in the field of information and communication technologies. .

In 2022, Türkiye Development Fund (TDF) continued to make capital investments in Türkiye's innovative initiatives and companies with high growth potential through its six sub-funds.

As a result of these activities TKYB also established the 6 million USD Development METU Teknokent Venture Capital Investment Fund in 2022. This fund aims to help early-stage technology startups reach growth by connecting them with capital investments, mentorship, and network access.

Together with the Development METU Teknokent Venture Capital Investment Fund, established in partnership with the Development Fund of Türkiye and METU Teknokent, the total volume of funds managed by TDF has exceeded 1.6 billion TL.

In addition, the total size of the Technology and Innovation Fund, in which KOSGEB is an investor with a commitment of 100 million TL, has reached 475 million TL. This fund made a direct capital investment of 1.4 million USD in 2022.

TKYB's 3 million € investment commitment to 212 Regional Fund II was taken over by TKYB Capital Fund on 01.01.2022. This fund became an investor in Diffusion Capital Partners (DCP) fund with a commitment of 500 thousand EUR. TKYB Capital Fund also made a direct investment of 1 million USD in Figopara.

Within the scope of the Regional Development Fund and the Innovative and Advanced Technologies Participation VCIF, TKYB's investment processes for SMEs in the fields of industry, mobility, and cybersecurity and for startups operating in the fields of deep tech, automotive, data analytics, food, and Fin Tech planned through the Technology and Innovation Fund and TKYB Capital Fund are still ongoing.

Within this framework, TKYB is effectively realizing its targeted investments in the fields of technology and innovation through the 212 Regional Fund project and other venture capital investment funds and contributing significantly to Türkiye's development and growth targets in this field.

The fund portfolio consists of the following;

- Chooch AI in artificial intelligence,
- Meddy for online doctor booking, 123 for online form and workflow services, Avatao for cybersecurity training platform,
- Advertising/marketing design software Artboard Studio,
- Triomobil in the Internet of Things,
- Omma in digital display software,
- Smartmessage for marketing automation in digital channels,
- Martı in the field of micro-mobility,
- Mall IQ, offering smart location services that improve the in-store shopping experience,
- Mobile advertising platform Appsamurai,
- Fazla Gıda in the field of food,
- Metrobi in B2B logistics. Development and Investment Bank of Türkiye's investment commitment to 212 Regional Fund II was taken over by the TKYB Capital Fund established under the TDF umbrella fund on 01.01.2022.

Our Value Creation Model

Geothermal Development Project Risk Sharing Mechanism (RSM)

The Türkiye Geothermal Development Project, signed by Development and Investment Bank of Türkiye and the World Bank on November 30, 2016, includes the Risk Sharing Mechanism (RSM) as an important component. This project aims to develop Türkiye's geothermal potential by partially covering the risks of geothermal energy investors in drilling wells aimed to identify resources.

Within the framework of this project, 40% or 60% of the well expenditures will be paid in case of unsuccessful well drilling, while a 5% success premium will be charged to the investor for successful well drilling. Coverage rates have been determined on the basis of provinces and districts. Applications of companies planning to benefit from risk sharing in the project are received, and preliminary evaluation is carried out. The RSM Consultant is selected through an international tender and supports Development and Investment Bank of Türkiye in the execution of the related activities.

In 2022, the first and second rounds of RSM implementation continued. Three contracts were signed in the first round, and fieldwork was completed in two projects. Three geothermal exploration wells were drilled, and well-testing activities were completed, but all of the wells were deemed unsuccessful according to predetermined success criteria. In this case, a total grant payment of 5.05 USD million was made to the beneficiary from the RSM fund for the failed wells.

Within the scope of the second round of applications, 18 geothermal development project applications were received, and 14 projects were shortlisted as a result of the evaluations. Negotiations for the first 10 projects were completed, and the first two projects were approved by the World Bank.

In 2022, under the RSM first round implementation, three projects were excluded from the program upon the request of the beneficiaries. Work on the remaining two projects is ongoing. With the approval of the World Bank, it was decided to close the RSM first round implementation as of 31.12.2022.

In 2023, it is targeted to complete four projects that are actively ongoing in the RSM second-round and two projects transferred from the first round to the second-round implementation. At the same time, it is planned to start work on opening the third round of implementation within the RSM budget. It is planned to start discussions with the World Bank on the RSM third round implementation in February 2023 and to start receiving RSM third round expression of intent (EOI) applications in March.

TKYB's grant project under the Geothermal Development Project is financed with 39.8 million USD from the Clean Technology Fund (CTF) to increase geothermal investments by the private sector. This project aims to partially cover the costs of geothermal investors in case their wells for resource exploration fail. In this way, it is aimed to encourage investors in the sector to utilize Türkiye's geothermal potential more effectively.

Research and Consultancy Services

As an organization with solid intellectual capital, Development and Investment Bank of Türkiye provides financial and advisory services while at the same time enriching its intellectual capital through these services. This process implies a continuous cycle of learning and development. Thanks to its experience in the sector, specialized staff, and extensive international client network, the Bank not only finances projects but also becomes an important stakeholder that adds value to them.

The Bank's intellectual capital is shaped through a range of services and activities and is categorized under 3 main headings. These include macroeconomic and sectoral analyses conducted by the sectoral research and economic research units and project evaluation processes. Thematic-Sectoral Studies include the follow-up of development-related themes; renewable energy and energy efficiency, climate finance, and sectoral developments. Within the scope of the Bank's development and investment banking activities, the Sectoral Research Unit also performs long-term demand projections of products/sectors in project evaluation processes and shares sectoral analysis studies with the relevant units of the Bank.

The Economic Research Unit monitors, evaluates, and reports domestic and international economic, financial, and commodity price developments; conducts research on macroeconomics and finance that will contribute to development and investment banking activities; and monitors and analyzes data on the Turkish Banking sector. These studies help the Bank to determine its own strategies and also constitute an important reference for decision-makers and other stakeholders.

In addition, the Bank's project evaluation activities are also part of its intellectual capital. In credit line and consultancy projects, the Bank analyzes the sectors in which the related companies are involved and creates future sales projections for the companies. This not only helps the Bank's risk assessment and management processes but also helps projects to be more successful.

In 2022, the Bank's privatization advisory and M&A advisory services were important services that both enriched the Bank's intellectual capital and added value to companies in various sectors. In particular, the successful completion of the sale of a company in the renewable energy sector demonstrates the Bank's experience and expertise in this area.

In 2023, we aim to work in more depth on the Bank's intellectual capital and further increase its contribution in this area. The Bank's activities in areas such as investment incentive certificate applications, valuation advisory services, and M&A advisory services continuously renew its intellectual capital while increasing the Bank's sectoral knowledge and experience.

As a result, the intellectual capital of Development and Investment Bank of Türkiye represents the Bank's ability to continuously improve and learn while enhancing the quality and value of the Bank's services. This process enables the Bank to develop its own capabilities as an organization committed to sustainable development and to make a significant contribution to Türkiye's overall economic and social development.

Our Value Creation Model

Social Capital

Social Capital refers to an organization’s relationships and interactions with communities and other social systems and is also a key component of the Integrated Reporting (IR) Standard. Social impact refers to the positive changes an organization creates to combat social injustices. A Bank may improve the well-being of a particular community or region by helping disadvantaged groups to gain access to financial resources or through other organizations that finance access to information, cultural development, or equal opportunities.

Social and economic goals will be particularly difficult to achieve without the Sustainable Development Goals (SDGs). These include SDG 1, SDG 4, SDG 5, SDG 8, SDG 10, and SDG 17, which are difficult to achieve without social interaction and cohesion. Building the support needed to finance the SDGs requires considerable solidarity within and between countries.

Development and Investment Bank of Türkiye supports investments with both environmental and social impact by placing sustainability at the heart of its operations and applying this principle at every stage of the value chain. The Bank also expands its Material Topics by prioritizing ethics and respect for human rights and playing an important role in the fight against corruption. One of the Bank’s priority goals is to increase its cooperation and support for Small and Medium-Sized Enterprises (SMEs), which constitute a large part of Türkiye’s production power.

The Bank can distribute the funds received from the organizations it finances according to the conditions of the funder. Loans can be granted based on employment and turnover criteria. In addition, the Bank is able to finance SMEs in Turkish Lira through the Investment Commitment Advance Loan provided by the CBRT in various sectors.

Through the World Bank’s Registered Employment, the Bank reviews loan requests from 24 different provinces. Moreover, as there are no provincial restrictions on the use of other foreign resources, the Bank is able to provide funds throughout the country. In this context, investments based on social and environmental impact are also among the Bank’s priorities.

Inputs

- 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

Activities

- Cooperation for financing social projects that require public support
- Two-way communication with customers in project financing
- Guiding and implementing investments with consultancy support in areas of expertise
- Presentation of environmental and social informative documents related to the 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

- In 2022, allocate 25% of the funds from the Sustainable Eurobond issuance to finance social projects in Türkiye, totaling 25 million €
- 16 successful projects within the framework of the protocol carried out with the COMCEC Coordination Office in 2022
- Obtaining ISO 10002 Customer Satisfaction Management System certification
- In 2022, within the scope of the Formal Employment Creation Project, 70 million € call for proposals for the Kayist Grant Program
- 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, 2,800 SMEs financed, and 7,500 additional jobs created

Value Created

- Contribution to international trade
- Access to long-term financing
- Unique customer experience
- Increasing knowledge
- Environmental, social, and governance capacity building
- Information security
- Transparency
- Supporting the entrepreneurship ecosystem
- Supporting regional development
- Employment creation
- Promoting social inclusion

Priority Issues

- Investments Based on Social and Environmental Impact
- Stakeholder Capitalism and Collaborations
- Customer Satisfaction and Consulting
- Corporate Governance and Transparency

Risks

- Lack of Diversity and Inclusion
- Legal and Regulatory Risks
- Decline in Customer Satisfaction
- Differentiating Stakeholder Expectations
- Increase in Income Inequality

Opportunities

- Financing SMEs
- Supporting Regional Development
- New Markets

Our Value Creation Model

Financing of SMEs

SMEs are recognized for a variety of important characteristics, such as expanding production and product diversity, creating employment with low investment costs, adapting quickly to changes in demand and diversity, openness to technological innovations, balancing interregional development, minimizing inequalities in income distribution, encouraging individual savings, and complementing and supporting large industrial enterprises. In addition to these qualities, SMEs are among the Bank's priorities for support, as they provide an element of political and social stability and are a fundamental component of a democratic and liberal economy.

