İşbank’s 2019 Integrated Report is the second integrated report published by the Bank. This report, which presents İşbank’s sustainability performance for the period between January 1st, 2019 and December 31st, 2019 with an integrated perspective, covers the activities of İşbank in Turkey. Bank’s subsidiaries and overseas operations are excluded from the scope of reporting.

İşbank works with the vision of becoming “The Bank of The Future”. The purpose of the Bank’s 2019 Integrated Report is to provide up-to-date information about İşbank’s efforts conducted with its approach that focuses on creating sustainable and shareable value by addressing financial and non-financial capital elements together. İşbank gears up for its second century. The main content of İşbank’s 2019 Integrated Report consists of the value it creates for all its stakeholders, the risks and opportunities encountered in the process of creating value, and the integration of the Bank’s sustainability priorities into its business processes.

The report uses the capital classification of capital items suggested by the International Integrated Reporting Council (IIRC). The 2019 Integrated Report has been prepared in accordance with the GRI Standards: Comprehensive option (Please refer to GRI Standards Content Index, p. 104). 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) were also used.

The main indicators described in the report were subject to the independent external audit. (Please refer to Independent Assurance Report, p. 100). This report also includes the communication on progress report required by the United Nations Global Compact (UNGC) of which İşbank is a signatory. (Please refer to UN Global Compact Communication on Progress, p. 95). Besides, the report includes the Bank’s contribution to the United Nations Sustainable Development Goals. (Please refer to Contribution Made to Sustainable Development Goals, p. 30, 31).
Chairperson’s Message

Heading towards celebrating its 100th anniversary in 2024, İşbank has been operating as the symbol of trust and stability in all segments of the society with all the values it has created from its foundation to present.

This structure features a specific quality which is very rare not only in Turkey but also around the globe.

Originating from İşbank culture, which we inherited from our founding ancestors and have diligently carried to present, and called “İşbank Banking” by us, our model of creating value focuses on delivering sustainable and shareable value for all of our stakeholders. We do not measure our success with financial criteria solely, but we endeavour to sustain our operations as a fair employer as we always have been, a business partner trustable by individuals and institutions, and an organization where transparency, solidarity, and ethical and disciplined work are awarded and which, at the same time, is sensitive to the environment and the society.

As İşbank, we use our knowledge and experience rooted in our long-established corporate past to address the needs of all social segments with innovative products and services. Besides the loans we provide in numerous areas from financing renewable energy to increasing women employment and energy efficiency, as driven by our concept of responsible banking, we create multidimensional positive impact for economy with environmental and social risk management we implement in new investment projects. Additionally, we display sensitivity as required to minimize the environmental footprint we leave while carrying out our operations.

We continue, without slowing down, our investments in digitalization, which we regard as one of the most important conditions of carrying İşbank to the future strongly and stably, and maintain our pioneer position in the technology- and innovation-driven transformation of the banking industry. Likewise, we are among the major setters of economic models with our contributions to the entrepreneurship ecosystem, starting to occupy a wider area in today’s economies along with such transformation.

We are well aware of the importance of our human resource, which has been raised with İşbank culture and is our most precious capital element and we strive to maintain employee satisfaction at the highest level. As of the end of 2019, the rate of our female employees and female managers are %55 and %45, respectively at İşbank, which has exhibited an egalitarian approach towards female employees beyond the age since its foundation.

Driven by our founding philosophy, we continue to contribute to our society in a multidimensional fashion with widespread, long-lasting and sustainable projects. In addition to our efforts ongoing for years in this respect, we launched another major project in 2019 which thrilled us extremely, by bringing İşbank Economic Independence Museum reflecting the economic development of Turkey and the deep-rooted history of our Bank in our country.

Just as it has always done since foundation, İşbank will keep on contributing to the economic and social development of our country in 2020 as well with its operations carried out with regard to its environmental and social impact.

I would like to extend, in the name of our Board of Directors, my gratitude to all of our stakeholders, primarily my colleagues, who carried our Bank to our day successfully.

Füsun Tümsavaş
Chairperson
Message from the Chief Executive Officer

We, as the “Bank of Turkey,” both contribute to the national economy and social development in line with our founding philosophy and adapt the change and transformation to our business processes with a holistic viewpoint.

2019 was a year when we reviewed our priority issues in the field of sustainability in terms of risks and opportunities and we analyzed the global trends that had an influence on our operations. With our products and services intended for all segments of the society and all sizes of businesses, we continued delivering multidimensional and sustainable value for all our stakeholders as a trustworthy business partner.

Despite the global economic agenda and geopolitical developments, we made our resources available for use by the national economy to enable them to make the most efficient contribution possible in 2019 as well. We preserved our position as the leader private bank of Turkey in terms of total assets, shareholders’ equity, total loans and total deposits. Our total assets topped TL 468.1 billion with an increase by 12.4% in 2019 compared to the previous year, and we provided the economy with a total fund amounting to TL 363.4 billion as cash and noncash loans. We continued our uninterrupted financing of the households, sectors and industries creating employment and added value.

As a financial institution, we are aware of the importance of our role in transitioning to the low carbon economy. As part of this, we raise our financial support for renewable energy projects and diversify our products in this area every passing year. As of the end of 2019, renewable energy projects accounted for 67.3% of the total energy generation projects portfolio of our Bank. In addition, we launched a commercial loan product called “Solar Loan by İşbank” intended for unlicensed solar energy plants to be installed on the roofs of industrial facilities for self-consumption. Likewise, we will continue, in the forthcoming period, concentrating on lending operations targeting renewable energy investments which are positively differentiating from equivalents with respect to environmental and social impact.

We are consolidating our leadership role in technology and innovation.

In a digital age where customer requests are determinative, each and every institution is inevitably forced to integrate the technological change into their way of doing business. While carrying out our projects that will consolidate our leading position in technology and innovation, we conduct our operations which take customer satisfaction to a higher level, with a mindset which is more respectful to human beings, egalitarian and reliable in this ecosystem of our employees, customers and all stakeholders.

We go on with our technology and innovation efforts which shape the future with a global vision through our innovation centers, the last of which was launched in the Turkish Republic of Northern Cyprus in 2019 after the ones in Silicon Valley and Shanghai. We see that the investments we have made and the innovations we have offered as part of our Digital Transformation Initiative are welcomed by our customers. Our number of mobile banking customers exceeded 7.8 million as of the end of 2019. In the same...
We preserved our position as the leader private bank of Turkey in terms of total assets, shareholders’ equity, total loans and total deposits.

period, the total number of our digital banking customers, number of ATM customers and number of our customers using the internet branch reached 8.1 million, 9.8 million and 2.5 million respectively. The proportion of transactions carried out from non-branch channels to total transactions went above 93%. The personal assistant Maxi, one of the most important output of artificial intelligence developments at our bank, performed over 22 million dialogues with 4.9 million customers as of the end of 2019. İşCep, the first mobile banking application of Turkey, increased its total number of functions to 316, with 44 new functions added in 2019.

We maintained our contributions to the entrepreneurship ecosystem in 2019 as well in order to both create more added value for our country and offer the best for our customers. We continue our activities in this area in an inclusive manner by touching all segments of the ecosystem, in addition to Workup Entrepreneurship Program, one of the key elements of our support. We believe that large institutions such as İşbank should be enriched with the dynamism of today’s entrepreneurs and that entrepreneurs might avail themselves of the experience of large institutions. Within this framework, the number of entrepreneurs graduated from Workup Entrepreneurship Program, which we launched in 2017 to enable technology-driven ventures to develop their business ideas and grow their business, totaled 49 in 2019. Maxis Innovative Venture Capital Investment Fund, helping innovative business ideas being implemented and committed a transfer of funds up to TL 100 million by our Bank, started to support ventures in 2019. Furthermore, we continue our contributions to the world of entrepreneurship in a wide range of areas, including our cooperation with Arya Women Investment Platform, launched to subsidize women and young entrepreneurs, our coalition with Turkish Entrepreneurship Foundation formed to encourage young investors, and our support for entrepreneurs in the agricultural industry.

As of the end of 2019, 25 agile teams, formed by our employees competent in various lines of business, are carrying out activities in Agile Atelier which we define as the organizational counterpart of our digital transformation efforts and which is a business model targeting quick decision making with teams making customer needs their center of attention. In agile spaces where we carried out business in an extremely dynamic way and delivered results with end-to-end completion commitment for a task taken on, we achieved an increase by 75% in the rate of doing business in selected subjects and 18% in employee satisfaction.

The most significant asset carrying İşbank to our day and preparing it for tomorrow is its qualified human resource. While adapting technological change to our business processes, we do not position technology in place of our people but beside our people and we are attentive to improving our people’s competencies.

Assuming significant responsibilities throughout the economic history of our country and witnessing all periods of transformation and change, İşbank is heading for its 100th anniversary with an inclusive and participative approach and with its vision of becoming the bank of the future creating sustainable value. This institution, which will continue to allocate its resources to the primary needs of the national economy and do business with a mindset respectful of, and sensitive to, the society, human beings and the environment, reinforces its leadership in technology and innovation even more through its investments realized with a visionary standpoint.

I would like to express my appreciation to all of our stakeholders, primarily my colleagues, for their efforts towards, and support in our success, who are carrying İşbank to the future without departing from our principle of “Intelligence, diligence, integrity; technical and methodical work” as set by Gazi Mustafa Kemal Atatürk, the founder of our country and our Bank.

Yours sincerely,

Adnan Bali
Chief Executive Officer
About İşbank

Having celebrated its 95th year in 2019, İşbank is the largest private bank in Turkey with its total asset size of TL 468.1 billion as of the end of the year. With its 1,249 domestic branches, İşbank has the largest branch network among the private banks, and with its 6,506 Bankamatik ATMs in total, it has the largest ATM network in the industry. With its 22 overseas branches in total, the Bank provides services in 15 branches in the Turkish Republic of Northern Cyprus, two each in the UK, Iraq and Kosovo, and one in Bahrain.

As of the end of 2019, with its 24,053 employees, İşbank provides services to 19.5 million customers. With its products and services provided in corporate, commercial, SME, personal and private banking, the Bank drives the banking industry in Turkey. İşbank also continues to make a difference in the next generation digital banking practices by continuing its investments on technology incessantly.

İşbank Group is an integrated group with its subsidiaries operating in many fields for the production of commodities and services domestically and internationally. As of the end of 2019, İşbank has direct partnership in 24 companies. The number of companies controlled directly or indirectly by Bank is 111.

With its wide shareholder base, the number of İşbank shareholders, which consist of institutional and individual investors, is nearly 160 thousand. İşbank Member’s Supplementary Pension Fund, and institution that has the membership of nearly 50 thousand employees and retirees, holds 39.10% of the Bank’s capital.

Our Vision, Values, Strategic Goals and Strategy

Our Vision
Becoming the bank of the future, creating sustainable value with an inclusive and participatory approach

Our Values
Innovation, solidarity, common sense, reliability, sincerity, transparency guided by the principles of «Intelligence, diligence, integrity; technical and methodical work» in reference to İşbank’s founding philosophy.

Our Strategic Goals
• Commitment to our country
• Strong and sustainable financial performance
• Effective risk management
• Flawless customer experience
• Value creating technology and innovation leadership
• Happy and productive human resources
• Ethical and responsible banking, that is compassionate towards people, society and environment

Our Strategy
Managing our balance sheet to ensure sustainable and value added growth while using our internal and external resources in accordance with the priorities of the country’s economy and preparing our enterprise for the future by continuously improving our business model in synergy with our group companies and all our business partners in the period of technological transformation.
“İşbank Banking” lies in the foundation of İşbank’s sustainability approach. İşbank Banking is a business model that focuses on “sharable and sustainable value creation” by handling financial and nonfinancial capital elements of the Bank together. İşbank targets to create value for all of its stakeholders with this strong business model, both in the short and the long run. Called “İşbank Banking” and enabling integration of the Bank’s sustainability priorities into all decision making processes, this value creation model represents the sustainability concept of the Bank and the integration of sustainability into business processes.

İşbank creates value through a mix of opportunities offered by its robust financial structure, competent human resources, strong relations with its stakeholders, corporate knowledge, brand value identified with trust and reputation, widespread physical and digital service network, and responsible products and services. İşbank also matches the output of its value creation process with the UN Sustainable Development Goals to which the Bank contributes with its activities. Thus, the Bank integrates its concept of producing sharable and sustainable value with global goals.

İşbank creates value with

- its financial capital based on its strong financial structure.
- its human capital shaped by its competent and experienced employees,
- its natural capital covering its concept of resource management and environmentally-friendly products and services,
- its social and relationship capital allowing it to add value to the society and its stakeholders,
- its manufactured capital composed of its physical infrastructure enriching its service quality,
- and its intellectual capital enabling it to develop innovative products and services as nourished from its digital transformation capacity as well as its body of knowledge built upon its long-established history.

Among the most prestigious institutions of Turkey, İşbank formulates all of its strategic decisions and business processes with a long-reaching perspective. The Bank calls its powerful and productive business model “İşbank Banking”, which focuses on producing sharable and sustainable value.
Highlights of 2019

Financial Performance and Profitability

- **2019 compared to 2018:**
  - 12.4% Increase in total assets
  - 18.4% Increase in shareholders’ equity
  - 4.7% Increase in total loans
  - 20.7% Growth in total deposits

- **19.5** millions of customers
- **12.5%** Increase in the number of digital banking customers

Flawless Customer Experience

- **1**st rank among private banks in personal net promoter score
- **1**st rank among private banks in commercial net promoter score

Responsible Operations

- **98%** Rate of local suppliers
- **40.4** million pages Total paper savings thanks to the digitilized processes

Management Approach

- Auditing of **268** branches, business units and affiliated companies by the Board of Inspectors

Responsible Banking

- **USD 222** million Financing provided to renewable energy investments
- **USD 395** million Financing provided for projects subjected to environmental and social risk evaluation

- **45,629** Number of women entrepreneurs supported
- **4,410** Number of disabled-friendly Bankamatik ATMs

Happy and Productive Employees

- **55%** Rate of female employees
- **1.86%** Employee turnover rate
- **99%** Unionization rate
- **25.7** Average number of training hours per employee per year

Positive Value for Society

- **21 thousand** Students provided with financial literacy training
- **14 million** Number of books given away as part of “One Million Books, One Million Children” campaign

- **~750** Total number of students supported, including 54 graduates of 2019, within the scope of the 81 Students from 81 Cities Project

- **67.3%** Share of renewable energy projects in total energy generation projects portfolio
Sustainability Management

İşbank Sustainability Management System is an integrated management system evaluating all of the Bank’s operations in terms of sustainability impacts. The system allows for the integrated management of multiple aspects from lending operations to employee development practices and from purchasing decisions to the Bank’s environmental footprint. İşbank’s Sustainability Policy and other supplementary policies create a basis for the operation of the Sustainability Management System.

Operating under the Board of Directors, the Corporate Governance Committee is the highest management body responsible for sustainability-related activities at İşbank. Head of Investor Relations Division acts as the Sustainability Coordinator to ensure coordination of activities among executive bodies. Involving different units, the Sustainability Working Group maintain execution of sustainability activities and information flow.

Sustainability Priorities

İşbank keeps track of a large number of economic, social and environmental developments as mandated by industry requirements and its corporate size. The Bank groups all of these developments as topics which are directly related to its operations, priority issues for its stakeholders, and which the Bank may have an influence on. The prioritization matrix of İşbank provides this grouping. The Bank conducts regular risk and opportunity analyses for global trends affecting the banking industry and the world.

İşbank sustainability priorities were established with a materiality analysis conducted in 2017 and have been annually reviewed since. The materiality study of 2017 was carried out with a large sample selected in accordance with the AA1000 Stakeholder Engagement Standard in such a way that it reflected opinions of İşbank employees and external stakeholder expectations. In 2019, material issues were revised. As a result of the evaluation made paying regard to global trends, corporate engagements, business strategies, industry analyses and industry expectations, combating with climate change was added as one of the sustainability priorities of İşbank.

In 2019, İşbank identified its “Focal Points” in the field of sustainability based on its priority issues. 21 topics contained in the materiality matrix of the Bank were grouped under the headers of “Management Approach,” “Financial Performance and Profitability,” “Flawless Customer Experience,” “Responsible Banking,” “Happy and Productive Employees,” “Responsible Operations,” and “Positive Value for the Society.”

In 2019, the Bank conducted a “Sustainability Risk and Opportunity Assessment Study” for Sustainability Focal Points as well. In this research, all sustainability priorities of İşbank were assessed with a survey completed by 165 Bank executives in terms of risk and opportunity potential. (The results of the risk and opportunity analysis are available on p. 26, 27). The results of the survey were also reviewed specifically with respect to Retail Banking, Corporate Banking, Commercial Banking and Private Banking. In the study, the contribution of İşbank business units to the Bank’s value creation process was also assessed specifically with respect to the “Focal Points.” (The results of this study is available on p. 17).

These references used when setting priorities

- Business strategies
  - Corporate values
  - Global trends
  - Stakeholder expectations
  - Industry requirements
  - Examples of best practices
  - Corporate engagements
  - UNI Sustainable Development

Detailed explanations about the materiality analysis are available on pages 26 through 29 of the Sustainability Report of İşbank for 2017.
Value Creation Model – İşbank Banking

### Capital
- Financial Capital
- Human Capital
- Natural Capital
- Intellectual Capital
- Social and Relationship Capital
- Manufactured Capital

### Global Trends
- Happy and productive employees
- Financial performance
- Effective risk management

### External Factors
- Happy and productive employees
- Financial performance
- Effective risk management

### Stakeholder Priorities
- Manufacturing
- Employees
- Profitability
- Natural Capital

### İŞBANK’s Vision and Strategy
- Flawless customer experience
- Permanent undertaking to Turkey
- Solid financial performance
- Effective risk management

### Performance and Profitability
- Positive Value for Society
- Responsible Banking
- Happy and Productive Employees
- Flawless Customer Experience

### Operations Fields
- Retail Banking
- Private Banking
- Corporate Banking
- Commercial Banking

### Outputs
- Return on average tangible equity: 12.1%
- Total loans & non-cash: 308.6 billion TL
- Capital adequacy ratio: 17.9%

### Created Value
- For investors and shareholders:
  - Stable financial performance
  - Inclusive investment with ethical, transparent and responsible banking approach
- For customers:
  - Financial support with responsible products and services
  - Access to financial services for all segments of society with inclusive products
  - Lifelong support with personalized products and services
- For employees:
  - Reliable and reliable employment
  - Equal opportunities in HR management
  - Decent, modern, healthy work environment
  - Professional and personal development opportunities
- Created Value for society:
  - Contribution to social welfare with taxes paid
  - Contribution to the country’s economy
  - Products, services and activities that contribute to combating climate change
  - Support for education and culture with long-term social investments

### Sustainability at İŞBANK
- Sustainable Impact
- Financial Performance and Profitability
- Responsible Banking
- Happy and Productive Employees
- Flawless Customer Experience

### Sustainability Focal Points
- **Financial Performance and Profitability**
  - Stable financial performance is the foundation of İŞBANK’s value creation process.
  - The Bank uses its financial capital for creating products and services with added value, developing its human resource, and rendering social benefits.
- **Contributed SDGs**
  - Long-term planning getting harder due to uncertainties caused by global economic fluctuations
  - Shortcomings in meeting the expectations of the investor base
  - Potential penalties and sanctions that may be imposed due to changed regulations and incompliances

### Material Issues
- **Financial Performance and Profitability**
- **Capital Adequacy Ratio**

### Targets
- **In 2020**
  - Capital adequacy ratio: >15%
  - Credit growth: 13.5–14.5%
  - Return on average tangible equity: 17.9%
  - Women ratio in management: 55%
Management Approach

In the foundation of İşbank Banking concept lies the importance the Bank attaches to ethical banking. The Bank acts with regulatory compliance and responsibility brought by the Ethical Principles, in all of its operations and stakeholder relations. The Bank’s effective risk management concept is designed to manage financial and nonfinancial risks in a proactive manner. The aim of the Bank is to create sustainable value for all stakeholders.

