

# İşbank 2018 Integrated Report





# Introduction to 2018 Integrated Report

The board of İşbank has used its collective mind to steer its business to the junction of the three critical dimensions for sustainable development, namely the economy, society and the environment.

It is clear from İşbank's integrated report that the board has adopted integrated thinking and no longer looks at the sources of value creation and the relationship between the company and its stakeholders in isolation. In reading the report there is a symphony between how the company makes its bottom line and how it deals with the impacts of doing so on those three critical dimensions for value creation but in a sustainable manner.

It is also clear that İşbank's corporate leaders have got buy-in to its business model and strategy from the tone at the top to the beat of the feet at the bottom of the company. With this buy-in İşbank should achieve extraordinary things.

It gives me pleasure as Chairman Emeritus of the International Integrated Reporting Council to congratulate İşbank on its first integrated report taking account of the IIRC's Framework.

İşbank has set a precedent for other companies in Turkey to follow suit.



**Prof. Mervyn King SC**

Chairman Emeritus of the International Integrated Reporting Council

# Contents

3	About This Report
6	Chairperson's Message
8	Message from the CEO
12	About İşbank
14	Sustainability Approach
20	İşbank Banking
22	Value Creation Model
24	Capitals
26	Financial Performance
30	Ethical and Transparent Banking
34	Responsible Banking
50	Customer Focus
56	Digital Transformation
68	Working Life
76	Environmental Impact
82	Social Investment Programs
88	Risks and Opportunities
94	Annexes
105	UN Global Compact Communication on Progress
106	Independent Assurance Report
108	GRI Content Index

## About This Report

Presenting a holistic overview of İşbank's environmental, social and governance performance in the period from 1 January 2018 through 31 December 2018, this is the first integrated report published by İşbank. The report encompasses the Bank's activities in Turkey, and excludes subsidiaries and overseas operations.

İşbank pursues transparent and respectful communication built on ethical principles with all its stakeholders. The integrated report, which, in our opinion, will serve as an important enabler of this dialogue, espouses a sophisticated and circular approach in addressing İşbank's corporate strategy, goals and permanent value creation capability summed up in the motto "Turkey's Bank".

2018 Integrated Report presents detailed information about the way İşbank internalizes integrated thought, its interactive dialogue with stakeholders, material issues and the value created by the Bank within the context of its operational cycle. Produced on the center of material issues deemed to be of extreme importance by the Bank and its shareholders, the report covers a section titled "İşbank Banking" elaborating on İşbank's Value Creation Model within the frame of six different capitals in line with the capital classification

suggested by the International Integrated Reporting Council (IIRC), in addition to the headings dealing with financial, environmental and social performance.

İşbank's 2018 Integrated Report has been submitted for review by an Academic Panel constituted by Prof. Güler Aras, Yıldız Technical University faculty member, and Prof. Zeynep Gürhan Canlı, Koç University faculty member. The Panel's comments regarding the report's scope and construction have been obtained along with recommendations for the future.

Performance indicators and statements in the 2018 Integrated Report are presented in comprehensive format as defined in the GRI Standards (Comprehensive) (please refer to GRI Content Index, page 108). This report also includes the progress report required by the UN Global Compact (UNGC) of which İşbank is a signatory. (Please refer to UN Progress Report, page 105).

The Report made use of the GRI Standards Financial Services Sector Supplement and the Provisional Standard for Commercial Banks released by the Sustainability Accounting Standards Board (SASB).

# We are Building the Future...

**We deem it an inevitable responsibility upon us to leave a prosperous, safe, clean and fair world where human rights are respected, in short, a livable world to our children, the most valuable assets of us as individuals and as a community.**





## Chairperson's Message



Our first Integrated Report that provides a combined overview of the economic, social and environmental values İşbank produced in 2018, offers integrated information about the financial and non-financial performance of our Bank.

### Esteemed stakeholders of İşbank,

Having celebrated its 94<sup>th</sup> year in operation and moved one step closer to its centennial in 2018, İşbank keeps creating value with its business philosophy formulated to blend its experience and future vision.

With our value creation model devised with our culture of being members of İşbank family and which is based on our respectful and principled banking approach that is passed on from one generation to the other and that we call "İşbank Banking", we fulfill our responsibilities towards our society, employees, shareholders and other stakeholders, as well as our customers. As compelled by this approach, we espouse it as our fundamental goal to be an environmentally sensitive and socially responsible organization, an attentive employer, and most importantly, a business partner that individuals and businesses can rely on when building their futures.

This year, we are sharing our first Integrated Report that provides a combined overview of the economic, social and environmental values İşbank produced in 2018. The report offers integrated information about the financial and non-financial performance of our Bank that observes the interests and priorities of all of its stakeholders in its operations, while also giving us the chance to convey our forward looking projections and targets.

As we help our customers build their financial futures, we offer them the necessary support to achieve their goals with a business partner concept, and we stand by them at all times. We are working to minimize our environmental footprint in our sphere of influence through our work processes that we implement in the banking industry which meet the needs arising from the current and global trends.

## Second century

We are getting ready for our second century with our significant investments in digital transformation.

As we carry İşbank into the future as a permanent value, we continue to generate the necessary funding to support our operations thanks to our internal capital generation capacity. We recognize the importance of our human resources that represent one of our most valuable capitals, and we always work to maximize employee satisfaction as we move forward. We fulfill our social responsibility through systematic, long-lasting projects to further strengthen the future of the society that we belong to.

### **We are getting ready for our second century.**

Our operations and each and every project we carry out serve to our goals of making banking an easily accessible service for all members of the society and of producing more value for all our stakeholders.

Our age is the scene to a fast-paced, worldwide transformation in almost every sector, and proactivity is a must for sustaining performance in a healthy and strong manner. At İşbank, we are getting ready as an organization for our second century with our competencies, assets, strength and accurately formulated strategy backed by significant investments in technology and digital transformation. I am convinced that this perspective which is critical for a sustainable growth strategy will further solidify the pioneering position of İşbank, an establishment which we will bequeath to future generations, in various areas.

As an establishment that has stood for prestige and trust for nearly one hundred years, İşbank holds a hopeful, determined and confident outlook for the future.

Almost coeval with the Turkish Republic, İşbank has been an establishment that has invariably stood for prestige and trust for nearly one hundred years. The meticulous and hard work of its employees who have devoted themselves to the “İş” brand name and who have been raised with the culture of being members of the İşbank family are the reason why İşbank holds a hopeful, determined and confident outlook for the future. As in the past and today, İşbank will continue to contribute to our country with the sense of duty and responsibility of its employees who represent its most valuable asset in the future.

I extend my thanks to all our stakeholders and primarily to my colleagues who have driven our Bank to where it stands as one of the most eminent financial institutions not just in our country but also in the world, and pursues its activities with the vision of creating permanent value for the national economy and for its stakeholders alike.

Yours sincerely,



**Füsun Tümsavaş**  
Chairperson

## Message from the CEO



İşbank is an establishment that has taken on critical roles through every phase of Turkey's economic history, witnessed all the transformations and changes involved, and has a past that is identical with the history of the Turkish Republic.

### Esteemed stakeholders,

Besides the volatilities in global markets, there are numerous parameters that define the global economic agenda such as climate change, depletion of natural resources, population growth and inequalities.

Correct management of these variables that indicate risks for the business world as much as opportunities if properly addressed calls for an integrated approach. While the worldwide rapid change brings about new modes of doing business, there is a transition to the circular economy, which is based on efficient use and recycling of resources.

The banking industry in which we operate leads this major transformation with the role it takes on. The transformation also forces banks that act as the driving

force of sustainable development to comprehend the change including its positive and negative aspects, and to internalize business opportunities with a proactive approach while correctly managing the risks and the capitals.

In this context, we, as İşbank, continue to produce value for all our stakeholders with our activities and efforts aimed at contributing to the Sustainable Development Goals in keeping with our commitment as put forth by becoming a signatory of the UN Global Compact that covers universal principles for sustainability. When doing that, we adopt a financing approach that simultaneously observes environmental and social axes and a service concept that puts customer experience at the center.

## TL 416.4 billion

In 2018, we increased our total assets to TL 416.4 billion, up 14.9% compared to the previous year.

**We kept allocating our resources to the sectors generating added value in our ecosystem and to households in 2018.**

### **İşbank is a visionary establishment that gears up for the changing market conditions.**

Displaying a comprehensive approach in a number of areas including supporting small artisans and SMEs that make the backbone of the economy, driving exports, strengthening the place of women in the business world, financing of renewable energy investments and fighting against the climate change, İşbank is an establishment that has taken on critical roles through every phase of Turkey's economic history, witnessed all the transformations and changes involved, and has a past that is identical with the history of the Turkish Republic.

Our financial structure is not the sole element that prepares our Bank for the competitive environment and positions it according to the future market conditions. Equally important as our solid tangible capital are our qualified human resource, our physical and digital service platforms designed with an integrated approach, "İş" brand accompanied by our leading products in various segments of banking, our strength in corporate governance and our prestigious position in the face of the society, and they altogether form the foundation of the İşbank value creation model that is built upon the six capitals of the International Integrated Reporting Council (IIRC). Our business model which lets us take our corporate strategy

that points out our extensive approach in doing business and is summed up in the tagline "Turkey's Bank", priorities, stakeholder anticipations, risks and opportunities with an integrated approach, allows us to produce value for all our stakeholders in the short, medium and long term. With the variety of channels and products, we offer an inclusive approach to all segments of the society.

### **We are Turkey's leading private bank.**

In spite of all the volatilities experienced, we kept allocating our resources to the sectors generating added value in our ecosystem and to households and strongly materialized our support to the national economy in 2018 as well, as we always have.

In 2018, we increased our total assets to TL 416.4 billion, up 14.9% compared to the previous year, and preserved our position as Turkey's largest private bank in terms of total assets. We remained Turkey's leader private bank also in terms of total lending, deposit base and shareholders' equity based on 2018 performance. Our support has been ongoing in every part of the economy through the loans we extended to the SMEs that hold a priority place for our Bank and form the backbone of the national economy, to the households, industrial enterprises and infrastructure projects.

## Message from the CEO

**We adopt a global vision when putting into life our customer-centric efforts in digital trends and technological innovations that affect the whole world.**

### **Digitalization is the future.**

We are realizing comprehensive structures and investments for the future within the frame of our Digital Transformation Program that puts customer expectations in its focus, and is intended to fulfill personalized demands, to upgrade customer experience and to create a difference. We have covered important distance in recent years with our efforts in this direction. As İşbank's pioneering position in digital banking is increasingly anchored by every year, the new features we introduce further enhance the satisfaction of our customers.

We adopt a global vision when putting into life our customer-centric efforts in digital trends and technological innovations that affect the whole world. Our innovation centers that became operational in the Silicon Valley, U.S. in 2016 and in Shanghai in 2018 reveal to our stance in this respect. We are determined to carry on with our investments in technology and thus, to support the services we provide to our customers with novelties

that make life easier for them. For instance, Maxi, our personal assistant application launched in 2018 has been successfully integrated in our service platforms and quickly achieved a record number of customer contacts. On the other hand, we began deploying the humanoid robot Pepper in our branches, representing the first step of our target of enriching customer service experience delivered at branches with robotic technology.

The organizational link of our digital transformation efforts is the Agile Atelier. With this mode of working that is becoming more widespread across the world, our employees from different disciplines and having different competencies produce rapid and effective results within a horizontal structure based on end-to-end responsibility and ownership model.

We will keep improving our organizational structure and the value we offer to our customers by focusing on digital banking. I believe that the projects we implement will play a big part in increasing the total value we produce for our

We will keep improving our organizational structure and the value we offer to our customers by focusing on digital banking.

stakeholders and will trigger increased efficiency in all our capitals.

Steadfast in consistent and strong balance sheet management under any circumstance, our Bank authors exemplary efforts with its ethical and transparent mode of doing business, and exhibits a sustainable and solid financial performance.

Our responsible approach to financing simultaneously encompassing economic, environmental and social axes and our service concept focused on customer experience constitute our fundamental principles. The effective risk management and compliance policies in place provide us with the resilience and protection we need amid the volatile and variable setting of the global economy.

Our qualified human resource is our most important asset that has carried İşbank to the point it now stands and that gears our Bank for the future. Our working environment that supports employee engagement backs our long-term growth and the culture of being members of the İşbank family passed on from one generation to the other takes place among our key values.

## Maxi

Maxi, our personal assistant application, has been launched in 2018.

### Outlook...

As İşbank, we have a clear view of the great potential presented by the national economy and the neighboring geography in the medium and long term despite the short-term fluctuations. Hence, we are devising our forward-looking strategy in accordance with the dynamic market.

I would like to thank my colleagues for their dedicated work, and all our stakeholders who have associated İşbank for generations with trust and prestige, and extended unyielding support.

Yours sincerely,

**Adnan Bali**  
Chief Executive Officer

## About İşbank

Having turned 94 years old in 2018, İşbank has been a firm supporter of development by producing permanent value for the Turkish economy and for all stakeholders since 1924. Its robust capitalization coupled with the Bank's focus on profitable, healthy and sustainable growth make the most important elements that support İşbank's activities. With total assets worth TL 416.4 billion as at year-end 2018, İşbank is Turkey's largest private bank. Targeting to be the bank closest to customers, İşbank steers the banking industry in Turkey with the products and services offered in corporate, commercial, SME, personal and private banking segments.

Standing for trust, respectability and prestige in the eyes of the society, İşbank serves 19 million customers with 24,570 employees as of 2018 year-end. İşbank has the largest branch network and the largest ATM network among private banks with 1,333 domestic branches and 6,560 Bankamatik ATMs, respectively.

The Bank also offers service with 22 overseas branches in total, 15 of which in the Turkish Republic of Northern Cyprus (TRNC), two each in the UK, Iraq and Kosovo, and one in Bahrain.

İşbank further sharpens its competitive edge as it consistently carries on with its activities based on its vision of being Turkey's best digital bank backed by its

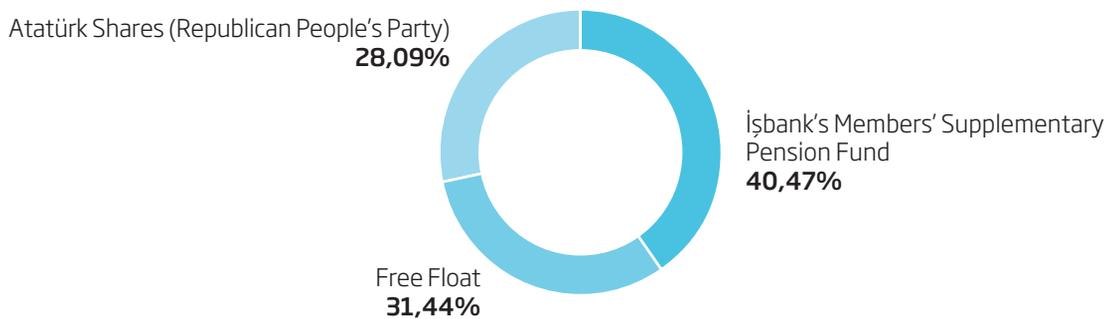
constantly growing digital service channels, as well as broad branch network. Having introduced numerous "firsts" since its incorporation including the Bankamatik ATMs, Internet Branch and mobile banking applications in keeping with its pioneering mission in the sector, the Bank uninterruptedly continues to invest in technology and keeps making a difference also in new generation digital banking applications.

