

İŞBANK
SUSTAINABLE
FINANCE
ALLOCATION AND
IMPACT REPORT

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1. INTRODUCTION

1.1 İşbank's Profile

Türkiye İş Bankası A.Ş. (**İşbank**, the **Bank**) has been a firm supporter of the development of the Turkish economy by producing permanent value for all stakeholders since its foundation in 1924. Its robust capitalization coupled with the Bank's focus on profitable, healthy and sustainable growth make the most important elements that support İşbank's activities.

İşbank leads the banking industry in Türkiye with the products and services offered in corporate, commercial, Small and Medium Enterprise (SME), retail and private banking segments. Standing for trust, respectability and prestige in the eyes of the society, İşbank serves a broad customer base with its extensive branch and ATM network as well as with its constantly growing digital service channels.

1.2 Sustainability at İşbank

İşbank, established with its main mission defined as “contributing to the development and construction of Türkiye”, has acted with social responsibility since the date of its foundation and assumed pioneering roles and major duties in every phase of the Turkish economy.

In line with its founding philosophy, İşbank produces permanent value for its stakeholders not just in the short term but also in the medium and long term, building on its deep-rooted and powerful business model, namely “İşbank Banking”. İşbank Banking focuses on “producing sharable and sustainable value”. İşbank's value creation approach allows the sustainability priorities to be integrated into all decision-making processes and positions sustainability as one of the focal points of the corporate strategy.

Sustainability has been placed among the strategic priorities, and it has been integrated into core business by embedding ESG considerations into risk management processes, product & service development and long-term strategies at İşbank. İşbank's Sustainability Management System, established in 2015, provides a structured framework for addressing the Bank's approach to sustainability, including environmental, social, and governance (ESG) matters. Through this system, the Bank undertakes a wide range of activities such as the assessment and management of environmental and social impacts. It also ensures a holistic approach to mitigating the effects of lending activities and to continuously enhancing human capital through targeted training programs. İşbank's Board of Directors holds the highest management authority in sustainability management. There is a dedicated Board level “Sustainability Committee” who drives and executes the sustainability strategy. The Sustainability Committee, which is overseen by the Chairperson of the Board and represents all business units, is formed to develop the Bank's sustainability strategy and policies and submit them to the Board of Directors for approval, to establish sustainability targets and action plans and ensure coordination within the Bank for their implementation, to ensure that sustainability issues are incorporated into the Bank's strategic business plans, to track the progress of the metrics and targets, and to perform other similar tasks. The Committee is the highest authority in charge of the Bank's sustainability activities.

İşbank recognizes that the transition to a low-carbon, climate-resilient and inclusive economy requires the mobilization of substantial financial resources. Accordingly, sustainable finance constitutes an integral part of the Bank's sustainability strategy. İşbank seeks to direct capital towards investments and activities that generate positive environmental and social outcomes, while supporting its clients in adapting their business models and investment plans to the evolving sustainability landscape.

In line with this approach, İşbank has progressively strengthened its sustainable finance ambition. In 2023, the Bank initially committed to providing TL 300 billion in sustainable finance by the end of 2026, alongside TL 100 billion in financing for women entrepreneurs over the same period. Building on the progress made towards these commitments, in 2025, İşbank further increased its ambition by raising its sustainable finance commitment to TL 650 billion by the end of 2028, encompassing financing aimed at supporting environmental and social objectives. In parallel, the Bank increased its financing commitment for women entrepreneurs to TL 250 billion by the end of 2028, reinforcing its continued focus on inclusive economic development and equal access to finance.

Climate change and the transition to a low-carbon economy represent a key component of İşbank's sustainability strategy. In 2022, İşbank adopted a decarbonization approach aimed at supporting the transition of its financing portfolio towards a low-carbon economy, in line with international climate goals and science-based decarbonization pathways. Following the initial targets announced for the power generation, cement and iron and steel sectors, İşbank expanded its target-setting efforts to aluminum, real estate, road freight transport, oil and gas, and agriculture. For agriculture, reflecting the characteristics of Türkiye's agricultural production and the Bank's portfolio, product-specific emission reduction pathways were developed for wheat, maize and rice.