Contributed SDGs

Material issue | Business Ethics • Risk Management • Regulatory Compliance • Stakeholder Dialogue • Transparency and Reporting
---|---
Relevant capital element | Intellectual Capital • Social and Relationship Capital

Risks

- Penalty sanctions which might be imposed due to regulatory non-compliance
- Losses which might be incurred due to non-financial risks
- Operational disruptions and difficulties in accessing new ideas as a result of inadequate stakeholder dialogue
- Losses which might be incurred due to non-compliance with principles of business ethics
- Risks of impaired reliability in the eye of stakeholders and of exclusion from related engagements due to failure to meet reporting and information sharing requirements

Opportunities

- Potential to maintain existing customer satisfaction and reach new customers through ethical banking concept
- Increasing investors’ attention with high reputation and brand value
- Creating competitive advantage through effective inclusion of environmental, social and governance (ESG) factors in risk management
- Creating added value taking stakeholder expectations into consideration in products and services development through effective stakeholder communication
- Contributing to reputation management and achieving competitive advantage in different performance areas through transparent information sharing

Key Performance Indicators

- 7,577: Number of employees participating in Anti-Bribery and Anti-Corruption trainings
- In 2020: Developing cooperation with national and international initiatives
- Maintaining corporate reporting activities in line with current developments in global standards
- Increasing the number of trainings provided to raise risk management awareness of employees

Targets

- 6,506: Number of Bankomat ATMs
- 8.1 million: Number of digital banking customers
- 7.8 million: Number of mobile banking customers
- 84.6%: Share of digital channels in non-cash financial transactions
- 19.5 million: Number of customers
- 1st: Rank among private banks in net promoter score
- 1st: Rank private banks in commercial net promoter score
- 81.2%: Customer satisfaction score

Sustainability at İşbank

Sustainability Focal Points

Happy and Productive Employees
Financial Flawless Customer Experience
Positive Value for Society
Responsible Banking
Sustainable Operations
Approach at İşbank

İşbank targets to become a bank which is available on a 24/7 basis and delivers flawless customer experience with its digital banking operations growing every year. İşbank pays the same amount of attention to ensuring data security as it pays to digitalization efforts.

Contributed SDGs

Material issue | Digital banking • Customer focus • Data Security
---|---
Relevant capital element | Intellectual Capital • Social and Relationship Capital

Risks

- Data security risks growing with digitalization
- Managing workforce requirement diminishing as a result of digitalization efforts
- Potential customer losses due to misunderstood customer needs
- Failure to keep pace with accelerated economic and technological changes due to huge corporate structure
- Falling outside of the developments such as platform business models and sharing economy, which are the major components of the new economy

Opportunities

- Ability to offer personal and products to customers through digital products and services, and 24/7 availability
- Opportunity to establish more effective communications with customers with digitalized procedures
- Increasing customer satisfaction by developing products and services shaped by customer expectations and needs through regular customer communications
- Becoming a preferred institution in the eye of stakeholders through data security investments
- Strengthening business strategies through partnerships in the field of FinTech
- Opportunity to make quick decisions and act upon them through agile business models

Key Performance Indicators

- In 2020: Maintaining leadership in Personal Net Promoter Score rating
- Maintaining leadership in Commercial Net Promoter Score rating

Targets

- In 2020: Increasing the share of digital channels in total sales
- Maintaining leadership in Personal Net Promoter Score rating
- Maintaining leadership in Commercial Net Promoter Score rating
Sustainability at İşbank

Sustainability Focal Points

Responsible Banking
İşbank supports the green economy paying regard to the environmental, social and economic effects of projects in its lending operations and by financing renewable energy projects. Adapting it as its principle to offer reliable, transparent and comprehensible banking services consistently, İşbank works to increase financial inclusion with services which are accessible for anyone, anytime, through both its widespread physical service network and digital service channels.

Contributed SDGs

Material issue Integrating ESG Criteria \ Responsibly Product and Service Portfolio \ Responsible Marketing \ Financial Inclusion

Opportunities

- Contribution to the green economy and combat with climate change through effective ESG risk management
- Increasing the Bank’s penetration with products developed for disadvantaged groups
- Developing products and services addressing all segments of the society through customer-oriented banking approach
- Increasing customer satisfaction by informing customers on products and services accurately and in a timely manner

Risks

- Shortage of existing financial solutions as a result of the change in the way of doing business and risk perception in the industry due to global warming
- Damage to the industry’s reputation by complicated and non-transparent financial transactions and processes
- Inequalities arising from inaccessibility of financial resources for all industries and segments

Key Performance Indicators

262 MW
Total installed power of renewable energy projects financed by İşbank in 2019

67.3%
Share of renewable energy projects in total energy generation projects portfolio

>90%
Number of events to be carried out to support SMEs

13
Number of financial projects subjected to environmental and social risk evaluation

4,410
Number of disabled-friendly Bankamatik ATMs

34
Number of events aiming to support women entrepreneurs

2.55 million
Number of yearly İŞTE SİDE website average reaching; ‘İddinin Sen De Din Thabisid’

>80%
Increasing the ratio of disabled-friendy Bankamatik ATMs to over

In 2020

İşbank 2019 Integrated Report
Sustainability at İşbank

Management Approach

Happy and Productive Employees

Flawless Customer Experience

Responsible Operations

Financial Performance and Profitability

Responsible Banking

Positive Value for Society

İşbank strives to minimize the adverse effects of its operations and diffuse its concept of business ethics throughout the supply chain as well. To this end, the Bank implements a number of projects to reduce its environmental impact, and works to integrate its sustainability approach also into its procurement operations.

İşbank, one of the leading banks in Turkey, has played an important role in the economic history of the country since its establishment. İşbank contributes to social welfare with long lasting social responsibility projects along with the services and financial support it provides.

### Sustainability Focal Points

#### Responsible Operations

- **Contributed SDGs**
  - Natural Capital
  - Social and Relationship Capital

#### Positive Value for the Society

- **Contributed SDGs**
  - Social and Relationship Capital

### Key Performance Indicators

- **Rate of local suppliers**
  - 98%
- **CO₂e Emission**
  - 102,297 tons
- **Paper consumption**
  - 679 tons
- **Water consumption**
  - 365 thousand m³
- **Emission**
  - 345 thousand m³

### Targets

- **Rate of local suppliers**
  - 98%
- **CO₂e Emission**
  - 130
- **Paper consumption**
  - 130
- **Water consumption**
  - 130

### Risks and Opportunities

- **Loss of reputation due to unfavorable developments related to the companies in the supply chain**
- **Potential operational risks due to disruptions in the supply chain**
- **Increasing operational expenses due to rising energy costs**

- **Lowered operational expenses with energy efficiency, reduced water consumption and paperless banking applications**

- **Developing cooperation that will deliver efficiency with effective supply chain management**

### Key Performance Indicators in 2020

- **Number of people taking part in financial literacy training**
  - 116 thousand

### Supporting SDGs

- **One Million Books, One Million Children campaign**

### Social Investments • Financial Literacy

- **Social Investments**
  - Financial Literacy training provided for over 2 thousand students.
  - Gifting students e-books as part of One Million Books, One Million Children campaign.
### Global Trends, Risks and Opportunities

<table>
<thead>
<tr>
<th>Subject</th>
<th>Trend</th>
<th>Risks and Opportunities</th>
<th>İşbank’s Response</th>
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<tbody>
<tr>
<td>Change and Transformation in the Market</td>
<td></td>
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<tr>
<td>The markets are undergoing a transformation process due to economic and political developments. In parallel with the global developments, Turkish markets also had a dynamic year.</td>
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<td>The fluctuations in domestic and overseas markets may pose a risk for financial services providers in the short and medium term, which may put pressure on the operational income, profits and market shares.</td>
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<tr>
<td>While İşbank continues to grow with the support of its strong financial capital, it attaches importance to maintaining and improving its financial structure. Bank closely tracks the factors that may pose a risk on its financial capital. İşbank’s balance sheet is managed with a dynamic and proactive strategy that prioritizes healthy growth by focusing on strong liquidity and high quality assets, along with credit and investment portfolios. A flexible balance sheet composition has been created by taking into account factors such as efficient management of foreign exchange and liquidity positions, expansion of the deposit base, which is the main funding item, and monitoring of stable and diversified funding policies.</td>
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<td>The geopolitical risks arising from political instability in Turkey’s near geography, the demographic mobility and the accompanying security concerns lead to uncertainty in the operation environment.</td>
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<td>It is observed that the risks related to political and geopolitical balances also cause uncertainty in the financial environment, adversely affect the investment appetite, and change the spending trends of households. Increased mobility and communication on a global scale brings social changes in many countries. A new demand market is created for this change. In line with the expectation of social equality, there is a demand for equal and unimpeded access to basic services such as education, healthcare, social security and basic infrastructures such as drinking water, road and energy. This creates a new market and business opportunity for financial institutions that finance infrastructure and infrastructure projects for services.</td>
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<tr>
<td>With public-private collaboration models, different projects have been developed in the healthcare, transportation and education industries in the recent years. For the purpose of supporting the social development and meeting the expectations, İşbank adopts the objective of actively participating in sustainable development-oriented investments for social welfare, and accordingly, it closely follows the developments in this field.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>The impact of production processes and business activities on the environment throughout the world is moving towards an irreversible point in many respects. The current consumption prosperity of humanity is increasing much faster than the time needed when it can reproduce or recover the resources.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The combination of current business models points out the fact that companies will face resource problems in the middle and long term. This situation poses a significant risk for the banks and other financial institutions that provide funding for companies and projects. The environmental and social impacts of the financial projects can lead to financial risks. Various risks may arise from the stopping/showing down of the activities of financed customers due to environmental or social issues, stopping of sales, loss of turnover, increase in asset size, and decrease of a company due to illegal compliance. The occurrence of these risks may also affect the loan repayments to be made to the financing banks. In the upcoming period, countries and international organizations are expected to create new and more comprehensive environmental legislations. This situation may cause compliance risks for customers. Climate change and environmental dynamics also create new opportunities for the financial industry. The number of investments in this field increases with the importance of environmentally friendly practices, green economy, transformation economy and clean energy.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digitalization</td>
<td>Innovation</td>
<td>Risks and Opportunities</td>
<td>İşbank’s Response</td>
</tr>
<tr>
<td>Digitalization is a phenomenon with a rapidly increasing impact at every stage of life, from the daily life to business processes. Digitalization changes consumer expectations as well. In the banking industry, the expectation increases day by day in digital products or in internet banking, mobile applications and commercial banking.</td>
<td>Innovation is an increasingly important topic throughout the world regardless of the industries. Many innovations such as digital technologies, sharing economy and platform business models significantly change traditional business models.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The impacts and effects of the climate change must be considered in the risk management.</td>
<td>The banking and finance industry is directly affected by the increase in innovation, due to the fact that it provides financial support to different fields of the economy, and due to the changes in the business conduct as a result of the developments in financial technology. Rapidly developing demand conditions and changing needs of the society may cause the competition conditions in the financial services industry to become challenging.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The markets are moving towards a digital transformation. The generation, also called Generation Y, which was born into the digital world, has different expectations in terms of working life and consumption preferences. Researches indicate that the young generations’ propensity to work for a long time at the same workplace decreased. This brings the risk of talent loss for the enterprises. This generation, which is apt to digital technologies, prefers fast and personalized products also as customers.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Turkey’s financial center is located in the earthquake zone of Marmara Region which also includes Istanbul. The evaluations made by the experts reveal that an earthquake, which will occur in the middle term, all may significantly affect the region.</td>
<td>Natural disasters bring important business risks for many industries. The problems which may arise in the supply chain, the production coming to a halt and outages in banking operations are important risks posed by this issue.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The markets are moving towards a digital transformation. The generation, also called Generation Y, which was born into the digital world, has different expectations in terms of working life and consumption preferences. Researches indicate that the young generations’ propensity to work for a long time at the same workplace decreased. This brings the risk of talent loss for the enterprises. This generation, which is apt to digital technologies, prefers fast and personalized products also as customers.</td>
<td></td>
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</tr>
</tbody>
</table>

İşbank’s open innovation approach, the innovation centers in the United States, China and Turkey, practices such as Agile Workshop and Work-Up, are the initiatives that Turunize the innovation approach.

İşbank continues its emergency preparations with its advanced information technology infrastructure and its emergency preparations that is kept up to date with regular drills. As part of our strategy for information technology data center, it will be ensured that an exact equivalent of our hall at our Atlas data center in Istanbul will be created in Ankara; all data will be transferred to this new hall; and thus, our Bank will be protected against all physical risks our Atlas data center, specifically the Istanbul earthquake.

With its approach for internal promotion, İşbank offers to its employees an opportunity to advance in their careers, thereby guaranteeing long-term employment. The Agile Workshop application continues to be an employer preferred by the young generation with the development opportunities it offers in fields such as artificial intelligence, data analytics and innovation. Young customers’ interest in the Bank is kept alive with its digital transformation, anything it has provided as a first in this field in the industry, its personalized service approach and active use of social media.
Business Lines and Value Creation Process

Corporate Banking
With its corporate banking services, İşbank provides customer-specific services and financial solutions to domestic corporate companies and large multinational companies.

Products and services

Highlights in 2019
- In 2019, a total of USD 2.1 billion in financing was provided to projects subject to environmental and social risk assessments in the corporate banking area.
- Thanks to digitalization efforts and technology-accelerated process improvements, more effective solutions were developed for the financial needs and expectations of our corporate customers and customer satisfaction and productivity were increased.

Awards Received
- In 2019, EMEA Finance (Stand and Loans) and Global Project Finance and Infrastructure, one of the outstanding international finance publications, granted 23 awards in various categories to the project financing transactions carried out by İşbank in the corporate banking field.

Commercial Banking
In accordance with its mission of establishment, İşbank stands by the industrialization, trade, SMEs, craftsmen and farmers. Operating at every point of trade, İşbank offers tailored products and services throughout Turkey with its extensive branch network.

Products and services

Highlights in 2019
- İşbank maintained its leadership among private banks in installment commercial loans with a market share of 5.14%. Its portfolio size reached TL 66.5 billion as of the end of 2019. For its efforts in the Green Finance and ESG (Environmental, Social, and Governance) Services field, İşbank was awarded 28 awards.
- İşbank, which is the main solution partner of corporate customers, provides customer-specific services and financial solutions to domestic corporate companies and large multinational companies.
- Thanks to digitalization efforts and technology-accelerated process improvements, more effective solutions were developed for the financial needs and expectations of our corporate customers and customer satisfaction and productivity were increased.

Awards Received
- %44.4 market share as of the end of 2019.
- %10.5 market share as of the end of 2019.
- 28 awards were presented in 2019.

Private Banking
With its Private Banking activities, İşbank offers personalized investment products based on the needs and risk preferences of its customers in its specialized branches, which are positioned as investment centers, especially thanks to collaborations with financial affiliates.

Products and services
- Asset Management, Privia Credit Card, Privia Mutual Fund, Privia Personal Loans, Privia Pension Plan, Financial Status Report, Privia Line

Highlight in 2019
- Customer assets managed by the Private Banking reached TL 20.7 billion with an increase of 14%.
- The customer assets managed in collaboration with Bosphorus Networks increased by 8% compared to the previous year and reached TL 1.4 billion.
- İşbank Private Banking hosted its customers in arts and sports events in line with their tastes and preferences during 2019.

Retail Banking
İşbank’s activities in Retail Banking are shaped through the objective of "being the financial solution partner that its customers prefer the most in every phase of their lives" and are carried out with the digital transformation strategy which is summarized as being the "company of customers." 

Products and services
- Consumer Loan, House Loan, Installment Loan, Maximum Mobil. I Want To Become, Customer Referral Term Account Products, Digital Account, Pepper, Desk Turkish Catastrophe Insurance Pool, Motor Voter Taxi Payment, Invoice Payments, Life and Non-Life Insurance

Highlight in 2019
- More than 63% of total transactions are made with Maximum Mobil. The number of digital customers reached 8.1 million with an increase of 13% compared to the previous year.
- İşbank was also ranked first in the rankings of retail and corporate net promoter score among the banks referenced in 2019. Artificial Intelligence based product sales model was expanded all over Turkey in 2019. A Maximum Mobil payment transaction volume increased by 122%, Attracting special importance to co-brands, İşbank maintained its leadership in this field with a 37.3% market share at the end of 2019.

Awards Received
- İşbank Retail Banking Business Unit was granted 24 awards domestically and internationally in 2019. Please refer to Awards Received, p.105.

For the economy of the country:
- For its retail banking activities, İşbank aims to become the bank most preferred by the savers and users for the development of savings awareness across the country.
- For the society:
  - With its informational activities, the Retail Banking Business Unit works to ensure that all individuals make the right financial decisions at all phases of life.
  - Increasing the financial literacy and creating savings awareness are among the priorities of the Retail Banking Business Unit.
Sustainability at İşbank

**Contribution to Sustainable Development Goals**

The Sustainable Development Goals, which were announced in 2015, have been a call for governments, companies and non-governmental organizations to collaborate and take action in the fields critical for the common future. 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 encountered today. It is important to take Sustainable Development Goals as a guide when using the transformative power of the financial industry in the economy.

İşbank supports the United Nations Sustainable Development Goals. The Bank considers its contribution to these goals as an important component of the value creation process. İşbank provides indirect support to the goals by playing a leading role in providing the required financing to solve the problems pointed out by 17 development goals determined. İşbank directly contributes to 6 goals in its predominant domain as they stand out in line with its activities. These goals, the corresponding priority issues, the relevant capital element and the featured practices are listed below.

**Sustainable Development Goal 1:** No Poverty

**Material issue**

Corporate contribution through financial and non-financial support to vulnerable groups.

**Relevant capital**

Natural Capital

**Sustainable Development Goal 2:** Zero Hunger

**Material issue**

Corporate contribution through financial and non-financial support to vulnerable groups.

**Relevant capital**

Natural Capital

**Sustainable Development Goal 3:** Good Health and Well-being

**Material issue**

Corporate contribution through financial and non-financial support to vulnerable groups.

**Relevant capital**

Natural Capital

**Sustainable Development Goal 4:** Quality Education

İşbank believes in the importance of prevalent and qualified education for sustainable development. Therefore, Bank makes investments in the development of its own employees (Please refer to Talent Management, p. 69-72) and contributes to the education quality of the country with its programs within the scope of long-term social responsibility projects implemented (Please refer to Positive Value For Society, p. 80-81).

**Material issue**

Employee rights and satisfaction, Talent management, Financial inclusion

**Relevant capital**

Financial Capital, Human Capital, Intellectual Capital, Social and Relationship Capital

**Sustainable Development Goal 5:** Gender Equality

**Material issue**

Corporate contribution through financial and non-financial support to vulnerable groups.

**Relevant capital**

Natural Capital

**Sustainable Development Goal 6:** Clean Water and Sanitation

**Material issue**

Corporate contribution through financial and non-financial support to vulnerable groups.

**Relevant capital**

Natural Capital

**Sustainable Development Goal 7:** Affordable and Clean Energy

Increased world population brings the need for inexpensive and clean energy. İşbank supports the transition to the low carbon economy and finances the renewable energy investments (Please refer to Responsible Banking, p. 52-63).

**Material issue**

Responsible products and services portfolio, Responsible finance integrating environmental, social and governance (ESG) criteria

**Relevant capital**

Financial Capital, Social and Relationship Capital, Natural Capital

**Sustainable Development Goal 8:** Decent Work and Economic Growth

The prosperity created by the global economy is not shared proportionally around the world. Inequalities increase in regions where growth is slower, and job opportunities do not increase at the same rate as the growing workforce. İşbank believes that the banking and financial industry plays an important role in supporting inclusive business models and ensuring that economic prosperity is shared by all segments. In addition to its widespread branch network and digital banking applications (Please refer to Digital Transformation, p. 44), the Bank supports access to financial services and contributes to social welfare through its products and services (Please refer to Financial Inclusion, p. 61, 62) developed for disadvantaged customer groups. The Bank reflects its intellectual knowledge on different stakeholders by opening its neutral and comprehensive economic reports prepared to unlimited access in digital environment. The Bank also makes value with its fair and decent working environment that it offers to its employees (Please refer to Employee Rights and Satisfaction, p. 64, 67).

**Material issue**

Financial performance and profitability, Employee rights and satisfaction, Business ethics, Risk management, Responsible finance integrating environmental, social and governance (ESG) criteria, Responsible products and services portfolio, Digital transformation, Financial inclusion, Transparency and reporting, Talent management

**Relevant capital**

Financial Capital, Social and Relationship Capital, Natural Capital

**Sustainable Development Goal 9:** Industry, Innovation and Infrastructure

Infrastructure investments, innovation and digitalization emerge as an important means to resolve global economic inequalities. İşbank supports the transition to the new economy with the importance it attaches to digital banking (Please refer to Responsible Banking, p. 52-63), and innovation activities conducted within its organization (Please refer to Innovation and Entrepreneurship, p. 48, 49).

**Material issue**

Responsible finance integrating environmental, social and governance (ESG) criteria, Digital transformation, Financial inclusion, Financial performance and profitability, Responsible products and services portfolio, Customer orientation

**Relevant capital**

Financial Capital, Manufactured Capital, Intellectual Capital

**Sustainable Development Goal 10:** Reduced Inequalities

İşbank is against all types of discrimination. The Bank is working for the aim of creating sustainable value for all its stakeholders by providing a fair working environment (Please refer to Equal Opportunity and Equality, p. 68, 69), increasing the access of disadvantaged groups to financial services (Please refer to Financial Inclusion, p. 61, 62) and supporting the long-term social responsibility programs (Please refer to Positive Value For Society, p. 80, 87).

