

İŞBANK
SUSTAINABLE
FINANCE
ALLOCATION AND
IMPACT REPORT

December 2024

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1. INTRODUCTION

1.1 İşbank's Profile

As Türkiye's leading and largest private bank, Türkiye İş Bankası A.Ş. (İşbank) has undertaken a pioneering and guiding role in the Turkish banking industry since its foundation in 1924. İşbank has introduced a number of firsts to the Turkish People including the first ATM, the first Internet Branch and the first mobile banking application and has continued to carry out innovative activities that stand out as exemplary in the sector.

Being "the bank closest to customers", İşbank serves retail, SME and large corporate customers and provides a comprehensive range of banking services through a strategy of achieving sustainable and profitable growth. With its strong capitalization, the Bank is determined to reinforce its support for its customers by taking advantage of the opportunities created by its sustainable and solid financial structure. Standing for trust, respectability and prestige in the eyes of the society, İşbank serves a broad customer base with its extensive branch and ATM network as well as with its constantly growing digital service channels.

1.2 Sustainability at İşbank

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

In line with its founding philosophy, İşbank produces permanent value for its stakeholders not just in the short term but also in the medium and long term, building on its deep-rooted and powerful business model, namely "İşbank Banking". İşbank Banking is structured with a focus on "producing sharable and sustainable value".

Sustainability has been placed among the strategic priorities, and it has been integrated into core business by embedding ESG considerations into risk management processes, product & service development and long term strategies at İşbank. With the Sustainability Management System in place, İşbank carries out various activities such as the management of environmental impact, assessment of environmental and social impact resulting from lending operations and constant improvement of the human resources potential through training programs with a holistic approach. The Board of Directors has ultimate oversight of sustainability issues. There is a dedicated Board level Sustainability Committee who drives and executes the sustainability strategy.

Decarbonization constitutes the focal point of İşbank's ESG strategy both in terms of its own operations and financed emissions. As a leading financial actor of Türkiye, İşbank plays a major role in financing low-carbon activities and also green transition of its customers. In April 2022 İşbank became a member of UN-convened Net Zero Banking Alliance which brings banks together who are committed to aligning their portfolios with net-zero emissions by 2050 in line with Paris Climate Agreement. Accordingly in 2023, İşbank announced intermediate emission reduction targets for three carbon-intensive sectors as part of its efforts to manage the impacts arising from its loan portfolio. While prioritizing the sectors for target setting, the Bank took into consideration the primarily defined sectors by Net Zero Banking Alliance, the share of these sectors in its loan portfolio and the sectoral climate change heat map. In this regard, the Bank carried out its targeting initially in power generation, cement and iron&steel sectors, which are also within the scope of European Union Carbon Border Adjustment Mechanism. The Bank followed the Partnership for Carbon Accounting Financials (PCAF) methodology, for calculating the financed emissions in these sectors. Within the scope of the project, emission reduction pathways that will enable to reach net zero in 2050 for priority sectors are determined under different scenarios, and the effects of these scenarios on



the Bank's balance sheet and income statement are studied through financial modeling.

İşbank discloses its climate-related efforts through Carbon Disclosure Project Climate Change Program since 2019. With its A rating in 2023, İşbank proved its way towards realizing its targets in combatting climate change by becoming Global Climate Leader. In addition to Climate Change Program, İşbank also raised its score under the Water Security Program to "A-" Leadership level. Also İşbank's integrated annual report uses the capital classification of capital items suggested by the International Integrated Reporting Council (IIRC) and is prepared in accordance with the "GRI Standards: Comprehensive option". While creating the report content, GRI Standards Financial Services Sector Supplement and the Provisional Standard for Commercial Banks released by the Sustainability Accounting Standards Board (SASB) are also used. İşbank is also one of the pioneering institutions in financing renewable energy projects in Türkiye. All of the new project financing provided by the Bank for electricity generation investments after 2015 has been allocated to renewable energy projects.

Considering the social and economic impacts of lending activities, İşbank supports sustainable practices of its customers. All new investment projects financed by İşbank with an investment amount of more than USD 10 million are evaluated for management of environmental and social risks and impacts of the projects. Projects within this scope are subject to environmental and social risk assessment and a risk score is assigned as a result of this assessment. If the risk of the project is found to be high, an environmental and social action plan is being prepared in cooperation with the customer for the elimination, limitation or removal of the detected impacts, and the follow-up of these actions is provided under the supervision of independent consultants, when necessary.