The Partnership for Carbon Accounting Financials (PCAF) methodology is used as a key reference for the measurement of financed emissions. Building on its sectoral emission baselines and interim targets, İşbank published its Climate Transition Plan in 2025, setting out sector-specific pathways and actions to support the decarbonization of its carbon-intensive lending portfolios. The Plan provides a structured approach to translating the Bank's climate commitments into implementation, including the identification of key decarbonization levers, engagement with clients and the development of financing solutions that can support their transition. Reinforcing its commitment to phase out coal financing, İşbank also published its Coal Exit Policy in 2025, setting out its approach to fully phase out the financing of coal and coal-related activities by 2040.

İşbank's approach recognizes that the decarbonization of the real economy requires close cooperation with clients, particularly in carbon-intensive and hard-to-abate sectors. The Bank therefore seeks not only to finance activities that are already environmentally sustainable, but also to support investments that enable companies to improve their environmental performance, increase resource and energy efficiency, adopt lower-carbon technologies and strengthen their resilience to climate-related risks. Sustainable finance is therefore viewed as an important instrument for supporting Türkiye's broader green transition while contributing to the achievement of the Bank's climate objectives.

With this understanding, sector specific decarbonization strategies for each high-emitting sector in İşbank's portfolio are developed. The key steps in the approach to developing the Bank's transition plan are:

- Baselineing sector specific carbon emissions
- Identifying key levers for effective client engagement
- Conducting impact modelling and feasibility assessments
- Target setting
- Developing detailed sector specific action plans

İşbank discloses its climate-related efforts through Carbon Disclosure Project Climate Change Program

since 2019. In 2024, CDP adopted a new, multi-dimensional environmental disclosure approach by consolidating its existing questionnaires into a single, unified corporate questionnaire framework. Through reporting under this integrated structure, İşbank assesses all environmental impacts across direct operations, value chains, and financial decision-making processes within a holistic management perspective. Also, İşbank's integrated annual report uses the capital classification of capital items suggested by the International Integrated Reporting Council (IIRC) and is prepared in accordance with the "GRI Standards: Comprehensive option". While creating the report content, GRI Standards Financial Services Sector Supplement and the Provisional Standard for Commercial Banks released by the Sustainability Accounting Standards Board (SASB) are also used. İşbank is also one of the pioneering institutions in financing renewable energy projects in Türkiye. All of the new project financing provided by the Bank for electricity generation investments after 2015 has been allocated to renewable energy projects.

Considering the social and economic impacts of lending activities, İşbank supports sustainable practices of its customers. All new investment projects financed by İşbank with an investment amount of more than USD 10 million are evaluated for management of environmental and social risks and impacts of the projects. Projects within this scope are subject to environmental and social risk assessment and a risk score is assigned as a result of this assessment. If the risk of the project is found to be high, an environmental and social action plan is being prepared in cooperation with the customer for the elimination, limitation or removal of the detected impacts and the follow-up of these actions is provided under the supervision of independent consultants, when necessary. In addition to the existing sustainability assessment process applicable to projects with an investment amount exceeding USD 10 million, İşbank has expanded the scope of its sustainability assessment process to cover commercial loans with a lending amount above USD 3 million and a maturity of 36 months or longer. The assessment addresses key environmental and social considerations. The ESG measures included in the assessment system are General Questions, Assessment and Management of Environmental and Social Risks and Impact, Labor and Working Conditions, Resource Efficiency and Pollution Prevention, Community Health, Safety, and Security, Land Acquisition and Involuntary Resettlement, Biodiversity Conservation and Cultural Heritage and finally Carbon Management.

Social inclusion and equal access to economic opportunities also constitute important components of İşbank's sustainability approach. The Bank supports gender equality both within its organization and through its financing activities and became a signatory to the United Nations Women's Empowerment Principles (WEPs) in 2020. İşbank is also a member of the global initiative known as 30% Club, which works to raise the number of women in executive leadership roles on company boards all across the world. The Bank's Gender Equality Policy was formed in 2021 by resolution of the Board of Directors. With the Board's approval, the Board of Directors Diversity Policy went into force in 2022. İşbank also joined The Bloomberg Gender Equality Index (GEI) in 2022 and transparently reported its efforts on gender equality internationally.