**Material issue**

Employee rights and satisfaction, Digital transformation, Financial inclusion, Responsible products and services portfolio, Equal opportunity and diversity, Talent management, Social investment programs

**Relevant capital**

Financial Capital, Intellectual Capital

**Sustainable Development Goal 11:** Sustainable Cities and Communities

İşbank provides indirect support to the goals by playing a leading role in providing the required financing to solve the problems pointed out by 17 development goals determined. İşbank directly contributes to 6 goals in its predominant domain as they stand out in line with its activities. These goals, the corresponding priority issues, the relevant capital element and the featured practices are listed below.

**Sustainable Development Goal 12:** Responsible Consumption and Production

**Material issue**

Corporate contribution through financial and non-financial support to vulnerable groups.

**Relevant capital**

Natural Capital

**Sustainable Development Goal 13:** Climate Action

Global warming severely affects human life, and the effects of climate change in many industries change the way of doing business. İşbank, which supports the transition to the low carbon economy, takes the environmental impacts into consideration when offering its products and services. The environmental and social impacts of the projects financed are evaluated rigorously. It is ensured that the measures are taken to minimize/eliminate the risks arising from the projects (Please refer to Environmental and Social Risk Management in Lending, p. 55, 56). The Bank also contributes to the combat against climate change by reducing its environmental footprint (Please refer to Environmental Impact, p. 77, 78).

**Material issue**

Combating with Climate Change, Responsible finance integrating environmental, social and governance (ESG) criteria, Responsible products and services portfolio, environmental/footprint of the Bank

**Relevant capital**

Financial Capital, Social and Relationship Capital, Natural Capital

**Sustainable Development Goal 15:** Life on Land

**Material issue**

Corporate contribution through financial and non-financial support to vulnerable groups.

**Relevant capital**

Natural Capital

**Sustainable Development Goal 16:** Peace and Justice, Strong Institutions

**Material issue**

Corporate contribution through financial and non-financial support to vulnerable groups.

**Relevant capital**

Natural Capital

**Sustainable Development Goal 17:** Partnerships for the Goals

**Material issue**

Corporate contribution through financial and non-financial support to vulnerable groups.

**Relevant capital**

Natural Capital

**İşbank 2019 Integrated Report**

[30]
Financial Performance and Profitability

Steady financial performance is the basis of İşbank’s value creation process. İşbank utilizes its financial capital to create value steadily for its investors, to develop and provide value-added products and services, to enhance its human resource and to provide social benefits.

<table>
<thead>
<tr>
<th>Material Issue</th>
<th>Contributed SDGs</th>
<th>Relevant capital element</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance and Profitability</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase in total assets</th>
<th>Increase in total loans</th>
<th>Increase in shareholders’ equity</th>
<th>Growth in total deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.4%</td>
<td>4.7%</td>
<td>18.4%</td>
<td>20.7%</td>
</tr>
</tbody>
</table>

İşbank nourishes its financial capital with:
- Wide-spread and stable customer and shareholder bases
- Robust equity structure
- Sustainable profitability facilitating internal capital generation
- Wide-spread deposit base and capability to access alternative funds
Wide-spread and Stable Customer and Shareholder Bases

One of the most important institutional characteristics of İşbank is its wide-spread shareholder base comprising of individual and institutional investors approaching 160 thousand. 39.10% of İşbank’s capital belongs to the İşbank Members’ Supplementary Pension Fund whose members are İşbank employees and retirees, with a number around 50 thousand, as of the end of 2019. As of the end of 2019, İşbank serves 19.5 million customers, and uses its financial capital to contribute to the sustainable development through its diversified loan portfolio.

Robust Equity Structure

İşbank is the leader among private banks in Turkey, with an equity size of TL 58.9 billion as of the end of 2019. The Bank’s robust equity structure increases sustainable growth and competitive capacity of the institution.

### Sustainable Profitability

In 2019, İşbank maintained its leadership as a leader among private banks with its total assets and with loan, deposit and equity size. Total assets of İşbank reached TL 448.1 billion, with a growth of 12.4% compared to the previous year.

The Bank’s total loans rose to TL 270.4 billion as of the end of 2019, with an increase of 4.7% in comparison to the previous year. The Non-Performing Loan (NPL) ratio remained at 6.5%, below the private banks’ average at the end of 2019. Deposit size of the Bank reached TL 295.9 billion with an increase of 20.7% when compared to the end of the previous year.

Being on the top in terms of total deposits, Turkish Lira (TL) deposits and foreign currency (FC) deposits among private banks, İşbank maintained its leadership position among private banks in demand deposits and TL savings deposits as well. İşbank’s shareholders’ equity rose to TL 58.9 billion in 2019. The Bank’s capital adequacy ratio was 17.87% as of the end of 2019, well above the legal limit. With a net profit of TL 6.1 billion in 2019, İşbank’s return on average tangible equity was 12.1% and average return on assets was 1.7%.

### Performance Indicators

#### Total Assets

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>416,398</td>
<td>468,059</td>
</tr>
</tbody>
</table>

Increase 12.4%

#### Total Deposits

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>245,269</td>
<td>295,922</td>
</tr>
</tbody>
</table>

Increase 20.7%

#### Shareholders equity

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>49,721</td>
<td>58,873</td>
</tr>
</tbody>
</table>

Increase 18.4%

#### Total Loans

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>260,316</td>
<td>270,360</td>
</tr>
</tbody>
</table>

Increase 4.7%

(*In order to ensure that the periods are comparable, while calculating the growth rate, the loan pursued to the special purpose company in the period of 31.12.2018 was not included in the credit balance of the period of 31.12.2019, was not included in the credit balance. Also, the One-Time Differential Profit Loss, which was extended over 7 years in the period of 31.12.2018 while calculating the growth rate, the loan pursued to the special purpose company in the period of 31.12.2018 was not included in the credit balance of the period of 31.12.2018.)

#### Non-Performing Loans (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.12</td>
<td>6.5</td>
</tr>
</tbody>
</table>

#### Net Interest Margin (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.8</td>
<td>21.8</td>
</tr>
</tbody>
</table>

#### Operating Expenses Growth (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.7</td>
<td>21.8</td>
</tr>
</tbody>
</table>

#### Cost/Income (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>36.4</td>
<td>38.8</td>
</tr>
</tbody>
</table>

#### Return on Average Tangible Equity (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.7</td>
<td>1.7</td>
</tr>
</tbody>
</table>

#### Return on Average Assets (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.7</td>
<td>1.7</td>
</tr>
</tbody>
</table>

#### Capital Adequacy Ratio (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.87</td>
<td>17.87</td>
</tr>
</tbody>
</table>

#### Tier I Capital Ratio (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.72</td>
<td>14.97</td>
</tr>
</tbody>
</table>

#### Leverage (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.27</td>
<td>9.07</td>
</tr>
</tbody>
</table>

#### Total Loan Growth (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.7</td>
<td>4.7</td>
</tr>
</tbody>
</table>

#### Net Fees and Commissions Growth (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.27</td>
<td>9.07</td>
</tr>
</tbody>
</table>

#### Total Interest Margin Growth (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.27</td>
<td>9.07</td>
</tr>
</tbody>
</table>

#### Total Net收入 Growth (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.27</td>
<td>9.07</td>
</tr>
</tbody>
</table>

#### Share of Loan Funding (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.27</td>
<td>9.07</td>
</tr>
</tbody>
</table>

#### Share of Deposit Funding (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>45.33</td>
<td>41.2</td>
</tr>
</tbody>
</table>

#### Share of Non-Deposit Funding (%)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.27</td>
<td>9.07</td>
</tr>
</tbody>
</table>

### 2020 and beyond

Total loan growth of the Bank is expected to be in the range of 13.5-14.5% in 2020, and it is projected to continue at similar levels over the next 2 years, considering the expectations for loan growth in banking sector.

In line with the decreasing funding costs, net interest margin is anticipated to be 3.8-4.0% in 2020, with a slight increase compared to the previous year. The net interest margin is expected to decrease gradually in line with the repricing of assets in the period of 2021-2022.

NPL ratio is estimated to remain below 7% in 2020. In the following 2 years, it is also predicted that the asset quality indicators will improve gradually in line with the recovery in economic activity.

While the capital adequacy ratio is expected to be above 15% in 2020, it is aimed to keep this ratio above this level also in the 2021-2022 period. Bank also intends to improve the return on tangible equity, which is one of the most important indicators of internal capital creation capacity, gradually in 2020 and beyond, compared to the 12.1% level realized by the end of 2019.

The non-deposit funding items utilised by the Bank include repo transactions, syndication and securitization transactions, bilateral loans, securities issued in domestic and international markets, and subordinated debt instruments. The share of the Bank’s non-deposit funds in total liabilities was 18.4% as of the end of 2019.

### Wide-spread Deposit Base and Capacity to Access Alternative Funds

Among private sector banks, İşbank has the largest TL funding volume. Deposits, the main funding item, are one of the key elements of İşbank’s financial capital. Total deposit size of İşbank reached TL 295.9 billion with an increase of 20.7% in 2019, compared to the end of the previous year.
Management Approach

Celebrating its 95th year in 2019, İşbank is a bank identified with trust and prestige, as a result of the pioneering steps it has taken in banking sector since its foundation and long-established corporate history. While carrying this position to the future, the Bank adopts a transparent, fair, and accountable management structure without compromising its concept of prestigious and principled banking.

268
Auditing of 268 branches, business units and affiliated companies by the Board of Inspectors

7,577
Number of employees participating in Anti-Bribery and Anti-Corruption trainings

6,292
Number of suggestions communicated by employees

2.6 million
Number of followers on social media
The principles of the United Nations Global Compact, to which the Bank is a signatory, are taken into account in all business processes.

Corporate Governance

The Board of Directors, the highest management body of İşbank, is responsible for steering the strategies and policies of the Bank. The Board of Directors of İşbank consists of 10 members, 2 of which are women. Having 3 independent members, the Board of Directors is composed of non-executive members, except the CEO. The position of CEO and Chairperson of the Board are performed by different individuals in the Bank. The Board of Directors has several governance committees in place established to support the activities of the Board of Directors in various areas.

Responsible for implementing the strategies established by the Board of the Directors and led by the General Manager, the Executive Board has 10 members, 3 of which are women.

Business Ethics

For economic stability, it is of utmost importance that banks, as reputable institutions creating trust, operate in a fair competition environment. İşbank adopts the Principles of Banking Ethics of the Banks Association of Turkey. Additionally, the Bank works to integrate the concept of business ethics into corporate processes through policies including Anti-Bribery and Anti-Corruption Policy, Gifts and Hospitality Policy, Human Rights and Human Resources Policy, Policy for Combating Financial Crimes and Sanctions, etc. The Principles of the United Nations Global Compact, of which İşbank is a signatory, are also regarded in all of the Bank’s business processes.

New employees are provided with information on the principles of banking ethics as part of their I Start My Career Training programs. Within the scope of orientation and development programs organized for branch management roles at different levels, anti-bribery and anti-corruption and ethical principles are discussed in trainings provided by the Bank’s Board of Inspectors.

Detailed information on the corporate governance structure of İşbank is available on pages 94 through 103 of the 2019 Annual Report.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of participants in Anti-Bribery and Anti-Corruption trainings</td>
<td>914</td>
<td>7,577</td>
</tr>
<tr>
<td>Total hours of training in Anti-Bribery and Anti-Corruption</td>
<td>3,605</td>
<td>3,115</td>
</tr>
<tr>
<td>Number of participants in Ethical Principles trainings</td>
<td>363</td>
<td>664</td>
</tr>
<tr>
<td>Total hours of training in Ethical Principles</td>
<td>175</td>
<td>506</td>
</tr>
<tr>
<td>Number of participants in Human Rights trainings</td>
<td>379</td>
<td>260</td>
</tr>
<tr>
<td>Total hours of training in Human Rights</td>
<td>1,086</td>
<td>733</td>
</tr>
</tbody>
</table>

İşbank carries out communication activities in several channels to introduce its Anti-Bribery and Anti-Corruption Policy to its employees and all of its business partners. The Policy is shared with employees via the Bank’s corporate Intranet site and all stakeholders via its website. Employees sign a document asserting their acceptance of compliance with the articles of the Anti-Bribery and Anti-Corruption Policy and consequences of any violation thereof. Any update to the Policy is shared with employees through announcements.

İşbank’s Principles of Banking Ethics, Anti-Bribery and Anti-Corruption Policy, Gifts and Hospitality Policy, and other complementary policies are available on the Bank’s website.
The risk management process, giving precedence to “good corporate governance,” is a structure in İşbank where independence of risk taking executive units and internal audit and surveillance units from one another is assured, the risk is defined in accordance with international regulations, and measurement, analysis, monitoring, reporting and supervising activities are carried out within this framework.

Risk Management and Compliance

Risk management activities of İşbank are conducted by the Risk Management Division reporting to the Board of Directors. Financial and non-financial risks are monthly reported to the Risk Committee and, through the Audit Committee to the Board of Directors respectively. A Risk Committee was established to share risk management principles within the Bank and reflect them on the decision making and implementation processes. The Risk Committee engages in the activities of preparing consolidated and unconsolidated risk management strategies and policies of the Bank, submitting such strategies and policies for the approval of the Board of Directors, and following up relevant implementations.

The risk management process, giving precedence to “good corporate governance,” is a structure in İşbank where independence of risk taking executive units and internal audit and surveillance units from one another is assured, the risk is defined in accordance with international regulations, and measurement, analysis, monitoring, reporting and supervising activities are carried out within this framework.

Risk management practices of the Bank cater for the creation of a common risk management culture across the organization. In risk management efforts, regulations and best practice guidelines published by the Banking Regulation and Supervision Agency (BFSAs) are taken as basis. In addition to compliance with legal limits, the Bank also takes care to maintain capital and liquidity adequacy against all risks undertaken by the Bank, within the scope of Internal Capital Adequacy Assessment Process (ICAAP).

In parallel with international best practices, the Risk Management Division carries out internal and legal capital adequacy activities in line with Basel framework, and works to develop and validate risk measurement methodologies, and optimize capital adequacy management process. The Bank’s level of risk exposure is systematically monitored in accordance with the written risk policies and implementation procedures. The Bank runs the risk management process as per internal regulations approved by the Board of Directors, including Capital Adequacy, Credit Risk, Asset/Liability Management Risk, Operational Risk, Stress Testings, Regulatory Risk, Consolidated Risk and Information Systems Management Policies.

Potential risks which may be encountered during activities are defined and classified through the “Risk Catalogue” of the Bank. In the Risk Catalogue, risks are detailed in two main groups: financial and non-financial risks.

In measuring operational risks, impact-likelihood analysis, lost case data analysis, scenario analysis, stress tests and key risk indicators are used as well as risk assessments for risk prioritization. The risks which are defined in the Risk Catalogue, risks are detailed in two main groups: financial and non-financial risks.

Implementation of best practices in the management of risks related to climate change is one of the most prominent issues for İşbank. Risks related to climate change were classified under strategic risks as part of nonfinancial risks, as a result of studies carried out in 2019.
Reputational Risk

In İşbank, reputational risk is defined as the potential loss resulting from impairment of trust in the Bank or damage to the reputation of the Bank as a consequence of negative views of parties such as current or potential customers, partners, opponents or supervisory authorities about the Bank, or failure to act in accordance with applicable legal regulations. In monitoring the reputational risk, the reputation index, created by the Bank to serve as an early warning for elements which may potentially impact the Bank’s reputation, is used. Assessments of reputational risk level are reported to the senior management at least quarterly. It is the senior management’s responsibility to monitor compliance with the corporate governance concept which constitutes the basis of reputational risk, and take improvement efforts in this respect.

Compliance

Compliance with rapidly changing regulations is a priority issue for the entire banking industry. The responsibility to track compliance activities of İşbank lies with the Corporate Compliance Division acting under the Board of Directors, through the Audit Committee. The Corporate Compliance Division ensures that activities of the Bank are carried out and managed in line with the applicable legislation, regulations and standards.

Manager of the Corporate Compliance Division acts as the legal “Compliance Officer” as well, and fulfills, under the Bank’s Policy and Compliance Program, their duties and responsibilities arising from the Law on the Prevention of Laundering Proceeds of Crime and other applicable regulations.

Carrying out all banking activities in line with the Bank’s goals and policies, legislation, regulations and standards are the fundamental duty and responsibility of all Bank employees.

Internal Audit and Control

İşbank’s Board of Auditors carries out periodical and risk-based inspections to tackle bribery and corruption as part of routine auditing activities conducted as per the International Internal Audit Standards. Results of audits are reported to the authorized functions of the Bank as required by the current legislative provisions and results of reports are followed up.

Existing and potential risks are identified and solutions are proposed for the elimination of risks. In the event of identification of any violation of anti-bribery and anti-corruption policies during the audits, action is taken as per internal disciplinary provisions and legal regulations.

As part of activities in 2019, risk assessments taken as a basis in the identification of staff-related risks and development and maintenance efforts regarding various practices intended for quick and qualified data provision for internal misconduct detection and investigative actions were carried out.

In 2019, auditing of a total of 245 domestic branches including 5 affiliated branches was completed and auditing of 2 overseas branches was started by the Board of Directors. Branch audits were supported with company, portfolio and regional audits. Auditing of 7 subsidiaries and 14 Head Office Division/Unit was completed or started. Audits on Banking Processes and Information Systems are annually conducted as part of the Management Declaration.

Stakeholder Dialogue

İşbank strives to create sustainable and shareable value for all of its stakeholders. Regular, on time and bidirectional communication with stakeholders is a priority in all activities of the Bank. A summary of communications with stakeholders within the reporting period is available on page 92.

Transparency and Reporting

İşbank carries out reporting activities in different channels for diverse stakeholder groups throughout the year as required by transparency and accountability principles. In 2019, the Bank published its Annual Report to provide a summary of its annual activities, and the first Integrated Report giving information on the integration of the sustainability approach into business processes and the sustainability performance.

In the following period, the Bank targets to increase the number of trainings provided to develop risk management skills of employees and raise awareness in this respect for the purpose of spreading the effective risk management approach throughout the entire corporation. Valuing stakeholder dialogue and sharing its social, economic and environmental performance with an integrated perspective as required by its concept of transparency, the Bank aims to maintain this approach by incorporating developments in the global standards as well.
Developing technology and increasing rate of digitalization deeply affects the banking sector. New technologies enable more inclusive, easily accessible, innovative financial products. With its digitalization efforts, İşbank aims to provide benefits in numerous fields including effective customer relations, personalized products and services, high-efficiency operations, and expansion of banking activities.
Running on İşbank’s artificial intelligence and natural language processing technologies and offering one-to-one dialogue experience, Personal Banking assistant Maxi allows customers to carry out transactions by talking or texting. Maxi was engaged in over 22 million dialogues with 4.9 million customers as of the end of 2019. Total number of Maxi’s competencies was increased to 164 through improvement of natural language capabilities and transaction diversity. Integrated with Facebook Messenger in 2018, Maxi became the first Turkish bank application to integrate with Google Assistant in February 2019. In September, integration with WhatsApp was completed.

**API Investments**

Driven by the vision of “banking everywhere”, investments increasingly continued throughout the year in the field of Application Programming Interface (API) which enables customers to reach İşbank products and services anytime and anywhere they need. APIs were enriched in line with customer needs and the number of APIs totaled 32.

**Single Digital Identity**

Driven by the vision of “single digital identity”, access to Anadolu Sigorta website was enabled through authentication by İşbank, as part of efforts to allow sign on to third party applications with İşbank credentials. All of the functions offered by Anadolu Hayat Emeklilik via its mobile application were made accessible from İşCep as well.

**Robot Pepper**

Efforts to extend the use of humanoid robot Pepper to 14 İşbank branches were completed and Pepper was engaged in an average of 24 thousand interactions with customers per month. Pepper was introduced to visitors in November at İşbank Museum. Pepper drew a great deal of attention especially from child visitors and helped future generations meet robot technologies.

**Maximum Mobil Ecosystem**

Campaigns and announcements were carried on in line with customer demands and needs in keeping with the primary goal of maintaining Maximum Mobil’s pledge to “deliver an ecosystem offering end-to-end shopping experience” since the introduction of the application. Volume of income generating monetary transactions carried out from within Maximum Mobil application, with a total download count of 5.1 million as of the end of 2019, increased by 117% compared to the corresponding period of the previous year. Volume of mobile contactless payment transactions carried out from the application grew by 127.1% yearly. İşbank intermediated the payment of 11.9 million from almost 4.32 thousand transactions as part of Istanbulbank integration and 11.7.1 million from almost 32 thousand transactions as part of flight ticket integration.