İşbank has always had a supportive attitude toward female employees. In 2020, İşbank reinforced this egalitarian approach by becoming a signatory to the United Nations Women's Empowerment Principles (WEPs) and pledged to support and facilitate women's participation in employment in Türkiye. İşbank is also a member of the global initiative known as 30% Club, which works to raise the number of women in executive leadership roles on company boards all across the world. The Bank's Gender Equality Policy was formed in 2021 by resolution of the Board of Directors. With the Board's approval, the Board of Directors Diversity Policy went into force in 2022. İşbank also joined The Bloomberg Gender Equality Index (GEI) in 2022 and transparently reported its efforts on gender equality internationally.

İşbank supports women's participation in business life and continue to offer the necessary financial and non-financial solutions to women entrepreneurs, who are an important dynamic in sustaining economic and social development. İşbank has committed to provide financial support of TL 100 billion to women entrepreneurs within 5 years starting from 2023 and aims to reach 15,000 women entrepreneurs in 5 years by providing financial literacy training programs under the umbrella of Women Empowering the Future.

In addition, İşbank launched the "Internet for 100 Villages" project on the occasion of the 100th-anniversary celebrations of the Republic of Türkiye and İşbank. With this Project, İşbank aims to expand the availability of the advantages offered by technology in every field, from education to economy, by providing internet access in rural areas.

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

2. İŞBANK'S GREEN AND SUSTAINABLE DEBT ISSUANCE

2.1. GREEN BONDS

ISIN	XS2041003901
Amount	USD 50,000,000
Issuance Date	21 August 2019
Maturity	21 December 2029
Issuance Type	Senior unsecured
Issuance Format	Reg S
Use of Proceeds	Green Categories stated in İşbank's Sustainability Bond Framework
Listing	Euronext Dublin
Allocation of Proceeds (%)	100%

ISIN	XS2306847158
Amount	USD 13,000,000
Issuance Date	25 February 2021
Maturity	25 February 2026
Issuance Type	Senior unsecured
Issuance Format	Reg S
Use of Proceeds	Green Categories stated in İşbank's Sustainability Bond Framework
Listing	Euronext Dublin
Allocation of Proceeds (%)	100%

ISIN	XS2908813400
Amount	USD 20,000,000
Issuance Date	30 September 2024
Maturity	30 September 2029
Issuance Type	Senior unsecured
Issuance Format	Reg S
Use of Proceeds	Green Categories stated in İşbank's Sustainability Bond Framework
Listing	Euronext Dublin
Allocation of Proceeds (%)	0%

2.2. SUSTAINABLE BONDS

2.2.1. Private Placements

ISIN	Issuance Date	Maturity Date	Issuance Amount
XS2696749386	28.09.2023	30.09.2024	GBP 27,239,000
XS2704575500	16.10.2023	18.10.2024	GBP 24,289,000
XS2719114758	14.11.2023	21.11.2024	GBP 10,500,000
XS2720107494	17.11.2023	18.11.2024	GBP 23,528,000
XS2726251312	27.11.2023	28.11.2024	GBP 23,867,000
XS2727592433	29.11.2023	02.12.2024	USD 25,500,000
XS2727592516	29.11.2023	02.12.2024	EUR 21,540,000
XS2731503236	08.12.2023	09.12.2024	GBP 33,140,000
XS2731325200	08.12.2023	09.12.2024	USD 10,000,000
XS2734292712	14.12.2023	16.12.2024	USD 10,000,000
XS2734292639	14.12.2023	16.12.2024	USD 10,000,000
XS2737627799	21.12.2023	23.12.2024	USD 28,342,000
XS2737627872	21.12.2023	24.12.2025	GBP 20,500,000
XS2741069640	27.12.2023	08.01.2025	GBP 20,200,000
XS2741791557	28.12.2023	06.01.2026	GBP 30,200,000
XS2741791631	28.12.2023	30.12.2024	GBP 19,000,000
XS2747267925	12.01.2024	13.01.2025	USD 10,000,000
XS2747617764	12.01.2024	13.01.2025	USD 10,000,000
XS2751644456	19.01.2024	14.10.2025	USD 90,000,000
XS2758228097	31.01.2024	10.07.2025	USD 10,000,000
XS2763420531	09.02.2024	10.02.2025	USD 50,000,000
XS2818183175	09.05.2024	13.11.2025	USD 50,000,000
XS2823228627	16.05.2024	14.10.2025	USD 68,300,000
XS2824616176	20.05.2024	22.05.2025	GBP 27,180,000
XS2824616093	20.05.2024	02.06.2026	GBP 16,780,000
XS2824615954	22.05.2024	29.05.2025	EUR 25,078,000
XS2826811965	23.05.2024	30.05.2025	USD 60,000,000
XS2874388858	06.08.2024	06.08.2029	USD 20,000,000
Total Issuance (In Equivalent USD)			USD 873,758,218
Allocation Ratio	100%		