İşbank Members' Supplementary Pension Fund, an institution that has the membership of nearly 50,000 current and retired bank employees, holds 40.47% of İşbank's capital. The broad shareholder base made up of approximately 170,000 shareholders and institutional investors represents one of the most important dignities of İşbank.

İşbank Group is an integrated group with its domestic and overseas subsidiaries operating in various areas. As at year-end 2018, İşbank had direct participations in 24 companies, many of which are active in the financial services sector, and had direct or indirect control over 110 companies.

▼ Detailed information about İşbank's subsidiaries is available on the website and on page 58 of 2018 Annual Report.

### Shareholding Structure (\*)



(\*) The shareholding structure is provided as of 31 December 2018.

## İşbank's Vision, Objectives, Values and Strategy

---

### Our Vision

To be the most preferred bank in Turkey by customers, shareholders and employees by maintaining our leading, pioneering and trusted position

---

### Our Objectives

#### For Our Customers

- to be the bank that is the most preferred service provider in all the sectors and customer groups that we target,
- to provide our customers comprehensive, reliable and high-quality service with our competent employees, extensive branch network and non-branch banking channels,
- to abide by our high business ethics and principles without compromise.

#### For Our Shareholders

- to consistently increase the value of our shares,
- to operate with an effective risk management approach.

#### For Our Employees

- to be a preferred employer and to offer our employees programs and training opportunities that will foster their personal and professional development,
- to propagate our customer-focused approach among all our personnel,
- to support and encourage loyalty, assuming responsibility and creativity,
- to deploy an employee hiring, evaluation, appointment and advancement system that is based on competencies and performance and that is fair and trustworthy.

#### In Summary,

İşbank's goal is "to consistently increase the value it creates for shareholders as a bank that responds to its customers' needs quickly, effectively and with high-quality solutions and that encourages its employees to achieve a high level of performance in their jobs".

---

### Our Values

Our values that represent our corporate identity, guide us to reach our vision and objectives, and that are internalized by our employees as their way of work and life are; "Leadership, that is powered by a Shared Mindset generated in Solidarity, and that is Trusted under all conditions with a strong Service orientation."

---

### Our Strategy

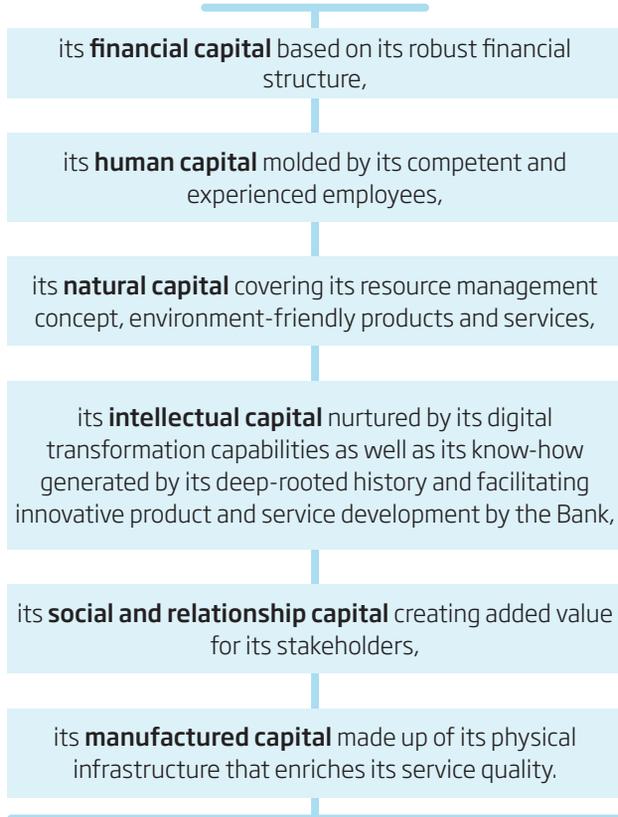
Our strategy is achieving sustainable and profitable growth based on "the bank closest to customers" philosophy in an effort to fulfill our vision and objectives.

---

# Sustainability Approach

İşbank handles its activities with an integrated and long-term perspective in line with its founding philosophy and sustainability approach.

İşbank is focused on managing the following with an integrated approach and on producing value:



## Sustainability Management at İşbank

Thanks to 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 perspective. The operation of this system is underpinned by İşbank's Sustainability Policy and other policies complementary to it.

The Corporate Governance Committee, operating under the Board of Directors, is the highest management body that is responsible for sustainability-related activities at İşbank. The Head of Investor Relations Division acts as the Sustainability Coordinator, and is responsible for coordinating the related activities among the executive bodies. The Sustainability Working Group covering various departments ensures the execution of sustainability activities and information flow.

▼ Policies describing İşbank's sustainability approach is available at <https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Pages/our-policies.aspx>

## Material Issues

**2018 Integrated Report has been organized in view of the interaction between capitals and the priority matters deemed to be of the highest importance by İşbank and its stakeholders.**

Given the fact that global trends and headings making an implication on the banking industry do not change in the short-term or rapidly, İşbank continued in 2018 to focus on the priorities that resulted from the stakeholder analysis administered in 2017.

The materiality analysis in 2017 was conducted with a multi-faceted approach in line with the AA1000 Stakeholder Engagement Standard. The analysis covered both the expectations of internal shareholders of a broad sample comprised of İşbank employees and the opinions of external stakeholders.

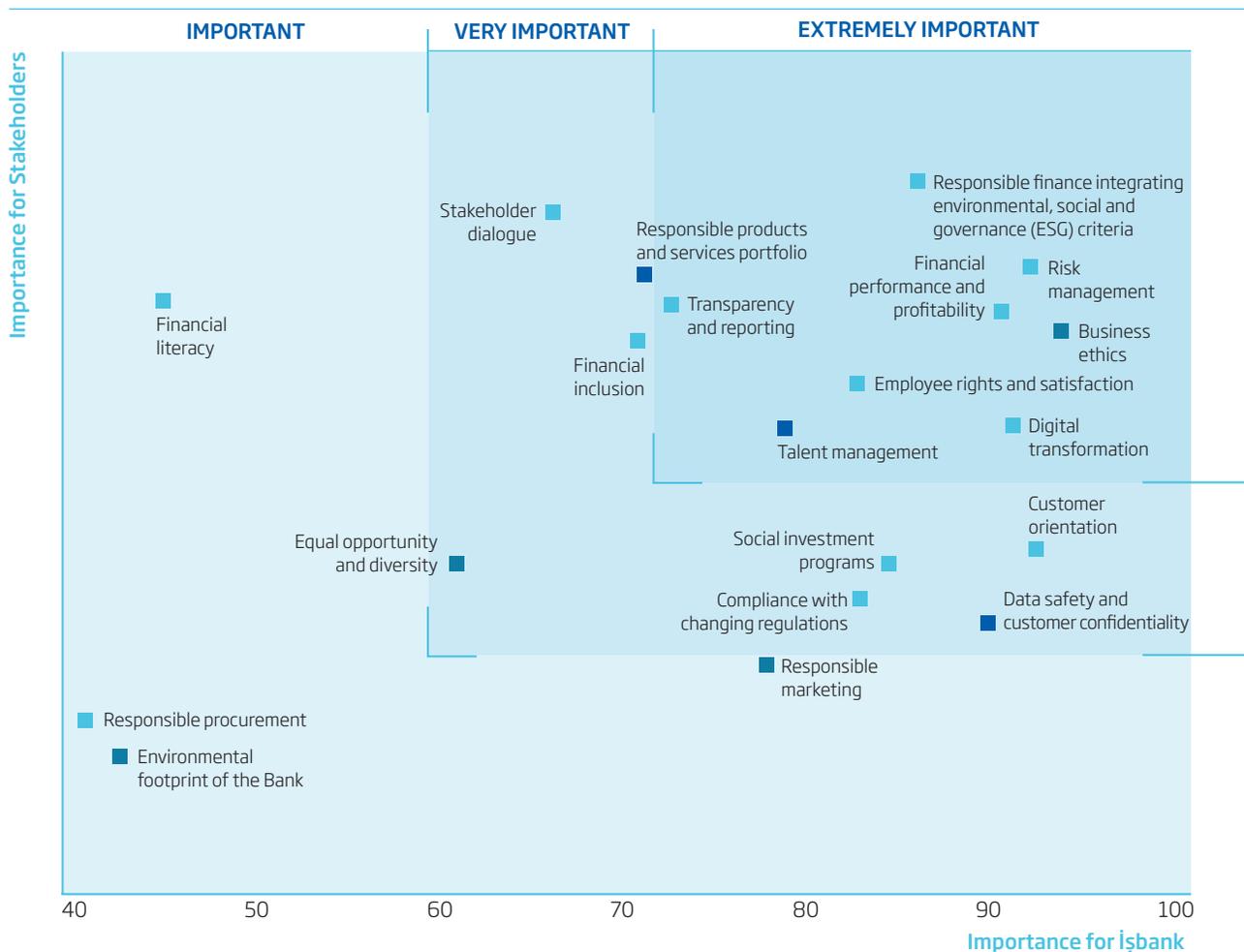
▼ Detailed explanations about the materiality analysis can be found on pages 26 through 29 of İşbank 2017 Sustainability Report. <https://www.isbank.com.tr/EN/about-isbank/sustainability/our-reports/Documents/SustainabilityReport2017.pdf>

Attaching much importance to stakeholders' opinions, İşbank uses the feedbacks received to plan its strategic actions, to enhance the value offered to stakeholders, and to carry out a variety of development and improvement activities.

The operating environment embodies a high number of financial, social and environmental issues that the Bank closely monitors. Out of these issues, İşbank gives the priority to those that:

- are directly related to its activities,
- have priority for its stakeholders and
- can create change in or influence.

Hence, the topics identified in the materiality analysis are categorized by using a three-level scale of important, very important and extremely important.



# Sustainability Approach

Seeking to create permanent values for all of its stakeholders when carrying out its activities, İşbank supports the United Nations SDGs.

## 15 goals

İşbank contributes directly or indirectly to 15 goals in its sphere of influence.

### Sustainable Development Goals and Material Issues

Resolution of many global problems such as climate change, migration waves, and ageing population requires joint action by multi-stakeholder platforms including the private sector. Announced in 2015 to provide global guidance to investments and initiatives turned towards sustainable development, the Sustainable Development Goals (SDGs) were a summons to all stakeholders including governments, companies and civil society organizations to collaborate and take action in areas that are critical for the common future.

An important duty falls upon the private sector in resolving all environmental and social issues. The banking industry is in a significant position and has important resources to offer both direct and indirect solutions to global and regional issues of our day. In this context, adoption of Sustainable Development Goals as a guide

gains significance in the utilization of the transformative power of banks in the face of the economy.

Seeking to create permanent values for all of its stakeholders when carrying out its activities, İşbank supports the United Nations Sustainable Development Goals. Supporting these Goals is important in terms of growing the Bank's business potential, as well as presenting the opportunity to create environmental and social values for the community.

İşbank contributes directly or indirectly to 15 goals in its sphere of influence.

On the other hand, 6 of the SDGs that become prominent in line with the Bank's operations and priorities, that are related to higher number of capitals and where the Bank can make more influence, are mentioned below.



Relationship of Extremely Important Issues with the Capitals and Supported SDGs			
Sustainability priorities	İşbank's approach	Related capital	Supported SDG
Employee rights and satisfaction	İşbank believes that it can enhance its corporate performance and customer satisfaction through dedicated employees who love their jobs. Aiming to be the bank most preferred by the employees, İşbank provides a working environment where employee rights are protected.	Human capital	3, 4, 5, 8, 10
Responsible finance integrating environmental, social and governance (ESG) criteria	İşbank observes environmental, social and governance criteria when delivering the products and services it has developed. Environmental and social impact of financed projects is carefully evaluated, and it is ensured that measures are taken to minimize/eliminate the risks stemming from the projects.	Natural capital, financial capital and intellectual capital	3, 5, 7, 8, 9, 12, 13, 14, 15
Digital transformation	Maintaining its focus on the expectations of different customer segments, İşbank works with the objective of delivering a better banking experience to its customers and of designing the future banking already today. In keeping with this objective, the Bank continuously invests in digital transformation that presents opportunities in many areas including effective customer relations, personalized products and services.	Financial capital, manufactured capital and intellectual capital	8, 9, 10, 17
Financial inclusion	İşbank supports access to financial services through its products and services developed for underprivileged customer segments, as well as through its extensive branch network and digital banking applications, and contributes to social welfare.	Financial capital and social and relationship capital	1, 4, 5, 8, 10, 17
Financial performance and profitability	İşbank generates permanent value for the Turkish economy and all stakeholders. Focused on profitable, healthy and sustainable growth with its robust capital structure, the Bank regards the same as the key element that backs its activities.	Financial capital	1, 8, 9
Business ethics	In all of its activities, İşbank remains adhered to business ethics, uncompromising from respectable and principled banking concept. This notion positions İşbank as a respected and prestigious institution that instills trust.	Intellectual capital	8, 17
Risk management	İşbank's risk management approach that is part of its transparent, fair and accountable corporate governance structure allows the Bank to evaluate and manage the risks inherent in its activities in a comprehensive and integrated manner.	Financial capital	8, 17
Responsible product and service portfolio	İşbank diversifies the financial products and services that it offers in order to contribute to inclusive and sustainable growth. The Bank offers different products that make a social benefit, give disadvantaged groups access to financing and contribute to low-carbon economy. The Bank's long-lived partnerships with international financial institutions are also important in terms of funding the financing of activities that support sustainable development.	Financial capital, social and relationship capital and natural capital	1, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 17
Transparency and reporting	The Bank considers it as its corporate responsibility to inform its stakeholders about its performance in a fair and transparent manner.	Intellectual capital and financial capital	8, 17
Talent management	Employees make up the most valuable capital, contributing to the Bank's long-term success. It is among the high priority matters for İşbank to retain good and qualified employees within the Bank's organization, to contribute to their occupational development and to attract new talents to the Bank.	Human capital	4, 5, 8, 10

The relationship of the SDGs with the high priority issues of İşbank and with the capitals, along with the value generated in the reporting period are addressed in detail in the relevant sections of this report.

# With the Value We Create

**As İşbank, we are focusing on generating sustainable value for driving the development of the national economy and the society.**





## İşbank Banking

İşbank Banking is a powerful and productive business model structured with a focus on “Producing Shared and Sustainable Value”.

### **Creating Shared and Sustainable Value**

İşbank produces added value with its banking products and services offered to a large and broad-based customer group. Ever since its incorporation, the Bank has been delivering need-oriented and pioneering services designed to drive the development of the national economy and the society, and has maintained its focus on producing shared and sustainable value for all of its stakeholders.