Support for Women's Employment

The Bank acts in line with the principles of equal opportunity and non-discrimination and pays particular attention to women's employment in its employment creation initiatives. While stating that sustainable development can be achieved by including more women in the labor market, the Bank pays attention to the balance between men and women among employees and emphasizes the importance of women's employment through its activities. The Formal Employment Creation Project and Emergency Company Support Loans provided by the World Bank adopt an approach that prioritizes women-inclusive SMEs.

Development Cooperation Programs with Public Institutions and the World Bank

The Bank adopts an approach that prioritizes Stakeholder Capitalism and Collaboration. Working with public institutions in the context of development partnerships, the Bank plays an active role in grant programs such as COMCEC (Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation) and European Union programs. In this process, it also provides project management and consultancy services to organizations in its efforts to ensure the effective participation of all stakeholders. Stakeholder capitalism, collaboration, and the integration of development-oriented approaches are the cornerstones of the Bank's strategy to support sustainable growth both locally and internationally.

COMCEC Project Finance Grant Programs

COMCEC Project Finance is a funding system determined by the COMCEC Coordination Office (CCO) and activated in 2013. Through this system, projects from the member countries and relevant Organization of Islamic Cooperation (OIC) organizations are financially supported while aiming to achieve the objectives and results of the COMCEC Strategy. The COMCEC Project Financing aims to promote solidarity among the member countries, to ensure multiple cooperation, and to develop the human and institutional capacities of the member countries, taking into account the policy recommendations approved by the COMCEC Ministerial Meeting.

The OIC affiliated organizations and governmental institutions of the COMCEC Member Countries may submit project applications to the relevant Working Group working in the field of economic and trade cooperation. The projects can be designed in one of the six different areas of cooperation (Financial Cooperation, Agriculture, Trade, Tourism, Transport and Communication, and Poverty Alleviation), taking into account the sectoral themes approved by the CCO and published on its website. In addition to the host country, at least two partner countries are involved in the project, either as beneficiaries or capacity providers (technical assistance, human resources, etc.).

In the project carried out under the agreement signed between the COMCEC Coordination Office and the Bank, out of the total 24 projects planned to be financed in the implementation year 2022, two projects were canceled, and 16 projects were completed. The financial reporting and disbursement process of six projects are still ongoing. As of 30.12.2022, 15,540,818.02 TL has been received in 2022 under COMCEC, and 12,643,154.38 TL of this amount has been reserved for project payments. For the 2023 implementation year, the project list has not been announced yet.

World Bank FRIT-II Funded Formal Employment Creation Grant Program

The Formal Employment Creation Project is an initiative that aims to improve access to the labor market and the employability of Turkish citizens and refugees. The project is implemented in cooperation with TKYB and the World Bank as it aims to expand the social and economic autonomy of the relevant groups, reduce their dependency on social assistance programs and increase their contribution to the Turkish economy.

As part of the project, it aims to strengthen the expansion capabilities of businesses serving specific regions. In this framework, it is planned to support access to financial and skills resources for Turkish citizens and refugees to increase their access to formal employment opportunities and decent working conditions.

Within the scope of this project with the World Bank, TKYB launched a call for proposals for the 70 million € Kayist Grant Scheme on 17 December 2021.

The 24 potential grantees were given until March 14, 2022, to submit sub-grant project proposals based on viable business and employment plans. The Bank's Development Cooperation and Wholesale Banking Unit carried out these activities using a project cycle management approach, prepared the Project Implementation Manual approved by the World Bank, and completed the planning and call for proposals processes of the Kayist Grant Program.

After the project evaluation was completed, a list was prepared for the World Bank's initial approval. This list includes the prime and substitute candidates. Once the environmental and social assessments are completed by the consultant firm and the World Bank's second approval is obtained, grant contracts will be signed with the companies on the list. These contracts are expected to be completed in the first quarter of 2023 and the program is expected to end in the last quarter of 2024.

Our Value Creation Model

World Bank FRIT-II Funded Formal Employment Creation Grant Program

Having completed the pre-assessment, independent evaluation, evaluation committee, budget revision, and environmental and social assessment stages, the Grant Platform envisages that the final stage, the contracting and monitoring module, will be completed in the second quarter of 2023. For the grant component of the project with the World Bank, the contracts to be signed with the beneficiaries are planned to be finalized in the first quarter of 2023. After the first monitoring visit, advance payments to grant beneficiaries will be initiated.

Within the framework of the Grant Program to be implemented between 2022 and 2024, some of the Bank's institutional capacity-building activities and technical assistance training for grant recipients are envisaged to take place in 2023.

Project documents include a Stakeholder Engagement Plan, a Workforce Management Plan, an Environmental and Social Commitment Plan, the Bank's Environmental and Social Policy, a Grievance Mechanism, a Project Implementation Manual, a Grant Program Application and Evaluation Package, and a Grant Application Evaluation Manual. In addition, the extension process for the VAT Exemption Certificate obtained under the Technical Assistance Component of the Project was initiated.

Importance of Customer Experience

Since its establishment, Development and Investment Bank of Türkiye has always prioritized customer needs and expectations. Customer Satisfaction and Consultancy are also among the Bank's priorities, and over the last four years, the Bank has further strengthened its customer-oriented service approach in light of these principles. During this period, a Corporate Banking and Project Finance unit was established to communicate directly with customers and develop strategies to maximize customer satisfaction. This unit focuses on customer acquisition, identifying customer needs, managing customer relationships, and providing advisory services to customers.

Similarly, Investment Banking and Türkiye Development Fund are responsible for identifying client needs and managing client relationships in their respective areas. The Bank continued to develop new financial products to meet customer needs. For example, the Bank introduced a separate account for the investment of funds and a variety of treasury products.

Importance of Customer Experience

The Bank made significant progress by obtaining an investment banking license. With this license, the Bank aims to further increase customer satisfaction by offering investment banking and advisory services in addition to credit services.

During the Covid-19 pandemic, the Bank developed Support for Investment, Wholesale Banking (APEX), and Grant Management applications and continued to offer domestic and international funds to its customers. In addition, fast, secure, and uninterrupted service delivery was provided through the online channel during this period.

Our Bank, which examines FinTech collaborations through the open banking channel, aims to add value to its users and continues to work on creating APIs for open banking services.

The Bank remained committed to responding quickly and accurately to customer requests. Within this framework, loan requests were quickly evaluated, and customers were quickly returned for projects that were evaluated negatively. The process of positively evaluated projects progressed faster compared to other Banks, and this situation was returned to the Bank as positive feedback by customers.

TKYB attaches great importance to ensuring customer accessibility through specific communication channels. In this context, the Bank's social media channels are used effectively to establish closer communication with customers. In addition, the Bank actively participates in sectoral conferences and congresses to strengthen customer relations and increase its effectiveness in the sector.

A customer satisfaction survey was organized to measure customer satisfaction and facilitate communication. All stakeholders are encouraged to submit their requests via the Suggestion and Complaint Form on the Bank's website, and important actions are taken in response to these requests.

In 2022, the Bank successfully obtained the ISO 10002 Customer Satisfaction Management System certification, which was initiated in 2021 with an aim to increase customer satisfaction and meet future customer expectations. This development is considered as a part of the Bank's Integrated Management System.

Our Value Creation Model

Supplier Selection

Within the framework of its responsible banking philosophy, Development and Investment Bank of Türkiye aims to improve the environmental and social performance of its suppliers, and in this context, it interacts with and guides its stakeholders. The Bank aims to contribute indirectly to environmental and social impact through the activities of its suppliers and to ensure the sustainability of the supply chain. In this context, the Bank pays attention to the selection process of its suppliers.

The Bank conducts procurement transactions in accordance with the “Procurement and Tender Regulation.” In addition, when it is possible to procure products or services from the domestic market, the Bank prioritizes domestic suppliers.

TKYB has established a procedure to regulate and determine the supplier selection process and published this procedure on February 8, 2021. In order to improve the environmental and social performance of the services provided by its suppliers, the Bank has published a document that includes conditions such as occupational health and safety, environment, and employee rights. This document was published on July 29, 2020, and is called the Supplier Code of Conduct. These principles are included in all new and renewed contracts.

The Bank is working to determine the most appropriate supply chain management and to perform the following main functions:

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

These processes are managed through specific rules, business processes, and functional tasks. Necessary adjustments and improvements are made according to continuous control and changing conditions. Thus, Development and Investment Bank of Türkiye manages and develops the supplier selection process.

Supplier Code of Conduct

Development and Investment Bank of Türkiye is a party to the United Nations Global Compact and strictly adheres to its principles. The Bank has a deep respect for human rights and adheres to both the United Nations Declaration of Human Rights and the Core Conventions of the International Labor Organization (ILO). The Bank aims not only to implement these principles in its internal processes but also to encourage its suppliers to comply with these rules.

The Supplier Code of Conduct established by Development and Investment Bank of Türkiye sets out the obligations of all suppliers and sub-suppliers regarding social, environmental, and ethical practices. These principles ensure that all suppliers act in accordance with sustainability and ethical standards while cooperating with the Bank.