**Maximum İşyerim**

Maximum İşyerim app was downloaded over 89 thousand times by the end of 2019. The Bank provided services to over 11.4 thousand member merchants and over 58 thousand commercial cards through the platform. In Maximum İşyerim application, new features were incorporated: on the one hand, analysis reports which allow the member merchants to scrutinize their sales and performances, "QR POS" allowing use of a mobile phone as a POS machine, and QR payment feature with AliPay. Additionally, "Pay by Link" was made available for customers for remote collections without requiring a POS machine. Collection of POS receivables before maturity and card transactions installment and postponement features, which our commercial customers perform frequently, via branches, were added to the Maximum İşyerim app, and thus the customers have been provided with the opportunity to carry out these operations effortlessly and instantly with a practical customer experience.

**Digital MaxiPara Card**

As part of efforts to digitalize its products, applications and services in parallel to rapid developments in technology, İşbank started accepting Digital MaxiPara Card applications through Maximum Mobil application, the digital payment ecosystem of the Bank. Cardholders may use their Digital MaxiPara Cards which are issued immediately after the application without any activation, specifying any password or opening to use; in transactions within the Maximum Mobil ecosystem such as giving orders from Yemeksepeti, loading Istanbulkart, purchasing tickets from Cınemaximum, and paying bills; in e-commerce transactions and in mobile payments with their NFC-compliant phones with Android operating system. Upon request, card holders may use their physical cards for shopping and cash withdrawal or card holders may continue to use their card in digital form without requesting a physical card. In addition to Bank customers, other people may also apply for cards on their own behalf and on behalf of their children over 12.

**Digital Transformation Center**

In order to be able to meet digitalization needs of SME’s and provide them with guidance they need in this matter, İşbank became a sponsor for the “Digital Transformation Center” project developed by TÜRKONFED (Turkish Enterprise and Business Federation). Development areas were identified for 150 businesses selected among 500 SMEs applied for the project supported by Istanbul Development Agency (ISTKA) and these businesses were provided with assistance in reaching technology firms which may provide service to them in these areas. As part of the project, 10 free public events were organized to raise awareness of digital transformation and almost 150 participants were reached.

**Digital Business Platform**

Digital Business Platform was expanded in 1000 branches with many innovations including enriched customer recognition screen, “Bir Bilene Sor” [Ask an Expert] application, and messaging with customers.

**Digital Approval**

As part of Digital Approval which allows issuing forms and agreements in the digital environment for banking products made available for use by personal customers and giving approvals over tablets in branches or İşCep, issuing customer consents and declaration forms was enabled in the digital environment and technical efforts were completed to sign transaction slips with signature tablets.
Innovation and Entrepreneurship
İşbank continues to work towards developing technology and business models accommodating new competitive conditions. A view to correctly seeing the strategic moves that may change competition in the digital world where technology rapidly evolves, and taking action accordingly. In this scope, the Bank adopts an open innovation approach, capitalizes on initiatives to develop new products and services in particular as well as ideas and technologies developed by institutions such as technology companies and universities. Through its innovation centers in the USA, China and Turkey, the Bank keeps track of new technologies, and carries out proof of concept studies to employ digital technologies and analytical methods and create new products. As part of initiatives to propagate an innovation culture, the Bank organizes many internal and external workshops and events, and processes are run that create innovative value propositions under “İşte Yenir Bilir Lider” [A New Leader At İş] Programmes.

Agile Atelier
240 employees competent in different lines of business play a crucial role in the business model targeting fast decision making with teams making customer needs their center of attention. A “Agile Spaces” made up of 24 agile teams as of the end of the year continue activities focusing on small-sized businesses and enterprises, personal customers, artificial intelligence implementations and robotic process automation. In 2019, successful business outcomes were delivered and employee satisfaction significantly increased with the “agile business model”. In selected subjects in Agile Spaces, rates of doing business increased by 75% and employee satisfaction by 18%. Through enhancements realized in 2019, demand deposit balance of commercial customers within the Agile Atelier increased by 42%, and loan loan balance by 12% compared to the previous year.

Being one of the first organizations implementing this globally prevailing business approach, İşbank ranked the first in Sardis 2019 Awards Enterprise Innovation Category and the third place in IDC’s Turkey Finance and Banking areas in 2019. Pilot studies are underway in Personal and Commercial Banking areas for AI models developed for loan allocation decisions and those for pricing of products used by SMB Customers. In 2019, İşbank started to identify potential disruptions in its strong technological infrastructure through Anomaly Detection AI models before they take place.

Workup
Supported by İşbank as the main sponsor, Workup Entrepreneurship Program has been carried out in Kolektif House Levent since 2017. Launched to speed up technology-driven, early-stage startups that have a sustainable and scalable business model in place and have reached prototype or MVP phase, this program provides enterprises with offices in Kolektif House Levent for 6 months, mentorship from more than 50 specialists, business development opportunity with İşbank and group companies, AWS, Google, Radoir, etc. loans, and access to business and investment world. In 3 years, more than 9,000 startups have applied for the program and 80 of them have been accepted. 46 startups graduated in these first 5 terms and the program continues its 6th term with 12 startups. 13 of graduated startups received a seed investment of USD 1.5 million. In 2019, the program received more than 1,500 applications, 26 of which were approved. Of these, 32 graduated with Demo Day events held in June and December. 7 Workup Entrepreneurship Program graduates received an investment worth USD 462 thousand in 2019, and 72 different trainings and events were organized under the program. In 3-day accelerated training program involving 11 startups, entrepreneurs were informed about how to extend to the US market. 3 entrepreneurs selected at the end of the program traveled to San Francisco, USA for one week in October and met potential investors, customers and accelerators.

Technology Entrepreneur Package
İşbank supports entrepreneurship ecosystem with its products and services. The Technology Entrepreneurship Package, created to support technology-driven entrepreneurs in establishment phase, has reached 420 users as of the end of 2019.

Customer Focus
Doing business with a seamless and sustainable growth strategy to become “the bank closest to customers”, İşbank works to deliver a banking experience addressing customer expectations and needs. The Bank’s service concept which centers around customer experience both helps increase satisfaction and contributes to the organization’s profitability. İşbank aims to provide access to financial products and services for all segments of the society and make bank services available and accessible to customers.

Customer Experience
As the most preferred bank of Turkish, İşbank strives to offer excellent and secure customer experience for its 19.5 million banking customers in total from individual, commercial, corporate and private banking segments from all points of contact. İşbank’s Customer Experience Principles aspire to understand customer needs, produce fast, personalized, easily accessible solutions, and deliver a consistent and integrated customer experience. İşbank updates its business processes in a way to improve the banking experience of customers. Redesigning its traditional banking services as part of digital transformation, İşbank maintains high customer satisfaction by offering a more enjoyable and fast banking experience.

With Design Thinking and Customer Journey methods, İşbank continuously improves communication processes, and seeks to identify the needs and problems of customers by empathizing with them, eliminate their problems using innovative solutions, and measure the success of solutions by testing them again with customers. Customer journeys illustrate customer experiences from end to end from customer’s perspective.

Customer Feedback
İşbank collects customer feedback through numerous channels. Applications made by customers directly to the Bank through corporate websites, internal call center, branches, Customer Care Unit email, fax or post are recorded in the Customer Relations Program and evaluated, and the Bank takes steps to meet demands or resolve problems in the fastest manner possible. In 2019, İşbank received 466,708 instances of feedback through these channels, all of which were addressed. Customer demands and complaints are closely tracked from social media and platforms such as Sikeyetvar. İşbank ranked the first in the annual evaluation of Sikeyetvar.com called “Customer Experience Index” in 2019 by scoring the highest in the private banks category. İşbank Call Center has been holding, EN ISO 15888 Customer Contact Centers Standard certification since 2011.

Customer Satisfaction
In digital rating studies started in March 2019 in İşbank, more than 650,000 of customer feedback were reached through different channels throughout the year. As a result of the study on the received feedback, satisfaction scores of digital channels were measured 91% for İşCep, 89% for Personal Internet Branch, 88% for Commercial Internet Branch, and 82.5% for Bankamatik ATM. Instant and ongoing customer experience measurements taken in all branches continued in 2019 as well and satisfaction was found to be increasing. Over 2.6 million instances of feedback were collected through kiosks in branches. Satisfaction score measured through such feedback reached 74% with an increase by 3% compared to the previous year.

According to the results from a 2019 research by Futurelight independent research institute, İşbank, when compared to other banks of similar size, has the highest Net Promoter Score (NPS) among private banks.
Social Media
İşbank also uses social media actively for customer communication. The Bank was active in Facebook, Twitter, Instagram, Youtube, LinkedIn, Pinterest, and Medium Blog with 37 different social media accounts belonging to the brands İşCep, Maximum, Maximiles, İş’te Üniversiteli, Maximum Gaming and Workup in 2019.

Data Security and Privacy
Digitalization brings along increasing data security risks as well. Like in digitalization efforts, İşbank exercises due diligence and attaches importance to data security. The Bank is highly sensitive in fulfilling its obligations regulated by the banking legislation, other legislative regulations, and the Personal Data Protection Law. The Bank works towards ensuring the security of information assets per international standards and raising awareness of data security across the Bank.

In security architecture, there are multiple layers created in the communication network of the Bank. All server and endpoint devices are protected with endpoint security solutions.

İşbank established the Security Intelligence and Defense Center (SIDC) to track cyber security incidents 24/7, and prevent new vulnerabilities and malware. To promote the Center’s capability to respond to security incidents, the Bank follows current technology trends and ensures that the Bank and security of data in these systems. In 2019, Internal Control Department information systems internal control team reviewed 36 checkpoints in information security in daily, weekly and monthly periods with respect to second level controls. In addition, an external audit activity and a penetration test activity were carried out in information systems in 2019.

The same level of compliance with high information security standards set by İşbank is also expected from suppliers which provide service to İşbank. Supplier performance is regularly tracked and agreements with suppliers stipulate penal sanctions about information security.

As part of auditing activities, internal control systems of the Bank’s subsidiaries and affiliates and service providers are also evaluated for information security. Internal audit also covers reporting of all examination results from the audits to the Board of Directors via the Audit Committee and monitoring of all measures taken by the heads of related sections within the frame of audit reports.

İşbank continued pioneering activities in data security in 2019 as well. İşbank is the first bank in Europe to migrate to EMV 3DS (3D Secure 2.0), the current version of 3D Secure infrastructure enabling authentication of card holder in internet shopping with card. With this new technology, the Bank aims to deliver better customer experience with more security.

Performance Indicators
Digital Transformation

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Bankamatik ATMs</td>
<td>6,560</td>
<td>6,506</td>
</tr>
<tr>
<td>Number of digital banking users (million)</td>
<td>7.2</td>
<td>8.1</td>
</tr>
<tr>
<td>Number of mobile banking users (million)</td>
<td>6.8</td>
<td>7.8</td>
</tr>
<tr>
<td>Share of digital channels in non-cash financial transactions (%)</td>
<td>81.8</td>
<td>84.6</td>
</tr>
<tr>
<td>Share of digital channels in sales (%)</td>
<td>30.9</td>
<td>40.1</td>
</tr>
<tr>
<td>Number of cardless transactions performed through Bankamatik ATMs (million)</td>
<td>32.5</td>
<td>33.8</td>
</tr>
<tr>
<td>Amount of cardless transactions performed through Bankamatik ATMs (billion TL)</td>
<td>20.02</td>
<td>24.78</td>
</tr>
<tr>
<td>Savings from paper consumption secured by digitalization (page)</td>
<td>11.9 million</td>
<td>40.4 million</td>
</tr>
<tr>
<td>YoY increase in the number of digital banking customers (%)</td>
<td>22.5</td>
<td>12.5</td>
</tr>
<tr>
<td>Share of non-branch channels (%)</td>
<td>88.5</td>
<td>92.2</td>
</tr>
<tr>
<td>Number of users reached by Maxi (million)</td>
<td>1.3</td>
<td>4.9</td>
</tr>
<tr>
<td>Number of questions answered by Maxi (million)</td>
<td>2.3</td>
<td>22.6</td>
</tr>
<tr>
<td>Volume of end-to-end digital commercial loan disbursement through Instant Loan (million TL)</td>
<td>6.9</td>
<td>143.98</td>
</tr>
<tr>
<td>Successful Transactions Index for IT Critical Services (6-Sigma)*</td>
<td>4.78 Sigma</td>
<td>4.83 Sigma</td>
</tr>
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</table>

Customer Focus

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of customers (million)</td>
<td>19.1</td>
<td>19.5</td>
</tr>
<tr>
<td>Personal Net Promoter Score</td>
<td>37</td>
<td>33</td>
</tr>
<tr>
<td>Personal Net Promoter Score Ranking (among private banks)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Commercial Net Promoter Score</td>
<td>56</td>
<td>43</td>
</tr>
<tr>
<td>Commercial Net Promoter Score Ranking (among private banks)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Customer satisfaction score (%)</td>
<td>84.5</td>
<td>81.2</td>
</tr>
</tbody>
</table>

Data Security

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fines imposed due to data security breaches (TL)</td>
<td>30,000</td>
<td>0</td>
</tr>
</tbody>
</table>

* Index for IT Critical Services is the value calculated by the ratio of the number of successful transactions passing through critical channels (İşCep, ATM, internet branch, card systems, Maximum Mobile, branch systems) used by the Bank’s customers or directly affected by the number of transactions passed through these channels.

2020 and beyond

Driven by its vision to be the bank of the future by creating sustainable value, İşbank positions flawless customer experience among its strategic goals. It is a priority objective to maintain leadership in Net Promoter Score in personal and commercial segments. The Bank will continue digitalization investments without gearing down and follow new technologies in information security rigorously. The Bank targets to get the share of digital channels in total sales to the level of 60% within 3 years. It will also continue efforts focusing on continuous improvement of customer experience.
İşbank's responsible banking approach involves developing products, services and solutions in many areas such as financing renewable energy projects which support the low carbon economy, strengthening women entrepreneurs and SMEs which form the backbone of the economy and management of environmental and social risks arising from the investments to which it extends financing.

İşbank is committed to developing products and services that will add value to the lives of its stakeholders. The Bank gives priority to minimizing any adverse effects arising from investments to which it provided finances in the process of value creation, ensuring that disadvantaged groups can benefit from financial services, supporting transition to low carbon economy, and strengthening SMEs. Therefore, İşbank creates sustainable value for all of its stakeholders.

With its responsible banking concept, the Bank provides assistance in the resolution of problems covered by the UN Sustainable Development Goals.
Environmental and Social Risk Management in Lending

Incorporation of environmental and social impacts into loan evaluation processes is among sustainability priorities of the banking industry. İşbank is one of the first signatories of the Turkey’s Declaration on Sustainable Finance published by Global Compact Turkey, guaranteeing assessment of environmental and social risks in credit processes.

Potential environmental and social risks of new investment projects with a total investment sum of over USD 10 million are evaluated by İşbank with Environmental and Social Risk Evaluation Tool (ERET).

By establishing “customer” and “project” risk categories of such investment loans through this model, a roadmap is created to limit and eliminate possible environmental and social impacts of the investment. Investment projects are evaluated with ERET with respect to 26 different criteria including use of natural resources, solid waste, air, soil and water quality, noise, dust, occupational health and safety, public health and safety, involuntary resettlement and stakeholder engagement, etc. As a result of the evaluation, projects are classified into four categories by their risk levels: high (Category A), medium high (Category B+), medium (Category B-1), and low (Category C).

Investments under evaluation are assessed with reference to national legislation and international best practices such as IFC (International Finance Corporation) Performance Standards, EBRD (European Bank for Reconstruction and Development) Performance Requirements, and Equator Principles, and a Project Environmental and Social Evaluation Certificate is prepared for every individual investment.

In all of the projects established as “high risk–Category A” and in those as deemed necessary independent of their risk category, as a result of the assessment of İşbank Environmental and Social Risk Management Team (ESRM), an independent Environmental Consultant is designated to act on behalf of the Bank. An Environmental and Social Assessment (ESA), which includes the current status, compliance and consultant remarks of any license/approval processes with respect to environmental obligations, and an Environmental and Social Action Plan (ESAP), which intends to limit and eliminate those impacts and manage the process, are prepared and submitted to the Bank. In high risk projects, an additional Environmental Impact Assessment Report (EIAR), which includes more detailed current status analyses, might be requested in addition to the EIAR application file prepared in accordance with legal requirements. It is requested to prepare, and provide the Bank with, an Environmental and Social Management Plan (ESMP) related to proper management of project risks and impacts. Environmental and social monitoring activities are carried out through field visits by the Environmental Consultant with the participation of ESRM Team in connection with actions as laid down in the ESAP.

In all projects, “Public Participation Meetings” are organized as a minimum as part of the EIAR, and additional stakeholder communication meetings are held and corporate social responsibility efforts are undertaken in all projects financed in accordance with the international standards.
Happy and Productive Employees

Sustainability

Management Approach

Positive Value for Society

İşbank 2019 Integrated Report

The Bank requires investing companies to make commitments, as exemplified below, in line with assessments specific to projects, in order to eliminate/mitigate or compensate any environmental and social adverse impacts of such projects it financially supports:

- Forestation to reduce and offset carbon emissions, use of indigenous species suited to the area in forestation efforts, relocation of trees to spots matching with the project site as closely as possible, and conservation of endemic species,
- Taking measures required to preserve biodiversity in specific and protected areas,
- Prioritizing the purchases of lands through agreements, preparing a resettlement plans and/or a plan for restructuring means of living in projects involving forced physical or economic relocation as part of expropriation,
- Developing social responsibility projects which are countervailing for locals within the sphere of influence of the project and aiming to create a new income sources, giving priority to locals when meeting labor force and purchasing requirements of the investment,
- Taking into consideration the opinions of employees, locals and other stakeholders on the project as part of investments, and creating a “Stakeholder Engagement Plan” by building internal and external complaint mechanisms to address their inconvenience,
- Taking additional measures in environmental and social management plans with additional studies including Cumulative Impact Analysis, Ecological Impact Assessment, etc.,
- Ensuring compliance of the investor with Occupational Health and Safety (OHS) legislation in both its current operations and investment operations, increasing occupational health and safety practices, and developing emergency action plans.

The compliance of these commitments by investing companies is also guaranteed through loan agreements and monitored as part of financing process. Through management of social risks which may be encountered in this scope, social impact is controlled as well.

One of the impacts of financed projects is the cases of forced relocation. In some projects, financial hardships may arise as a result of people’s exposure to forced relocation or relocation of their workplace due to expropriation or consolidation of lands. Among these type of projects, in these which are subject of financing up to international standards, people and groups affected by the project are identified with “Relocation Plan” and plans for “Restructuring Means of Living” and plans are implemented to eliminate any adverse effects.

As of 2019, 127 projects were subjected to ERET rating and 81 of these were financed. Of these projects with a financing sum of USD 395 million in 2019, 12% was classified as Category A, 43% as B+, 38% as B- and 7% as C considered based on the amount of financing.

In 2019, the following finances were provided:

- USD 48 million for 1 project in risk category “A”
- USD 170 million for 2 projects in risk category “B+”
- USD 149 million for 7 projects in risk category “B-”
- USD 28 million for 3 projects in risk category “C”

Clean energy generated by RE projects financed by İşbank (total of 2019 and 2018)

38.8
million MWh

While designing its products and services, İşbank looks out for different lifecycles, economic needs and industrial requirements of its customers. In the foundation of İşbank’s concept of responsible product and service offering lie the development of products and services for every segment of society, communication of correct information on products to its customers, and supporting an awareness of savings in the country.

Total Power Generated in 2019 with RE projects financed by İşbank (kWh)

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
<th>Total Installed Capacity (MW)</th>
<th>Cash Risk (million USD)</th>
<th>Non-cash Risk (million USD)</th>
<th>Total Risk (C+NC) (million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEP</td>
<td>1</td>
<td>4.8</td>
<td>9.2</td>
<td>0</td>
<td>9.2</td>
</tr>
<tr>
<td>SEP</td>
<td>6B</td>
<td>107.6</td>
<td>62.6</td>
<td>24.2</td>
<td>86.8</td>
</tr>
<tr>
<td>WIP⁰</td>
<td>2</td>
<td>52</td>
<td>14</td>
<td>26.6</td>
<td>38.6</td>
</tr>
<tr>
<td>GEP</td>
<td>3</td>
<td>98</td>
<td>74.6</td>
<td>12.7</td>
<td>87.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>74</td>
<td>262.4</td>
<td>160.4</td>
<td>61.5</td>
<td>221.9</td>
</tr>
</tbody>
</table>
In 2019, İşbank financed 74 projects developed in biomass, solar, wind energy and geothermal fields and having an installed power of 262 MW. Total installed power of renewable energy projects financed by İşbank was 8,074 MW as of the end of 2019. Additionally, 21.9 million MWh of clean energy was generated in 2019 as part of the projects financed by İşbank.