Having assumed pioneering roles and major duties in every phase of the Turkish economy, İşbank produces permanent value for its stakeholders not just in the short term but also in the medium and long term, drawing on its deep-rooted and powerful business model.

Directing a part of its produced value to the development and improvement investments, İşbank nurtures the associated capitals and constantly increases its value creation capacity.

The notion of İşbank Banking is shaped by;

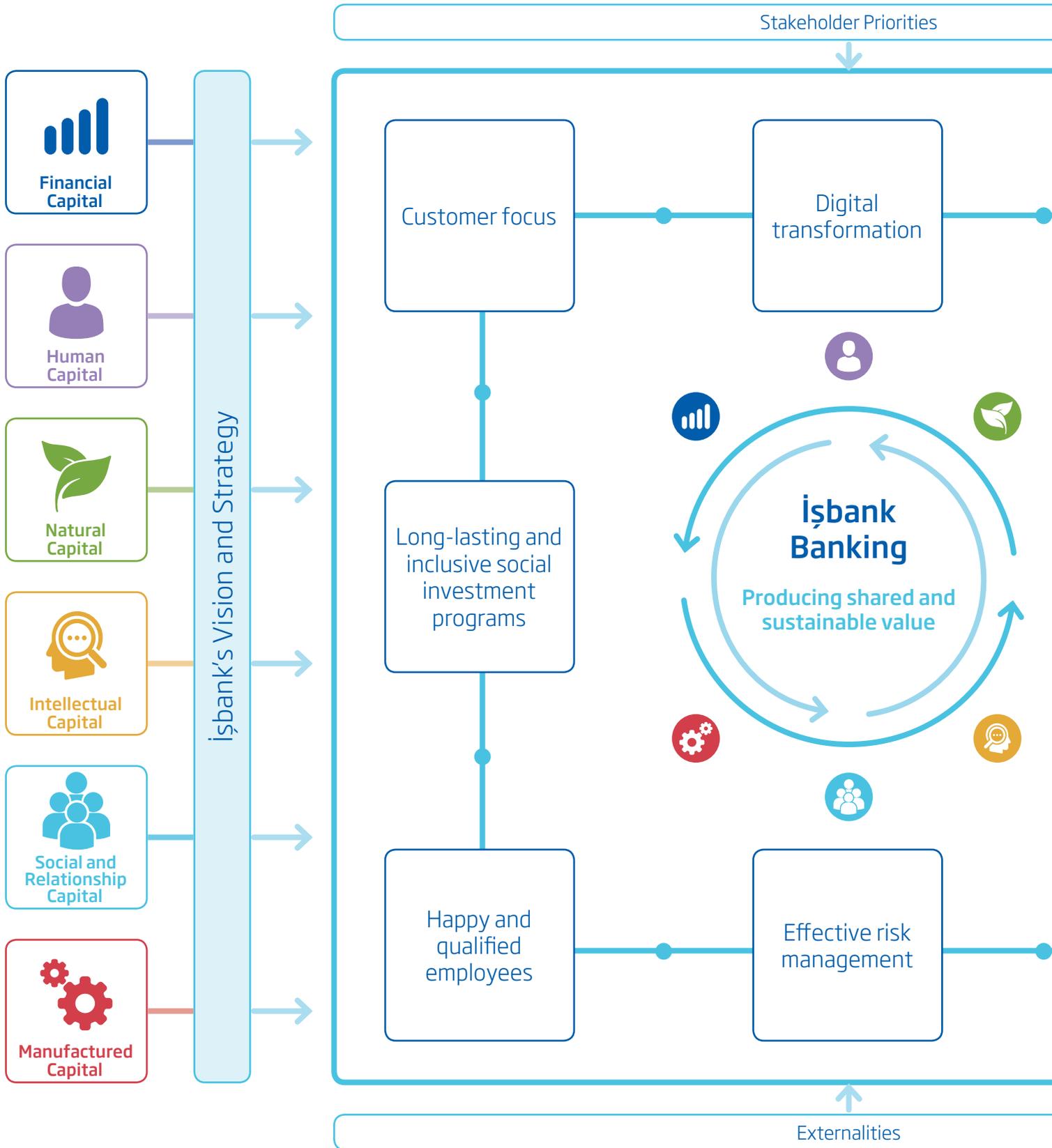
- Digital transformation
- Permanent undertaking to Turkey
- Responsible finance
- Customer focus
- Effective risk management
- Solid financial performance
- Ethical and transparent banking
- Happy and qualified employees
- Long-lasting and inclusive social investment programs.

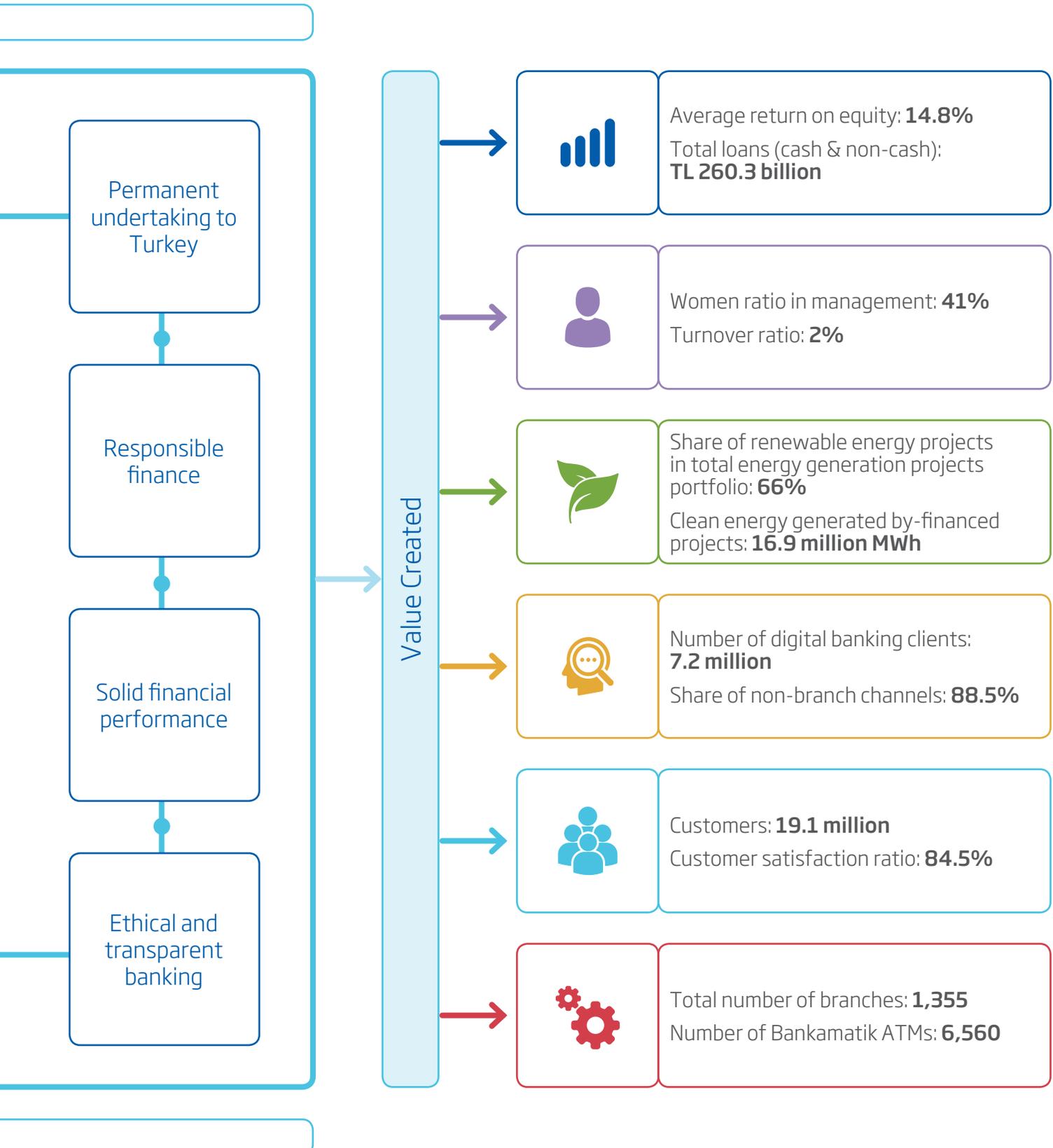
The Bank delivers its products and services with a mode of doing business molded according to the framework drawn by the above.

İşbank secures optimum scales in the way it brings together the opportunities emanating from its robust financial structure, its human resource and their competencies, its strong relationships with stakeholders, its know-how, its brand equity associated with prestige and trust, its extensive physical and digital service network, its environment-friendly products and services, and creates all-round value.

İşbank nurtures the associated capitals and constantly increases the value creation capacity through directing a part of its produced value to the development and improvement investments.

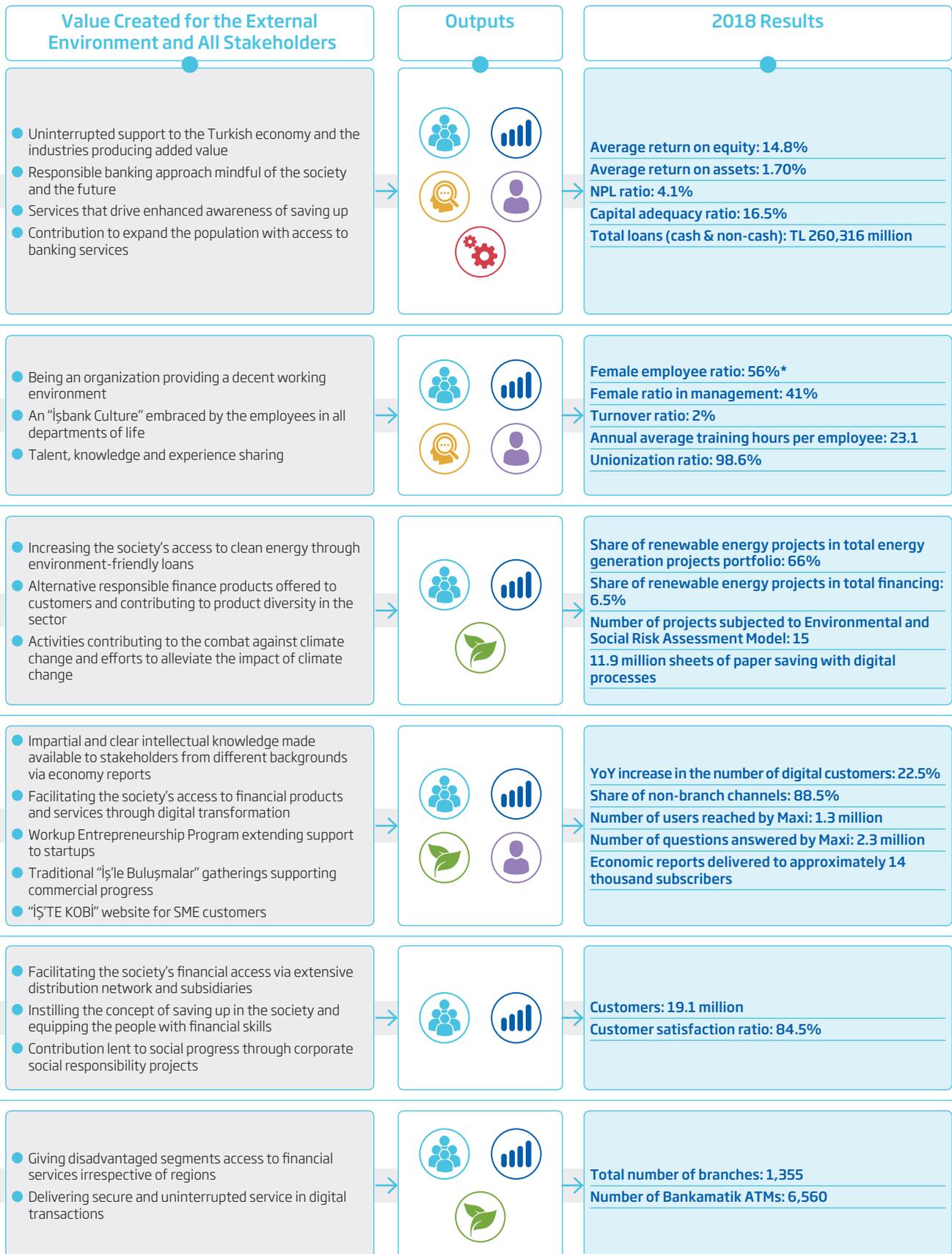
# Value Creation Model





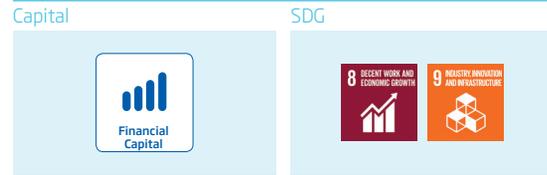
# Capitals





\* Excluding private security staff

# Financial Performance



**İşbank makes use of the financial capital available to it for creating value-added products and services, improving its human resource, and providing benefits for the society and the environment.**

## İşbank's Financial Capital

İşbank feeds its financial capital with:

- Broad and stable customer and shareholder bases
- Robust equity structure
- Sustainable profitability facilitating internal capital generation
- Broad deposit base and capability to tap alternative funds

Its consistent financial performance forms the foundation of İşbank's value creation model. The Bank makes use of the financial capital available to it for creating value-added products and services, improving its human resource, and providing benefits for the society and the environment. The Bank's financial capital also contributes to its improved productivity and efficiency.

## Broad and Stable Customer and Shareholder Bases

The broad shareholder base made up of approximately 170,000 shareholders and institutional investors is one of the most important characteristics of İşbank. İşbank Members' Supplementary Pension Fund, an institution that has the membership of nearly 50,000 current and retired bank employees, holds 40.47% of İşbank's capital.

Its broad customer base, on the other hand, allows İşbank to utilize its financial capital at the widest scale possible and to contribute to sustainable development through different economic channels.

As at year-end 2018, İşbank was servicing 19 million customers.

## Robust Equity Structure

İşbank is the leader among private banks with a total shareholders' equity of TL 49.7 billion as at year-end 2018. The Bank's robust and consistent equity structure adds to its sustainable growth and competitive capabilities.

## Sustainable Profitability

İşbank maintained its leadership among private banks in terms of total assets, total lending, total deposits and shareholders' equity. The Bank's total assets arrived at TL 416,4 billion, up by 14.9% year-over-year.

The Bank's total lending increased by 8.7% on an annual basis and reached TL 260.3 billion as at the end of 2018. Loans and securities portfolio made up 62.5% and 16.4% of total assets, respectively.

At 4.1%, the NPL ratio remained below the average figure for all private banks combined at the end of 2018.