The Supplier Code of Conduct set by Development and Investment Bank of Türkiye consists of comprehensive topics such as workplace standards, health and safety, wages and working hours, freedom of unionization and collective bargaining, freedom from forced and compulsory labor, child labor, discrimination, harassment and abuse, compliance with the law and ensuring sustainability. These principles and standards express the ethical, social, and environmental responsibilities of suppliers. Development and Investment Bank of Türkiye expects its suppliers to act in full compliance with these principles and sees this as a fundamental requirement for the continuity of cooperation.

Supplier Determination Procedure

As part of the social capital of Development and Investment Bank of Türkiye, the Supplier Determination Procedure stands out. This procedure regulates the processes of identifying and evaluating the supplier companies that will supply services and products to meet the Bank’s needs. The scope of this procedure includes the selection of suppliers according to the effective criteria determined during the selection process and the evaluations made once a year after this selection.

Purchases regarding the Information Technologies Systems and Infrastructure, Information Technologies Application and Development, Information Security, External/Support Services and Valuation Services, expenditures made with the company credit card, and expenditures made as work advances are excluded from this procedure. Specific regulations and procedures are applied for such purchases.

Supplier companies are required to provide the specified documents and documentation in order to gain “Approved Supplier” status. In addition, depending on the nature of the product or service requested, they are expected to submit additional documents and documents specified in the technical specifications of the work.

TKYB, through the Internal Control and Compliance Unit, subjects all supplier companies to the International Prohibited List Match check. We do not work with companies under embargo or sanctions. The approval of the Assistant General Manager of the relevant business line is required to procure services from suppliers that are considered high-risk. Approved suppliers are subjected to an international restricted list check once a year, and business relations with companies found to be subject to embargo or sanctions are terminated.

The service-receiving unit evaluates its approved supplier annually with the Supplier Evaluation Form. During these evaluations, the supplier’s availability of Integrated Management Systems, i.e., having ISO 9001, ISO 14001, ISO 45001, etc. certificates, is also taken into consideration. In this way, TKYB’s supplier determination procedure constitutes an important part of its social capital and contributes to an effective and fair supplier selection process.

06

Appendix

Appendix

Environmental Performance Indicators	210
Social Performance Indicators	216
Memberships and Cooperations	221
UNEP-FI Responsible Banking	
Principles Reporting Index	222
Independent Assurance Report	234
GRI Content Index	236
UNGC Progress Report	244

Performance Indicators

Environmental Performance Indicators

Energy Consumption	Unit	2020	2021	2022
Natural gas	m³	87,282	98,114	95,147 ✓
Natural gas	GJ	3,014	3,387	3,284 ✓
Electric	kWh	948,766	1,055,693	1,434,521 ✓
Electric	GJ	3,415	3,800	5,164 ✓
Stationary combustion - Diesel (Generator)	lt	-	-	4,320 ✓
Mobile combustion - Diesel	lt	-	-	40,974 ✓
Mobile combustion - Gasoline	lt	-	-	6,145 ✓
Bank-owned vehicle fuel consumption - Diesel	lt	31,376	32,338	40,975 ✓
Bank-owned vehicle fuel consumption - Diesel	GJ	1,112	1,146	1,434 ✓
Bank-owned vehicle fuel consumption - Gasoline	lt	886,11	2,550	6,139 ✓
Bank-owned vehicle fuel consumption - Gasoline	GJ	28,36	81,62	1,146 ✓
Employee service vehicle consumption - Diesel	lt	124,123	28,591	141,006 ✓
Employee service vehicle consumption - Diesel	GJ	4,400	1,013	4,998 ✓
Total Energy Consumption	GJ	11,971	9,428	12,746

✓ It has been subjected to limited assurance by the Independent Audit Firm.

Emission Scope	Category	tons of CO ₂ eq
Scope 1	Category 1.1	Direct emissions from stationary combustion 195.8932
	Category 1.2	Direct emissions from mobile combustion 124.3044
	Category 1.4	Direct fugitive emissions 43.5787
Scope 2	Category 2.1	Indirect emissions from imported electricity 631.1891
	Category 3.1	Emissions from the transport and distribution of input materials 0.0923
	Category 3.2	Indirect emissions from the transport and distribution of output materials 0.0832
Scope 3	Category 3.3	Employees' commuting sources are indirect emissions 59.6819
	Category 3.5	Indirect emissions from business travel 93.3702
	Category 4.1	Indirect emissions from purchased products 243.5113
	Category 4.2	Indirect emissions from capital assets 165.6787
	Category 4.3	Indirect emissions from the disposal of solid and liquid waste 0.7929
	Category 5.4	Indirect emissions from investments 3.448.886

Performance Indicators

Emissions	Unit	2020	2021	2022
Scope 1	Ton CO ₂ eq	336	1,851	364 ✓
Scope 2	Ton CO ₂ eq	469		631 ✓
Scope 1+2	Ton CO ₂ eq	806	1,851	995 ✓
Scope 3 (Excluding Portfolio)	Ton CO ₂ eq	472	819	563 ✓
Scope 3 Total Emissions	Ton CO ₂ eq	-	-	3,449,009 ✓
Total Emissions Scope 1-2-3 (Excluding Portfolio)	Ton CO ₂ eq			1,558 ✓
Total Emissions Scope 1-2-3	Ton CO ₂ eq	1,278	2,670	3,450,004 ✓
Greenhouse Gas Emission Intensity	Tons of CO ₂ eq/ employee	2.68	2.75	3.28 ✓

Calculation Methodology for Portfolio Emissions

Calculated Item	Methodology
Business Credits	Following the NACE codes allocated by sector, the emission value per thousand TL assets was found by using the balance sheet and emission values obtained from TÜİK data. For companies without an emission report, this value was multiplied by the asset size of the companies to arrive at the total emission value. Companies were evaluated according to their public float status, total equity, debt, cash, and cash equivalents were summed up and proportioned to the share of TKYB. Total emission values were multiplied by this ratio, and the emission value per share of the TKYB was calculated.
Projects Finance Credits	After assuming 85% efficiency over the total annual consumption and multiplying by 1.1764 (1/0.85) and TJ conversion (1/0.85), the activity data was obtained. This activity data was multiplied by the relevant emission factors, and total emissions were obtained. The TKYB share of emissions was calculated by proportioning the share of TKYB to the total amount of the project. Renewable Energy projects are not included in the calculations.
Commercial Real Estate Credits	The specific energy consumption in the article “ENERGY CONSUMPTION STATISTICS FOR PUBLIC, COMMERCIAL AND SERVICE BUILDINGS” (KAMU, TİCARİ VE HİZMET BİNALARI İÇİN ENERJİ TÜKETİM İSTATİSTİKLERİ) published by the Republic of Türkiye Ministry of Energy and Natural Resources, was multiplied by the area information to calculate the total energy consumption and then divided into the relevant fuel types using the energy consumption rates according to the fuel types in the same source. Emission factors were used for fuels, and total emissions were calculated for the relevant investment. The TKYB share of emissions was calculated by proportioning the share of TKYB to the total amount of the project.
Capital Investments	As in the case of Enterprise Credits, the NACE codes allocated by sector were followed and the emission value per thousand TL assets was found with the balance sheet and emission values obtained from TÜİK data. This value is multiplied by the asset size of the companies to arrive at the total emission value. This emission value is multiplied by the share of the relevant company in the capital to arrive at the emission per TKYB.

Water Consumption	Unit	2020	2021	2022
Mains Water	m³	3,146	2,966	3,758 ✓
Water Consumption per Person	m³ /person	11,52	9,95	12,38 ✓
Non-Hazardous Waste		2020	2021	2022
Paper / Cardboard	kg		1,941	1,661 ✓
Pine	kg		584	980 ✓
Metal	kg		130	279 ✓
Plastic	kg		1,538	2,018 ✓
Mixed Packing	kg		292	-
Recycled	kg	4,088	4,485	4,938 ✓
Hazardous Waste	Unit	2020	2021	2022
Motor Oil	kg		370	370 ✓
Recycled	kg	146	378	377 ✓
Battery	kg		8	7 ✓
Waste	Birim	2020	2021	2022
Total Waste	kg	2,664	5,679	5,315 ✓

06

Performance Indicators

Environmental Management Education	2020	2021	2022
Total Number of Employees Participating	287	349	323 ✓
Total Training Hours	287	350	323 ✓



06

Performance Indicators

Social Performance Indicators

Woman Employee Rates		2022
Total		39% ✓
Top (within GM and DGMS)		50% ✓
Middle (Manager, Head of Department, Legal Affairs Manager, Head of Inspection Board)		32% ✓

Bank Employees	2020		2021		2022	
	Woman	Man	Woman	Man	Woman	Man
Number of Full Time Employees	111	162	122	176	119 ✓	184 ✓
Number of Part-Time Employees	-	-	-	-	-	-
Total Number of Employees	273		298		303 ✓	
Number of Disabled Employees	3		3		4	

Number of Employees by Working Hours	2020			2021			2022		
	Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
for 0-5 years	28	36	64	25	44	69	21	45	66
for 5-10 years	31	43	74	42	45	87	35	50	85
10 years and above	52	74	126	55	80	135	63	84	147

✓ It has been subjected to limited assurance by the Independent Audit Firm.

Maternity Leave	2020	2021	2022
Number of female employees on maternity leave during the year	-	2	9 ✓
Number of male employees on maternity leave during the year	1	7	3 ✓
Total number of employees on maternity leave during the year	1	9	12 ✓
Number of female employees returning from maternity leave during the year	-	2	4 ✓
Number of male employees returning from maternity leave during the year	1	7	3 ✓
Total number of employees returning from maternity leave during the year	1	9	7 ✓
Rate of returning to work among those taking maternity leave (%) female	-	100	100 ✓
Return to work rate (%) male among those taking maternity leave	100	100	100 ✓
Return to work rate (%) among those on maternity leave all employees	100	100	100 ✓

✓ It has been subjected to limited assurance by the Independent Audit Firm.