In this context, İşbank continues to provide financial and non-financial solutions to support women entrepreneurs and their participation in economic activity. In addition to its financing commitment for women entrepreneurs, the Bank aims to reach 15,000 women entrepreneurs over the five-year period starting from 2023 through financial literacy programs under the Women Empowering the Future initiative.

İşbank also aims to accelerate both the digital and green transformation of SMEs, the backbone of the economy, with the "Twin Transformation Journey of 100 SMEs" project, which was implemented in cooperation with the MEXT Technology Center. The Bank will provide assistance to selected SMEs in the digitalization of the administrative processes of their production lines, determination of energy efficiency investment needs and provision of financing support at the most affordable costs where necessary.

1.3 Screening of Portfolio with Regards to Climate Risks

Qualitative and quantitative methods are used together in measuring and evaluating İşbank's climate risks. Climate risks are monitored periodically at the portfolio level and reported to the Risk Committee and the Board of Directors within the framework of the responsibilities and principles defined in the Climate Risk Policy of İşbank. For this purpose, İşbank's customer portfolio is divided by sectors and the impact of climate change on each sector and, if necessary, sub-sectors is evaluated separately.

For these purposes, Risk Management Division defines the İşbank's climate risk appetite and defines, monitors, reports and reviews climate risk metrics and key risk indicators, included in the risk appetite framework. Moreover, the Division designs, monitors and updates climate risk heat map and scenario analysis. The new loans that are considered under the mid-high- and high-risk categories in the heat-map are subject to climate risk questionnaire in cases where the investment amount is more than USD 1 million.

1.4 İşbank's Contribution to the SDGs

The banking industry is in a significant position and has important resources to offer both direct and indirect solutions to the global and regional problems such as climate change. İşbank relates the outputs from its value creation process with the United Nations Sustainable Development Goals (UN SDGs) that it has contributed to, and manifests its support to global goals with its vision of creating shared and sustainable value. The Bank contributes to the UN SDGs with a responsible financing approach and considers its support to these goals as an important component of its value creation process. İşbank actively supports the goals by playing a leading role in providing the required financing within the scope of 17 goals.

The use of proceeds categories in our Sustainable Finance Framework are designed to respond to 13 out of the 17 SDGs and İşbank aims to guide investments to achieve development goals on a best effort basis.

2. İŞBANK'S GREEN AND SUSTAINABILITY FINANCE INSTRUMENTS

İşbank uses its Sustainable Finance Framework (the **Framework**) to issue Sustainability Finance Instruments, as defined below, in order to finance or refinance loans (including cash and non-cash loans) and investments that have positive environmental and/or social impacts (such instruments hereinafter referred to as **Instruments** or individually an **Instrument**). The Framework allows İşbank to issue the types of Instruments below:

- **Green Finance Instruments:** Bonds, loans, deposits, repo transactions or other similar instruments to finance and/or refinance eligible projects listed under Green Categories in the Framework;
- **Social Finance Instruments:** Bonds, loans, deposits, repo transactions or other similar instruments to finance and/or refinance eligible projects listed under Social Categories in the Framework;
- **Sustainability Finance Instruments:** Bonds, loans, deposits, repo transactions or other similar instruments to finance and/or refinance a mix of eligible projects listed under both Green and Social Categories in the Framework.

In addition to the all the Green and Sustainability Finance Instruments issued by İşbank during the relevant reporting period, the unallocated ones in the previous report are also included in the lists below.