2.2.2. Benchmark Issuance

ISIN	XS2654059752 - US90016BAH15
Amount	USD 500,000,000
Issuance Date	12 June 2024
Maturity	12 June 2029

Issuance Type	Senior unsecured
Issuance Format	Reg S/144A
Use of Proceeds	Green and/or the Social Categories stated in İşbank's Sustainability Bond Framework
Listing	Euronext Dublin
Allocation Ratio	100%

3. ALLOCATION AND IMPACT OF THE PROCEEDS

3.1. GREEN PROJECTS

							Impact Metrics		
Category	Sub-category	Project number	Loan Amount (USD) **	Allocation Amount (USD)	Disbursement Date	Issuer's Share of Project	Installed capacity (MW)	Energy produced in 2023 (MWh)	Estimated GHG emission avoided (tCO2e)
Renewable energy	Solar power	1	19,888,450	10,100,894	29.09.2017	70%	10.7	18,192	7,973
		2	7,589,836	7,589,836	16.10.2017	73%	10.3	15,620	7,139
		3	5,548,091	5,548,091	30.11.2017	75%	7	12,789	6,005
		4	6,845,829	6,845,829	01.08.2018	70%	15.4	19,002	8,328
		5	8,016,942	8,016,942	26.07.2019	75%	10.8	21,138	9,926
		6	8,479,012	8,479,012	25.05.2021	63%	23.4	17,483	6,896
	Wind power	7*	68,562,751	68,562,751	11.11.2021	9.3%	1,000	2,667,475	155,320
		8	16,419,396	16,419,396	26.01.2018	63%	25.2	81,747	32,244
		9	9,836,357	9,836,357	19.11.2021	100%	30	119,240	74,656
TOTAL		151,186,664	141,399,108					308,488	

* This asset had been included in our Bank's Impact Report on Domestic Green Debt Instruments, published in August 2024. However, the associated TL issuance was redeemed on 26 August 2024, resulting in the derecognition of the green asset in the report, effective from that date.

**These figures also represent the 'signed amount'

3.2. SOCIAL PROJECTS

Social Project Category*	Customer Group**	Total Number of Loans***	Number of SMEs / Women-Owned Businesses Financed	Total Outstanding Loan Amount (USD)****
Employment Generation Including Through the Potential Effect of SME Financing	Women SMEs in underdeveloped regions	6,731	4,473	116,395,609
	SMEs in underdeveloped regions*	35,345	25,779	1,179,559,024
	Total	42,706	30,252	1,295,954,633

* "SME" means, a company that has: (a) fewer than 250 employees; and (b) turnover of TL500,000,000 or less, or assets of TL500,000,000 or less, as defined by the Official Gazette's regulation on small and medium-sized enterprises, published in the Official Gazette dated 25 May 2023 (Issue No. 32201).

** Areas/cities in Turkey that have income lower than the country's GDP average

*** The loans were underwritten in 2023 and 2024.



**** These figures also represent the 'signed amount.'

4. IMPACT REPORTING METHODOLOGY

In order to present the environmental impact of its green and sustainable bond portfolio, İşbank has opted to report the 'Estimated annual GHG emission avoided or reduced (tCO₂e)' in aggregate and on project basis, as the KPI for renewable energy projects.

The reported KPIs above are calculated by proportioning the total GHG emission avoided by the project with İşbank's loan's share in total project cost. The total GHG emission avoided by each project is calculated as 'Energy produced in 2023 (MWh)* the 2023 Turkish grid emission factor for solar and wind projects.

The 2023 Turkish grid emission factor for solar and wind projects is 0.6261, which is the most recently announced data by the Republic of Türkiye Ministry of Energy and Natural Resources.

Indicators for the social use of proceeds are outlined in the İş Bankası Sustainable Finance Framework. This portfolio consists of SMEs and in particular Women SMEs in underdeveloped regions and impact is calculated through the number of SMEs financed, number of women-owned businesses financed and number / amount of loans granted.

5. EXTERNAL REVIEW

The verification of this allocation and impact report has been provided by ISS - Corporate and based on the limited assurance procedures conducted, nothing has come to ISS - Corporate's attention that causes them to believe that, in all material respects, the reviewed bonds projects, funded with the proceeds of Green and Sustainable Bonds issued by İşbank, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the İşbank Sustainability Bond Framework.