Performance Indicators

Education	2020		2021		2022	
Employee Trainings	Woman	Man	Woman	Man	Woman	Man
Total Number of Employees Trained	129	177	141	200	152 ✓	208 ✓
Total Training Hours Given	3837	5456.5	4573.7	6496.2	5286 ✓	7155 ✓
Total Training Hours per Employee	29.74	30.83	32.44	32.48	34.78 ✓	34.40 ✓
Number of Employees Receiving Personal Development Assessment	111	162	122	176	119 ✓	186 ✓
OHS Trainings Offered (Person*Hour)	326	462	270	444	298 ✓	458 ✓
Time devoted to ethics training (Total)	287		319		322 ✓	
Technical and Personal Development Trainings (Total)	9293.5		11069.9		12441 ✓	
Number of Managers Receiving Anti-Corruption Training (Total)	44		51		64 ✓	
Number of Employees Receiving Anti-Corruption Training (Total)	247		265		259 ✓	
Promotion	2020		2021		2022	
	Woman	Man	Woman	Man	Woman	Man
Number of Promoted Employees	10	16	29	29	30 ✓	55 ✓
New Hires and Leavers	Number of Newly Hired Employees (Total)			Number of leavers (Total)		
2020	73			91		
2021	53			28		
2022	62 ✓			53 ✓		

✓ It has been subjected to limited assurance by the Independent Audit Firm.

New Hires	Woman							
	<30		31-50		>50		Total	
	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)
2020	6	8%	18	25%	0	0%	24	33%
2021	4	8%	16	30%	0	0%	20	38%
2022	11 ✓	18% ✓	13 ✓	21% ✓	1 ✓	2% ✓	25 ✓	41% ✓
New Hires	Man							
	<30		31-50		>50		Total	
	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)
2020	14	19%	29	40%	2	3%	45	6%
2021	16	30%	16	30%	1	2%	33	62%
2022	17 ✓	27% ✓	19 ✓	31% ✓	1 ✓	2% ✓	36 ✓	60% ✓

✓ It has been subjected to limited assurance by the Independent Audit Firm.

06

Performance Indicators

Employee Turnover	2020	2021	2022
Employee Turnover Rate	30.3	9.4	18 ✓
Syndication	2020	2021	2022
Number of unionized employees	1	-	-

ISG-All Employees	2020		2021		2022	
	Woman	Man	Woman	Man	Woman	Man
Number of Accidents	-	-	-	-	- ✓	1 ✓
Number of work-related fatalities	-	-	-	-	- ✓	- ✓
Number of Occupational Diseases	-	-	-	-	-	-
Absenteeism due to accident	-	-	-	-	-	-
Accident frequency rate (IR)	-	-	-	-	-	-
Occupational Disease rate (ODR)	-	-	-	-	-	-
Lost Day rate (LDR)	-	-	-	-	-	-
Absenteeism Rate (AR)	-	-	-	-	-	-

✓ It has been subjected to limited assurance by the Independent Audit Firm.

Memberships and Collaborations

Carbon Disclosure Project (CDP)
SKD Türkiye
UNEP FI
UNEP Global Compact
Sustainalytics
Integrated Reporting Türkiye Network (ERTA)
Impact Principles (OPIM)
Impact Management Advisory Board (EYDK)
GIIN
Banks Association of Türkiye (TBB)
Turkish Standardization Institute



UNEP-FI Responsible Banking Principles Reporting Index

Principle 1: Compliance

We will align our business strategy to align with and respond to the needs of individuals and contribute to society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Reporting and Self-Assessment Requirements

1.1 Describe ("in detail") the Bank's business model, including the main customer groups, types of products and services, key sectors, types of activities, and technologies financed in the regions where the Bank has operations.

Comprehensive Summary of the Bank's Response

The Bank's primary function is to provide funding for sustainable development and has established a prominent position in the business and banking sectors with its prestigious national and international reputation and the opportunities it provides. The Bank plays a leading role in helping companies access domestic and international funding sources through mergers and acquisitions, capital market products and financial advisory services.

Focusing on financing sustainable development in line with the United Nations Sustainable Development Goals and Türkiye's 2053 net-zero emission target, the Development and Investment Bank of Türkiye supports investors with its strong resource structure, competent human resources and innovative products and services. The Bank's main objective is to empower sectors that will contribute to the country's development, reduce imports and increase exports within the framework of Türkiye's 11th Development Plan. The Bank aims to contribute to Türkiye's structural transformation and capitalization by supporting companies that will add value to the national economy through loans, capital support, partnership and consultancy services.

The operations and services provided by the Development and Investment Bank of Türkiye are categorized under three main topics: Project Finance and Corporate Loans, Investment Banking and Türkiye Development Fund.

Development and Investment Bank of Türkiye also offers deep-rooted expertise in technical advisory services and shares its technical knowledge and experience with its business partners during the investment process. Furthermore, the Bank continues its efforts to align its banking operations with sustainability by using investment banking products and capital market instruments in the service of sustainable development. The Bank contributes to economic development through collective banking (APEX) to industrial and tourism investments and SMEs, to social development by funding education and health investments, and to environmentally friendly development by funding renewable energy investments and energy/resource efficiency projects.

References / Bank's Full Response or Links to Related Information

2022 Integrated Report: Corporate Governance
48 Years of Experience and Contribution to Sustainable Development
Investment Bank Activities

Principle 2: Impact and Target Setting

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

Reporting and Self-Assessment Requirements

2.1 Impact Analysis: Demonstrate that the Bank has identified the positive and negative areas where it has the most impact through an impact analysis that meets the following elements

a) Scope:
As explained in 1.1, the Bank's main business areas, products/ services in the geographies where the Bank operates are covered within the scope of the analysis.

b) Scale of Disclosure:
The Bank has taken into account the industries, technologies and geographies that are relevant to its core business / core activities in determining the areas where it has the most impact.

c) Context and Relevance:
The Bank has addressed the challenges and priorities most relevant to sustainable development in the countries/ regions where it operates.

) Scale and Intensity/Significance of Impact:
In identifying the most significant impact areas, the Bank has considered the scale and intensity/ significance of (potential) social, economic and environmental impacts arising from the Bank's operations and provision of products and services. (The Bank should have engaged with relevant stakeholders to help inform its analysis under elements c) and d)).

• Based on this analysis, demonstrate that the Bank has identified and disclosed the areas with the most significant (potential)

• Positive and negative impacts and identified strategic business opportunities related to increasing positive impacts / reducing negative impacts.

Comprehensive Summary of the Bank's Response

Development and Investment Bank of Türkiye communicates with all stakeholder groups through standard communication channels and aims to create value by considering the priorities, needs, and expectations of different stakeholders.

The Bank is fully aware of the importance of measuring the impact of its own operations as well as the impacts of the loans it provides, and has therefore conducted a materiality analysis with a double materiality perspective. Factors such as the Bank's strategy, views of internal and external stakeholders, external environment analysis and analysis of Material Topics provide input to the materiality analysis. The materiality matrix, which is part of the integrated report, is regularly updated by taking into account current national and international developments, publications, global trends, risks and opportunities.

The Bank has identified a total of 13 issues as its Material Topics, ranked as top, second, and third priorities. Based on the TKYB Materiality Matrix, three of these issues appear to be of top priority: Climate Change and Environmental Impact, Sustainable Financing and Customer Satisfaction and Consulting. These issues identify areas with the most significant potential positive and negative impacts.

The Bank's communication with stakeholders, the results of materiality analyses, and the funding it delivers in line with its strategic goals have the most positive impact on issues such as climate change, energy efficiency, resource efficiency, employment, technological development, and digitalization.

The Bank reflects the United Nations Global Compact Communication on Progress. TYKB complies with 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 the UNEP-FI Responsible Banking Principles, our Bank traces and details the impact created by the Bank, both positive and negative.

In addition to these strategic collaborations, in 2022, the Bank became a signatory to the Impact Management Working Principles, which include leading organizations such as 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). As one of the founding members of the Impact Investing Advisory Board (EYDK), the Bank supported the objectives of furthering the impact investing model in Türkiye and creating an effective impact in investing ecosystem.

TKYB's 2022 contracts with international financial institutions such as the World Bank, Japan Bank for International Cooperation, Asian Infrastructure Investment Bank and China Development Bank to contribute to Türkiye's development process are evidence of the Bank's continuous pursuit of strategic business opportunities related to enhancing positive impacts and mitigating negative impacts.

References / Bank's Full Response or Links to Related Information

Materiality Analysis and Stakeholder Engagement

Impact Management Working Principles

Principle 2: Impact and Target Setting

We conducted a materiality analysis and identified our focal issues. We have started our work on impact analysis and will continue to develop it. In this context, we fulfill the requirements of Impact Analysis with our efforts.

Reporting and Self-Assessment Requirements

2.2 Target Setting:

2.2 Target Setting: Demonstrate that the Bank has set and published at least two Specific, Measurable (qualitative or quantitative), Specified, Relevant, and Time-bound (SMART) targets that address at least two of the “areas where it has the most significant impact” due to its activities, products, and services. Demonstrate that these targets are linked to and contribute to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national, or regional frameworks. The Bank should have established a baseline (assessed over a given year) and set targets against it. Demonstrate that the Bank has analyzed and is aware of the significant (potential) negative impacts of the set targets on other dimensions of the SDG/ climate change/society goals and has put in place relevant actions to mitigate them as much as possible to maximize the net positive impact of the targets.

Comprehensive Summary of the Bank’s Response

Within the scope of its role in supporting sustainable development, the Development and Investment Bank of Türkiye attaches importance to inclusiveness in its global, sectoral, and national operations; offers suitable financing opportunities to companies and institutions active in sectors with strategic priorities and innovative projects; and supports the financing of the fight against climate change.