The Bank's total deposits increased by 20.4% in the twelve months to December 2018 and reached TL 245.3 billion. Ranking first among private banks in terms of total deposits, TL and FC deposits, İşbank maintained its leadership position among private banks also in demand deposits and TL savings deposits. Demand deposits constituted 24.4% of total deposits as at end-2018. Share of deposits in total liabilities stood at 58.9% as at year-end. Aiming to diversify its funding sources while considering the funding costs, İşbank kept making use of non-deposit funds in domestic and international markets as well. As at year-end 2018, 22.7% of total liabilities were made up of non-deposit funds, which comprised of repo transactions, funds borrowed, securities issued in domestic and international markets, and subordinated loans.

İşbank's shareholders' equity grew by 15.7% and rose to TL 49.7 billion in 2018. The capital adequacy ratio of the Bank was 16.5% at the end of the year, well above the legal limit.

While net interest margin\* was 3.7% in 2018, the rise in net interest income\* was 14.8%. Fees and commissions received, on the other hand, grew by 30.6% as compared with 2018.

The increase in operating expenses was kept stable at 8.7%.

At the bottom line, İşbank booked a net profit of TL 6.8 billion in 2018, registering an average return on equity figure of 14.8%, and an average return on assets figure of 1.7%.

\* Adjusted according to Swap costs.

### Broad Deposit Base and Capability to Tap Alternative Resources

İşbank boasts the highest TL funding volume among private sector banks. Taking the lead among funding items, deposits make up one of the basic constituents of İşbank's financial capital. Total deposits of İşbank grew by 20.4% compared to year-end 2017 and reached TL 245.3 billion.

Non-deposit funds the Bank utilized in domestic and international markets included repo transactions, syndicated and bilateral loans, securities issued in domestic and international markets, and subordinated loans. The share of non-deposit funds in total liabilities was 22.7% at the end of 2018.

#### Performance Indicators

	2017	2018
Total Credit Expansion (%)	17.9	8.7
Non-Performing Loans (%)	2.2	4.1
Net Interest Margin (%) *	3.9	3.7
Net Fees and Commissions Growth (%)	18.8	30.6
Operating Expenses Growth (%)	13.7	8.7
Cost/Income (%)	42.3	37.2

	2017	2018
Leverage (%)	8.1	8.3
Average Return on Equity (%)	15.4	14.8
Average Return on Assets (%)	1.8	1.7
Capital Adequacy Ratio (%)	16.7	16.5
Tier I Capital Ratio (%)	14.0	13.7

\* Adjusted according to Swap costs.

▼ Detailed information about İşbank's financial performance can be found in the Annual Report.  
<https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF>

# With our Sense of Responsibility

We are developing environment-friendly and innovative products and services, uncompromising from our prestigious and principled banking concept. These efforts focus on offering the solutions that are best fitting and the most beneficial for our children in our constantly evolving world.





# Ethical and Transparent Banking



The transparent, fair and accountable management structure embraced by İşbank carries its brand that is identified with trust and prestige into the future.

The firsts that it has introduced in the banking sector since the first years of the Turkish Republic and its deep-rooted corporate history made İşbank a bank that has been associated with trust and respectability. Moving forward, the Bank espouses a transparent, fair and accountable management structure while uncompromising from its principled and prestigious banking notion.

## Corporate Governance

The Board of Directors is the highest management body steering İşbank's strategies and policies, and is comprised of eleven members, two of which are women. Covering three independent members, the Board of Directors is made up of non-executive members except the CEO, and the positions of the CEO and Chairman of the Board are held by different individuals.

İşbank sets up management committees that are assigned with the formulation of strategies and policies about the matters deemed necessary, oversight of conformity with action plans, evaluation of performance, and similar purposes. Various committees are active at the Bank, in addition to the Executive Board, Audit Committee, TRNC Internal Systems Committee, Credit Committee, Credit Revision Committee, Corporate Social Responsibility Committee, Corporate Governance Committee, Risk Committee and Remuneration Committee that function within the above-mentioned framework.

▼ Detailed information about İşbank's corporate governance structure can be found on pages 74 through 84 of the 2018 Annual Report and in the Corporate Governance Information Form. <https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF>

## Risk Management and Compliance

The activities related to risk management that takes place among the top priorities of İşbank are handled by the Risk Management Division, which reports to the Board of Directors. The Risk Management Division reports financial and non-financial risks to, in the specified order, the Risk Committee and the Board of Directors via Audit Committee on a monthly basis.

The risk management process, organized within the framework of risk management regulations and emphasizing good corporate governance, is structured to assure independence of units responsible for internal audit and control from the executive functions undertaking the risk, so that the risk is defined in accordance with international regulations, and measurement, analysis, monitoring, reporting and control activities are carried out within this framework. The risk management practices at the Bank also serve to the creation of a common risk management culture throughout the organization. With respect to risk management activities, the Bank is guided by the regulations published by the Banking Regulation and Supervision Agency (BRSA) and good practice guides. Besides compliance with regulatory limits, the Bank also seeks to ensure the capital and liquidity adequacy against all risks taken by the Bank within the scope of Internal Capital Adequacy Assessment Process (ICAAP).

The Risk Management Division operating under the Board of Directors centrally handles the risk management activities. On the other hand, the Risk Committee has been set up to share risk management principles and approaches with executive functions and to reflect the same on decision-making and implementation processes. The Risk Committee prepares the risk management strategies and policies to be pursued by the Bank on a consolidated and bank-only basis, submits them for the approval of the Board of Directors, and monitors implementation.

The activities related to risk management are handled in a centralized structure by the Risk Management Division, which reports to the Board of Directors.

With respect to risk management activities, the Bank is guided by the regulations published by the BRSA and good practice guides.

The Board of Directors determines the structure of the Risk Management Division, its organization with respect to the performance of its activities, human resources management processes, and its assigned members. Reporting to the Board of Directors via the Audit Committee, the Risk Management Division basically handles the process of defining, measuring and analyzing risks using analytical methods, reporting, and constantly monitoring the Bank's risk level with the ultimate goal of systematically managing the risks that the Bank and its subsidiaries is/are exposed to individually and/or on a consolidated basis. In addition, the Division analyzes the risk reports by Group companies and monitors their risk levels. The Risk Management Division follows up the risk limits, which are set considering different risks; any limit breach is reported to the Board of Directors together with the findings and opinions about the reasons of the breach taking into account the market and sector conditions in the relevant period. Work flow and principles for eliminating limit breaches are defined in detail in the related risk policies, which have been approved by the Board of Directors.

The Risk Management Division carries out the activities on internal and regulatory capital adequacy in accordance with the Basel framework and consistent with international best practices, and works towards developing and validating risk measurement methodologies and optimizing the capital adequacy management process. The Bank's risk level is systematically measured, evaluated and monitored according to documented risk policies and implementation procedures. In this context, the Bank carries out the risk management activities in line with internal regulations approved by the Board of Directors, such as Capital Adequacy, Credit Risk, Asset/Liability Management Risk, Operational Risk, Stress Testing, Reputational Risk, Consolidated Risk and Information Systems Management Policies.

The financial and non-financial risks that may arise during the activities of the Bank are defined and classified in the Bank's "Risk Catalogue. Financial risks cover credit risk, asset/liability management risk, and business risk. Operational risks include the business environment risk, fraud risk, business and product practices risk, transaction and process risk, IT risk and HR risk. The Risk Catalogue also covers strategy risk, reputational risk, underwriting risk, securitization risk, and environmental management risk. The measurement of operational risks uses impact-likelihood analysis, loss event database, scenario analysis and key risk indicators. The risks defined in the Risk Catalogue, whose management principles are detailed in respective risk policies, are regularly reviewed at least on an annual basis and definitions and principles are kept up-to-date

Reputational risk for the Bank is defined as loss that may result from diminished trust in the Bank or reputation impairment as a result of non-compliance with existing legal regulations or negative view of parties such as current or potential customers, partners, opponents and supervisory authorities. The factors that can affect the Bank's reputation are evaluated both individually and as a whole. While monitoring the reputational risk, the Bank employs an internally devised reputational index to activate an early warning system for elements with a potential impact on the Bank's reputation. Each assessment concerning the level of the reputational risk is monitored individually and/or as a whole, and the results are reported to the senior management at least quarterly. On the other hand, the senior management monitors compliance with the corporate governance principles that forms the basis of reputational risk, and handles improvement efforts in this respect.

Compliance to rapidly changing banking regulations, is a matter that closely concerns the entire sector. The Corporate Compliance Division that reports to the Board of Directors via the Audit Committee supervises

## Ethical and Transparent Banking

compliance functions and activities at İşbank. The main goal of corporate compliance activities carried out by the Corporate Compliance Division is to help manage and keep under control the compliance risk properly and effectively at the Bank, and to make the maximum contribution to ensure execution and management of the Bank's activities in constant compliance with the applicable legislation, regulations and standards in this framework.

It is the primary duty and responsibility of all Bank employees to carry out all of the banking activities in accordance and compliance with the Bank's goals and policies, and legislation, regulations and standards. The Head of the Corporate Compliance Division also functions as the legal "Compliance Officer" and fulfills his duties and responsibilities under the Law on the Prevention of Laundering Proceeds of Crime and other applicable legislation within the scope of the Bank's Policy and Compliance Program.

### Business Ethics

It is critical that banks that undertake a fundamental role in the economy operate in a fair competitive environment as respectable establishments that instill trust. Ethical rules serve as a guide to ensure that the banking sector operates in this direction.

İşbank espouses the Principles of Banking Ethics announced by the Banks Association of Turkey, and adheres to these principles in all of its operations. Besides the Principles of Banking Ethics, the other policies that İşbank bases its work processes on are Anti-Bribery and Anti-Corruption Policy, Gifts and Hospitality Policy, Human Rights and Human Resources Policy, and the Policy on Prevention of Laundering Proceeds of Crime and Financing of Terrorism.

The Bank also considers the principle of fighting against bribery and corruption that is covered among the 10

articles of the UN Global Compact, of which İşbank is a signatory in all of its business processes.

Achieving full compliance with the policies at the Bank and observing them in all work processes also serve to ensure that the policies are internalized by employees. Disciplinary rules and ethical principles are provided to new hires within the frame of the I Start My Career Training programs. In addition, the Bank's disciplinary practices and related matters are conveyed in the "Working Order and Disciplinary Practices" module covered within the Branch Managers Development Program, which is an orientation and development program for new branch managers intended to support their career development and adjustment to their new roles.

The training programs given by the Board of Inspectors within the scope of orientation and development programs addressing branch manager roles in different levels deal with the fight against bribery and corruption. Furthermore, training programs for identifying and preventing misconduct and irregularities are also held for the members of the Bank's Board of Inspectors.

Subject Matter of the Training	Number of Attending Employees (2018)	Total Training (person*hour) (2018)
Anti-Bribery and Anti-Corruption	914	3,605
Ethical Principles	363	175
Human Rights	379	1,086

During its ordinary audits conducted according to International Internal Audit Standards, İşbank's Board of Auditors undertakes periodic and risk-based examinations in a scope that also includes anti-bribery and anti-corruption, and audit results are reported to the Bank's authorized units as per the legislation in force and results of reporting are followed up.

İşbank observes the criteria and standards based on environmental and social risks in its supplier/outsourcing selections.

97.9%

In 2018, domestic suppliers made up 97.9% of total suppliers.

Potentially risky elements are identified, as well as existing risks, and solutions are suggested for their elimination; the approach adopted in this respect involves follow-up. If it is determined during the audits that the anti-bribery and anti-corruption policies have been violated, then action is taken as per internal disciplinary regulations and regulatory framework. In 2018, the Board of Directors finalized the auditing of 462 domestic branches and one overseas branch. In the same year, the Board either completed or started the auditing of five subsidiaries and 12 Head Office Departments/Units.

been implicated in bribery and corruption events referred to legal authorities, and/or who have questionable morality and/or record regarding the provision of good quality goods and services.

In 2018, domestic suppliers made up 97.9% of total suppliers, whereas purchases therefrom constituted 91.2% of total procurements.

Principles of Banking Ethics, Anti-Bribery and Anti-Corruption Policy, Gift and Hospitality Policy and other complementary policies that make up İşbank's approach to business ethics can be found on the website.

İşbank's Procurement Policy can be accessed on the website.

### A new structuring for a more transparent, more efficient and more systematic procurement practice

In 2018, İşbank made its transition to a new procurement structure, which is designed to achieve increased transparency of the Bank's procurement processes and expenditures, a holistic approach in the fulfillment of its business needs, and uniformity of processes.

### Relations with Suppliers

İşbank's ethical banking notion also steers its supply chain management and procurement principles. The Procurement Policy formulated accordingly sets out the basic principles involved in the purchase of goods and services.

Thanks to the new structuring, strategic planning, demand management and follow-up are performed systematically, cost efficiency has been increased, and purchasing operations are handled by a more efficient and focused team.

While supply chain management becomes increasingly important for companies, management of risks that may stem from supply activities also come to the fore as a priority topic.

The new procurement structure of İşbank enables satisfaction of purchasing needs at lower costs (cost efficiency, savings amounts) and in a faster manner (demand fulfillment times).

Within the scope of its Procurement Policy, İşbank observes the criteria and standards based on environmental and social risks in its supplier/outsourcing selections. In this context, the environmental impact of the product/service to be purchased is evaluated, and measures are taken to mitigate or eliminate the environmental impact involved in view of the requirements stipulated in the national legislation and the Bank's internal guidelines. It is a fundamental principle not to procure goods and services from suppliers who have

İşbank establishes relationships that are built on mutual openness and trust with its suppliers. İşbank is focused on sustaining a supply chain that is financially strong, operationally environmentalist, and reliable with respect to production quality and continuity. The Bank has made it a principle continuously drive its suppliers forward, to ensure organizational excellence, and to constantly improve its work processes along this line.

# Responsible Banking



With its responsible finance approach, İşbank serves to support highly feasible projects that generate a social benefit while protecting reputational and credit risks.

İşbank manages its banking activities in a broad scope extending from the development of products and services that will contribute value to its stakeholders to the evaluation, controlling and/or elimination of the impacts originating from the investments it finances. This comprehensive perspective that forms the responsible banking approach requires product and service development in various areas ranging from the financing of renewable energy projects that support a low-carbon economy to empowering of SMEs that are the backbone of the economy. These initiatives also contribute to the solution of issues that are emphasized in global targets as well.

The responsible banking approach of İşbank support the Bank's value creation process in the areas of environment-friendly and innovative products and services, and increases the Bank's outputs in customer satisfaction and social benefits.

## Responsible Finance

İşbank recognizes the transformative power of financing. The Bank directly and indirectly contributes to sustainable development and supports the national economy by way of different projects that it funds.

With a responsible finance approach İşbank protects the its reputation with respect to reputational and credit risks, and also serves to support highly feasible projects that generate a social benefit.

## Environmental and Social Risk Management in Lending

In the loan evaluation process, the traditional economic and project feasibility evaluations are very important, but so are the environmental and social impacts. The systems that gained prominence in the sector are those that incorporate the identification of environmental and social impacts originating from loan operations and their analysis in the evaluation processes, identification of the dimensions of possible impacts and risks, determination of the obligations and practices required to limit the risk and impacts, and consideration of these determinations in the decision-making processes.