2.1. Green Finance Instruments

ISIN	Instrument Type	Issuance Date	Maturity Date	Currency	Issuance Amount	Allocation
XS3277822584 / US90016BAK44	Blue Bond	22.01.2026	05.02.2031	USD	50.000.000	100%
Total				USD	50.000.000	
<i>Allocated Amount</i>				<i>USD</i>	<i>50.000.000</i>	
<i>Unallocated Amount</i>				<i>USD</i>	<i>0</i>	
Allocation Ratio of Sustainability Finance Instruments				100%		

2.2. Sustainability Finance Instruments

ISIN	Instrument Type	Issuance Date	Maturity Date	Currency	Issuance Amount	Allocation
-	Sustainable Loan	25.11.2025	09.12.2026	USD	800.500.000	100%
-	Sustainable Loan	25.11.2025	09.12.2026	EUR	331.100.000	100%
-	Sustainable Loan	11.06.2026	21.06.2027	USD	658.800.000	100%
-	Sustainable Loan	11.06.2026	21.06.2027	EUR	520.310.000	100%
XS3163517199	Sustainable Bond	22.08.2025	28.08.2028	USD	75.000.000	100%
XS3267138728	Sustainable Bond	06.01.2026	06.01.2028	GBP	21.000.000	100%
XS3430542541	Sustainable Bond	30.06.2026	15.06.2032	EUR	20.000.000	0%
XS3455087836	Sustainable Bond	28.07.2026	12.10.2027	USD	50.000.000	100%
XS3468095669	Sustainable Bond	11.08.2026	16.08.2027	EUR	50.000.000	100%
Total				USD	2.681.205.236	
<i>Allocated Amount</i>				<i>USD</i>	<i>2.658.013.236</i>	
<i>Unallocated Amount</i>				<i>USD</i>	<i>23.192.000</i>	
Allocation Ratio of Sustainability Finance Instruments				99%		

3. ALLOCATION AND IMPACT OF THE PROCEEDS

3.1 Allocation

i Green Portfolio

Green Loan Category	Number of Loans	Total Loan Amount (USD) ¹
Renewable Energy	9	99.005.069
Clean Transportation	4539	102.268.472
Terrestrial and Aquatic Biodiversity Conservation	53	73.490.007
Total Loan Amount	4601	274.763.548

ii Social Portfolio

Social Loan Category	Sub-category	Total Loan Amount (USD) ²
Employment Generation Including Through the Potential Effect of SME ³ Financing	SMEs in underdeveloped regions ⁴	2.276.399.721
	SMEs owned by women entrepreneurs ⁵	174.007.083
	SMEs owned by youths ⁶	141.833.876
	Total	2.592.240.680

3.2 Impact

i Green Portfolio

Green Loan Category	Sub-category	Installed Capacity (MW)	Annual energy generation (MWh)	Estimated annual CO2 emission avoided (tCO2e)
Renewable Energy				
	Solar	361	-	-
	Wind	820	2.415.478	261.875
Total		1181	2.415.478	261.875

Green Loan Category	Sub-category	Number of vehicles
Clean transportation	Electric passenger vehicles	4539

¹ The figure also represents the signed amount.

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² The figure also represents the signed amount.

³ "SME" definition used in this report is the one published in the Official Gazette dated 7 August 2025 (Issue No. 32979), a company that has: (a) fewer than 250 employees; and (b) turnover of TL 1,000,000,000 or less, or assets of TL 1,000,000,000 or less, as defined by the Official Gazette's regulation on small and medium-sized enterprises.

⁴ Target population is SMEs in provinces in Türkiye except İstanbul, İzmir and Ankara.

⁵ Target population is SMEs where more than 50% of the shares belong to women (in case the women ownership is below 50%, women to assume at least one of the managerial roles at the company and has at least 20% female ownership) or where the overall operational management responsibility is held by a woman.

⁶ Target population is SMEs owned by those under 35 years old.

Green Loan Category	Sub-category	Certificate Standard	Number of Certificates
Terrestrial and Aquatic Biodiversity Conservation	Sustainable tourism activities provided by companies which have the specific sustainable related certificates	GSTC	26

ii Social Portfolio

Social Loan Category	Sub-category	Number of Loans	Number of Beneficiaries
Employment Generation Including Through the Potential Effect of SME Financing	SMEs in underdeveloped regions	73.945	58.459
	SMEs owned by women entrepreneurs	4.503	3.446
	SMEs owned by youths	3.839	3.026
	Total	82.287	64.931

4. METHODOLOGY

GREEN

A working group has been formed (**Sustainable Finance Working Group**) in order to establish the Framework, select the eligible loans and investments and approve the Sustainable Loan Portfolio to be financed or refinanced with the proceeds of the Instruments.