As TYKB supports Türkiye’s sustainable development through its financing and consultancy services, The Bank also regards sustainability as a corporate responsibility and goal in line with its responsible banking approach. With this approach, the Bank has integrated its sustainability strategy into all banking operations. In this framework, The Bank has set the following targets:

- By 2025, increasing the amount of greenhouse gas emissions avoided over 5 million tons of carbon dioxide,
- By the end of 2021, reduce Scope 1 emissions by 10% in 2025 and 40% in 2040 compared to 2022,
- Long-term loan agreements with international financial institutions to be used in priority sectors,
- Providing support to industrial enterprises and SMEs in priority development sectors and increasing employment through the Technology and Innovation Fund, Regional Development Fund, TKYB Capital Fund, Development Participation GDP Fund, and Innovative and Advanced Technologies Participation GDP Fund under the TKF,
- The Bank provides financing to investors in projects (hydroelectric, solar, wind, biomass, and geothermal power plants, etc.) aimed at the efficient and proper utilization 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 external dependence on energy.
- Continuing to take measures against cyber threats that increase with digitalization and ensuring the continuation of data security and cyber security investments
- Provision and utilization of 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 through Investment Banking services
- Establishing standard criteria for internal promotions and transitions between positions and announcing them on the Bank’s internal communication channels
- Repeating employee satisfaction surveys at regular intervals
- Preventing occupational risks, eliminating risk and accident factors, and informing employees in the field of OHS
- Ensuring compliance of subcontractor companies with OHS rules
- Becoming one of Türkiye’s accelerators and leading institutions in impact investing

References / Bank’s Full Response or Links to Related Information

Principle 2: Impact and Target Setting

Targets set in the Bank’s focal areas are presented in the Integrated Report, and target-setting requirements are realized.

Reporting and Self-Assessment Requirements

2.3 Plans for Implementation and Monitoring of Targets:

Demonstrate the activities and milestones the Bank has identified to achieve the targets.

Demonstrate that the Bank has established methods to measure and monitor the targets. The definitions of KPIs, any changes to these definitions, and any new adjustments to the target base year should be transparent.

Comprehensive Summary of the Bank’s Response

Each year, the Bank sets targets within the framework of its Material Topics and uses key performance indicators to monitor and track its performance in these key issues. The performance indicators listed below help the Bank monitor its status, impact and assessment:

- Financing Provided by APEX Loans
- Number of Companies Benefiting from ECKB-SME Credit Program
- Financing Provided to the Energy Sector
- Number of Renewable Energy/Energy Efficiency Projects Financed
- Amount of Energy Produced by Financed Renewable Energy / Energy Efficiency Projects
- Amount of Funds Received from International Financial Institutions (by themes and organizations)
- Utilization of Funds Received from International Financial Institutions
- Installed Capacity of Financed Renewable Energy Projects and Amount of Greenhouse Gas Emissions Averted by these projects
- TQRB Share in Türkiye’s Renewable Energy Capacity,
- Amount and Ratio of SDG-Linked Loans to Total Portfolio,
- Number of Projects for which Environmental and Social Risk Assessments were conducted and their ratings.

The Bank has calculated some of the impacts arising from its portfolio and aims to calculate both positive and negative impacts using the “Portfolio Impact Analysis Tool for Banks” published by UNEP-FI. This tool, developed jointly by the Principles for Responsible Banking and UNEP-FI Member Banks and the Positive Impact Initiative, aims to analyze the impacts associated with the Bank’s corporate banking portfolio.

Through this tool, the Bank aims to identify the most significant areas of impact and assess its current level of performance based on the structure, composition and geographical scope of its portfolio. This assessment will allow the Bank to set specific targets to increase positive impact and reduce negative impact where it matters most.

The Bank’s ultimate goal is to better understand its impact areas through this assessment and set targets to increase its positive impact and reduce negative impact. In this way, the Bank will be able to direct its activities to make a greater contribution to sustainable development goals.

References / Bank’s Full Response or Links to Related Information

Principle 2: Impact and Target Setting

Requirements regarding plans for the execution and monitoring of objectives are met by defining and monitoring Bank activities.

Reporting and Self-Assessment Requirements	Comprehensive Summary of the Bank's Response	References/ Bank's Full Answer or Links to Related Information
<p>2.4 Progress in Implementation of the Goals:</p> <p>For each target, demonstrate the activities implemented by the Bank to achieve the determined target. 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. Report the Bank's progress in the past 12 months (within 18 months from the first reporting 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 2022, strategies overseen by this framework and principles have helped reduce greenhouse gas emissions, equivalent to approximately 4.4 million tons of carbon dioxide annually. This significant achievement demonstrates the Bank's commitment to sustainable development and environmentally friendly practices.</p> <p>In order to contribute to Türkiye's development process, a series of ESG-themed loan contracts were signed with international financial institutions such as the World Bank, Japan Bank for International Cooperation, Asian Infrastructure Investment Bank, and China Development Bank.</p> <p>By the end of 2022, approximately 80 percent of the Bank's portfolio consists of sustainability-themed loans. These loans directly and indirectly contribute to 15 of the United Nations Sustainable Development Goals.</p> <p>In 2022, the Bank became involved in the Impact Management Working Principles program, which comprehensively defines a process that will help organizations make measurable positive social and environmental impacts in addition to their financial gains. Impact Principles: It consists of stages such as Strategic Intention, Structuring, Portfolio Management, Exit Strategy, and Independent Verification. By adopting these principles and aiming to manage project finance and Türkiye Development Fund activities with an "impact lens," the Development and Investment Bank reinforced its pioneering role in this field. It confirmed this leadership by publishing the first Impact Report in line with Türkiye's Impact Principles in September 2022.</p> <p>The Bank achieved the ISO 27001 certification for its Information Security Management System, as outlined in its 2021 report.</p> <p>Within the framework of the protocol signed between the COMCEC Coordination Office and the Bank, 2 of the 24 projects to be financed in the implementation period of 2022 have been canceled and 16 projects have been completed. There are six projects with ongoing financial reporting and disbursement processes. As of 30.12.2022, a payment of 15,649,212.64 TL was received within the scope of COMCEC in 2022 and 12,643,154.38 TL of this amount was transferred for project payments.</p>	<p>Impact Management Working Principles</p>

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 Bank's current or planned policies and practices to develop responsible relationships with its customers.</p> <p>It should contain comprehensive information on implemented (or planned) programs and activities, their scale and, where possible, their results.</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 practices.</p> <p>This description should include information on planned/implemented activities, products and services developed and, where possible, impacts achieved.</p>	<p>The Bank aims to maintain an environmentally sensitive approach and to select and guide its customers in this direction. Accordingly, Development and Investment Bank of Türkiye conducts environmental and social risk assessments as part of routine decision-making processes in all loan applications. Thanks to this evaluation, the risks associated with customers and projects are separately assessed. The Bank uses mechanisms such as the suggestion and complaint line, the whistleblowing line and the ethics hotline in order to ensure that the unethical practices faced by its customers are communicated directly to those concerned. Customers can anonymously submit their suggestions and complaints to the Bank, and receive a response to these messages within the legal time limit, or within 30 days at the latest if the legal period is not specified. Development and Investment of Türkiye Bank attaches great importance to customer data security in line with the Banking Ethics Principles and responsible banking principles proposed by the Banks Association of Türkiye. The Bank carries out periodic and instant restrictive, monitoring and preventive activities through the Information Security Unit, which operates under the leadership of the General Manager, who is also the Chairman of the Information Security Committee. In addition, it increases customer information security with new technologies integrated into the IT infrastructure in the digital transformation process.</p> <p>Role to Support Sustainable Development “ as a strategic priority. Publishing its “Climate Change Mitigation and Adaptation Policy” in 2020, the Bank aims to play a supportive and leading role in combating climate change, transition to a net zero economy, and energy efficiency with its extensive work on impact investment. Within this framework, the Bank has identified the increase in Türkiye's clean energy potential and providing resources for renewable energy projects as strategic priorities.</p> <p>The Bank contributes to environmentally friendly development by supporting renewable energy investments and projects that increase energy/resource efficiency. Aiming to bring domestic energy resources into the economy in hydroelectric, solar, wind, biomass, geothermal power plants, and similar projects, the Bank responds to the financing needs of investors. It also makes loan agreements with international financial institutions to support energy and resource efficiency projects.</p> <p>In the private sector, merger and acquisition consultancy services were offered to companies operating in the energy, chemical, automotive, packaging, retail, and technology sectors. While work on these projects continues, the Bank successfully completed the sale of a company in the renewable energy sector in 2022.</p> <p>As of 2022, the Development and Investment Bank of Türkiye's investments in renewable energy and energy efficiency projects 50% of its loan portfolio in 2022. In addition, loans with an installed capacity of 3.357 MW were provided to projects in energy efficiency. In addition, as of the end of 2022, 79% of the Bank's loan portfolio consists of sustainability-oriented loans, and the amount of these loans has reached 60.3 billion TL.</p>	<p>Sustainability Management Ethical Management</p> <p>Information Security and Digital Transformation</p> <p>Materiality Analysis and Stakeholder Engagement</p> <p>To Net Zero Economy Role of Development and Investment</p> <p>Bank in Transition Development and Investment Bank Activities</p> <p>Natural Capital</p>

With these reports, the performance of the Bank in 2022 is communicated to all stakeholders, and the requirements for goal-setting progress are met.

Principle 4: Stakeholders

Consult, interact, and collaborate with relevant stakeholders in a proactive and accountable manner to achieve the goals of society.

Reporting and Self-Assessment Requirements

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.