At İşbank, potential environmental and social risks of all new investment projects worth more than USD 10 million and the investors requesting loans are assessed by the Environmental and Social Risk Evaluation Tool (ERET). The model determines the "customer" and "project" risk categories of these investment loans, thus providing the roadmap for limiting and eliminating the possible environmental and social impacts of the investment.

The ERET subjects the investments to an assessment using 26 criteria, including such topics as the 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. These factors are addressed in the context of their effect on the company's activities, their impact on the environment and/or local people, and possibility of media, NGO and public opinion reaction and their manageability, if applicable. Finally, relevant projects

## Environmental and social risks of all new investment projects worth more than USD 10 million are assessed by ERET.

are classified according to risk levels in 4 categories: high (Category A), medium high (Category B+), medium (Category B-), and low (Category C).

The investments subject to evaluation are assessed against national legislation and international best practices such as the IFC (International Finance Corporation) Performance Standards, EBRD Performance Requirements, and Equator Principles. A Project Environmental and Social Evaluation Certificate is issued for each investment.

An independent, acceptable Environmental Consultant is appointed to serve on behalf of the Bank to all projects deemed appropriate as evaluated by the Environmental and Social Risk Management (ESRM) Team, including but not limited to projects considered in the high risk category (Category A). The Independent Environmental Consultant makes field visits, which are backed also by literature survey, to evaluate the potential environmental and social impacts of the current status and the investment within the scope of the project. An Environmental and Social Assessment (ESA) covering the current status of any legal permission/ approval process in relation to environmental obligations, their conformity and the consultant's comments, and an Environmental and Social Action Plan (ESAP) for limiting/ eliminating these impacts and the management of the process, are issued and submitted to the Bank. For high-risk projects, an additional Environmental Impact Assessment Report (EIA) can also be required, which incorporates more detailed analyses of the current status, in addition to the EIA application file prepared for regulatory requirements. Moreover, the Bank demands the preparation and

## 26 criteria

The ERET (Environmental and Social Risk Evaluation Tool) subjects the investments to an assessment using 26 criteria.

submission of an Environmental and Social Management Plan (ESMP) for proper management of the project's risks and impacts by project companies.

In addition to the above, environmental and social monitoring is carried out as part of field visits paid by the Environmental Consultant and attended also by the Bank's ESRM Team at predefined intervals during the construction and operation phases of the investment in relation to the matters specified in the ESAP (e.g. compliance with the environmental legislation, waste management, emission measurements, earth and water analyses, socio-economic impacts, impacts on the ecosystem and habitat, compensation mechanisms, and occupational health and safety practices).

İşbank is also one of the first signatories of Turkey's Declaration on Sustainable Finance, which was put into practice by Global Compact Turkey and foresees a commitment to undertake assessment of environmental and social impacts in credit processes.

Below are some examples of the commitments the Bank requires from investing companies in order to eliminate/ mitigate or compensate for the negative environmental and social impacts of the projects financed by it, which are specified on project-basis:

- Carry out forestation efforts to reduce and offset carbon emissions, and use of indigenous species for forestation, relocate the trees in appropriate spots within the project site to the extent possible and protect endemic species,

# Responsible Banking

Renewable energy projects constituted 66% of İşbank's total energy generation projects portfolio and 6.5% of its total financing.

- Take necessary precautions to protect biodiversity in specific and protected areas,
- Prioritize the purchases of land through agreements, prepare resettlement plans and/or restructuring plans for income sources in the projects involving forced physical and economic displacement in the context of expropriation,
- Develop social responsibility projects to create compensating and new income sources and livelihood for the affected local people, prioritize the local community in the investment's labor and procurement requirements,
- Establish "Stakeholder Engagement Plan" for investments by developing internal and external complaint mechanisms in order to take into consideration the opinions of employees, locals and other stakeholders related to the project and eliminate their disturbances,
- Take additional measures in environmental and social management plans through additional work, such as cumulative impact analyses and ecological impact assessment,
- Ensure the investor's compliance with the Occupational Health and Safety (OHS) legislation for both existing and investment activities, increase occupational health and safety practices, and develop emergency action plans.

The compliance of investing companies with these commitments is guaranteed also through loan agreements and monitored within the frame of the financing process. The social impact is also controlled through management of potential social risks.

In 2018, 25 projects were subjected to ERET rating and 15 were extended financing.

## 16.9 million MWh

In 2018, 16.9 million MWh of clean energy was generated by projects financed by İşbank.

▼ Number of projects subjected to Environmental and Social Assessment	<b>25</b>
--	-----------

▼ Number of projects financed following Environmental and Social Assessment	<b>15</b>
--	-----------

While the total financing for these projects amounted to USD 915.3 million, 36% thereof was classified in risk category A based on the amount of financing, 22% in B+, 41% in B- and 1% in C.

USD 328,769,350 for 2 projects in risk class "A"

USD 202,844,584 for 3 projects in risk class "B+"

USD 375,291,574 for 9 projects in risk class "B-"

USD 8,372,490 for 1 project in risk class "C"

In 2018, İşbank rejected to finance one of the projects assessed by the ERET model due to environment-related reasons. Involving the installation of a biomass power plant, the said project planned to use reeds to be provided from major wetlands as raw material for energy production; hence the financing of the project was deemed unacceptable in view of the protection of wetlands.

In line with its responsible banking notion, İşbank refuses loan demands for activities covered in İşbank Exclusion List appended to its Environmental and Social Impacts Policy, without giving them any consideration. Operations that are not financed include new hydroelectric power plant projects under 25 MW of installed capacity, investments involving forced child labor, the production of weapons of mass destruction and land mines, the production and trading of internationally prohibited chemicals, drugs or substances that are harmful to the ozone layer.

İşbank Exclusion List can be found in attachment to the Environmental and Social Impacts Policy available on the website.

### Financing Renewable Energy

Low carbon growth and reduction of carbon footprints of all industries can be made possible by promoting alternative energy resources. Investments in renewable energy support not only the fight against the impacts of climate change but also social development by way of new employment areas it creates.

Undertaking a major role in the transition to low-carbon economy, İşbank contributes to mitigation of the risks

and impacts stemming from climate change by financing renewable energy projects. As at year-end 2018, renewable energy projects constituted 66% of İşbank's total energy generation projects portfolio and 6.5% of its total financing. In 2018, İşbank financed 87 projects with a total installed capacity of 617 MW, which were developed in the fields of biomass, solar energy, hydroelectric and wind. Total installed capacity of renewable energy projects financed by İşbank reached MW 7,564 as of year-end 2018.

In 2018, 16.9 million MWh of clean energy was generated by projects financed by İşbank.

Share of renewable energy projects in total energy generation projects portfolio	<b>66%</b>	Total installed capacity of renewable energy projects financed by İşbank in 2018	<b>617 MW</b>
Share of renewable energy projects in total financing	<b>6.5%</b>	Total installed capacity of renewable energy projects financed by İşbank (as at year-end 2018)	<b>7,564 MW</b>
Number of renewable energy projects financed by İşbank in 2018	<b>87</b>	Clean energy generated by İşbank-financed projects (as at year-end 2018)	<b>16.9 million MWh</b>

### Distribution of Renewable Energy Finance Extended in 2018

Type	Number	Total Installed Capacity (MW)	Loan Amount (USD Million)	Risk (Cash + Non-Cash) (USD Million)	Commitment (USD Million)
Biomass Power Plant	5	49	74	23	51
Solar Power Plant	76	148	125	89	36
Hydroelectric Power Plant	2	178	61	61	0
Wind Power Plant	4	242	52	52	0
<b>TOTAL</b>	<b>87</b>	<b>617</b>	<b>313</b>	<b>226</b>	<b>87</b>

## Responsible Banking

**İşbank finances renewable energy and energy efficiency projects of small and medium sized businesses through various loans secured from international financial institutions specialized in this area.**

### Cooperation with International Financial Institutions

When extending financing to renewable energy and energy efficiency, İşbank benefits from the funds obtained on the basis of cooperation with international financial institutions as well. In this context, renewable energy and energy efficiency projects of small and medium sized businesses are financed through various loans secured from international financial institutions.

İşbank continued with the on-lending of funds in the total amount of EUR 175 million to renewable energy projects of companies, which were provided from the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) under the Turkish Mid-size Sustainable Energy Financing Facility (MidSEFF). In 2016, İşbank obtained funds in the amount of USD 111.2 million from EIB and USD 55 million from EBRD as part of Phase III of the MidSEFF Program, and kept channeling them for the financing of its customers' investments.

On-lending of the I. and II. Packages under TurSEFF (Turkey Sustainable Energy Financing Facility) secured from the EBRD for financing the renewable energy and energy efficiency investments has been completed; in 2017, a new fund worth USD 55 million was received under the III. Package of TurSEFF, and on-lending of the funds to finance the customers' eligible investments continue.

In March 2015, İşbank joined the "Turkish Residential Energy Efficiency Financing Facility" (TuREEFF) program conducted by EBRD. USD 75 million in funds allocated to the Bank under this program are intended to finance customers for increasing home energy efficiency.

While the legislation requires new buildings that are being or will be constructed to belong in no lower than Class C in energy ID certification classification, residential units subject to financing are expected to belong in energy class B at a minimum as a requisite of the TuREEFF program. Accordingly, the scope of the program covers housing loans extended to finance new buildings in energy class B after being demolished within the scope of Urban Transformation, housing loans extended for purchasing a home subject to energy class B, loans extended to contractor companies for the construction of residential units in energy class B at a minimum (up to a certain portion of the construction cost), loans to be extended to vendors or installers of high energy-efficient home improvement materials or equipment (e.g. A+++ washing machines, etc.) and consumer loans to be extended to persons who will purchase these products.

As an extension of the same program, residential buildings in high energy-efficient class were constructed as a result of the technical advisory offered by program consultants in 16 cities identified by the EBRD. With the amount of commercial loans they took out from İşbank, firms joining the program in this framework qualify for grants at predefined ratios of the project cost.

Loans İşbank secured from international financial institutions, which were open as at year-end 2018, can be found in the Appendices section of the report.

## Responsible Products and Services

The products and services offered by İşbank fulfill the needs of customers from different socio-economic backgrounds. With its inclusive approach, the Bank aims to ensure that all segments of the society have access to banking services and to make its services more widespread. The Bank also contributes to the improvement of social welfare by touching different segments through the special products and services it provides for different customer groups.

İşbank ensures that all segments of the society that add value to the Turkish economy, ranging from renewable energy to housing loans and from SMEs to farmers, benefit from banking services. The Bank aims to raise customer awareness of saving up, help them save for the future and promote their financial literacy.

### Maximum TEMA Card

The Maximum TEMA Card is a credit card developed for customers wishing to support the activities of the Turkish Foundation for Combating Soil Erosion, for Reforestation, and the Protection of Natural Habitats (TEMA). Maximum TEMA Card has all the features of Maximum Card and the margin of contribution calculated based on the amount of transaction using the card is transferred to TEMA Foundation from the resources of İşbank. Maximum TEMA Cards are produced from biodegradable card plastic materials. In the printed materials for the Card, raw materials manufactured by producers without harming ecological life with an FSC (Forest Stewardship Council) certificate are used.

### TEMA Environmental Variable Fund

TEMA Environmental Variable Fund, a first in Turkey, is a product developed to give environment-friendly investors the opportunity to support environmental activities with their savings. Resources allocated from the fund to the

TEMA Foundation provide sustainable financial support to environmental projects. The fund, which invests in companies with effective environmental management systems with part of its portfolio, emphasizes that companies overseeing their environmental impacts will achieve more successful financial results in the long term.

### Supporting the SMEs

In order to help the SMEs get stronger and contribute more to the economy, credit and service packages specifically designed for SMEs' needs are offered and financial consultancy services are provided on the basis of strong collaborations.

İşbank further broadens its support to small and medium sized enterprises within the scope of collaborations with various institutions and organizations in line with economic and conjunctural developments. Facilitating SMEs' access to financing through CGF (Credit Guarantee Fund) guaranteed loans and support programs carried out with KOSGEB (Small and Medium Enterprises Development Organization), İşbank intends to sustain its support based on these collaborations also in the future.

İşbank has participated in almost all of the CGF Programs, and has been one of the largest CGF-stakeholder banks on the basis of all programs combined. Through the KOSGEB programs which it has participated almost all, including regional interest rate supports to places that suffered from natural disasters, İşbank has been one of the largest banks to extend support to the SMEs.

İşbank considers the SMEs as one of the key building blocks of the Turkish economy. Efforts are spent to facilitate SMEs' access to financing through the international funds secured from time to time. For financing customers' investments, on-lending of the USD 47.6 million-fund secured from the European Investment Bank (EIB) in 2016 continued within the frame of the resource the Bank obtained for financing qualifying

## Responsible Banking

Considering the SMEs as one of the key building blocks of the Turkish economy, İşbank offers them special loans and services through strong cooperations.

SMEs and businesses with 250 to 3,000 employees. In addition, an Inclusive Access to Finance Project Loan Agreement was signed by and between TSKB and the International Bank for Reconstruction and Development (IBRD) and an Intermediary Institution Loan Agreement was executed between TSKB and İşbank for on-lending of the facility created with the aforementioned agreement.

▼  
Total lending to SMEs amounted to TL 59.3 billion in 2018, 7.1% higher than what it was the year before.

**7.1%**

In every host city of “İş’le Buluşmalar” gatherings that were organized for 42 times in 31 cities since 2008, industrialists, merchants, entrepreneurs, local government and CSOs, in short, all stakeholders in the commercial life, establish high-level face-to-face contacts. Held uninterruptedly since 2018, these meetings serve to manifest economic development opportunities, review possible commercial risks and processes, consider potential business opportunities, and monitor the changes in the world and national economy. To date, these gatherings were attended by 30 thousand participants. In addition, İŞ’TE KOBİ website for SMEs provides free-of-charge advisory service in a number of areas including business law, taxation, entrepreneurship, agriculture and livestock breeding. The SMEs can access current news, articles and expert comments through the same portal, and thus get the chance to improve. In 2018, the number of registered users of the website reached 85

## TL 59.3 billion

Total lending to SMEs amounted to TL 59.3 billion in 2018, 7.1% higher than what it was the year before.

thousand. In addition, SUNUMATİK, a service exclusively for website members, gives the SMEs the chance to prepare presentations in Turkish or English languages, thus helping them better promote their products.

The number of SMEs promoting their businesses and advertising about their products and services on KOBİ Pazarı (SME Market), which is another service offered by İŞ’TE KOBİ website and enabling thousands of companies active in different sectors to come together under the same roof, reached approximately 12,000. Having collected 34 awards in various national and international organizations to date, İŞ’TE KOBİ website features a wide variety of rich content including thousands of current news, articles, industrial reports, video interviews and expert comments for use by members and other users.

### Technology Entrepreneur Package

Under the Technology Entrepreneur Package, innovative, technology-based startups with high growth potential, which have been founded no more than three years ago, make use of basic banking services free of charge or at discounted rates for a certain period of time at the beginning of their operations.

The Technology Entrepreneur Tariff has been allocated to over 300 firms to date. The types of products most frequently seen among the companies assigned with this tariff include Software as a Service (SaaS), market solutions and platform applications.