While İşbank continues to increase its financing support for renewable energy production, it continues its efforts to reduce its financing share of energy generation from coal and natural gas fired power plants in its energy portfolio.

Cooperation with International Financial Institutions for Green Economy

İşbank promotes cooperation with international financial institutions for financing renewable energy and energy efficiency. This way, renewable energy and energy efficiency projects of small and medium size enterprises are financed through loans provided by international financial institutions.

Since 2008, İşbank has been procuring medium/long term, special purpose financing from various international financial institutions including KfW, EIB, EBIRD, Proparco, OPEC and IFC to finance industries and activities that contribute to sustainability. With these resources, women entrepreneurs, SMEs, agricultural businesses, businesses located in priority development areas, and businesses with 250 to 3,000 employees are financed as well as energy efficiency and renewable energy projects. The list of loans procured by İşbank from international financial institutions and which were open as of the end of 2019 is available in the "Annexes" section of the report.

İşbank Green Bond

To ensure that Eurobond issuances, having a significant share in İşbank non-deposit fund resources, are realized as green, social or sustainability bonds, İşbank created İşbank Sustainability Bond Frameworks. Through the funds to be secured from the bonds issued within the scope of this framework, loans will be financed for ventures with positive social impact such as SMEs and women entrepreneurs in underdeveloped areas, in addition to projects creating positive environmental impact in the fields of renewable energy, energy efficiency, recycling, organic agriculture, clean transportation, green buildings and circular economy.

The opinion of an external evaluation institution was obtained for the Framework prepared in line with Green Bond Principles, Social Bond Principles and four key components of Sustainability Bond Guidelines issued by the International Capital Market Association (ICMA).

İşbank realized its first Green Bond issue on August 21st, 2019. This issuance is also the first 100% Green Eurobond transaction performed by Turkish Banks. The amount of the bond is USD 50 million and the term of the bond is 10 years. The first green bond in Turkey is important as it reflects the holism of İşbank’s sustainability approach, it provides access to different investor groups, and it is a long-term funding.

Solar Loan by İşbank

In line with its mission of being a pioneer and leading bank in sustainable energy industry, İşbank developed, and made available for use by its customers in 2019, a commercial loan product for financing unlicensed solar energy plants (SEP) to be installed on the roofs of industrial facilities for self-consumption. İşbank, through the Geredis’s initiative, aims to help developing and spreading the efficient, flexible, concurrent production-consumption model which is spread to the base, called “distributed production”, and providing service for the energy transformation process on macro scale.

Maximum TEMAP Card and Yuvarla

A first in Turkey, Environmental TEMAP Variable Fund is a product developed to allow environmentally-friendly investors to use their savings to promote environmental efforts. With the resource allocated from the Fund to TEMAP, sustainable financing is provided for environmental projects. The fund, allocating part of its portfolio to invest in businesses which have an effective environmental management systems in place, emphasizes that businesses which pay regard to environmental impacts will achieve better financial results in the long term.

Support for Agriculture Sector

İşbank believes agricultural sector is a priority sector in the sustainable development of the country. 63 Agricultural Officials serving in the Non-Retail Sales Unit of İşbank, which continued its agricultural banking activities in 2019, work to support the country’s agriculture in 61 provinces. Agricultural Officials provide on-site services to producers and farmers by traveling from village to village to facilitate access to banking services.

In 2019, efforts continued in agricultural banking as per the protocol signed between İşbank and the Agricultural and Rural Development Support Institution (TKDIH), as part of the European Union’s Instrument for Pre-Accession Assistance - Rural Development Program.

In 2019, İşbank met almost 4,500 producers in 32 localities through Farmer Meetings and took part in more than 20 local, national and international agricultural fairs. Cash loans extended in the agricultural sector in 2019 exceeded TL 5 billion.

By developing Cold Room Investment Loan product, İşbank took an important step in supporting storage of vegetable, animal and water products under sanitary conditions from producer to consumer, and in maintaining food safety.

In 2019, a Digital Agriculture Project was launched, in cooperation with Vodafone Business, where predictive and early warning systems based on advanced technology are used in agricultural activities.

To discover and support entrepreneurs with innovative projects in the agricultural sector, an Agricultural Entrepreneurship Competition was organized and the winning team became eligible for İşbank Workup program.

With İmeceMobil application made available for agricultural producers for free, producers may access a bunch of information significant for production, from meteorological warnings to wholesale market hall and stock exchange prices, İmece Card campaigns, and information on İmece Card.

In 2019, İşbank met almost 4,500 producers in 32 localities through Farmer Meetings and took part in more than 20 local, national and international agricultural fairs. Cash loans extended in the agricultural sector in 2019 exceeded TL 5 billion.

Products and Services for Raising Savings Awareness

Driven by its mission to spread savings awareness at all levels of the society, İşbank increases the diversity of financial products it develops in accordance with the needs and expectations of its customers in their different life cycles, and evolving life styles.

Tracking the Spendings from Maximum Mobil

With newly added feature İşbank customer can set card or sector based spending limits via Maximum Mobil and get notifications when they reached spending limit met, in an effort by İşbank to contribute its customers’ development of financial literacy.
Moneybox users exceeded 14 thousand as of year-end 2019, and overall balance of Deposit Moneybox Account rose above TL 13 million.

Savings in the Short Run
With Daily Deposit Account, our customers are offered the opportunity to value their savings daily whenever they wish to, without waiting for long terms, for a nominal fee. With İşbank Maximum Time Account, our personal customers who wish to value their savings in the short term both secure their automatic payments and get interest yield overnight from deposits.

Gold Banking
As part of our mission to increase savings at all levels of the society, we offer various gold banking products and services. Through Gold Account, which is a demand deposit account, our customers may buy and sell gold easily from digital points of contact 24/7. İşbank customers may also earn interest income in grams of gold by opening a Term Gold Deposit Account for their gold savings. Gold Meetings are held at İşbank branches to introduce so-called under-the-mattress-savings to the banking industry.

Investment Insurance for My Child
With Insurance Investment for My Child, we offer protection for your child’s education costs or support them when they start working. The product also offers benefits including discounts at contracted healthcare institutions and tax advantages.

Fund Consultancy
First promoted in July 2019, İşbank Robofon Consultancy service offers fund consultancy services to help anyone wishing to make savings take investment decisions suiting their risk preferences. Through this service offered to everyone wishing to save even with the smallest amounts, the Bank facilitates savings and investment decisions for customers by identifying the most appropriate, personalized fund from Robofon Family managed by İş Portfolio expertise.

Maximum Genç
In line with our primary goal of maintaining a lifelong service relationship with our individual customers, we develop banking service packages that include products needed in different phases of life such as childhood, youth, working life and retirement by considering expectations in each of these phases. In this scope, in 2019, we continued to work to launch the brand “Maximum Genç” which is a new banking program targeting studying or working young people between 18 and 25.

Financial Inclusion
İşbank aims to make social welfare shared by developing products and services for all segments of the society.

Support for Women Entrepreneurs
Cooperation with Arya Women Investment Platform
İşbank believes sustainable development is only possible with the participation of women’s businesses in the economy and increase of woman labor force. Therefore, the Bank uses both its own resources and foreign funds it procures to support women’s businesses.

İşbank carries out activities in support of women entrepreneurs as part of the sponsorship agreement signed with Arya Women Investment Platform, one and only women-oriented investment platform in Turkey.

Cooperation with Small and Medium Enterprises
Development Organization of Turkey (KOSGEB)
Cooperation with Arya Women Investment Platform
İşbank helped SMEs access financing, and supported small businesses in areas struck by natural disasters, through support programs carried out with KOSGEB. As part of this cooperation, the Bank took part in Diyar and Istanbul Emergency Support Loan Protocol, Samsun Province, Terma and Salıpazarı Districts, Emergency Support Loan Protocol, and SME Financing Support Programs in 2019.

Access to Inclusive Finance Project
An Access to Inclusive Finance Project Loan Agreement was signed between Industrial Development Bank of Turkey (IKSB) and International Bank for Reconstruction and Development and, under the agreement, a resource of USD 20 million was made available for use by our customers in support of areas adversely affected by the refugee influx and SMEs promoting women employment.
Foreign Trade Support for SMEs
İşbank has continued to offer products and services which will make foreign trade more comprehensive and feasible for SMEs, with its branches specialized in foreign trade and efforts of field forces which provided specialized support to SMEs. Export loan campaigns were organized which encourage SMEs to engage in exportation.

In 2019, ‘İn Uzamanlarda Uygulama’ (E-Training) (Hands-on Letter of Credit Training from A Dab Hand) was organized for foreign trade customers wishing to learn about letters of credit. İşbank works to be the best business partner of its foreign trade customers with its experience and product and service quality.

Exporter Card
Leading the way in the industry in supporting exporting SMEs, İşbank launched “İhracatçı Kart (Exporters’ Card)”. With this card, exporter companies may both make use of all features of a corporate credit card and earn MaxiPuan from export operations they carry out through İşbank. With e-export solutions offered to SMEs, the Bank continues working to make İhracatçı Kart, which provides additional advantages, more widespread and, in this context, support the country’s exports.

Foreign Trade Packages
In 2019, new Foreign Trade Packages, namely Exporter Package and Maxi Package, were launched.

İŞ’TEN KÔBI
The Bank continued providing service to SMEs also in 2019 via its website İŞ’TEN KÔBI (Website for SMEs), which, since 2009, has been enabling quick access to its industry information and news needed by SMEs. SMEs may receive consultancy services by asking questions to experts in many fields such as taxes, accounting, entrepreneurship, agriculture and livestock, and promote their company product and service details via İŞ’TEN KÔBI by adding their company to SME Marker.

Extensive Local Payment Network and Services
While 18 alternative payment methods were supported in İşbank’s payment gateway service in 2018, number of alternative payment methods rose to 38 as a result of the support of KOSGEB. For the program and eligibility for the program is dependent on establishment as a young or women entrepreneur with support of KOSGEB.

Support for Disadvantaged Groups
İşbank works to help make financial services accessible by all segments of the society. 758 domestic branches of İşbank were rearranged to accommodate the needs of the orthopedically disabled individual. In 446 branches, there are tactile ground surface indicators. The Bank continues efforts to increase the number of disabled-friendly branches. 63.5% of İşbank Bankamatik ATMs are suitable for use by customers who are visually impaired. Number of Bankamatik ATMs serving the visually impaired rose to 4,068, with an increase by 13% compared to 2018. 809 Bankamatik ATMs are suitable for use by the orthopedically handicapped.

İşCep IOS application supports Voice-over which articulates the elements on the screen and Android application supports TalkBack which provides audio feedback. As part of İşCep Renovation Project to be implemented in 2020, text size will be adjustable on İşCep by enlarging and downsizing. In addition, Maxi application can support TalkBack which provides audio feedback. As part of İşCep Renovation Project to be implemented in 2020, and TalkBack which provides audio feedback.

In 2019, an application was introduced enabling hearing-impaired customers, if they wish, to chat with a representative who can speak in sign language over the call center.

As part of SME Financing Support Program undertaken by KOSGEB, entrepreneur businesses can get a financial support up to TL 50,000, and women entrepreneurs, young entrepreneurs, the disabled, war veterans and first degree relatives of martyrs up to TL 70,000. The program covers Young Entrepreneurs as defined by KOSGEB as merchants who have not turned 30 as of the date of first application for the program and eligibility for the program is independent on establishment as a young or women entrepreneur with the support of KOSGEB.

Responsible Marketing
One of the important expectations of customers in the finance industry is communication of correct information by institutions about their products and services. The fact that İşbank sees it as its responsibility to inform customers about products and services correctly, reliably, clearly and transparently plays an important role in putting İşbank in a prestigious position based on trust in the industry. With its approach driven by customer focus, the Bank provides its customers with information which is not misleading, which facilitates customer’s decision making processes, and which addresses customer needs.

It is important that customers understand the risk of products and services they are going to make use of properly. To this end, the Bank takes it seriously to guide customers effectively in selecting the right products and services and ask the right questions. İşbank invests in the development of the relevant capabilities of all employees who provide such information to customers directly or indirectly.

Performance Indicators

<table>
<thead>
<tr>
<th>Performance Indicators</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field visits made as part of environmental and social risk evaluation</td>
<td>18</td>
<td>22</td>
</tr>
<tr>
<td>Number of financed projects subjected to environmental and social risk evaluation</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>Sum of financing provided for projects subjected to environmental and social risk evaluation (million USD)</td>
<td>915.3</td>
<td>395</td>
</tr>
<tr>
<td>Number of people reached through Farmer Meetings</td>
<td>4,325</td>
<td>4,485</td>
</tr>
<tr>
<td>Number of technological entrepreneurs with facilitated entry into the banking system</td>
<td>136</td>
<td>117</td>
</tr>
<tr>
<td>Number of campaigns organized for promoting products of technological entrepreneurs</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Number of disabled-friendly Bankamatik ATMs</td>
<td>3,979</td>
<td>4,410</td>
</tr>
<tr>
<td>Number of women entrepreneurs placed in events for supporting women entrepreneurs</td>
<td>350</td>
<td>425</td>
</tr>
<tr>
<td>Number of events organized in support of SMEs</td>
<td>26</td>
<td>34</td>
</tr>
<tr>
<td>Number of İŞ’TEN KÔBI SME website viewings</td>
<td>1,083,401</td>
<td>1,112,126</td>
</tr>
</tbody>
</table>

2020 and beyond
İşbank will keep on developing responsible and inclusive products and services and aims to broaden the share of renewable energy projects in its entire portfolio of energy generation projects. The bank intends to increase the rate of disabled friendly Bankamatik ATMs above 80% in 2022 with a view to achieve a higher degree of financial inclusion. As a bank always standing by its customers as a business and solution partner in addition to procuring financing, İşbank plans to support almost 500 women entrepreneurs annually with activities targeting women entrepreneurs. Additionally, the Bank will continue activities to help support SMEs and efforts to facilitate the entry of technological entrepreneurs into the banking system. It is foreseen that the number of viewings of İŞ’TEN KÔBI website, allowing SMEs to quickly access industrial information and news they need, will approach 1 million and 250 thousand annually in 2022.

Happy and Productive Employees
Sustainability at İşbank
Management Approach
Happy and Productive Employees
Positive Value for Society
İşbank 2019 Integrated Report

İşbank 2019 Integrated Report
Happy and Productive Employees

İşbank’s workforce, which consists of qualified and happy employees, is among the important competitive advantages of the Bank. In line with its vision of being “the most preferred employer”, İşbank offers a fair, egalitarian and safe working environment that respects people and enables personal and professional development.

Employee Rights and Satisfaction

İşbank’s diverse human resources management approach and corporate culture make it an employer that is preferred by young talents. Bank provides a working environment where the employee rights are protected and which allows long-term employment.

<table>
<thead>
<tr>
<th>Employee Rights and Satisfaction</th>
<th>55%</th>
<th>1.86%</th>
<th>99%</th>
<th>25.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of female employees</td>
<td>Rate of unionized employees</td>
<td>Average number of training hours per employee per year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It is among the high-priority issues of İşbank to develop practices that will ensure satisfaction by respecting the employee rights and to becoming a Bank that attracts talented young people.
İşbank respects its employees' freedom of association. 99% of the Bank employees are covered by the Collective Bargaining Agreement.

Rights Provided to Employees

The Remuneration Policy, which is created based on the Collective Agreement and applicable legislation, defines all economic and social rights of employees. The Remuneration Policy, which covers Bank's employees and managers at all levels, is under the responsibility of the Remuneration Committee affiliated to the Board of Directors. A transparent and measurable system is applied for compensations. The salaries of executive managers are determined in line with the Bank’s strategies, long-term objectives and risk management structure, and in a way to prevent excessive risk taking.

Bank’s salary package consists of salary, bonus, lunch allowance, foreign language proficiency allowance, dividend payout as determined by the Articles of Incorporation of İşbank, and other elements depending on seniority and/or job scope. In addition, in line with the individual performance of the employees, there are also applications where payments such as high efficiency allowance, product-based sales premiums and managerial bonuses are made. Union of Banking, Finance and Insurance Workers (BASİGEV) and İşbank sign Collective Bargaining Agreements every two years. Under the Collective Bargaining Agreement signed with BASİGEV, employees receive health benefits as per the guidelines covered in İşbank’s Regulation on Health Benefits.

İşbank respects its employees’ freedom of union organization. 99% of the bank employees are covered by the Collective Bargaining Agreement. The Collective Bargaining agreement signed every two years between the Union of Banking, Finance and Insurance Workers (BASİGEV) and İşbank is a guide in determining the employee rights.

Family Friendly Employer

İşbank implements various practices to be an employer that respects the family life of its employees. In the reporting period, 99.53% of the female employees, who took maternity leave, have returned to work. The positions of the female employees of the Bank, who are on maternity leave, are preserved at their units, and they can continue their duties in the same position following the end of their leave. The important reasons for the high rate of return from maternity leave include the fact that the positions of the employees who give birth is not changed, the employees can use up to 2 hours of breastfeeding leave per day, which is more than the time stipulated in the legislation, after the start of their duties; the employees can benefit from the rights of part-time maternity leave and part-time working right upon their request, and the mother and child can benefit from the Bank’s comprehensive healthcare benefits. Male employees, whose spouses give birth, are also granted with 5 business days of paternal leave.

Employee Satisfaction

İşbank regularly measures the loyalty and satisfaction of employees. Total 6 human resources fields of application, which are the factors that support employee loyalty and satisfaction, are evaluated within the scope of the survey: training activities, performance management, career management, recruitment process, human resources communication process, compensation and rewarding. The survey results in all fields are shared with the Human Resources Function managers, and the improvement efforts within the fields of activity of the relevant business unit managers are carried out. Thus, the results of the survey enable the accessibility of the good practices in Bank to increase, while being a guide also for the improvements in the fields where deficiencies or insufficiency are identified.

In this context, employee loyalty measurement is performed once every three years. Employee loyalty forms the basis of the Bank’s business success and results. The loyalty survey also reveals the key indicators that define the Bank’s potential to improve long-term business results in the field of human resources. Building on the idea that maintaining high-loyalty in an organization and corporate culture is as important as its creation, efforts to implement the right human resources practices that will positively affect loyalty are ongoing.

The loyalty survey was carried out throughout the Bank, with an average level of 90% participation of employees.

Internal Communication and Employment Engagement

İşbank attaches importance to its communication with its employees, respects its employees' freedom of expression, and enables employee engagement by receiving feedbacks through complaint and reporting mechanisms.

In February 2019, Employee Communication Platforms and Programs (ECPP) added a new dimension to employee communication. Communication channels were increased with innovations such as cultural trips, employee social responsibility, competitions and e-sport activities. The responses provided by more than 15 thousand employees to the trend survey contribute to the preparations of new events.

Throughout 2019, the ECPP team took part in charity runnings and collected donations of more than 100 thousand TL, for the benefit of the TEMA (The Turkish Foundation for Combating Soil Erosion, for Reafforestation and the Protection of Natural Habitats) Foundation – Brotherhood of Trees Project. On the other hand, the employees participating in the Givin application provided support to various non-governmental organizations through the purchase and/or sales of new or second-hand products.

Awards were granted to employees in the competitions organized in different subjects such as sports, travel, literature etc. In addition, in the field of e-sports which is one of the effective ways to increase contact with young employees whose expectations have changed with the digitalized world, being the first within the organization, the e-sports tournament was held online and offline. High satisfaction rates were recorded in the assessment surveys made after the events.

The system "I Have a Suggestion" was designed with an aim to jointly create new applications and solutions by using the knowledge and background of the employees, to improve and develop customer experience, to improve the creativity of the employees, and to increase their sense of satisfaction with the job by allowing them to be more participatory.

6,292 suggestions were shared in 2019 through the system "I Have a Suggestion".

İşbank employees can communicate any of their views, evaluations, requests and complaints to the relevant units through the HR Help Desk and Negative Feedback Line application. The "Negative Feedback Line" is an online communication application where the privacy of employees is protected at the highest level and the matters reported can only be viewed by a limited number of executive managers defined in the system. The application is available for use by all employees. The employees, who generated the record, are responded by Mr. Adnan Baj, the CEO. In 2019, 287 entries were created by 258 Bank’s employees and resolved.
**Occupational Health and Safety (OHS)**

İşbank considers it to be among its priorities to provide its employees with a working environment where their physical and psychological health is protected. The Department Manager of the Human Resources Management is the highest authorized person responsible for OHS and is the one who takes the necessary reporting levels with the General Manager. Pursuant to the provisions of the Occupational Health and Safety Law, the occupational health and safety boards are established in the Bank buildings, where there are more than 50 employees, and the employees are represented on these committees. As of the end of 2019, there are OHS Committees in 36 İşbank buildings. A total of 348 board members, 163 of whom were employee representatives, attended 141 OHS boards held during the year. In 2019, 3,529 employees attended the OHS training at the Bank. The OHS training provided to employees is 16,092 hours in total.