Comprehensive Summary of the Bank's Response

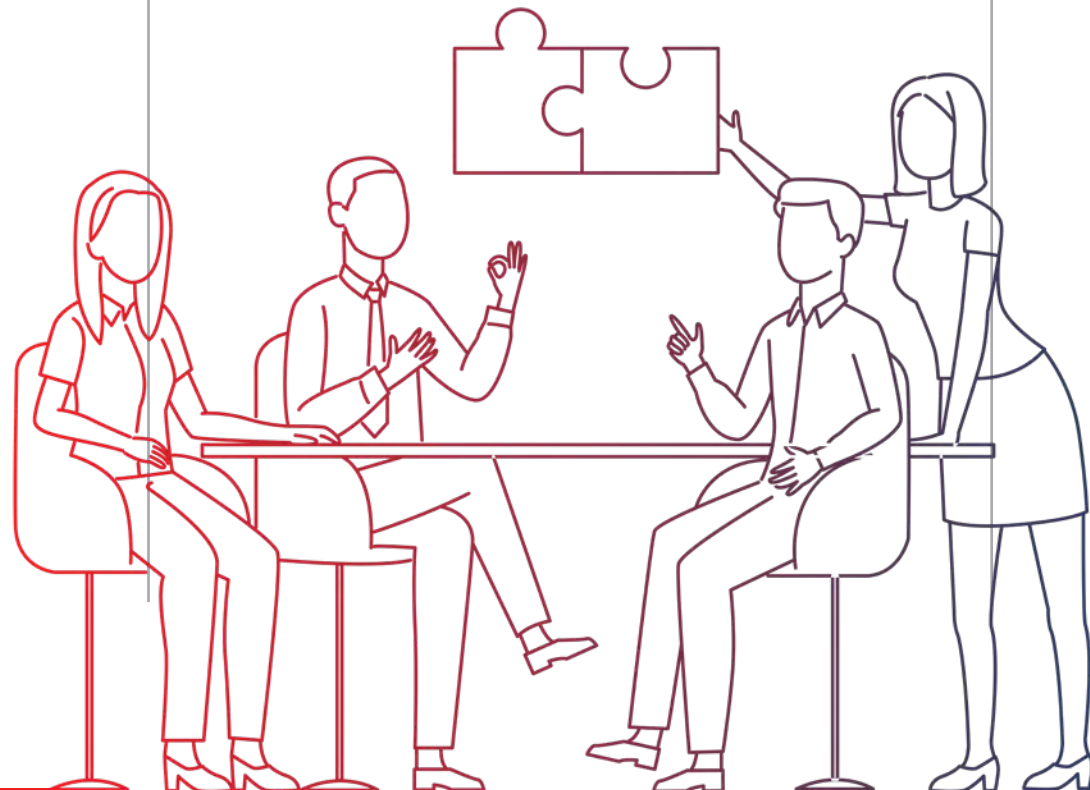
The Bank acts with an holistic perspective and attaches great importance to obtaining the opinions of stakeholders on Material Topics in line with its sustainability strategy.

The Development and Investment Bank of Türkiye regularly communicates with its stakeholders, focusing on priority issues and listening to their views on business conduct. At the same time, it understands its expectations and develops its activities and practices to meet these expectations.

Stakeholder groups include employees, international financial institutions, investors, customers, public institutions, non-governmental organizations, suppliers, and auditors. The expectations of each stakeholder group are different, so the communication channels and nature also differ. You can access detailed information from the stakeholder interaction table.

References/ Bank's Full Answer or Links to Related Information

Materiality Analysis and Stakeholder Engagement



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

5.1 Describe the Bank's relevant governance structure, policies and procedures, which already exists or is planned to manage significant positive and (potential) negative impacts and support the effective implementation of the Principles.

Comprehensive Summary of the Bank's Response

Under the leadership of the Sustainability Committee, the Bank continues to work on developing its sustainability strategy and policies and integrating them into all business practices. In order to strengthen the sustainability management structure, which addresses economic, social, and environmental issues holistically, the Development and Investment Bank of Türkiye switched to the Integrated Management System in 2021 and abolished the Environmental Management Committee, making quality, environment, and occupational health and safety issues the responsibility of the entire Bank.

The Bank established the Sustainability and Environmental Social Impact Management Unit in order to carry out the activities carried out in different units in the fields of sustainability and environmental and social risk management in a more focused and efficient manner under a central business model. This unit has prepared Environmental and Social Risk Assessment Reports of hundreds of projects through the team involved in all lending processes of the Bank.

As TKYB enters 2022, it has maintained its commitment to the Environmental and Social Policy published in 2020 and has adapted to a broader vision with its updates. In 2022, the Bank adheres to its Environmental and Social Policy and does not support or provide financing for investments that may have unacceptable environmental and societal effects. Its commitment to protecting biodiversity and cultural heritage is evident in every investment it finances.

The Bank also evaluates the indirect risks that may arise within the scope of loan activities. It conducts environmental and social risk assessments as part of routine decision-making processes in all loan applications. These assessments are made in order to analyze the risks of customers and projects separately. The Bank published the "Environmental and Social Risk Assessment Procedure in the Lending Process" in 2020 in order to make these environmental and social assessments into policies.

In addition, the Bank monitors greenhouse gas emissions from bank operations and sets targets for their reduction in line with its Climate Change Mitigation and Adaptation Policy. The Bank's annual performance regarding confirmed greenhouse gas emissions is reported to the CDP Climate Change Program voluntarily.

In order to improve the comprehensiveness of its management system, the Bank obtained ISO 9001 Quality Management System, 45001 Occupational Health and Safety Management System, ISO 14001 Environmental Management System, and in 2022 additionally, ISO 27001 Information Security Management System and ISO 10002. In addition, The Bank has extended the management responsibility of the Sustainability Principles to the entire organization by completing the work on transitioning to an integrated management system.

References / Bank's Full Response or Links to Related Information

Sustainability Management

Risk Management

Published Sustainability Policies

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>5.2 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>The Bank has established an Ethics Commission under the “Regulation on Principles of Ethical Behavior for Public Officials and Application Procedures and Principles.” Bank employees are obliged to act in accordance with the “Ethical Principles Agreement” and “Banking Ethical Principles of the Banks Association of Türkiye” in line with the relevant regulation and the Bank’s Human Resources Policy. Ethical Principles, Compliance, Information Security, Data Security, and Confidentiality Disclosure, Commitment document is included in the Bank. In addition, the Bank has established the “Combating Money Laundering and Financing of Terrorism” and “Conflict of Interest” policies. The Bank has established an Ethics Line so employees can report practices and abuses contrary to the Principles of Ethical Behavior to the senior management.</p> <p>The Bank has prepared and implemented long-term training programs for its employees in the talent pool to retain and develop talent, as it has targeted in 2022. In this context, ISO 27001 Lead Auditor, CISA, Scrum, Process Management, First Assistant certificates, and the Integrated Management System Internal Auditor certificates were obtained regularly in 2022. For the employees in the talent pool, the Micro MBA Certificate Program, which lasted about five months, was implemented in cooperation with the university. In this context, at the first stage, 15 employees benefited from the program and guided their career and development journeys with this program consisting of both personal development and technical training. In addition, in 2022, “Environmental Management System” training is defined as compulsory training for all employees, and the total training hours are 323.</p> <p>Managerial, essential, and functional competencies for executive positions align with the Bank’s values; necessary and functional competencies have been determined for other positions. Development and Investment Bank of Türkiye’s human resources processes focus on merit. The performance of the employees is evaluated based on their competencies, targets, and realization. The two managers of the employee carry out these evaluations to ensure objectivity and are submitted to the employee’s approval. Managers conduct feedback interviews with the employees they evaluate.</p>	<p>Ethics Management</p> <p>Career and Performance Management</p> <p>To the Development of Employees Submitted Contribution</p>

Reporting and Self-Assessment Requirements	Comprehensive Summary of the Bank's Response	References/ Bank's Full Answer or Links to Related Information
<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>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. It is the responsibility of the Remuneration Committee and the Human Resources Unit authorized by the Committee to review and duly execute the remuneration policies. The remuneration policy of the Development and Investment Bank of Türkiye is based on the principles of “equal pay for equal work” and “remuneration according to performance.”</p> <p>Development and Investment Bank of Türkiye organizes training sessions to further develop its qualified workforce and to support the personal development of employees. Total training sessions have increased approximately 1.5 times since 2021, and as of the end of 2022, all employees have been provided with 12441 hours of training.</p> <p>In 2022, intensive online and classroom training sessions were organized. Mandatory training sessions are offered to all employees through the online training platform. In addition to these, to support continuous development, various online education platform memberships with high international recognition were obtained according to the needs and demands of the units.</p> <p>Leadership Development Programs are organized for managerial staff. Memberships of journals and databases specific to the units are carried out according to the needs. In addition, to support the employee development journey, graduate education discount agreements have been made with Türkiye’s leading universities for employees who want to pursue a master’s degree and doctorate, and these are announced to all employees, and support is provided to employees who wish to advance in their careers.</p>	<p>Ethics Management</p> <p>Career and Performance Management</p> <p>To the Development of Employees Submitted Contribution</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>5.3 Governance Structure for the Application of the Principles Demonstrate that 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 Türkiye adopts a comprehensive and participatory management approach and works with a focus on creating value for all its stakeholders.</p> <p>In 2022, the Sustainability Committee, which is established in 2021, develops the Bank's sustainability strategy and policies and works to integrate them into all activities.</p> <p>Using the Environmental Management System, the Bank manages the environmental impacts of its activities. After completing the transition to the Integrated Management System in 2022, the Bank adopted the environmental management policy as a responsibility for all Bank units, thereby enhancing its corporate awareness, monitoring, and auditing capabilities.</p> <p>The Bank establishes internal policies at the level of the Board of Directors in order to develop sound practices regarding the fundamental principles of corporate governance, including fairness, transparency, accountability, and security. The Bank's management of responsible banking principles is overseen by the Ethics Committee</p>	<p>Management Approach</p> <p>Sustainability Management</p> <p>Ethical Management</p>

The Bank meets the governance structure requirements for the implementation of the principles with its current governance structure and the actions it has taken to strengthen and improve this structure.