### Workup Entrepreneurship Program

İşbank is the main sponsor of multipartner Workup Entrepreneurship Program which supports the rapid scaling of technology startups with high potential. At Kolektif House, a collaborative workplace where they develop innovative ideas, entrepreneurs receive training on business idea development, entrepreneurship, team building and management, law, finance and accounting, thus getting the opportunity to develop themselves and expand their customer portfolio with the support of İşbank. 40 startups were admitted to the program as of year-end 2018, and 29 of them qualified to complete the program.

### Support for Women Entrepreneurs

In order for increased social and economic welfare, women need to contribute to household and national economy by setting up their own businesses; in this context, women entrepreneurs must be supported. İşbank acts not just as the financial partner of women entrepreneurs but also as their solution partner sharing its experience and knowledge. In addition to transferring resources from its own funds and international funds to women entrepreneurs, İşbank establishes cooperations and organizes training, seminars and workshops for women entrepreneurs and also supports them with mentoring.

A fund worth USD 55 million was secured from the EBRD and on-lent to eligible customers under the Financing and Advisory Support Program to Women-Led Businesses (TurWib) jointly initiated by the European Union Turkey Delegation, T.R. Ministry of Labor and Social Security, and Turkish Employment Agency.

Startup Banking training, which was held to propagate "Startup Banking" approach across the entire Bank, was intended to raise increased awareness of what new generation entrepreneurship is about and the Bank's approach to this topic. Having been offered to 69 branch employees in three different groups, the training program commenced in May 2018 and will be carried on in 2019.

Women Entrepreneurs Awareness e-Training, developed as part of the initiatives targeting women entrepreneurs, was completed by 1,175 Bank employees as of year-end 2018.

Within the scope of the sponsorship agreement signed by and between İşbank and Arya Women Investment Platform, Turkey's only female oriented investment platform, initiatives were carried out which the Bank took part in and sponsored.

As part of the Arya Retreat event, training programs were organized with 10 ventures for 6 weeks, and the entrepreneurs were given the opportunity to share their projects with investors from various countries at the finale event held in Bodrum. The winning projects in the competition held as part of the event were given support. During Arya İş Workshops co-organized with Arya, women entrepreneurs received training in a total of five modules from expert executives and trainers: financial literacy, marketing, sales, data management and HR.

In addition to the support initiatives described above, women entrepreneurs are given the opportunity to submit questions and receive free consultancy through a special area reserved on İŞTE KOBİ website. This section also includes actual news about women entrepreneurs,

## Responsible Banking

**İşbank extended cash loans exceeding TL 4 billion in the agriculture and livestock industry, which are among the most significant sectors of Turkey, in 2018.**

articles on entrepreneurship, videos of success stories, and informative interviews on products and services offered to women entrepreneurs.

### Support for Agriculture and Livestock Industry

İşbank contributes to the society and the local production economy through the support and loans it extends to the agriculture and livestock industry, which it regards among the most significant ones in Turkey. İşbank has plenty of products for its customers in the agriculture and livestock industries such as its Tractor Loan, Agricultural Equipment Loan, Agricultural Business Loan, Pick-Up Type Land Vehicle Loan, Cattle Livestock Business Loan, Cattle Milk Livestock Business Loan and Cattle Procurement Loan, Greenhouse Operating and Investment Loan, Apiculture Business Loan, Agricultural Land Loan, Poultry Business Loan, Turkish Grain Board Warehouse Receipt Loan and Contracted Production Loan.

Cash loans extended in the agriculture and livestock industry in 2018 exceeded TL 4 billion.

The Bank offers producers a grace period for the first 6 months with its İmece Card designed to encourage production for its customers in the agriculture and livestock industry. This way, producers can comfortably plan their production and make their payments in the harvest periods. İşbank continued to further develop the services offered in the agricultural banking field also in 2018. Besides the expansion of agricultural units established in certain branches to provide service to customers in the agriculture industry, İşbank formed Agricultural Field Teams to support agricultural banking

operations with mobile teams on site and to deliver solutions to agricultural banking needs and services directly to customers' doorsteps.

İşbank organized the first Agriculture Workshop in May 2018, which is targeted at developing the Bank's roadmap for agricultural banking, at more accurately identifying the producers' needs by making use of the participants' own expertise, and creating new ideas that will serve agribusiness. Themed "The Food System from the Field to the Table", the workshop was attended by producers in various production fields, academics, public sector representatives and officials from sector-specific civil society organizations.

Regional agricultural meetings organized under the name "Agriculture Talks" in an effort to increase the efficiency of the broad service network İşbank specifically organized for its customers in agribusiness and to provide more focused service to the agricultural sector continued in 2018. The topics addressed in the meetings include the needs of regional production, development potentials and branding. In addition, farmer meetings were held in various localities to introduce the Bank's products and services addressing the agricultural sector and TARSİM agricultural insurance, and to develop close relations with the producers.

In addition, under the protocol signed between İşbank and the Agricultural and Rural Development Support Institution (TKDK) in relation to the European Union's "Instrument for Pre-Accession Assistance - Rural Development" (IPARD) program, efforts were carried on in line with the summons for applications by TKDK.

With the Mısır Danesi (Corn Grain) TV commercial addressing the agricultural sector, İşbank won the bronze Effie at the Effie Awards Turkey 2018 organized by the Advertising Association and the Advertisers' Association in cooperation with Effie Worldwide Inc.

### Support for Tradesmen

İşbank supports tradesmen, one of the professional groups that makes a significant contribution to the Turkish economy, in order to protect their business areas as well as to sustain local cultures and values. Developed for the needs of tradesmen, the Tradesman Support Loan gives small enterprises the opportunity to develop themselves by offering low-interest loans up to TL 250,000.

<p>By the end of 2018, Tradesman Support Loans extended amounted to TL 1.1 billion.</p>	<p><b>TL 1.1</b> billion</p>
---	----------------------------------

### Agile Atelier

In 2018, İşbank set up Agile Atelier, an agile organization trial as part of its digital transformation initiatives.

The Agile Atelier consisting of employees from various disciplines from the Bank works to satisfy customer needs in the most efficient manner on the basis of swift decisions with small trials and errors, without getting caught up in obstacles. This way, the Bank achieved successful results in terms of delivering results quickly and employee satisfaction.

İşbank has been implementing this mode of operation that is becoming increasingly common in the world in the form of Agile Atelier in Tradesmen Banking segment. Representing the first model in the Turkish banking sector with respect to its scope and objectives whereby a business segment is managed in an agile manner, the Agile Atelier is also among the few number of implementations in the world.

Within the scope of Agile Atelier, 38 new digital channel functions were introduced for use by merchant customers in the first 6 months, and product bundles developed specifically for merchant customers were also introduced in this short time span.

As part of Agile Atelier activities, the number of active customers in the SME segment, the number of digital banking customers, the profit generated and employee satisfaction indicators are watched closely. The Agile Atelier, where teams' output deliveries are 75% faster as compared with the regular mode and employee satisfaction has risen to 91%, is an initiative of the nature to mold İşbank's organization in the digital age.

İşbank targets to carry on with, and further expand, the activities associated with agile organization in 2019.

### Support for Disadvantaged Groups

İşbank uses the advantages of digital transformation of banking transactions to implement new projects that create value for disadvantaged customer groups.

In order to help disadvantaged groups actively participate in the economy by using financial services and products, İşbank continuously improves its banking services and products beyond its legal liabilities. To this end, İşbank uses the advantages of digital transformation of banking transactions to implement new projects that create value for disadvantaged customer groups.

In this frame, the Bank is also increasing the number of audio Bankamatik ATMs enabling voice commands for visually impaired customers. With these ATMs, as soon as the speech transaction starts, the ATM screen goes blank to provide customer privacy. In addition, after the transactions are completed, visually impaired customers can also double-check their transactions with audio messages sent to their smartphones. By having reached 3,594 in number in 2018, audio ATMs make up 54% of all Bankamatiks.

## Responsible Banking

The number of audio Bankamatik ATMs enabling voice commands for visually impaired customers has been increased.

# 3,594

By having reached 3,594 in number in 2018, audio ATMs make up 54% of all Bankamatiks.

The Bank is increasing the number of ATMs suitable for orthopedically disabled individuals as well. In this respect, as of 2018, 641 Bankamatik ATMs were put into service throughout Turkey, located according to the geographical distribution of disabled individuals' residences. The ratio of ATM devices accessible by orthopedically disabled individuals at İşbank is around 9.7% versus 2%, which is the required minimum pursuant to the Regulation on Accessibility of Banking Services published by the Banking Regulation and Supervision Agency (BRSA). İşbank also continues to increase the number of its wheelchair accessible branches regularly every year.

Subtitles can be added to all promotional videos posted on the Bank's website for the hearing-impaired customers. In 2019, the Bank's efforts will continue to improve displaying of subtitles as part of the revamping of the website. The Bank also targets to bring to completion and launch an initiative that makes it possible for hearing-impaired customers to communicate with a call center agent that knows sign language upon request.

The Bank continues to work on prioritizing disabled customers when transacting in branches in order to speed up the process for them. In addition, under the Regulation on the Accessibility of Banking Services, the Banks Association of Turkey in cooperation with the Alternative Living Association (AYDER), e-trainings to raise awareness of important considerations when serving disabled customers were designed; these trainings are being provided by the Bank to the Head Office and branch employees.

The main goal of these two e-trainings, titled the Right Approach to Disability and Sign Language, is to ensure correct communication with disabled customers, to learn sign language, and to build solution development skills for special needs. In 2018, 12,354 employees received the Right Approach to Disability e-training, and 134 employees received Sign Language e-training.

### Moneybox Hybrid Fund and Digital Moneybox

İşbank moneybox, which has become a symbol of saving in Turkey, is being instrumental in instilling a habit of saving up in children since 1928. In addition to the moneybox, the Moneybox Hybrid Fund is being offered to parents, which is a savings plan that secures the future of their children. A significant contributor to awareness of long-term investing, Moneybox Hybrid Fund rose to 203,000 in the number of investors as at year-end 2018.

The classic İşbank moneybox was remade into the Digital Moneybox, allowing the new generation of children under 18 to save money digitally. Money can easily be transferred to the Digital Moneybox via İşCep and is deposited in the Time Moneybox Account. As of December 2018, the number of İşbank's Digital Moneybox users exceeded 10,000, and the total funds in the Time Moneybox Account topped TL 7 million.

## İşbank continued to support urban transformation projects in 2018, as well.

### Urban Transformation Project

The Urban Transformation Project, which was initiated under the protocol signed between the Ministry of Environment and Urbanization and İşbank for the purpose of extending right owners with interest support loans for renewing buildings which are risky in terms of natural disasters, completed their economic life and are non-eco-friendly, is intended to be instrumental in building safe buildings equipped with social areas and are in compliance with energy efficiency legislation. The project is important as it provides safe housing for the society and upgrades the quality of housing stock of the country.

In 2018, the Bank disbursed loans in the total amount of TL 54,462,943 to 435 right owners within the frame of Urban Transformation; of these right owners, 420 were individuals and 15 were commercial entities. Loans in the amount of TL 4,701,993 extended to 40 of these customers were made available for properties in energy class B, whereas one loan of TL 325,000 disbursed to one customer was for a property in energy class A. Loans for properties in energy classes B and A were reported to the EBRD within the scope of the USD 75 million-fund secured as part of the TurEEFF in which the Bank joined in March 2015.

### Üstü Kalsın (Keep the Change)

Encouraging customers to make a habit of saving up, Üstü Kalsın (Keep the Change) application rounds up outstanding credit card debt balances to a specified limit, and invests the difference in the investment account. The application has been instrumental in saving up TL 36.4 million in 2018.

### Yuvarla (Round Up)

With Yuvarla application that makes donation as easy as it is embedded into daily life, İşbank customers round up their fractional expenditures while using their individual debit and credit cards and donate the rounded amount for social and environmental causes, choosing from amongst nearly 20 associations, foundations or non-governmental organizations.

#### Amount of donations raised for foundations/associations with implementations such as Round Up, TEMA card, etc. (TL million)

2016	2017	2018
1.2	1.8	1.4

## Responsible Banking

In 2018, İşbank kept on providing resources for projects satisfyingly feasible, suitable for lending principles and complying with environmental and social standards.

### Infrastructure Loans

The financial funds allocated to infrastructure projects support the development of national economy. İşbank kept financing the investment projects in this area in 2018.

As growth decelerated as compared with the previous years across the sector in 2018 in terms of project finance, the year has mainly been the scene to closures of financial transactions of infrastructure projects based on build-operate-transfer (BOT) model, the financing negotiations of which had begun in earlier years.

In this context, project loan limits began to be allocated by consortiums composed of multiple banks, including İşbank, for the project finance of the construction of the following projects, and disbursements began gradually for financing mega infrastructure projects based on BOT model:

- Kurtköy-Akyazı (Asia) and Kınalı-Odayeri (Europe) Sections of North Marmara Highway which extend from Yavuz Sultan Selim Bridge
- Malkara-Çanakkale (including Çanakkale 1915 Bridge) Section of Kınalı-Tekirdağ-Çanakkale- Savaştepe Highway
- Ankara-Niğde Highway

On the other hand, from out of the city hospital and integrated health campus projects based on public-private participation (PPP) model to which İşbank's cash and non-cash financing support in previous years amounted to USD 1 billion, several others were opened for service in 2018, and the Bank carried out negotiations with investor companies for extending resources to new projects that need financing.

Some projects financed by a consortium of banks including İşbank received awards in the following categories from EMEA Finance, a leading finance magazine in Europe, Middle East and Africa:

- Financing of Kınalı-Odayeri Section and Kurtköy-Akyazı Section of the North Marmara Highway:
  - "Best Syndicated Loan Deal in Europe, Middle East and Africa"
  - "Best Highway Construction Deal in Central and Eastern Europe"
  - "Best Project Finance Deal in Central and Eastern Europe"
  - "Best Highway Construction Deal in Europe, Middle East and Africa"
- Financing of Alkumru-Çetin Hydroelectric Power Plants,
  - "Best Infrastructure Deal in Central and Eastern Europe"
  - "Best Energy Power Plant Deal in Central and Eastern Europe"
- Kangal Wind Power Plant Project
  - "Best Wind Power Plant in Central and Eastern Europe"
- Boğaziçi-Akdeniz-Çamlıbel Electricity Distribution Zones Privatization
  - "Best Energy Infrastructure Deal in Europe, Middle East and Africa"
- Yeniköy-Kemerköy Thermal Power Plant Privatization
  - "Best Refinance Deal in Europe, Middle East and Africa"

## Responsible Marketing

In our day, the success of businesses is driven by healthy relationships that are based on trust with customers. Accurate and effective briefing by the finance industry regarding its products and services is just one of the rising demands and expectations customers have, especially the new generation. As a deep-rooted bank, İşbank is associated with the sense of trust in the eyes of its customers. An important factor of the Bank's prestigious position built on trust is the fact that İşbank has adopted it as a responsibility to always inform customers about its products and services in a correct, reliable, open and transparent manner. Through a customer-centric

approach, the Bank provides information that is not misleading, that facilitates customers' decision-making processes and responds to their needs. It is important that customers understand the risks of the products and services they will make use of, and how their choices will change their lives. In this respect, the Bank puts emphasis on providing effective guidance and asking the right questions so that customers can select the products and services that best meet their needs. Moreover, İşbank invests in developing the relevant skills of its employees who provide this information to customers directly or indirectly.