**Being the Most Preferred Employer**

As a large family with its employees and retirees, İşbank was the only Turkish Bank among the “Top 500 Employers” in the “Forbes Global World’s Best Employers 2000” list in 2018 and 2019, and also proved its strength as an employer. In line with the Bank’s vision and goals, campus communication is maintained face to face and online in order to further strengthen its employer position preferred by employee candidates and university students. Although it varies based on the position, our young people are prevalently provided with job opportunities throughout it varies based on the position, our young people are prevalently provided with job opportunities throughout. Although it varies based on the position, our young people are prevalently provided with job opportunities throughout. Although it varies based on the position, our young people are prevalently provided with job opportunities throughout.

**Equal Opportunities and Diversity**

İşbank believes that social diversity increases corporate success. At the Bank, no discrimination based on factors such as gender, religion, political view, race, cultural or social origins, age, mental or physical disability is made among the employees in any process from recruitment to human resources practices. Furthermore, İşbank aims to transfer the experience, culture in Bank’s business units, and the technology and innovation within the Bank to university students by collaborating with the student clubs and career centers of the leading universities of Turkey in terms of education and culture. In addition, it is aimed for İşbank to have access to qualified human resource which is essential for sustaining its activities for many years, and to increase the Bank’s recognition as an employer.

İşbank enables university students to get to know the Bank better through an internship program organized for the 3rd and 4th grades of universities. Thus, it is aimed for the employees to observe the generations that will become their colleagues in the near future and to benefit from the perspectives of young people. Bank conducts joint activities with non-governmental organizations and organizes development programs. In these development programs, university students are supported for both receiving education and their personal development in terms of culture in areas such as mentoring, the right to benefit from training activities within the bank, and the opportunity to participate in artistic events organized within the Bank and by Sanat. 

**Talent Management**

In line with its lifelong learning approach, İşbank provides its employees with various training programs and learning opportunities in order to develop their talents and increase their knowledge and skills throughout their careers. The average training hour per employee at İşbank, which was 23.1 in 2018, increased by 2.6 hours in 2019 to 25.7. Executives at İşbank are raised from within. This tradition allows all employees to be promoted to managerial positions in line with their performance. Thus, the Bank’s investment in human resources is maintained and transferred to future generations. The intellectual capital, which grows within the institution and is transferred to new employees, enables the Bank to offer competitive products and services.

Due to its nature of being an institution that trains its own managers, İşbank’s Performance Management System is based on “competency and target based annual appraisals” that support employees’ performance development. According to the performance results, it is possible to take actions about employee’s career progression and to provide feedback or training support for their professional development. İşbank nourishes its intellectual capital with the practices that support information sharing among employees. With the practices such as Practitioner Trainer and Training Volunteer, professional knowledge and experience sharing is ensured by subject matter experts. In addition, the training activities provides the opportunity to convey experiences of managerial roles such as branch managers through experience sharing sessions. In 2019, more than 300 employees acted as Practitioner Trainers and provided approximately 6,000 hours of training. Disinfection Training Program is organized within the framework of the onboarding program for the employees who have just started their careers at the Bank.

While the employees at İşbank find the opportunity to benefit from various training activities in line with their own needs and preferences through the Training Catalogue, they can also participate in seminars and keynote speeches on different subjects. In 2019, within the Training Catalogue, more than 1,800 employees participated in the training activities organized in 27 topics covering technical banking, competency and skill development.

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**Distribution of Employees by Gender**

- Male: 45%
- Female: 55%

**Distribution of Executive Managers by Gender**

- Male executive: 75%
- Female executive: 25%

**Distribution of Managers by Gender**

- Male: 45%
- Female: 55%
In 2019, within the scope of digital transformation, 7,989 employees from mixed branches received more than 100 thousand hours of training, while 559 employees from commercial and corporate specialized branches attended the trainings designed specifically for their roles.

### Glossary of Banking Terms

It was created for the purpose of informing the Bank's employees through a reference source about the concepts and terms related to banking and other relevant fields, and ensuring the use of a common language in in-house meetings and correspondence, and was made available for digital use.

### IFS Future Leaders Group

IFuture Leaders Group is a program that brings together young leaders with different experiences and backgrounds working in finance from different regions of the world twice a year. The purpose of the program is to enable the participants to reflect on the future of the financial industry, and to create an environment where the participants from different cultures can learn from each other. One manager from İşbank participates in the program every year.
**Training Activities Organized Within the Scope of Digital Transformation**

Within the framework of İşbank’s new business model implemented under the Digital Transformation Program, various learning initiatives were designed and presented specifically for the roles in order to support the employees to adapt quickly to changing roles and responsibilities. Within this context, in 2019, 7,886 employees from all branches received more than 100 thousand hours of training, while 559 employees from commercial and corporate branches attended the training activities designed specifically for their roles. Furthermore, training activities were organized for Regional Managers to support the embracement of digital transformation in the field.

Within the ongoing training program “Sales Academy”, 531 employees received over 6,000 hours of training in 2019 to enhance upskilling sales competencies in the field. Additionally, training activities were presented to support the technical knowledge and competencies of the relevant roles in HQ, Retail Direct Sales teams, and Commercial Direct Sales teams.

**Learning World**

In “Learning World” (Öğrenme Dünyası) platform, the employees can access easily anytime anywhere the new generation digital learning solutions and tools such as video, game and e-learning. Specified e-learning courses were designed for the purpose of supporting the effective training activities. employees who received 90,026 completions in total. The number of videos, which are provided through the corporate video learning platform, “İşTube”, reached 288. The learning videos were viewed 25,609 times in 2019. 2,380 employees were trained through the Live Training Webinars by using Cisco Webex application.

"İşGame", İşbank’s corporate learning game, was played by 3,903 employees in its first period in 2018. A total of 4,433,727 questions were answered in technical subjects and expertise areas in the game. The second period of İşGame was launched on 28.11.2019 with new features. "İşGame" won Gold in “Best Use of Games for Learning” category at the Brandon Hall HCM Excellence Awards 2019, and the Bronze in “Best Learning Game” category at the Learning Technologies Awards 2019 internationally. In the İsrReality (VR) Studios located at İşbank’s learning facilities, 2,526 employees were provided with virtual reality experience in 2019, emphasizing the changes in the physical structures and way of business conduct of the branches. The "İsrReality (VR)" application won Gold in “Best Use of Virtual Worlds for Learning” category at the Brandon Hall HCM Excellence Awards 2019, and Silver in “Corporate Learning/Workforce Development Solution” category at the Stevens - International Business Awards.

İşbank was granted with the 2020 BEST Award in talent development, given by the Association for Talent Development (ATD) to organizations that invest in the talent development of their employees and use talent development as a strategic means to achieve their targeted goals.

109 different e-learning courses were provided to employees in 2019 through the “Learning World”, and these courses have reached 90,026 completions in total. The number of videos, which are provided through the corporate video learning platform, “İşTube”, reached 288. The learning videos were viewed 25,609 times in 2019. 2,380 employees were trained through the Live Training Webinars by using Cisco Webex application.

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### Performance Indicators

#### Çalışan Hakları ve Memnuniyeti (‘) 2018 2019

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee turnover rate</td>
<td>2.00</td>
<td>1.86</td>
</tr>
<tr>
<td>Number of applications supporting employee satisfaction</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>Total number of ideas obtained from employees</td>
<td>7,168</td>
<td>6,292</td>
</tr>
<tr>
<td>Participation rate in the employee satisfaction survey</td>
<td>88</td>
<td>90</td>
</tr>
<tr>
<td>Unionization rate (%)</td>
<td>99</td>
<td>99</td>
</tr>
</tbody>
</table>

#### Equal Opportunities and Diversity

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio of female employees to total employees (%)</th>
<th>Ratio of female employees in senior and middle management (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>56</td>
<td>46</td>
</tr>
<tr>
<td>2019</td>
<td>55</td>
<td>46</td>
</tr>
</tbody>
</table>

#### Talent Management

<table>
<thead>
<tr>
<th>Year</th>
<th>Average number of training hours per employee per year</th>
<th>Share of digital training activities within total training (%)</th>
<th>Training hours per person for the management and leadership development programs</th>
<th>Training hours per person for IT competency development programs</th>
<th>Training hours per new hire in the first year of employment</th>
<th>Satisfaction with the training score as part of the Working Life Evaluation Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>23.1</td>
<td>35</td>
<td>15.1</td>
<td>27.6</td>
<td>156</td>
<td>73</td>
</tr>
<tr>
<td>2019</td>
<td>25.7</td>
<td>30</td>
<td>14.2</td>
<td>27.1</td>
<td>164</td>
<td>71</td>
</tr>
</tbody>
</table>

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1) Only those who quit through resignation were taken into consideration
2) Calculated including Private Security Guards. Rates including the employees with the title of Private Security Guard 51% in 2018 and 2019.
3) The number of training activities does not include those who participate in the private security renewal training, and the actual number of employees does not include the Private Security Guard and the Servant Staff
4) Calculated for 2018 due to the updated calculation method

İşbank will continue to implement practices aiming to improve employee satisfaction and competency. It is among the Bank’s priority objectives to carry out talent management activities to enhance reskilling and upskilling employees with future competencies. Through the requirements arising along with digitalization, The Bank aims to intensify digital trainings with innovative learning practices that offer continuous improvement to its employees while diversifying training opportunities for employees.
İşbank implements many practices and projects in order to minimize the adverse effects of its operations and to deploy high working standards throughout the entire supply chain.

**Responsible Procurement**

The management of risks, which may arise from supply activities, comes to the forefront as a priority issue for all enterprises. İşbank establishes relationships with its suppliers based on openness and trust. Bank focuses on establishing a financially strong, operationally environmentalist and reliable in terms of production quality and continuity.

İşbank manages the supply chain with its vision of becoming an innovative, transparent, fair, pioneering and exemplary procurement center in its field. In line with this vision, long-term strategic partnerships are established with the suppliers. Bank’s competitive structure is supported by providing cost efficiency and a strategy based on growth with our stakeholders is adopted.

**Responsible Operations**

<table>
<thead>
<tr>
<th>Rate of local suppliers</th>
<th>Total paper savings thanks to the digitilized processes</th>
<th>Recycled paper</th>
<th>Emissions per employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>98%</td>
<td>40.4 million pages</td>
<td>129 tons</td>
<td>4.3 tCO₂ (number of employees)</td>
</tr>
</tbody>
</table>

Emissions per employee

**Relevant capital element**

Contributed SDGs

Material Issues

Responsible Procurement

- Environmental Footprint of the Bank

102-1 • 103-1 • 103-2 • 103-3 • 204-1 • 308-1 • 308-2 • 414-1
Işbank’s ethical banking approach also guides the supply chain management and procurement policies. Supplier Management Principles are created accordingly to determine the main principles in the procurement of goods and services. These principles were determined by referencing the UN Global Compact and Işbank Human Rights and Human Resources Policy, The Supplier Management Principles, Anti-Bribery and Anti-Corruption Policy and Gift and Entertainment Policy, which are also available on the Bank’s corporate website, are also published on the home page of İş’te Marketim application which is our main platform in procurement processes and is actively used by all our suppliers. Within this context, all Bank’s suppliers are expected to show due diligence to act in compliance with the Supplier Management Principles, including the Anti-Bribery and Anti-Corruption Policy, Gift and Entertainment Policy, and ethical principles, and avoid any conducts that would be in compliance with such principles. In accordance with the Supplier Management Policy, Bank endeavors to minimize the negative environmental and social impacts caused by suppliers, and to raise the positive impacts to maximum levels.

In supplier selection, Işbank respects the criteria based on environmental and social roles. Measures are taken to reduce or eliminate the environmental impacts by evaluating the environmental impacts of the product and service to be purchased. It is essential not to purchase goods and services from suppliers that are found to be involved in bribery and corruption. Işbank increases its influence in the country’s economy by preferring local suppliers. In 2019, domestic suppliers accounted for 98.1% of total suppliers, while procurements from domestic suppliers accounted for 81% of total procurements.

Environmental Impact
Işbank develops efficiency projects to minimize the environmental impacts of its operations. To this end, different environmental indicators are monitored in the main domains of Işbank, such as waste formation, water and energy consumption and carbon emission at Bank’s Head Office buildings and branches. In addition, digitalization efforts for paperless banking also continue.

Paperless Banking
Işbank continues its efforts to reduce paper consumption through digitalization projects. The number of digital approval transactions from the branches reached 1 million 720 thousand in 2019. Thus, approximately 7 million 860 thousand pages of paper were saved. Total paper savings achieved 40.4 million pages through digitized business processes in 2019.

With the project launched by Işbank together with the TEMA Foundation in 2012, Bank delivers paper waste to the TEMA Foundation, and the Foundation plants a sapling for each 100 kg of papers donated. 386,350 kg of paper were delivered to the Foundation in 2019-2020 period. As for each 100 kg of papers donated, 386,350 kg of paper waste paper delivered in 2019-2020, 3,864 saplings will be planted in Tekirdağ field.

Environment-Friendly Buildings
Işbank’s big main buildings, such as its Head Office building, operations center and data center, were designed to minimize the environmental impacts caused by the operations of Bank. Işbank’s Head Office building in Levent, Istanbul holds the BREEAM In-use Excellent certificate. Tuzla Technology and Operations Center (TUTOM) obtained the LEED Gold certification in 2017. Tuzla Data Center of Işbank (Atlas) was specially designed with green IT practices to minimize environmental impacts and ensure energy efficiency. Atlas, which has high technology and security standards in addition to its eco-friendliness, is certified with the LEED v4 Gold for Data Centers. Atlas is the first data center at these standards in Turkey. Automation renovation, which covers all systems such as lighting, heating, cooling and CCTV, will be planned to be performed in the Head Office building. With the renovation, the existing lighting fixtures will be replaced with LED fixtures. The lighting will be automatically dimmed and turned on by means of the sensors based on the amount of light received by the floors during the day. All systems such as heating-cooling, fire and lighting will be integrated into the building automation system, and consumption analyses will be made through the central automation. With the scenarios created by the analyses, reducing the consumption is targeted. In addition, procurement activities were started for the renewal of building heating and cooling pumps. These devices, which have an important place in the building energy consumption, will be replaced by next generation efficient devices. Rainwater is collected, stored and reused in the facility. Thus, the use of mains water is reduced. All wastes are separated and delivered to authorized organizations for recycling. Işbank, The Head Office Building BREEAM In-Use Certificate was obtained at “excellent” level in two different categories; “Building Performance Certificate” and “Building Management Performance Certificate”.

In TUTOM building, all mechanical/electrical systems operate connected to the automation infrastructure. In 2019, with the revisions made for partial working conditions in the heating installation, a decrease in natural gas consumption was ensured. The system created for the collection, purification and reuse of rainwater was deployed, and a decrease in the use of mains water was ensured.

All wastes are separated and recycled within the scope of ISO14001 Environmental Management System Standard in Head Office and TUTOM buildings.
Energy consumption is reduced by using the energy, which is generated during cooling in the ATLAS Data Center building, for the heating of office areas.

In the partial or comprehensive renovations made at the branches, LED fixtures are transformed. With the transformation of LED fixtures, an average of 50% energy is saved per fixture. At the renovated branches, more efficient lighting and heating-cooling devices with lower energy consumption are preferred to substitute the old devices, and energy efficiency at the branches is increased.

Air conditioners of high-energy class are preferred for the air conditioning requirements of the branches and ATMs. R32 refrigerant-powered models also started to be used in the procurement of air conditioners. One of the most important advantages of using R32 gas air conditioners is that the air conditioners operate with a much smaller amount of gas, thus reducing the refrigerant consumption. İşbank carries out the required activities for the operation and energy efficiency at the branches.

İşbank will continue to strive to develop its supply chain by observing environmental and social criteria and reduce its environmental footprint left by its operations. Giving preference to procurement of its needs through local suppliers, the Bank targets to maintain its local procurement ratio of 98%. İşbank, taking necessary action to operate an environmental management system up to international standards, aims to obtain ISO 14001 Environmental Management System certification for all of its locations gradually. In this scope, it is foreseen that the Bank will complete certification of nearly 2,554 local suppliers by 2020 and beyond.
İşbank conducts projects in education, environment and culture-arts with the aim of transmitting the added value it creates in its core business to the widest possible audience. Social investment programs including the Bank’s corporate social responsibility projects are conducted under the supervision of the Corporate Social Responsibility Committee which operates directly affiliated to the Board of Directors.

İşbank ensures effective stakeholder participation in social responsibility projects via developing collaborations with different stakeholder groups, primarily non-governmental organizations. These projects are designed to contribute to the Sustainable Development Goals and to respond to the needs of the society.

Projects in Education

İşbank conducts inclusive and long-term projects in education by being aware of its effective role in ensuring the persistence of social development. The purpose of the Bank is contributing to raising generations that adopt the principles of Atatürk and will play a role in allowing the society to reach the modern civilization level.

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Chess
İşbank makes contribution to chess education in order to make chess easily accessible and prevalent specifically among children. With the objective of transforming chess into a mass sport in Turkey, the Bank became the main sponsor of the Turkish Chess Federation (TCF) in 2005.

Main Sponsorship of the Turkish Chess Federation
After İşbank’s main sponsorship of the Turkish Chess Federation; licensed players increased from
30,000 to 931,742
chess trainers increased from
2,000 to 86,858
chess tournaments increased from
400 to 9,600
chess clubs increased from
600 to 2,136
title-holder chess players increased from
6 to 187
The number of medals won in international tournaments reached 487
To date, a total of
25 world championships, 30 second places and
39 third place titles in worldwide organizations,
68 European championships, 67 second place and
50 third place titles in Europe-wide organizations were achieved.

İşbank Chess Classes
Chess classes are opened with an aim to encourage children to play chess in primary and secondary schools, to draw the attention of teachers and parents to this field, and to eliminate the inadequacy of materials at the schools with limited possibilities. In 2019, 2,000 chess classes were opened, and the total number of chess classes opened at schools reached 25,000.

Main Sponsorship of the Northern Cyprus Chess Federation
In parallel with TSF’s main sponsorship, İşbank also sponsored the Northern Cyprus Chess Federation (KSIF) in 2013. After the sponsorship, chess sports started to take place as a club activity once a week at primary schools in the Turkish Republic of Northern Cyprus. All schools in the Turkish Republic of Northern Cyprus have a chess class.

Turkey Junior, Youth and Veterans Chess Championships
In 2019, a total of 2,636 players from 81 cities in Turkey and from the Turkish Republic of Northern Cyprus competed in juniors (aged 7-12) Chess Championship of Turkey and Youth (aged 13-18) Chess Championship of Turkey, organized concurrently in Antalya.

School Sports Turkey Chess Championship
School Sports Turkey Chess Championship has been conducted since 2015 with the collaboration of the School Sports Branch under the Ministry of Youth and Sports Directorate General of Department of Sports Activities and TSF (Turkish Chess Federation). School Sports Turkey Chess Championship 2019 was held in Karaman between June 9 and 13, 2019. 100 school teams and 511 players from many cities participated in the competition.

İşbank Chess Super League
As the most powerful league in Turkey in its field, İşbank Chess Super League is among the most powerful leagues in Europe. Turkish Chess Training Club became the champion of “İşbank Chess Super League 2019”.

81 Students from 81 Cities
With the “81 Students from 81 Cities” project launched in the academic year of 2008-2009 in collaboration with Darıpaşafa Educational Institutions, İşbank launched one of the most comprehensive and long-term corporate social responsibility projects in education in Turkey. With the project, all educational expenses of 81 students, who pass the Darıpaşa Educational Institutions admission exam, from the fifth grade until the end of the high school, are covered by İşbank every year. The number of students who graduated from high school in 2019 is 14.

Within the scope of the project, İşbank continues to support Darıpaşa students who get into university. In addition, within the scope of Koç University’s “Anadolu Scholarship Holders” program, the education expenses of a certain number of Darıpaşa graduates are covered by İşbank every year. The total number of students supported in the project approached 750.

One Million Books, One Million Children
Having been launched in 2008 as one of the largest book campaigns performed so far in Turkey, the “One Million Books, One Million Children” campaign aims to support the development of children’s cognitive and cultural skills, to support the creation of a generation that reads and queries, and to establish a warm communication between İşbank and children at an early age.

Within the scope of the campaign organized for the 12th time with the book entitled “Siyah İnci (Black Pearl)” distributed at the end of the academic year of 2018-2019, 14 million books in total were brought together with primary school students.

In addition to Turkey and Turkish Republic of Northern Cyprus, the campaign book was also sent to Bahrain, Georgia, Iraq, England and Kosovo branches of İşbank, and İşbank AG and İşbank Russia. As in the previous years, also in 2019, a specific number of books were printed in the Braille alphabet and sent to the libraries of schools that provide education for visually impaired students. Furthermore, books were gifted to the students studying at the Regional Boarding Secondary Schools and the children staying at the Homes of Love (Seksel Evler) affiliated to the General Directorate of Children’s Services.