Principle 6: Transparency and Accountability

Periodically, we will evaluate how the principles are applied individually and collectively, and we will be transparent and accountable for our positive and negative impacts, as well as 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 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 A.Ş. The 2022 Integrated Report is the third Integrated Report published by the Bank. The 2022 Integrated Report has been prepared in accordance with the GRI Standards and is based on the International Integrated Reporting Framework supported by the Value Reporting Foundation.</p> <p>In 2022, the Bank's Sustainable Finance Framework was published. A Second Party Opinion (SPO) has been obtained for the framework in line with the ICMA Green Bond Principles, ICMA Social Bond Principles, LMA Green Credit Principles and LMA Social Credit Principles.</p> <p>By publishing the first Impact Report in line with Türkiye's Impact Principles in September 2022, it transparently shared the Bank's commitments and approach to managing and increasing its environmental and social impacts.</p> <p>The Bank voluntarily reports the annual performance of its greenhouse gas emissions to the CDP Climate Change Program. With the B (management) score it received in 2022 within the scope of the Carbon Disclosure Project (CDP), it has become one of the institutions with the highest score in the financial sector in our country.</p> <p>The report includes selected environmental performance indicators such as greenhouse gas emission intensity (tCO₂eq/average number of employees), electricity consumption (GJ), paper consumption (kg) and amount of waste sent for recycling (kg); The installed capacity of renewable energy projects financed (MW), financing provided to renewable energy (thousand TL) and financing for 2022, together with data on the number of employees, which are social performance indicators, the ratio of female employees (total, upper and middle level) and training time per employee. Includes data on annual tCO₂ emissions prevented by financed renewable energy projects. These data have undergone independent review.</p> <p>The report also demonstrates the Bank's commitment to the UNEP-FI Principles of Responsible Banking. As a member and participant of many international organizations, the Bank defends the principles of responsible banking. In this way, useful collaborations are realized in the follow-up and implementation of existing and developing good practices. determines its strategic objectives and priority issues by considering the United Nations Sustainable Development Goals.</p> <p>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 contributes directly or indirectly to 15 out of 17 SDGs , including the targets of ”.</p>	<p>About the Report</p> <p>Climate Change</p> <p>National and International Memberships</p> <p>Strategic Sustainability Approach</p>

The Development Investment Bank fulfills the requirements for progress in the implementation of the Principles of Responsible Banking.

Independent Assurance Report



(Convenience translation of an Integrated Report and independent assurance report originally issued in Turkish)

Independent Assurance Report

To the Management of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi
İstanbul, Türkiye

This independent assurance report is intended solely for the management of for the purpose of reporting on The Selected Sustainability Information ('Selected Information') for Türkiye Kalkınma ve Yatırım Bankası ('TKYB') in its TKYB 2022 Integrated Report ('the Integrated Report') that has been prepared by the TKYB for the one-year period from 1 January 2022 to 31 December 2022.

Subject Matter Information and Applicable Criteria

In line with the request of the TKYB, our responsibility is to provide limited assurance in accordance with the Selected Indicators listed below within the scope of Environmental Performance Indicators, Social Performance Indicators and Governance Performance Indicators, as set out on page 11 of the Integrated Report prepared in accordance with the Global Reporting Initiative Standards ('GRI Standards') and the Calculation Methodology for Portfolio Emissions on page 212.

The Scope of Our Assurance

The scope of our assurance is limited to the indicators listed in the Selected Information list shown below, which are reported as environmental, social and governance performance indicators on pages 51, 57, 58, 73, 95, 124, 155, 156, 157, 161, 166, 168, 173, 175, 177, 179, 181, 199, 210, 212, 213, 216, 217, 218, 219 and 220 of the 2022 Integrated Report.

Environmental Performance Indicators

- Electricity consumption (kWh)
- Natural gas consumption (m³)
- Stationary combustion - Diesel (Generator) (lt)
- Mobile combustion - Diesel (lt)
- Mobile combustion - Gasoline (lt)
- Electricity intensity (kWh/m²)
- Natural gas intensity (m³ / m²)
- Scope 1 emission amount (tCO₂e)
- Scope 2 emission amount (tCO₂e)
- Scope 3 emission amount (tCO₂e)
- GHG emission intensity (tCO₂e / average number of employees)
- Portfolio emissions (scope 3 emission) (tCO₂e)
- Water consumption (m³)
- Water intensity (m³/ average number of employees)
- Waste amount (kg)

Social Performance Indicators

- Number of employees
- Proportion of women employees (total, senior and mid-level)
- Training time per employee
- Number of total employees on maternity leave
- Number of women employees on maternity leave
- Number of men employees on maternity leave
- Proportion of employees returning to work after maternity leave
- Employee turnover rate (%)
- Newly hired female employment rate
- Number of occupational accidents
- Number of fatal accidents

Governance Performance Indicators

- Installed capacity of financed renewable energy projects covered by governance performance indicators in 2022 (MW)
- TKYB's share in Türkiye's renewable energy capacity (%)
- Ratio of SDG-linked loans to total portfolio (%)

- Climate and environment-related SDG-linked loan portfolio as a percentage of entire portfolio in 2022 (%)
- Number of projects with environmental and social risk assessments in 2022
- Ratings of projects with environmental and social risk assessments in 2022
- Sustainability governance
- Financing for renewable energy projects ratio
- Annual tonnes CO₂ emissions through the renewable energy projects financed in 2022
- Contributing to the planned additional employee employment with project finance loans for which a loan agreement has been signed in 2022

TKYB's Responsibilities

TKYB's management is responsible for the preparation, collection, and presentation of the Selected Information in accordance with the GRI Standards. In addition, TKYB's management is responsible for ensuring that the documentation provided to the practitioner is complete and accurate. TKYB's management is also responsible for maintaining the internal control system that reasonably ensures that the documentation and information described above are free from material misstatements, whether due to fraud or error.

Our Responsibilities

We conducted our assurance engagement in accordance with the International Assurance Engagement Standard (AES) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, and AES 3410, Assurance Engagements on Greenhouse Gas Statements which is a part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Türkiye (POA). These regulations require that we comply with the ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Selected Information.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence, and due care, confidentiality, and professional behavior.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

The procedures selected depend on the practitioner's judgment. The procedures include, in particular, inquiry of the personnel responsible for collecting and reporting on the Selected Information and additional procedures aimed at obtaining evidence about the Selected Information.

Procedures Applied

In respect of the Selected Information mentioned above the procedures performed include the following procedures:

- Interviewed select key senior personnel of the TKYB to understand the current processes in place for capturing the Selected Information pertaining to the reporting period;



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- Reviewed Selected Information via online interviews as well as reviewed and obtained evidence of systems used on a sample basis;
- Undertook substantive testing, on a sample basis, of the Selected Information;
- Used the TKYB's internal documentation to evaluate and measure the Selected Information;
- Evaluated the design and implementation of key processes and controls over the Selected Information;
- Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period.
- Evaluated the disclosure and presentation of the Selected Information in the Integrated Report.

Our Conclusion

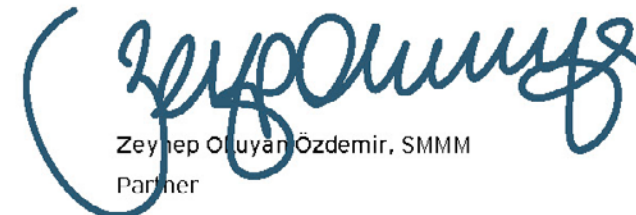
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended December 31, 2022, has not been prepared in all material respects, in accordance with the requirements of GRI Standards.

Limitations

We permit this report to be disclosed in the TKYB 2022 Integrated Report for the year ended 31 December 2022, to enable the management of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the TKYB for our work, for this independent limited assurance report, or for the conclusions we have reached.

Güney Bağimsiz Denetim ve Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi


A member firm of Ernst & Young Global Limited


Zeynep Oluyar Özdemir, SMMM
Partner

24 August 2023

İstanbul, Türkiye

GRI Content Index

Usage Notice	For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report. The service was performed on the English version of the report. Türkiye Kalkınma ve Yatırım Bankası A.Ş. has reported in accordance with the GRI Standards for the period January 1, 2022 - December 31, 2022.	
	Used GRI 1	

GRI Standard	Explanation	Chapter Title	Page Number
GRI 2: General Disclosures 2021	2 - 1 Organizational details	About the Report	10-11
	2 - 2 Organizations included in the organization's sustainability reporting	About the Report	10-11
	2 - 3 Reporting time, frequency and contact point	About the Report	10-11
	2 - 4 Restatement of information	About the Report	10-11
	2 - 5 External assurance	Independent Assurance Report	10, 234-235
	2 - 6 Operations, value chain and other business relationships	Development and Investment Bank at a Glance, Development Investment Bank Activities	18-23
	2 - 7 Employees	Social Performance Indicators	214
	2 - 8 Non-employed workers	Equality of Opportunity	162
	2 - 9 Governance structure and composition	Corporate Governance, Committees	78-79, 90-95
	2 - 10 Nomination and election of the highest governance body	Corporate Governance, Organization Chart	79, 88-89
	2 - 11 Head of the highest governing body	Management Approach	46
	2 - 12 Role of the highest governance body in overseeing the management of impacts	Organizational Structure	128
	2 - 13 Delegation of responsibility for managing impacts	Organizational Structure	128
	2 - 14 Role of the highest governance body in sustainability reporting	Organizational Structure	128
	2 - 15 Conflicts of interest	Ethics Management, Ethics and Human Rights	75, 165-166
	2 - 16 Communication of critical concerns	Ethics Management, Ethics and Human Rights	74-75
	2 - 17 Collective knowledge of the highest governance body	Ethics Management	76-77

GRI Standard	Explanation	Chapter Title	Page Number
GRI 2: General Disclosures 2021	2 - 18 Evaluating the performance of the highest governance body	Not disclosed for privacy reasons.	
	2 - 19 Pricing policies	Committees, Equality of Opportunity, Career and Performance Management	91, 162, 169-170
	2 - 20 Wage determination process	Committees, Equality of Opportunity, Career and Performance Management	91, 162, 169-170
	2 - 21 Total annual fee rate	Not disclosed for privacy reasons.	
	2 - 22 Sustainable development strategy statement	Chairman's Message, General Manager's Message	12-15
	2 - 23 Policy commitments	Corporate Governance	64-65
	2 - 24 Internalizing policy commitments	Corporate Governance	64-65
	2 - 25 Processes to eliminate adverse effects	Ethics Management, Ethics and Human Rights	74-75
	2 - 26 Mechanisms for obtaining advice and raising concerns	Ethics Management, Ethics and Human Rights	74-75
	2 - 27 Compliance with Laws and Regulations	Ethics Management	76
	2 - 28 Membership Partnerships	Memberships and Collaborations	219
	2 - 29 Approach to stakeholder engagement	Prioritization Analysis and Stakeholder Engagement	136-143
	2 - 30 Collective bargaining agreements	There is no employee under the collective bargaining agreement.	