### Performance Indicators

	2017	2018
Number of accessible Bankamatik ATMs	3,669	3,979
Number of women entrepreneurs placed in events for supporting women entrepreneurship	-	350
Number of events for supporting the SMEs	22	26
Number of İŞ'TE KOBİ SME website viewings	4.1 million	4.3 million

	2017	2018
Number of people reached through Farmer Meetings	1,600 (9 Farmer Meetings)	4,325 (25 Farmer Meetings)
Number of technology startups provided with facilitated entry into the banking system	192	136
Number of campaigns organized to promote the products of technology startups	1	6

# With the Importance We Attach to Technology

We are designing the banking of tomorrow already today through digitalization that we position as a high-priority matter, and we are gearing up for the imminent technological innovations with our constant investments.



# Customer Focus



The objective of İşbank is to maximize customer satisfaction by offering a banking experience that gets better and higher quality by the day.

**When developing its products and services, İşbank works hard to deliver a better banking experience aligned with customer expectations and needs. While the Bank's service concept putting emphasis on customer experience enhances satisfaction, it also contributes to the organization's profitability and success.**

Being the most preferred bank, the objective of İşbank is to offer a banking experience that gets better and higher quality by the day, to establish effective customer communication and to retain the trust of customers at all times. While doing that, the Bank aims to give access to financial products and services to all segments of the society and to present responsible products and services.

Within the scope of the Digital Transformation Program initiated in 2015 in line with the customer focus concept, work was begun to migrate banking processes onto digital platforms. İşbank carries on with its investments in digitalization with the goal of offering a faster and more enjoyable banking experience for customers. The Bank also regards digitalization as an opportunity allowing it to present personalized products and services for different customer segments. The details of İşbank's efforts in this department can be found in the section titled Digital Transformation of this Report.

## Customer Experience and Satisfaction

İşbank is aware that being the most preferred bank is closely related to ensuring high customer satisfaction. Today, İşbank works to provide an experience that will ensure high satisfaction for its 19 million banking customers in total from individual, commercial, corporate and private banking segments from all over Turkey.

The Bank has established its Customer Experience Principles in order to gain an insight into customers' needs and expectations, to satisfy the needs the moment they arise in real time, in a personalized, affordable and easily accessible manner, and to provide a consistent and integrated customer experience. The Customer Experience Principles reflect İşbank's customer experience vision in relation to being the bank that works for its customers and provides its customers with the most relevant products and services by ensuring easy interaction and understandable communication.

In line with its mission of being the bank closest to customers, İşbank updates its business processes in a way to improve the banking experience of customers. Adapting the traditional banking methods to today's conditions and customer needs, and redesigning them as part of its digital transformation, İşbank ensures high customer satisfaction by offering a more enjoyable and fast banking experience. In addition, İşbank reviews communication processes, and designs applications to improve them in line with customers' needs and expectations. In this process, İşbank uses Design Thinking and Customer

Improvements are continued at full speed at branches and in digital service channels through digital transformation.

59%

59% of active customers use the Internet Branch or İşCep.

Journey methods. Through Design Thinking, the Bank aims to identify customers' needs and problems by empathizing with them, solve their problems using innovative solutions, and measure success by testing the solutions with the customers.

**İşbank recognizes that being the most preferred bank is closely related to ensuring high customer satisfaction.**

Customer Journeys refer to the illustration of all customer interactions using design thinking method, in a way that includes the whole process and emotional reactions from the perspective of the customer. Customer journey is designed as a map because customer experience is a combination of experiences of the customers at all touch points. In this way, all hitches for customers are identified and looked into together with their main reasons. The hitches are used as input to improve products, services and processes, and to develop them in a way to make a difference.



The details of the products and services developed by the Bank through its customer-centric approach can be found in the Responsible Banking and Digital Transformation sections.

Improvements are continued at full speed at branches and in digital service channels in order to let commercial customers perform their transactions quickly and practically through digital transformation.

The first instance of artificial intelligence use by the Bank for identifying customer needs was an analytical model employing advanced machine learning techniques, which was able to establish product requirements of commercial customers. Developed using the Python programming language, the model has been processing big data on a monthly basis since mid-2017 and calculating the specific products each customer would need. As a result, customers' interactions with the Bank got to a much better point with respect to speed and customer satisfaction in terms of the process of acquiring the products they need at the time they need them.

During 2018, the number of commercial business unit digital banking customers increased by 21% and that of İşCep Commercial users by 75%. Nearly 45% of commercial customers and 59% of active customers use the Internet Branch or İşCep.

In 2018, Instant Commercial Loan product was introduced to offer real person merchant customers end-to-end digitalized customer experience. In this frame, customers were given the possibility to take out commercial loans of up to TL 50 thousand and up to a maturity of 36 months via digital channels without paying a visit to a physical branch. In addition, POS applications of all customers began to be collected via digital channels. Customers, who wish to do so, are given the chance to make POS applications via İşCep Commercial or Commercial Internet Branch and to conclude their commercial banking transactions via our field teams that deliver service to our customers' doorsteps.

## Customer Focus

**İşbank registers and evaluates customer applications conveyed through various channels into the Customer Relations Program, and spends efforts to respond to the demand or resolve the problem in the fastest manner possible.**

In addition, member merchants that are not obliged to use new generation cash registers are given the possibility to accept payments via mobile phones thanks to the QR POS application. The dynamic QR code generated by member merchants through Maximum İsyerim, the commercial leg of the Maximum Mobile app, is scanned by the Maximum Mobile app installed on the customers' own mobile phones, and thus, payment can be accepted via mobile phones eliminating the need to involve a POS device and a physical card in the process. Hence, the payment transaction can be completed digitally by way of mobile-to-mobile interaction.

Development efforts are ongoing for the telephone branch in order to enable calling back the customers once an agent becomes available instead of holding them on the line until they can be connected to an agent. This configuration is intended to secure high customer satisfaction by preventing loss of time by customers because of holding on the line.

Customer feedback is very important to İşbank, who regards their views as an opportunity for self-development. Customer complaints, suggestions and opinions directly conveyed through the corporate website, the internet branch, call center, branches, Customer Care Unit email, fax or post are entered into the Customer Relations Program and evaluated, and efforts are spent to respond to the demand or resolve the problem in the fastest manner possible. Hence, İşbank makes continuous improvements to its business processes.

In addition to these channels, customers' indirect communications or social media comments in which the Bank is mentioned/tagged or comments they post under İşbank products on app stores are also tracked instantly.

The Bank gets back to customers quickly also through social networks.

The Bank regularly monitors the responses to messages, as much as the messages themselves. The quality of responses, the operation of processes and the response times are followed up and controlled, and feedbacks are given to related teams to help them achieve their targets in this respect. The response times and manners, quality score, and negative feedback score can be listed among the measurable, transparent and standardized (SMART) targets assigned to related teams. Decreasing customer complaints is another primary goal for İşbank.

Customer expectations, products and services that customers frequently experience problems with or stages thereof are analyzed based on the data recorded and regularly reported. Moreover, customer satisfaction and feedback measured by questionnaires are directly referred to the agenda of the Board of Directors. Committed to establish and enhance the quality of service rendered by the Call Center, İşbank holds EN ISO 15838 Customer Contact Centers Standard certification since 2011.

Through the channels mentioned above, İşbank received 709,389 customer feedbacks in 2016, 730,204 in 2017 and 562,468 in 2018. Besides responding to customer messages received through the above-mentioned channels and besides fulfilling customer needs, the related department of the Bank works towards forming useful insights. Customer contacts are evaluated regularly, categorized and reported, and the insight formed in cooperation with the departments that are owners of the product or service based on customer feedbacks are used as input in product or service development processes.

Based on research by independent research companies, customer satisfaction, Net Promoter Score (NPS) and Customer Effort Score assigned to İşbank and its peer group are compared. At the end of 2018, overall satisfaction of retail customers with the Bank was 84.5% and İşbank ranked at the top among the benchmarked banks.

In a bid to enhance customer satisfaction, besides research company support, İşbank administers customized research using Internet branch exit polls, phone surveys and kiosk surveys, and continues to take actions to improve customer experience according to the outcomes from the questionnaires.

### Data Security and Privacy

İşbank continues to earn the trust of its customers with its meticulous work on data privacy. The Bank exercises utmost sensitivity to fulfill the obligations stipulated by the Personal Data Protection Law that came into force on 7 April 2016, besides the banking legislation and other applicable regulations. İşbank keeps working towards ensuring the security of the Bank's information assets with a holistic perspective and within the frame of international standards, and to raise Bank-wide awareness of the matter.

As part of the designed digital transformation process, all banking transactions are transferred to digital platforms. In connection with the digitalization process, continuous improvements are made in the field of data security and privacy, and the Bank's rapid decision-making capacity is improved by increasing its resistance to possible threats.

In order to take the necessary measures regarding data security, İşbank goes beyond simply following the legal regulations, and continuously improves its business processes.

İşbank set up the Security Intelligence and Defense Center (SIDC) to follow up security incidents 24/7 within the scope of cyber security program and to detect emerging security vulnerabilities and malware so as to prevent them from causing injury to the Bank. Warnings generated by security devices installed in various layers of the Bank's IT infrastructure are monitored by the SIDC and actions concerning possible security violations are taken forthwith. Employee development is encouraged in order to strengthen SIDC's capability to respond to security incidents, and current technology trends are followed up so as to make sure that best practices are established at the Bank.

In addition, information security awareness training programs are given at regular intervals and social engineering testing is administered to achieve increased awareness of information security across the organization.

Ensuring compliance with the information security rules set by the Bank is not just an internally heeded matter; the suppliers from which the Bank procures services are also expected to exercise the same degree of sensitivity. In this context, performances of outsource companies are watched regularly, and assurance is provided by way of penal clauses incorporated in contracts signed with supplier companies.

Members of the Board of Inspectors regularly inspect the adequacy and effectiveness of the measures taken across the Bank. In this context, banking processes and information systems at İşbank undergo annual risk-based audits by the Board of Inspectors. These internal audit activities serve to assess whether necessary controls and structures regarding the security of the information systems and the data thereon have been established.

## Customer Focus

In connection with the digitalization process, İşbank makes continuous improvements in the field of data security and privacy, and takes preventive measures against possible threats.

Information security controls verify whether a process covering the following activities is in place:

- Conducting risk assessments,
- Approval of corporate information security policy by the Board of Directors and supervision of its implementation by Senior Management,
- Performance of activities for increasing awareness of information security by the Bank's employees; classification of all data according to their security vulnerability,
- Running appropriate level of security controls for each class,
- Administration of information security testing,
- Updating existing controls and the structures established according to technological advancements.

As part of its information technology (IT) audits, the Board of Inspectors conduct examinations that will contribute to the realization of fundamental goals regarding proper management of IT risks and efficient and effective use of IT resources. The scope of these activities is determined based on risk assessment made in view of the criticality of the applications and systems for the Bank and their

sensitivity in terms of data security. These technical examinations focus on applications/systems and prioritize information security, and are conducted based on requirements released by the BRSA, in particular, and are targeted directly at guaranteeing information security.

Similar to the audit activities carried out internally, the information security-related internal control environments of the Bank's subsidiaries and affiliates and of their support services providers are also evaluated as part of audit activities.

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.

All employees are regularly informed about process developments. In addition, regular announcements are made and training programs are offered to build on the knowledge and awareness of all employees and all subcontractors about cyber security. During 2018, 2,813 Head Office and branch employees received a total of 7,957 hours of training addressing Social Engineering and Information Security subjects as well as the scope mentioned above.

Regular announcements are made and training programs are offered to build on the knowledge and awareness of all employees about cyber security.

## 7,957 hours

During 2018, 2,813 employees received a total of 7,957 hours of training addressing Social Engineering and Information Security subjects.

In case of any suspicious circumstances, İşbank initiates a speedy information sharing process with the customers. Decisions on measures are made and deployed immediately in line with internal protocols and legal regulations.

Details about the Bank's Privacy Policy and processing of personal data can be found on İşbank website.

### Performance Indicators

	2017	2018
Number of Customers (million)	18,3 <sup>(1)</sup>	19,1
Net Promoter Score (Ranking) <sup>(2)</sup>	25 (ranks 1 <sup>st</sup> among private banks)	37 (ranks 1 <sup>st</sup> among private banks)

<sup>(1)</sup> Calculated taking into consideration the criteria for determining active customers in 2018.

<sup>(2)</sup> According to 2018 results of Futurebright, an independent research company, İşbank is the private bank with the highest net promoter score when compared against five closest peers in terms of size. The questionnaire has been administered on the phone employing CATI method with bank customers all over Turkey. No customer segment-specific quota has been applied, and random sampling has been used.

	2017	2018
Customer satisfaction score	76,3	84,5
Successful Transactions Index for IT Critical Services (6 - Sigma) <sup>(3)</sup>	4.73 sigma	4.78 sigma

<sup>(3)</sup> The IT Index is the ratio of the number of successful transactions through critical channels used or directly affected by the Bank's customers (İşCep, Bankamatik ATMs, internet branch, card systems, Maximum Mobile app, branch systems) to all transactions performed through these channels.

# Digital Transformation



## Using its intellectual capital, İşbank continuously upgrades the banking experience delivered to its customers.

Being innovative is essential for products and services in our day characterized as a period of constantly advancing technology and rapidly evolving customer expectations.

It is important to create new areas of income, as much as to correctly understand customer expectations and embed them in the product and service range.

Along this line, İşbank draws on its intellectual capital and continuously upgrades the banking experience delivered to its customers. The Bank designs more inclusive, accessible and -in a bid to respond to evolving customer expectations- innovative products and services enabled by digital transformation.

İşbank makes life easier for its customers and guarantees uninterrupted service delivery with the products it offers.

Various forms of technology that are becoming increasingly common lately such as cloud, big data, Internet of things (IoT) and artificial intelligence make an impact on the banking industry as well. Digitalization provides opportunities in a number of areas including efficient customer relations, personalized products and services, high-efficiency operations and expansion of banking activities, etc. Given pace in recent years, digital transformation initiatives are positioned among the Bank's high-priority matters and the Bank makes significant investments in this department.

İşbank targets to deliver a better banking experience to its customers by keeping the expectations of different customer segments in its focal point, and to design the banking of tomorrow already today.

Through its investments in digital transformation, the Bank contributes to the creation of decent work and productive employment within the context of Sustainable Development Goals, and also to the development of durable and modern infrastructures that will increase inclusiveness.