Book donations to schools and libraries
As an extension of the Bank’s social responsibility activities in contribution to education, the books published by İş Bankası Kültür Yayınları are sent to schools and public libraries throughout Turkey. In 2019, nearly 58 thousand books were delivered to more than 3 thousand schools and libraries.

Kumbara Magazine (Kumbara Dergisi)
In 2019, “Coding Training Activities with Scratch 3.0” and “Video Chess Training Activities” were prepared in Kumbara Magazine portal prepared with the aim of providing the children with quality, instructive and entertaining contents. In 2019, Kumbara Magazine was visited by more than 65 thousand individual users, and reached a number of nearly 500 thousand clicks.

Golden Youth Award
Every year since 1971, students who succeed in the university admission exams are awarded with the “Golden Youth” programme. The number of award recipients topped 3,500.
The number of saplings planted within the "81 Forests in 81 Cities" project exceeded 3 million. As of the end of 2019, the success rate in forest lands was 83%.

The Sponsorship For The First Turkish Arctic Scientific Expedition

The "First Turkish Arctic Scientific Expedition" was carried out by Istanbul Technical University, Polar Researches Application and Research Center (PolReC). It was sponsored by İşbank between July 11-26, 2019 in order to contribute to the studies of global climate change and sea ice physics studies.

The expedition included observations and analysis of the type of arctic sea ice, verification of sea ice from terrestrial measurements through remote sensors, arctic maritime meteorology, sky quality research, taking permanent organic pollutant samples, micropollution research studies, bio-productization studies and the stages of arrival at 80 North points.

During this expedition that was organized for the first time for scientific purposes, data have been gathered for 41 researches of different universities and academic disciplines. The findings obtained are expected to contribute to the scientific world for many years.

Projects in Environmental Area

İşbank aims to create a more livable environment in cooperation with non-governmental organizations, contribute to the preservation of natural resources, draw attention to the environmental problems associated with deforestation, and to develop environmental awareness, primarily of our children.

81 Forests in 81 Cities

The "81 Forests in 81 Cities" project was launched in 2008 in collaboration with the TEMA Foundation and the Republic of Turkey, Ministry of Agriculture and Forestry. The project was realized with the aim of protecting the environment and raising environmental awareness of the public, primarily / particularly the children. 2,205,000 saplings were planted on a land of 1,500 hectares in all cities, and 35,200 saplings were planted on a land of 25 hectares in Turkish Republic of Northern Cyprus. Within the scope of the project, the maintenance works, which will continue for five years following the plantings, continued in 2019 as well. Nearly 1 million companion plantings have been performed so far with maintenance works. Thus, the number of saplings planted with companion plantings exceeded 3 million. As of the end of 2019, the success rate in forest lands was 83%.

Projects in Culture and Art

İşbank contributes to the enrichment of the art life of the country and bringing the activities in international art and culture arena to Turkey. The Bank also supports the cultural and arts activities aimed at revealing the archaeological heritage in the country, bringing it together with new generations and preserving it in such a way that it can be transferred to the future.

Kültür Yayında

Kültür Yayında continues its publication life with the principles of quality publication, contributing to the development of Turkish language and gaining reading habit at an early age. It has brought together more than 10 million books with its readers in 2019.

Art and Music Activities

İş Sanat

İşbank's cultural & art activities have been continued under the roof of İş Sanat since 2017. With its stage and music events, the activities in plastic arts and its contributions to the preservation of Turkey's cultural heritage, İş Sanat is one of the most important art platforms in the country.

In season 19 of İş Sanat, 22 concerts and dance shows, 5 children events and 9 poetry recitals were held. In addition, within the scope of the "Shining Stars" series, 12 young artists took to the stage at Müh Reşad Sivas. In season 19, the activities were watched by nearly 27 thousand people. The season 20 was opened with the concert of Borusan Istanbul Philharmonic Orchestra with the soloist performance of Dursun Gökbatuk, the Shining Star of the previous season.

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With Sisecom and the Industrial Development Bank of Turkey (TSKB), excavation works were started to be supported for “Patara” Ancient City in Kas/Antalya in 2016; for “Teos” in Selçuk/İzmir in 2018; and for “Nysa” in Sultanhisar / Aydın in 2019. Prof. Dr. Havva İşkan Işık, the Head of Excavation for Patara Ancient City, compiled a book entitled “Patara City Harbor Cult” which was published in Turkish and English. Archaeological values will be revealed with the support to be provided to the excavation works in Patara, Teos and Nysa Ancient Cities for five years each. It is thought that these values will not only shed light on the history of civilization of Anatolian lands but also make great contribution to the world cultural heritage.

In 2019, a contribution was also made to repair the warehouse, where the ceramic pieces found during the Kaman-Kalehöyük excavations which are carried out by the Japanese Anatolian Archeology Institute.

**Museology and History Studies**

**İş Bankası Müzesi (İşbank Museum, Yenicami, İstanbul)**

Opened to visitors in 2007, Turkey İşbank Museum explains the Bank’s long-established corporate history and the economic development of Turkey through banking supplies, documents, communication devices, photographs, pictures, advertisement-promotional materials and movies. The museum collection consists of objects which are an indispensable part of daily life, have been used since the foundation of the Bank, and reflect the transformation phases of banking in Turkey during the Republic Era.

Several workshops aimed for children are conducted at the Museum, such as Budgeting and Saving, Money of the World, My Museum Memory, My Pocket Money In My Pocket. In addition, Financial Literacy Training courses for the 11th time, a total of 13 million books have been gifted to elementary school students to date. With the campaign carried out for the 12th time at the end of 2018-2019 academic year, a total of 14 million books have been gifted to elementary school students to date.

A book entitled “The Road to Eskişehir is 8 km/İşbank’s Information Technologies History From Past To Present”, which narrates İşbank’s technology history, was prepared.

**İstanbul Foundation For Culture and Arts (IKSU) - International İstanbul Music Festival**

İşbank sponsored the “Soloists of Moscow & Yuri Bashmet” concert realized as a part of the 47th İstanbul Music Festival organized by the İstanbul Foundation for Culture and Arts.

At İşbank Museum, an exhibition entitled “Independence” was opened for the 100th anniversary of the War of Independence in March 2019. The exhibition, which attracted great attention of the visitors, reached a record number on October 29 and was visited by 10,919 people. The museum was received by more than 580 thousand visitors in 2019. The number of people who have visited the museum since its foundation has reached to 1.7 million.

**İşbank Economic Independence Museum (Ulus, Ankara)**

The historical building in Ankara Ulus, which also served as the Headquarters of İşbank, was opened on May 2, 2019 in order to bring together the Bank’s long-established corporate history and the economic development of Turkey with visitors from Ankara. In addition to the guided tours specific to student groups, the museum has hosted over 1,800 students during its workshops so far and, was received by more than a total of 62 thousand visitors in 2019. Independence Exhibition was opened at Economic Independence Museum in Ankara as well. The total number of visitors of the exhibition in two museums exceeded 500 thousand.

**Technology History Book**

A book entitled “The Road to Eskişehir is 8 km/İşbank’s Information Technologies History From Past To Present”, which narrates İşbank’s technology history, was prepared.

**İstanbul Foundation For Culture and Arts (IKSU) - International İstanbul Music Festival**

İşbank sponsored the “Soloists of Moscow & Yuri Bashmet” concert realized as a part of the 47th İstanbul Music Festival organized by the İstanbul Foundation for Culture and Arts.

**Performance Indicators**

<table>
<thead>
<tr>
<th>Social Investments</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution to equal opportunity in education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1 Students from B1 Cities</td>
<td>The number of students reached 700 with the graduates.</td>
<td>Total number of students, including 54 graduates of 2019, has approached 750.</td>
</tr>
<tr>
<td>Supporting the raising of generations that reads and questions, and the children’s cognitive and cultural development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One Million Books, One Million Children</td>
<td>With the campaign carried out for the 11th time, a total of 13 million books have been gifted to elementary school students to date.</td>
<td>With the campaign carried out for the 12th time at the end of 2018-2019 academic year, a total of 14 million books have been gifted to elementary school students to date.</td>
</tr>
<tr>
<td>Book donations to schools</td>
<td>More than 52 thousand books have been sent to 2,864 schools and libraries.</td>
<td>In 2019, more than 58 thousand books have been sent to 3,116 schools and libraries.</td>
</tr>
<tr>
<td>Financial Literacy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improving financial literacy and the awareness of saving up</td>
<td>A total of 20,400 students participated in the workshops organized at İşbank Museum.</td>
<td>A total of more than 21 thousand students participated in the workshops organized at İşbank Museum.</td>
</tr>
</tbody>
</table>

**2020 and beyond**

Through social responsibility initiatives which İşbank plans as long-lasting and wide-reaching activities, the Bank intends to contribute to social development. With projects in education, environment, culture and art which the Bank implements or supports, it makes powerful investments for the future as well as today, and creates permanent value. İşbank will continue social investment programs where it will create positive value also in forthcoming periods and increase the number of people reached through projects. Under One Million Books, One Million Children (İkinci 1 Milyon Kitabın Aşısı) Campaign, the Bank aims to give away over 1 million books every year. B1 Students from B1 Cities (B1 İlden B1 Öğrenci) Project will continue.
Sustainability at İşbank

Management Approach

Happy and Productive Employees
Flawless Customer Experience
Responsible Operations
Financial Performance and Profitability
Responsible Banking
Positive Value for Society

İşbank 2019 Integrated Report

Annexes

Corporate Memberships

European Association for Banking and Financial History (EABH)
European Financial Management and Marketing Association (EFMA)
European Association of Communication (EACE)
The Research Institute of Banking and Commercial Law
The Interbank Card Center (BKM)
Darüşşafaka Society
Turkish Marine Environment Protection Association (TURMEPA)
The Interbank Card Center (BKM)
European Association for Banking and Financial History (EABH)
National Education Foundation
Advertisers' Association of Turkey
Association of Risk Managers
Information Systems Audit and Control Association (İSACA)
Turkish Historical Society
The Banks Association of Turkey - Ethics Commission
Working Group of the Banks Association of Turkey on the Role of the Finance Sector in Sustainable Growth
The Institute of Internal Auditing - Turkey
The Turkish Institute of Internal Auditing
Turkish Human Resources Management Association (PEYON)
Turkish Industry and Business Association (TÜSİAD)
Institute of International Finance (IIF)
Webh Koc Foundation
Platform of Entrepreneur Institutions

Loans Granted by International Financial Institutions (open as of 31.12.2019 by İşbank)

<table>
<thead>
<tr>
<th>International Financial Institution</th>
<th>Date of Signature</th>
<th>Amount (Maturity Years)</th>
<th>Purpose of Extending Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Investment Bank (EIB)</td>
<td>13.06.2009</td>
<td>€ 250,000,000 (12)</td>
<td>Financing SMEs</td>
</tr>
<tr>
<td></td>
<td>09.12.2011</td>
<td>€ 150,000,000 (10)</td>
<td>Financing SMEs</td>
</tr>
<tr>
<td></td>
<td>28.05.2012</td>
<td>€ 75,000,000 (12)</td>
<td>Financing energy efficiency and renewable energy projects as part of the MidSEFF Program</td>
</tr>
<tr>
<td></td>
<td>04.12.2013</td>
<td>€ 150,000,000 (8)</td>
<td>Financing of SMEs and enterprises with 250 to 3,000 employees</td>
</tr>
<tr>
<td></td>
<td>09.05.2014</td>
<td>€ 200,000,000 (10)</td>
<td>Financing the loans to be extended to residential buildings that fall under the scope of Law No. 6306 and conform to the EIB criteria, in order to improve earthquake safety and energy efficiency in residential buildings</td>
</tr>
<tr>
<td></td>
<td>30.10.2015</td>
<td>€ 221,200,000 (10)</td>
<td>Financing of SMEs and enterprises with 250 to 3,000 employees</td>
</tr>
<tr>
<td></td>
<td>01.12.2016</td>
<td>€ 111,200,000 (13)</td>
<td>Financing energy efficiency and renewable energy projects as part of the MidSEFF Program</td>
</tr>
<tr>
<td></td>
<td>27.10.2011</td>
<td>€ 6,660,000 (15)</td>
<td>Financing energy efficiency projects as part of the TurkSEFF Program</td>
</tr>
<tr>
<td></td>
<td>28.05.2012</td>
<td>€ 50,000,000 (12)</td>
<td>Financing energy efficiency and renewable energy projects as part of the MidSEFF Program</td>
</tr>
<tr>
<td></td>
<td>09.05.2013</td>
<td>€ 25,000,000 (7)</td>
<td>Financing of women entrepreneurs as part of the WiB Program</td>
</tr>
<tr>
<td></td>
<td>04.12.2013</td>
<td>€ 15,000,000 (5)</td>
<td>Financing of energy efficiency projects as part of the TurkSEFF Program</td>
</tr>
<tr>
<td></td>
<td>18.12.2013</td>
<td>€ 50,000,000 (7)</td>
<td>Financing energy efficiency and renewable energy projects as part of the WiB Program</td>
</tr>
<tr>
<td></td>
<td>30.03.2015</td>
<td>€ 60,000,000 (5)</td>
<td>Financing of women entrepreneurs as part of the TurkSEFF Program</td>
</tr>
<tr>
<td></td>
<td>21.10.2016</td>
<td>€ 55,000,000 (12)</td>
<td>Financing energy efficiency and renewable energy projects as part of the MidSEFF Program</td>
</tr>
<tr>
<td></td>
<td>06.12.2017</td>
<td>€ 55,000,000 (7)</td>
<td>Financing of renewable energy and resources efficiency investments as part of the TurSEFF Program</td>
</tr>
<tr>
<td>European Bank for Reconstruction and Development (EBRD)</td>
<td>09.12.2010</td>
<td>€ 50,000,000 (12)</td>
<td>Financing of renewable energy and energy efficiency projects</td>
</tr>
<tr>
<td></td>
<td>01.03.2013</td>
<td>€ 50,000,000 (10)</td>
<td>Financing of loans extended to residential buildings conforming to domestic energy efficiency criteria in Turkey</td>
</tr>
<tr>
<td></td>
<td>10.12.2014</td>
<td>$220,000,000 (14)</td>
<td>Financing of SMEs, prioritized regions in development, and women entrepreneurs</td>
</tr>
<tr>
<td></td>
<td>28.12.2017</td>
<td>$105,000,000 (9)</td>
<td>Financing of housing loans, especially green mortgages conforming to IFC energy efficiency criteria</td>
</tr>
<tr>
<td></td>
<td>28.12.2017</td>
<td>$30,000,000 (9)</td>
<td>Provided for use in financing green mortgage loans ensuring energy efficiency, by the Clean Technology Fund through IFC</td>
</tr>
</tbody>
</table>

(1) Resources provided through the transactions made within the scope of the securitization program based on cash flows.
### Awards Received in Retail Banking Field in The Reporting Period

<table>
<thead>
<tr>
<th>Name of Award</th>
<th>Awarded Project</th>
<th>Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOLDEN SPIDER - Mobile Application Banking &amp; Finance</td>
<td>İşcep</td>
<td>Public’s Favorite</td>
</tr>
<tr>
<td>GOLDEN SPIDER - Mobile Application Banking &amp; Finance</td>
<td>İşcep</td>
<td>Jury’s Best</td>
</tr>
<tr>
<td>GOLDEN SPIDER - Digital Marketing-Online Advertising Campaign</td>
<td>Maxi</td>
<td>Jury’s Second Best</td>
</tr>
<tr>
<td>GOLDEN SPIDER - Most Reachable Mobile Application</td>
<td>Maximum Mobil</td>
<td>Jury’s Third Best</td>
</tr>
<tr>
<td>MARTEDH – Best Use of AI</td>
<td>Maxi</td>
<td>First Prize</td>
</tr>
<tr>
<td>MARTEDH – Best Use of Technology in Financial Sector</td>
<td>Maxi</td>
<td>First Prize</td>
</tr>
<tr>
<td>SARDİS - Ecosystem Strategy</td>
<td>Maximum Mobil</td>
<td>Gold Sardis</td>
</tr>
<tr>
<td>SARDİS - Innovative Acceleration and Incubation Programs</td>
<td>Workup Entrepreneurship Program</td>
<td>Gold Sardis</td>
</tr>
<tr>
<td>SARDİS - Internal Innovation</td>
<td>Agile Workshop</td>
<td>Gold Sardis</td>
</tr>
<tr>
<td>SARDİS - Product and Service Innovation</td>
<td>Maxi</td>
<td>Silver Sardis</td>
</tr>
<tr>
<td>STEVE - New Products &amp; Product Management Categories</td>
<td>/Financial Services</td>
<td>Maxi</td>
</tr>
<tr>
<td>STEVE - Mobile Site &amp; App Categories</td>
<td>/Financial Services- Banking</td>
<td>Maximum Mobil</td>
</tr>
<tr>
<td>STEVE - Customer Service Team of the Year</td>
<td>İşbank Call Center Team</td>
<td>Bronze STEVE</td>
</tr>
<tr>
<td>Social Media Awards - Socialbrands Data Analytics Awards / Banks</td>
<td>Turkey İşbank</td>
<td>Silver Prize</td>
</tr>
<tr>
<td>Social Media Awards - Socialbrands Data Analytics Awards / Credit Cards</td>
<td>Maximum</td>
<td>Gold Prize</td>
</tr>
<tr>
<td>Social Media Awards - Socialbrands Data Analytics Awards / Credit Cards</td>
<td>Maximes</td>
<td>Silver Prize</td>
</tr>
<tr>
<td>Social Media Awards - Socialbrands Data Analytics Awards / Online Banking</td>
<td>İşcep</td>
<td>Silver Prize</td>
</tr>
<tr>
<td>Mma Smarties Turkey Brand Awareness</td>
<td>Maxi</td>
<td>Gold Prize</td>
</tr>
<tr>
<td>Mma Smarties Turkey Product Launch</td>
<td>Maxi</td>
<td>Silver Prize</td>
</tr>
<tr>
<td>Mma Smarties Turkey Innovation</td>
<td>Maxi</td>
<td>Gold Prize</td>
</tr>
<tr>
<td>Mma Smarties Turkey Mobile Gaming / Gamification &amp; E-Sports</td>
<td>Maximum Gaming</td>
<td>Silver Prize</td>
</tr>
<tr>
<td>Elma Accenture Customer Insight &amp; Growth Banking Innovation Awards</td>
<td>Maxi</td>
<td>Bronze Prize</td>
</tr>
<tr>
<td>IDX - Turkey Finance Technology Awards</td>
<td>Digital Channels</td>
<td>Maxi</td>
</tr>
<tr>
<td>IDX - Turkey Finance Technology Awards</td>
<td>Big Data &amp; Analytics</td>
<td>İşbank AI-Based Product Sales</td>
</tr>
<tr>
<td>IDX - Turkey Finance Technology Awards</td>
<td>Enterprise Transformation</td>
<td>Agile Workshop</td>
</tr>
<tr>
<td>FEUS - Media - Financial Services</td>
<td>Maxi ile Hakan Rahat!</td>
<td>Achievement Award</td>
</tr>
<tr>
<td>Webrazzi - Enterprise Accelerator of the Year</td>
<td>Workup Entrepreneurship Program</td>
<td>Third Prize</td>
</tr>
<tr>
<td>Webrazzi - Best Technology User Bank of the Year</td>
<td>İşbank</td>
<td>First Prize</td>
</tr>
<tr>
<td>Webrazzi - Digital Banking Application of the Year</td>
<td>İşcep</td>
<td>First Prize</td>
</tr>
</tbody>
</table>

### Stakeholder Dialogue

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Communication Frequency</th>
<th>Communication Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Continuous</td>
<td>Branches, ATM, Internet Branch, Telephone Branch and mobile banking channels, customer relations representatives, meetings, customer satisfaction surveys, social media</td>
</tr>
<tr>
<td>Investors and Analysts</td>
<td>Continuous</td>
<td>General Assembly and investor meetings, investor presentations, analyst/investor days, introductory meetings, teleconferences, communication by the Investor Relations Division, İşbank Investor Relations web page, Public Disclosure Platform, Information Society Services Platform established as per the Turkish Code of Commerce, Annual Report, Sustainability Report, joint projects</td>
</tr>
<tr>
<td>Employees</td>
<td>Continuous</td>
<td>Employees satisfaction surveys, stakeholder analysis as part of sustainability, training activities, performance assessment, internal communication platforms, regular executive meetings</td>
</tr>
<tr>
<td>Subsidiaries</td>
<td>Continuous</td>
<td>Joint projects</td>
</tr>
<tr>
<td>Public Institutions and Regulatory Agencies</td>
<td>Minimum four times a year</td>
<td>Reporting processes, consultation meetings</td>
</tr>
<tr>
<td>Nongovernmental Organizations and Sector Unions</td>
<td>Very Frequent</td>
<td>Informative or press conferences, special meetings, answering written-questions, joint projects</td>
</tr>
<tr>
<td>Financial Institutions and Rating Agencies</td>
<td>Minimum once a year</td>
<td>Assessment and information meetings, Annual Report, Sustainability Report, answering written questions</td>
</tr>
<tr>
<td>International Organizations and Initiatives</td>
<td>Very Frequent</td>
<td>Conferences, seminars, congresses, workshops, answering written questions</td>
</tr>
<tr>
<td>Media</td>
<td>Continuous</td>
<td>Information communication, press conferences, special meetings, answering written questions</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Continuous</td>
<td>Daily communication with goods and service suppliers, initiatives aiming at raising sustainability awareness among suppliers</td>
</tr>
</tbody>
</table>
Human Resources Indicators