GRI Content Index

Material Topics			
GRI Standard	Explanation	Chapter Title	Page Number
GRI 3: Material Topics 2021	3 - 1 Process of identifying Material Topics	Materiality Analysis and Stakeholder Engagement	136-139
	3 - 2 List of priority topics	Materiality Analysis and Stakeholder Engagement	138-139
Economic Performance (Sustainable Financing, Bank Portfolio and ESG Risk Management, Inclusive Growth and Financial Performance)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Financial Capital	146-150
GRI 201: Economic Performance 2016	201 - 1 Direct economic value created and distributed	Financial Performance of Development and Investment Bank (Financial Capital)	149-150
	201 - 2 Financial practices, risks and opportunities stemming from climate change	Natural Capital	174-177
Indirect Economic Impacts (Sustainable Financing, Investments Based on Social and Environmental Impact, Inclusive Growth and Financial Performance)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Financial Capital	150-154
GRI 203: Indirect Economic Impacts 2016	203 - 1 Supported infrastructure investments and services	Financial Capital	150-156
	203 - 2 Significant indirect economic impacts	Financial Capital	151-156
Anti-Corruption (Ethics, Human Rights and Anti-Corruption)			
GRI 3: Material Topics 2021	3 -3 Management of Material Topics	Ethics Management, Ethics and Human Rights	75-76, 165-167
GRI 205: Anti-Corruption 2016	205-2 Training and communication activities on anti-corruption policies and procedures	Ethics Management, Social Performance Indicators	76-77, 216

GRI Standard	Explanation	Chapter Title	Page Number
Energy (Climate Change and Environmental Impact)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Energy and Carbon Emission	180
GRI 302: Energy 2016	302- 1 Internal Energy Consumption	Natural Capital, Environmental Performance Indicators	179, 208
	302- 3 Energy Density	Natural Capital, Environmental Performance Indicators	179
	302 - 4 Reducing Energy Consumption	Energy and Carbon Emissions	180
	302 - 5 Reductions in energy requirements of products and services	Natural Capital	180
Water and Effluents (Climate Change and Environmental Impact)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Water Management	182
GRI 303: Water and Effluents 2018	303 - 1 Interactions with water as a common resource	Water Management	182
	303 - 2 Management of impacts related to water discharge	Water Management	182
	303 - 5 Water consumption	Environmental Performance Indicators	211
Emissions (Climate Change and Environmental Impact)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Energy and Carbon Emission	180
GRI 305: Emissions 2016	305 - 1 Direct (Scope 1) GHG emissions	Energy and Carbon Emissions, Environmental Performance Indicators	181, 209-210
	305 - 2 Indirect energy (Scope 2) greenhouse gas emissions	Energy and Carbon Emissions, Environmental Performance Indicators	181, 209-210
	305 - 3 Other indirect (Scope 3) GHG emissions	Energy and Carbon Emissions, Environmental Performance Indicators	181, 209-210
	305 - 4 Greenhouse gas emission intensity	Environmental Performance Indicators	210
	305 - 5 Reducing greenhouse gas emissions	Natural Capital - Energy and Carbon Emissions	180

GRI Content Index

GRI Standard	Explanation	Chapter Title	Page Number
Waste (Climate Change and Environmental Impact)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Waste Management	183
GRI 306: Waste 2020	306 - 1 Waste generation and significant impacts on waste	Waste Management	183
	306 - 2 Management of significant waste-related impacts	Waste Management	183
	306 - 3 Waste generated	Environmental Performance Indicators	211
	306 - 4 Wastes removed from disposal	Waste Management, Environmental Performance Indicators	183, 211
	306 - 5 Wastes directed to disposal process	Waste Management, Environmental Performance Indicators	183, 211
Supplier Environmental Assessment (Climate Change and Environmental Impact)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Global Trends, Risks and Opportunities, Social Capital	109, 206-207
GRI 308: Supplier Environmental Assessment 2016	308 - 2 Negative environmental impacts and actions taken in the supply chain	Global Trends, Risks and Opportunities, Social Capital	109, 206-207
Employment (Employee Development, Health and Well-being)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Equality of Opportunity	162-163
GRI 401: Employment 2016	401 - 1 Recruitment and employee turnover	Social Performance Indicators	216-218
	401 - 3 Parental leave	Social Performance Indicators	215

GRI Standard	Explanation	Chapter Title	Page Number
Occupational health and safety (Employee Development, Health and Well-being)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Safe and Healthy Work Environment	168-169
GRI 403: Occupational Health and Safety 2018	403 - 1 Occupational health and safety management system	Safe and Healthy Work Environment	168-169
	403 - 2 Hazard identification, risk assessment and incident investigation	Risk Management	169
	403 - 3 Occupational health services	Safe and Healthy Work Environment	168-169
	403 - 4 Worker participation, consultation and communication on occupational health and safety	Safe and Healthy Work Environment	168-169
	403 - 5 Worker training on occupational health and safety	Safe and Healthy Work Environment, Social Performance Indicators	168-169, 216
	403 - 6 Promoting worker health	Safe and Healthy Work Environment	168-169
	403 - 8 Workers covered by the occupational health and safety management system	Safe and Healthy Work Environment	168-169
	403 - 9 Work-related injuries	Social Performance Indicators	218
	403 - 10 Work-related diseases	Social Performance Indicators	218
Training and Education (Employee Development, Health and Well-being, Competent Human Capital)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Career and Performance Management	169-171
GRI 404: Training and Education 2016	404 - 1 Average training hours per employee per year	Social Performance Indicators	216
	404 - 2 Programs to improve employee skills and transition assistance programs	Career and Performance Management	170-171
Diversity and equal opportunity (Ethics, Human Rights and Anti-Corruption)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Equality of Opportunity	162
GRI 405: Diversity and Equal Opportunity 2016	405 - 1 Diversity of management bodies and employees	Social Performance Indicators	214

GRI Content Index

GRI Standard	Explanation	Chapter Title	Page Number
Non-Discrimination (Ethics, Human Rights and Anti-Corruption)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	TKYB Equal Opportunity Policy	164
GRI 406: Non-Discrimination 2016	406 -1 Cases of discrimination and corrective measures taken	Ethics Management, TKYB Equal Opportunity Policy	75, 164
Child Labor (Ethics, Human Rights and Anti-Corruption, Corporate Governance and Transparency)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Ethics Management, Social Capital	75, 207
GRI 408: Child Labor 2016	408 - 1 Operations and suppliers with significant risk of child labor	Ethics Management, Social Capital	75, 207
Forced or Compulsory (Ethics, Human Rights and Anti-Corruption, Corporate Governance and Transparency)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Ethics Management, Social Capital	75, 207
GRI 409: Forced or Compulsory Labor 2016	409 - 1 Operations and suppliers with significant risk of forced and compulsory labor	Ethics Management, Social Capital	75, 207
Local communities (Investments with Social and Environmental Impact)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Social Capital	200-202
GRI 413: Local Communities 2016	413 - 1 Operations involving local community engagement, impact assessments and development programs	Financial Capital, Social Capital	154-156, 200-203

GRI Standard	Explanation	Chapter Title	Page Number
Supplier Social Assessment (Ethics, Human Rights and Anti-Corruption)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Social Capital	206-207
GRI 414: Supplier Social Assessment 2016	414 - 2 Negative social impacts and actions taken in the supply chain	Social Capital	206-207
Customer Privacy (Customer Satisfaction and Consulting, Cyber Security and Data Privacy)			
GRI 3: Material Topics 2021	3 - 3 Management of Material Topics	Management Approach, Information Security and Digital Transformation	48, 186-188
GRI 418: Customer Privacy 2016	418 - 1 Major complaints about breach of customer privacy and loss of customer data	Ethics Management	74-75
Digital Transformation and Innovation			
GRI 3: Material Topics 2021	3 - 3 Management of material topics	Information Security and Digital Transformation	186-191
Stakeholder Capitalism and Collaborations			
GRI 3: Material Topics 2021	3 - 3 Management of material topics	Materiality Analysis and Stakeholder Engagement	137-143

UNGC Progress Report

UNGC Progress Report		
Area	Principles	Relevant Report Section - Subsection
Human Rights	Principle 1: Businesses should support and respect the protection of internationally pro-claimed human rights.	Our Value Creation Model - Human Capital Our Value Creation Model - Social Capital
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	
Labour	Principle 3: Businesses should uphold the free- dom of association and the effective recognition of the right to collective bargaining.	Corporate Governance - Management Approach Our Value Creation Model - Social Capital Social Performance Indicators
	Principle 4: Businesses should uphold the elim- ination of all forms of forced and compulsory labour.	
	Principle 5: Businesses should uphold the ef- fective abolition of child labour.	
	Principle 6: Businesses should uphold the elim- ination of discrimination in respect of employ- ment and occupation.	
Environment	Principle 7: Businesses should support a pre- cautionary approach to environmental challeng- es.	Our Value Creation Model - Natural Capital
	Principle 8: Business should undertake initia- tives to promote greater environmental respon- sibility.	
	Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance - Management Approach Social Performance Indicators



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