The Sustainable Finance Working Group consists of the representatives from İşbank's Corporate Loans Underwriting, Corporate and Commercial Banking Marketing, SME Banking Marketing, Investor Relations and Sustainability, Project Finance and Financial Institutions Divisions.

The underwriting and marketing divisions screen the loan portfolio on the basis of the eligibility criteria and identify the eligible loans. The eligible loans are then evaluated by the Sustainable Finance Working Group and the most qualified projects are selected to be included in the Sustainable Loan Portfolio.

İşbank does not provide financing to a number of activities which are outlined in its Exclusion List, which can be found on its website. Accordingly, the net proceeds of the Instruments are not allocated to the areas specified in the Exclusion List. In addition, İşbank excludes any activity or technology associated with the extraction, production, refining, transmission and distribution of fossil fuel through the proceeds of the Instruments financed under the framework.

İşbank intends to allocate an amount equal or greater than the net proceeds from the Instruments to a portfolio of loans (including cash and non-cash loans) and investments that meet the use of proceeds eligibility criteria and in accordance with the evaluation and selection process presented above, the **Sustainable Loan Portfolio**.

Pending the allocation or reallocation, as the case may be, of the net proceeds of the Instruments to eligible loans, İşbank invests the balance of the net proceeds in cash and/or cash equivalent and/or other liquid marketable instruments.

In order to present the environmental impact of its green bond portfolio, İşbank has opted to report the 'Estimated annual CO2 emission avoided (tCO2e)' in aggregate as the KPI for renewable energy loans. The renewable energy produced is assumed to displace grid-based electricity and therefore reported as annual energy savings amount. The impact of renewable energy portfolio, which is 'avoided CO2 emissions (tCO2e/year)' is calculated by multiplying the estimated annual renewable energy generation (MWh/year) with the corresponding Türkiye-specific grid emission factor⁷ and the share of İşbank's loan in the investment as a percentage.

Clean transportation portfolio consists of loans for electric passenger vehicles and the number vehicles are reported under this category. By facilitating access to electric vehicles, the financing supports the reduction of transport-related tailpipe emissions and contributes to the decarbonisation of the transportation sector.

For sustainable tourism portfolio; number and category of environmental certificates are reported.

SOCIAL

SMEs play an important role in supporting economic activity, employment and inclusive economic development in Türkiye. Access to adequate and affordable financing can enable SMEs to maintain and expand their business activities, invest in productive capacity and working capital, and support the creation or preservation of employment.

The quantitative indicators reported by İşbank therefore focus on the scale and reach of the financing, including the amount of financing provided, number of loans provided and the number of eligible SME beneficiaries. Whereas the qualitative impact description below, represents the potential social contribution and expected outcomes associated with access to finance rather than a measurement of actual socioeconomic changes resulting from the financed portfolio.

The financing provided to eligible SMEs is expected to contribute to improved access to finance for the identified groups, namely women-owned SMEs, youth SMEs and SMEs operating in underdeveloped regions.

For women-owned SMEs, access to financing may support the development and continuity of women-owned businesses and contribute to greater participation of women entrepreneurs in economic activity.

For youth SMEs, access to financing may support young entrepreneurs in establishing, maintaining or expanding their businesses and may consequently contribute to employment and economic participation among younger entrepreneurs.

For SMEs operating in underdeveloped regions, access to financing may support business activity and investment in regions with comparatively lower levels of economic development, thereby potentially contributing to local employment and broader regional economic activity.

5. EXTERNAL REVIEW

ISS-Corporate was appointed to provide an independent external review of this Allocation and Impact Report. The Report Review is available at <https://www.isbank.com.tr/en/about-us/sustainability-frameworks-and-reports>.

⁷ The factor used in calculation is the most recently published National Electricity Emission Factor 2023 for wind and solar projects; 0,6242 tCO2/MWh. ([Sebeke EF Bilgi Formu 2023.pdf](#))