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number of Employees</td>
<td>24,868</td>
<td>24,570</td>
<td>24,053</td>
</tr>
<tr>
<td>Female</td>
<td>12,755</td>
<td>12,115</td>
<td>11,901</td>
</tr>
<tr>
<td>Male</td>
<td>12,113</td>
<td>12,455</td>
<td>12,152</td>
</tr>
<tr>
<td>Number of Employees Covered by Collective Bargaining Agreements</td>
<td>12,504</td>
<td>11,927</td>
<td>11,945</td>
</tr>
<tr>
<td>Percentage</td>
<td>50.3%</td>
<td>48.6%</td>
<td>49.6%</td>
</tr>
<tr>
<td>Full Time</td>
<td>24,762</td>
<td>24,443</td>
<td>23,923</td>
</tr>
<tr>
<td>Partial Time</td>
<td>44</td>
<td>81</td>
<td>123</td>
</tr>
<tr>
<td>Part Time</td>
<td>62</td>
<td>66</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>24,868</td>
<td>24,570</td>
<td>24,053</td>
</tr>
<tr>
<td>Number of Employees per Employment Type</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Male</td>
<td>12,755</td>
<td>12,115</td>
<td>11,901</td>
</tr>
<tr>
<td>Female</td>
<td>12,113</td>
<td>12,455</td>
<td>12,152</td>
</tr>
<tr>
<td>Number of Employees per Region and Branch</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Female</td>
<td>6,235</td>
<td>6,571</td>
<td>7,065</td>
</tr>
<tr>
<td>Male</td>
<td>17,863</td>
<td>17,204</td>
<td>16,244</td>
</tr>
<tr>
<td>Number of Employees by Gender and Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Over 50</td>
<td>2</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>30-50</td>
<td>3</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Under 30</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Employees in Management Position (Division Manager and above)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Female</td>
<td>4</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Male</td>
<td>8</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Number of Employees by Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Total</td>
<td>24,868</td>
<td>24,570</td>
<td>24,053</td>
</tr>
<tr>
<td>0-5 years</td>
<td>4,001</td>
<td>3,650</td>
<td>3,122</td>
</tr>
<tr>
<td>5-10 years</td>
<td>6,954</td>
<td>6,515</td>
<td>6,181</td>
</tr>
<tr>
<td>10+ years</td>
<td>14,313</td>
<td>15,105</td>
<td>16,480</td>
</tr>
<tr>
<td>Total</td>
<td>24,868</td>
<td>24,570</td>
<td>24,053</td>
</tr>
<tr>
<td>Employee Turnover Rate (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1,75</td>
<td>2,00</td>
<td>1,86</td>
</tr>
<tr>
<td>2018</td>
<td>1,75</td>
<td>2,00</td>
<td>1,86</td>
</tr>
<tr>
<td>2019</td>
<td>1,75</td>
<td>2,00</td>
<td>1,86</td>
</tr>
<tr>
<td>Number of Employment Created in Subsidiaries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>105</td>
<td>110</td>
<td>111</td>
</tr>
<tr>
<td>2018</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>2019</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Return to Work Rate after Maternity Leave</td>
<td>99.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retention Rate after Maternity Leave</td>
<td>96.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trainings Provided to Employees *</td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Anti-Corruption and Bribery</td>
<td>3,877</td>
<td>656</td>
<td>538</td>
</tr>
<tr>
<td>Ethical Principles</td>
<td>0.6</td>
<td>506</td>
<td>733</td>
</tr>
<tr>
<td>Human Rights</td>
<td>3,115</td>
<td>538</td>
<td>4,760</td>
</tr>
<tr>
<td>Sustainability</td>
<td>3,877</td>
<td>656</td>
<td>538</td>
</tr>
</tbody>
</table>

* The number of training activities does not include those who participate in the private security renewal training, and the actual number of employees does not include the Private Security Guard and the Servant Staff.
### UN Global Compact Communication on Progress

**Human Rights**
- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
  - Happy and Productive Employees, Management Approach
- Principle 2: Businesses should make sure that they are not complicit in human rights abuses.
  - Happy and Productive Employees, Management Approach

**Labor**
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
  - Happy and Productive Employees
- Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.
  - Happy and Productive Employees
- Principle 5: Businesses should uphold the effective abolition of child labor.
  - Happy and Productive Employees
- Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.
  - Happy and Productive Employees

**Environment**
- Principle 7: Businesses should support a precautionary approach to environmental challenges.
  - Responsible Banking, Responsible Operation
- Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
  - Corporate Memberships
- Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.
  - Responsible Banking, Responsible Operation

**Anti-Corruption**
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.
  - Management Approach

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### OHS Indicators 2019

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019 Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injury Rate</td>
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<tr>
<td>Direct Employment</td>
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### OHS Indicators 2019

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<td>Direct Employment</td>
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</tr>
<tr>
<td>Contractors</td>
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</table>

(*) Accident Frequency Rate (IR): Total number of injuries/Total working hours * 200,000
Environmental indicators

Total Energy Consumption (GJ)
  - Electricity consumption (kWh)
  - Natural gas consumption (m³)

Total energy consumption covers electricity, natural gas, diesel (for heating purposes), fuel oil and coal consumption. Electricity and natural gas consumption were included in the total energy consumption calculations. Electricity consumption was initially calculated in kWh and then converted to GJ in this conversion, 1 GJ = 3.6 GWh (GWh conversion factor was used in this calculation).

After calculating monthly natural gas consumption in 2019 in m³, it was converted to kWh by using the monthly-based upper heat values in the network. The annual total natural gas consumption and total natural gas consumption converted to GJ were calculated by summing these monthly consumptions. Annual total natural gas consumption was converted to GJ using the conversion factor mentioned above and added to the total consumption.

Reporting boundary for this KPI covers Turkey operations of İşbank. Branches, which were closed during the year, were excluded from above mentioned calculations.

Greenhouse Gas Emissions
  - Scope 1 Emissions (tCO₂e)
  - Scope 2 Emissions (tCO₂e)
  - Scope 3 Emissions (tCO₂e)

Greenhouse gas emissions refer to carbon emissions from energy consumption during the reporting period. Greenhouse gas emissions resulting from activities are calculated in accordance with the Greenhouse Gas Protocol: A Revised Corporate Accounting and Reporting Standard by S360 Sustainability Services Inc., a firm offering strategy, management and reporting services (in the area of sustainability).

Greenhouse gas emissions are calculated in 3 different scopes: Scope 1 (Direct Greenhouse Gas Emissions), Scope 2 (Indirect Greenhouse Gas Emissions) and Scope 3 (Other Indirect Greenhouse Gas Emissions). IPCC Assessment Report factors are taken as reference in determining the total amount of emissions based on the location of facilities. The data is based on the number of employees at the time of reporting.

Emission factors were used for air travel emissions and Environmental Paper Network emission factors were used for paper consumption. For truck emissions, the IPCC 5th Assessment Report factors have been calculated in accordance with the data provided by TEİAŞ. Direct greenhouse gas (GHG) emissions (Scope 1) and indirect energy greenhouse gas (GHG) emissions (Scope 2) were made according to the Greenhouse Gas Protocol – According to location-based criteria.

Energy consumption includes electricity, natural gas, fuel and oil consumption for heating purposes, etc. The energy consumption was converted to GJ using the conversion factor mentioned above and added to the total consumption. Fuel consumption by company vehicles (vehicle km) and fuel consumption by personnel service vehicles (liters) were excluded from above calculations.

Other indirect greenhouse gas (GHG) emissions (Scope 3) are reported according to the Greenhouse Gas Protocol. Deferred emission factors were used for air and travel emissions and Environmental Paper Network emission factors were used for paper consumption. Water consumption was calculated in accordance with the data provided by the branches. Mains water (Blue) covers the amount of water purchased from utilities such as İSKİ. Waste water signifies the total amount of waste water collected at branches.

The subject of human rights is also mentioned in the course of Law on Private Security Services and the number of employees subjected to environmental and social risk assessment during the reporting period to monitor the projects financed in 2019 or before.

Number of financed projects subjected to environmental and social risk assessment
- Number of financed projects subjected to environmental and social risk assessment
- Project Environmental and Social Assessment Document is prepared for each project.

Field visits within the scope of environmental and social risk assessment
- Field visits were carried out within the scope of environmental and social risk assessment during the reporting period to monitor the projects financed in 2019 or before.

Training hours are calculated considering all trainings, excluding private security renewal trainings given to employees during the year. In this context, the calculations are made by dividing the total hours of training given to the employees by the number of employees as of 31 December 2019 (private security and staff members are not included in these calculations).

Anti-Bribery and Anti-Corruption, Ethical Principles, Human Rights and Sustainability trainings are covered by the training modules including these subjects. Calculations for this indicator consider the number of employees who participated in these trainings and the number of times allocated to these issues in the trainings. There are no trainings directly devoted to Anti-Bribery and Anti-Corruption, Ethical Principles, Human Rights and Sustainability issues within the Bank. However, these topics are covered in certain training programs for certain periods of time. Therefore, when calculating the total hours of training and the number of participants related to these titles, a default estimate is used for the existing training programs. On the other hand, when calculating the training periods, the duration of the training given in these areas in the training programs organized by the Board of Inspectors for the Board Members are not included.

The subject of human rights is also mentioned in the course of Law on Private Security Services and Individual Rights, which is provided to private security personnel as part of the renewal trainings at certain provinces. The subject of Anti-Bribery and Anti-Corruption, Ethical Principles, Human Rights and Sustainability are considered in the training modules.
### Human Resources Indicators

**Total Number of Employees**
- Total number of employees covers all employees of İşbank who are employed at Turkey and overseas operations as of 31st of December 2019. Functional management and leadership development programs by the number of managers (Submanager and above) as of 31st December 2019. Hours of IT competence development training per person is calculated by dividing the total hours of "IT Business Line Trainings" during the reporting period with the number of employees within the Department of Information Technologies and Data Management (including private security guards and staff) as of 31st December 2019. Digital trainings include distance education such as videos, e-trainings, and e-games. The share of digital trainings in total trainings is calculated by dividing the total duration of Digital Trainings completed in the reporting period by the total hours calculated for all trainings.

**Employee Turnover Rate**
- Covers the ratio of the total number of employees who resigned during the year to the average number of employees. The average number of employees is calculated by dividing the sum of number of employees determined at each month by 12.

**Women Ratio in Management and type of employment**
- This indicator refers to breakdown of total number of employees by gender and employment type (Full Time, Part Time and Part Time Status). Employment types include full time, part time and part time status employees. Part time employees include those for whom a working day consists of 1 hour. Whereas, part time status employees include those for whom a working day consists of 5 hours. Part Time status employees are provided to contract-based employees as well as permanent staff who had returned from maternity leave or their partners.

**Breakdown of employees by gender and type of employment**
- Covers the ratio of digital trainings to total number of employees who have successfully logged into any of the individual iCep, commercial iCep, Maximum Mobil, Maximum lynyer, Individual Internet Branch Commercial Internet Branch channels with their customer number and password during the reporting period.

**Number of digital banking customers**
- The number of customers who have successfully logged into any of the individual iCep, commercial iCep, Maximum Mobil, Maximum lynyer, Individual Internet Branch Commercial Internet Branch channels with their customer number and password during the reporting period.

**Number of mobile banking users**
- The number of customers who have successfully logged into any of the individual iCep, commercial iCep, Maximum Mobil, Maximum lynyer, Individual Internet Branch Commercial Internet Branch channels with their customer number and password during the reporting period.

**Lost Day Rate (LDR)**
- Covers the ratio of the number of lost days due to accidents to total work hours. This calculation uses the following formula: (Total number of lost days*200,000)/Total work hours. The last days in the formula covers absences due to accident.

**Number of OHS Committees established and the total number of members and representatives working on the committees**
- The indicator covers the number of OHS committees established at İşbank buildings with an employee population of 50 or more, in accordance with the law number 3231 on OHS. In this context total number of members corresponds to the total number of members to OHS committees. Union representatives are considered as natural employee representatives.

**Other Indicators**

### Annexes

**Injury Related Absenteeism**
- Calculated by considering the days of absence due to work accidents. In this regard, calculations are made according to the premises stated in the district/hospital reports of the employees who had reported work accidents to Human Resources Management Division.

**Accident Frequency Rate**
- The ratio of accidents during the year to total working time is calculated. In this regard, calculations are made by dividing the total number of work accidents by the total working hours - Lost hours* 200,000. The number of accidents in this formula is obtained from the accident report forms filled out by employees. WHK calculating total working hours, official holidays within the year are subtracted and 1 workday is accepted as 8 hours. Lost work hours are recorded by calculating total number of work hours lost by the number of daily absences due to accidents.

**Lost Day Rate (LDR)**
- Covers the ratio of the number of lost days due to accidents to total work hours. This calculation uses the following formula: (Total number of lost days*200,000)/Total work hours. The last days in the formula covers absences due to accident.

**Number of OHS Committees established and the total number of members and representatives working on the committees**
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**Retention rate after maternity leave**
- Retention rate after maternity leave covers the female employees those who continue to work at İşbank as of the end of reporting period. Retention and calculations for these employees cover one year prior to the reporting period. The rate of retention reported for 2019 reflects the rate of female employees who had returned from (paid or unpaid) maternity leave in 2019 and continued to work at İşbank 1 year for the number of female employees who had returned from (paid or unpaid) maternity leave in 2018.

**OHS data on the basis of female and male employees**
- Occupational Health and Safety related data covers İşbank employees within the borders of the Republic of Turkey. It covers the definition of work accident numbers as defined in laws numbered 3231 and 5151. In this context, calculations are made by considering the statements of the employees who reported work accidents, the hospital reports, the workplace doctor or the institution doctor reports.

**Number of incidents**
- Includes the number of days lost due to accidents to total work hours. This calculation uses the following formula: (Total number of lost days*200,000)/Total work hours. The last days in the formula covers absences due to accident.

**Customer Satisfaction Score (Net Promoter Score)**
- The indicator covers scores reflected in individual and commercial customer experience surveys conducted by independent research companies during the reporting period.

**Total Amount of Cash Loans Extended to the Agricultural Sector (Kılık TL)**
- Covers the total amount of retail and commercial cash loans extended to the agricultural and livestock sector during the reporting period and also includes loans covered by the NACE code. The labeling and classification of loans on the system has been checked and tested.

**Total Financing Provided to SMEs (Kılık TL)**
- Definition of this indicator in previous years, covered individual and commercial cash loans extended to SMEs. During the reporting period of 2019, the definition was extended to cover individual and commercial cash and non-commercial loans extended to SMEs.

**Number of views of İTE KBĐ**
- Includes the number of users logged into İşbank’s website www.itekbo.com.tr/ which has been active since February 2017. During the reporting period, calculations within this indicator took into account Google Analytics data.

**Number of Baromaitic ATMs**
- Includes the total number of ATMs belonging to İşbank in Turkey and Turkish Republic of Northern Cyprus (TRNC) as of the reporting period. In this context data provided by the Interbank Card Center for December 2019 has been taken into account.

**Number of Doubled Friendly (Baromaitic) ATMs**
- Includes the total number of ATMs belonging to İşbank, located in Turkey and TRNC which are accessible to a wheelchair and/or includes a headphone jack as of the reporting period.

**Total paper savings thanks to digitization processes (Number of pages printed)**
- The indicator reflects the difference of the total number of pages printed in same brand printers in İşbank branches during the reporting period compared to the previous year. During the calculations number of print reports provided by the printers were taken into account.

**Number of trees planted during the year within the scope of the project carried out with the TEMA Foundation**
- Includes the number of trees which will be planted in 2020 in exchange to the paper waste (papers belonging to the employees collected from home) donated to İşbank by TEMAS in between February 1, 2019, and February 29, 2020. 1 tree is planted for every 100 kg of paper waste donated. In this context, receipts of collected paper waste from İşbank were examined.

**Number of gradudates from “İT Students from B1 Cities” Project conducted with Darüşşafaka**
- Includes the number of graduates during the reporting period from Darüşşafaka within the scope of the scholarship program. B1 Students from B1 Cities, conducted by İşbank with Darüşşafaka. An official letter provided by Barışsaka was taken into consideration.
Independent Limited Assurance Report

To the Board of Directors of T. İş Bankası A.Ş.

We were engaged by Türkiye İş Bankası A.Ş. (hereinafter “Company” or “İş Bankası”) to provide limited assurance on the “Selected Information” contained as defined in the Reporting Guidance of the Integrated Annual Report (hereinafter “the Report”) for the year ended 31 December 2019.

The scope of our assurance is limited to the Selected Information listed below which are defined in the Reporting Guidance section of the Report:

• Number of renewable energy projects financed during the year, installed power size (MW) and loan amount provided to these projects (million USD)
• Total amount of cash commercial loans extended in the agricultural sector (billion TL)
• Total financing provided to SMEs (billion TL)
• Number of projects and risk categories financed through environmental and social assessment
• Number of field visits within environmental and social risk management
• Number of saplings planted during the year within the scope of the project carried out with the TEMA Foundation
• Total number of employees
• Breakdown of employees by gender and type of employment
• Employee turnover (%) 
• Women ratio in management (%) 
• Unionization ratio (%) 
• Number of employees benefited from maternity leave
• Number of employees returned from maternity leave
• Rate of return from maternity leave (%) 
• Retention rate after maternity leave (%) 
• OHS data on the basis of female and male employees
  • Number of accidents
  • Number of fatal cases
  • Number of occupational diseases
  • Injury related absenteeism,
  • Accident frequency rate,
  • Lost day rate,
  • Occupational disease rate,
• Number of OHS committees established and the total number of members and representatives working at the committees
• Average training hours per employee per year (with a gender breakdown)
• Number of training hours per newly recruited employees in the first year
• Number of employees who attended to training on “Fight against Corruption and Bribery,” “Principals of Ethics/ Business Ethics,” “Human Rights” and “Sustainability” and number of training hours
• Number of employees who attended to information security trainings and number of training hours
• Share of digital trainings in total trainings (%)
• Number of training hours per person for management and leadership programmes
• Number of training hours per person for IT competency development trainings
• Greenhouse Gas Emissions
  • Scope 1 (CO2, t)
  • Scope 2 (CO2, t)
  • Electricity consumption (KWh)
• Natural gas consumption (m³)
• Total energy consumed (GJ)
• Fuel consumption of company vehicles (lt) and personnel service vehicles (lt)
• Total water consumption (m³)
• Total mains water consumption - Blue (m³)
• Total ground water consumption - Green (m³)
• Total waste water consumption - Gray (m³)
• Amount of recycled water (m³)
• Paper consumption (tons)
• Amount of recycled paper (tons)
• Amount and types of recycled hazardous waste (tons)
• Amount and types of recycled non-hazardous waste (tons)
• Emission Intensities
  • Emission per employee (CO2e/number of employees)
  • Emission according to consolidate total assets (CO2e/TL)
  • Emission according to consolidate net profit (CO2e/TL)
• Number of views for İŞ'TE KOBİ
• Number of customers
• Net Promoter Score
• Customer Satisfaction Score
• Number of Bankamatik ATMs
• Number of disabled-friendly Bankamatik ATMs
• Number of digital banking customers
• Number of mobile banking users
• Total paper savings thanks to digitized processes (Number of pages printed)
• Number of graduates from “181 Students from 181 Cities” Project conducted with Dariuszafaika
Management’s responsibilities
Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the Reporting Guidance section of the Report, and the information and assertions contained within it, for determining İş Bankası’s objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

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

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

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

We apply International Standard on Quality Control 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.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and 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.

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

Conclusion
Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information of the Report of İş Bankası for the year ended 31 December 2019 is not presented, in all material respects, in accordance with the Reporting Guidance of the Report.

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

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Şrin Soysal,
Partner
Istanbul, 03 July 2020
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For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-69 align with appropriate sections in the body of the report GRI STANDART - The service was performed on the Turkish language version of the report

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### Priority Issues

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