Improvements are being made in branches and digital service channels to maximize both retail and commercial customers's satisfaction by enabling them to perform their transactions more rapidly and practically. In 2018, the number of customers transacting through İşbank's digital banking channels that cover mobile and Internet Branches went up by 22% and reached 7.2 million. The number of transactions performed through these channels, on the other hand, boomed by 45% to 3.3 billion. Digital channels increased their share to 60% in time account opening and to 58% in general-purpose loan disbursements.

In addition, İşbank has 9.9 million customers receiving service from Bankamatiks, Turkey's first ATM. The Bank adheres to its notion of inclusive banking being the private bank with Turkey's broadest ATM network with 6,560 Bankamatik ATMs as at year-end 2018.

<p>While mobile banking applications got 39% share out of total transactions in 2017, the same rose to 53% in 2018.</p>	<p><b>53%</b></p>
---	-------------------

<p>In the same timeframe, the share of non branch channels in total transactions went up from 86.2% to 88.5%.</p>	<p><b>88.5%</b></p>
---	---------------------

İşbank has 9.9 million customers receiving service from Bankamatiks, Turkey's first ATMs.

7.2 million

The number of customers transacting through digital banking channels went up by 22% and reached 7.2 million.

#### Transactions Performed Using Digital Service Channels (%)

	Share of Non-Branch Channels	Mobile	Bankamatik ATMs	Internet Branch
2015	82.26	24.32	28.03	26.28
2016	83.78	31.85	25.09	22.91
2017	86.23	38.62	22.62	21.10
2018	<b>88.49</b>	<b>52.87</b>	<b>18.37</b>	<b>13.67</b>

In 2018, with the aim of expanding the change emanating from digitalization, İşbank became the main sponsor of "Digital Anatolia" project by TÜRKONFED (Turkish Enterprise and Business Federation) that addresses the problems of the business world and the society with a multivocal, impartial and constructive point of view. In this frame, meetings participated by numerous sector leaders were organized in Antalya, İzmir, Kocaeli, Bursa and Adana where the contribution of digitalization to companies and its advantages were communicated and solution suggestions were proposed. TÜRKONFED and İşbank decided to carry on with the project in 2019 to tell about the importance of digitalization.

#### Innovative Products and Services

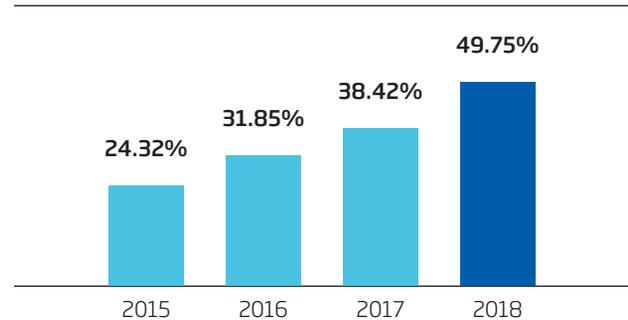
In a bid to upgrade customers' banking experience, and to offer more inclusive, more accessible products that better respond to customer expectations, the Bank develops innovative products and services within the scope of digital transformation. The products offered by İşbank make life easier for its customers and ensure uninterrupted service delivery.

#### İşCep and Internet Branch

The growing use of mobile devices through digitalization further added to the importance of mobile banking and applications. In line with its mission of being the bank closest to customer, İşbank constantly improves its İşCep application, which it considers as the key for contacting its customers in the fastest manner.

The number of customers using İşCep, the sector's leader in terms of product diversity among mobile banking apps with 274 functions as at year-end 2018, rose to 6.6 million, with a 28% increase compared to the previous year.

#### % of transactions Performed via İşCep



## Digital Transformation

Through “Maxi”, the personal assistant introduced within the frame of the conversational banking vision, İşbank responded to 2.3 million questions from 1.3 million users.

### Maximum Mobile

The main goal of Maximum Mobile is to maintain the perspective of “delivering an ecosystem offering end-to-end shopping experience” to all İşbank customers together with retail business partners from different sectors. The app gives instant and easy access to various card services and campaigns for not only the Bank’s customers but for all credit card-holders by offering solutions making their lives easier. To this end, 24/7 shopping campaigns were executed covering a variety of sectors including culture/ arts, e-commerce, clothing/food, fuel, airlines, education and restaurants, taking into account periodic needs of existing and potential customers.

Launched in 2017 and featuring numerous features from card management to campaign tracking, Maximum Mobile reached more than 3.2 million downloads in total as at year-end 2018.

### Maximum İşyerim

Designed as the commercial leg of the Maximum Mobile application that accompanies retail customers’ shopping experience and is intended to enable end-to-end management of the Maximum world as a holistic ecosystem, Maximum İşyerim app went live in September 2018. Initially, the app lets İşbank POS device owners to closely watch financial reports covering comprehensive information, to view sales data on real-time basis, and monitor and easily control sales trends. Additionally, Maximum İşyerim app also presents financial analyses, sales/campaign management, inventory management, employee/shift management and many similar guiding reports for the users.

The dynamic QR code that İşbank’s member merchants generate via Maximum İşyerim are scanned by Maximum Mobile app on customers’ own mobile phones, thus allowing acceptance of payment through mobile phones without the need for a POS device and a physical card. Hence, the payment transaction can be completed digitally by way of mobile-to-mobile interaction.

### İşCepMatik

İşbank’s share of monetary transactions conducted in its wide ATM network throughout Turkey has exceeded 50%. Customers can easily withdraw and deposit money via Bluetooth or Qr code without having to carry the Bank’s cards with them through the İşCepMatik application, which is an integrated operation of İşCep and Bankamatik. The Bank aims to provide customers with a faster and better banking experience by expanding the use of İşCepMatik, which is the product of the integration of different digital service channels.

### Artificial Intelligence Investments

Artificial intelligence gains the foreground in banking transactions in terms of giving the fastest response to the variable demands of different customers. In this regard, İşbank introduced an AI-based chatbot, “Ask İşbank”, on its website in 2017. Developed using Machine Learning and Natural Language Processing technologies, the chatbot offers an innovative banking experience. Capable of responding to questions related to more than 800 headings, the chatbot continues to be improved in scope.

The chatbot works through intelligent decision mechanism models. The infrastructure of the Bank that analyzes big data gets customers to see instant campaigns that are personalized for them, through real time transaction data. Hence, İşbank responds to its customers more quickly in addition to achieving operational efficiency and savings.

Maxi, the personal assistant app that combines the experience gained from the chatbot with investments in personal finances management, was introduced on İşCep for the use of our customers. İşbank has positioned Maxi, which runs on artificial intelligence and natural language processing technology and also delivers one-on-one dialogue experience, as a multi-faceted, accessible, thoughtful and easily adaptable personality that constantly learns and is focused on making life easier. The Bank has carried on with its communication activities accordingly.

Through Maxi, the personal assistant introduced within the frame of the conversational banking vision, İşbank responded to 2.3 million questions from 1.3 million users. In the future, the Bank will integrate Maxi with digital platforms on which the Bank contacts its customers, and particularly with Maximum Mobile and telephone banking channels.

Through Maxi, the personal assistant, İşbank responded to 2.3 million questions from 1.3 million users.

**2.3**  
million  
questions

The investments in artificial intelligence developments contributed to sustainable profitability through the positive effect created on customer satisfaction and sales activity.

The use of learning and self-improving models in financial services thanks to the progress in AI technology results in the automation of low value-added tasks, thus freeing up İşbank employees to be allocated to areas where they can create higher added value. In keeping with this vision, the Bank realized a number of successful projects in 2018, specifically Deposit Pricing Model, New Product Sales Model and Bankamatik ATM Location Allocation Model. Thanks to these projects, the Bank was able to preserve

deposit balances and reduce costs, and captured the possibility to create value for its customers in line with the aspects they are sensitive about.

In the future, the Bank intends to introduce numerous AI-based projects so as to increase its business efficiency and value creation capability.

### Digital Loans

In 2015, through Instant Loan, İşbank started offering customers loans via digital channels without visiting branches. The Bank added new products to its digital credit product range in 2017. The Credit Ready application, which enables customers to authenticate agreements digitally and use the loan provided that the loan applications initiated from branches are approved, went live in 2017. The same year also saw the introduction of the Instant Shopping Loan, another innovative digital credit product initiated considering the increasing volume of e-commerce and the needs in this area. Work was completed for the API integration of the Instant Loan application with loan comparison websites; accordingly, customers choosing İşbank product on hesapkurdu.com and hangikredi.com websites were given the opportunity to complete their transactions by taking out an Instant Loan. I

n 2018, Instant Commercial Loan product was introduced to offer real person merchant customers end-to-end digitalized customer experience. In this frame, customers were given the possibility to take out commercial loans of up to TL 50 thousand and up to a maturity of 36 months via digital channels without paying a visit to a physical branch.

Share of digitally disbursed retail loans via Instant Loan, Credit Ready, API Loans and Instant Shopping Loan in new consumer loans has reached 73.5% in terms of quantity and 56.5% in terms of amount in December 2018.

**73.5%**  
in terms of  
quantity

**56.5%**  
in terms of  
amount

In addition to these applications, the Instant Overdraft Account, which enables making overdraft account applications 24/7 and makes the account available for

## Digital Transformation

By presenting the “Exporter Card” to SMEs, and thus undersigning a first in the sector, İşbank supports their sales activities abroad.

use immediately upon approval, was offered to customers also through Bankamatik ATMs as of December 2018, in addition to İşÇep and the personal Internet Branch.

Moreover, customers who receive insufficient balance warning while withdrawing money from Bankamatik ATMs are proposed Instant Overdraft Account, and thus they are provided with solutions to their short-term financing needs at the time they most need it.

<p>▼ Number of loans obtained with “Credit Ready” 397 thousand</p>	<p><b>397 thousand</b></p>
--	--------------------------------

<p>▼ Paper saved thanks to “Credit Ready” ~8 million sheets of A4</p>	<p><b>~8 million sheets of A4</b></p>
---	---

### Foreign Trade

İşbank offers credit and service bundles that specifically cater to the Bank's exporter customers on the basis of strong collaborations in order to help strengthen the real sector and increase their contribution to the economy. In this framework, collaborations are developed with regional and national chambers, associations and unions, and an Export FC-Loan campaign with special rates is conducted to drive the thriving of exports and to help exporter companies access financing.

Thanks to the virtual POS service offered to businesses making sales to foreign companies as part of İşbank's initiatives in payment systems, merchants can now make their collections via card brands with almost worldwide coverage such as Visa, Mastercard, American Express, JCB and UnionPay, and via alternative payment methods that are heavily used locally in 49 countries. The solutions

İşbank provides in this department resolve payment needs of businesses and support those that will be engaged in e-exportation.

Undersigning a first in the sector, the Bank presents exporter SMEs a special commercial card. The “Exporter Card” gives exporter companies all the features of a company credit card and allows them earn MaxiPuan bonus points in export transactions they carry out via İşbank, an unprecedented practice in Turkey. Efforts are ongoing to promote wider use of e-exportation solutions made available to small and medium sized exporter companies and of the Exporter Card, which offers additional benefits, and thus, to support the country's exports.

### Social Account

One of the applications developed in line with the demands and needs of the customers is the Social Account. Customers can send money from their accounts to their joint Social Account shared via İşÇep with a single touch, and easily raise the funds they need for their event organization.

### Other Innovative Applications

Other innovative solutions offered by İşbank to customers include the execution of money transfers through Western Union over İşÇep, viewing of instant stock market data via Mobil Borsa on İşÇep, trading in stocks and warrants, execution of stock and futures transactions in 26 stock exchanges operating in Europe, USA and Asia with İşÇep Overseas Markets, finding the locations of the nearest branches and ATMs and displaying exchange rates via widgets on iOS and Android operating systems, sending money through the Siri application and imessage

The number of credit card applications made on İşbank websites increased by three times as compared with the previous year.

feature on Apple phones, bill payment with the Siri application, and playing advertisement videos on İşbank's logo in various media through augmented reality features.

With user experience improvements İşbank made on websites, the Bank was able to increase the number of credit card applications by three times as compared with the previous year.

The transformation optimization initiatives on isbank.com.tr corporate website resulted in nearly 10% increase in such transactions as application, bill payment, account balance queries and the number of İşÇep downloads.

### Digital Transformation Initiatives in Branches

While İşbank's Digital Transformation initiatives manifest the working forms that will produce the highest value, the branches are being remodeled in a more modern and ergonomic design, and in-branch working order and architecture are being remade to suit the new working model which is designed to create maximum value. To this end, the Bank carries on with training support, critical process improvements and digitalization efforts for successful implementation of the model.

In order to convey the changes that result in the physical structure of digitalized branches and in the roles of the employees under the new working model by using the virtual reality technology, Virtuality Studio at İş has been set up.

## 10%

The transformation optimization initiatives on isbank.com.tr corporate website resulted in nearly 10% increase in such transactions as application, bill payment, account balance queries and the number of İşÇep downloads.

The new branch model that was introduced in 117 branches in 2018 will be rolled out across the entire branch network throughout 2019. In this context, various projects will go live directed toward the implementation of the digital work process, such as the transition to digital approval, execution of customer instructions by the operation center, and the inception of the use of screens designed for customer relationship management.

Within the scope of the branch working model improvement;

- Paperless agreements for consumer loans and HGS (Rapid Pass-Through) etc. can now be approved by customers using tablet PCs with the support of digital devices, in addition to process improvements such as respondent intelligence;
- Faxes received from customers are now directly forwarded to central operation teams without being referred to branches. This allows quick completion of various transactions including money transfer, EFT, Social Security Insurance, overseas money transfers, mutual fund trading, etc. by a specialized team at the center, thus alleviating the operational workload on branch employees;
- Branches can now allocate more time to the customers thanks to use of digital channels and process improvements;
- Desks were lowered in the new model, creating a setting that is more conducive to communication;
- New generation sales leads are created via use of AI and advanced analytical models for the purpose of paying focused customer visits and ensuring proactive customer contacts.

## Digital Transformation

**İşbank began effectively employing new trends and technological facilities introduced by digitalization, such as the ecosystem approach, artificial intelligence, cloud technology, application programming interface (API), internet of things (IoT), and robotic process automation.**

### Innovation and Entrepreneurship

Growing customer expectations and big data management brought about by digitalization make it ever-increasingly important to ensure that banking transactions are faster and are uninterrupted. Along this line, İşbank carried on with its research and investments in new generation technology.

In 2018, the Bank set up the Entrepreneurship Unit to sustain and further increase its concentration both on the startup ecosystem and on internal entrepreneurship and innovation activities.

With the purpose of supporting the collaborations between the Bank and FinTechs, and contributing to broadening İşbank's ecosystem, the API (Application Programming Interface) Portal was opened for use by non-Bank developers and startups in June.

By the end of 2018, 17 API applications were put to use through the portal launched by the Bank, whereas the website's visitors topped 14,000 people.

İşbank also began effectively employing new trends and technological facilities introduced by digitalization, such as the ecosystem approach, artificial intelligence, cloud technology, application programming interface (API), internet of things (IoT), and robotic process automation, with the purpose of making customers' lives easier and presenting new value propositions that suit their needs.

Having been a perpetual supporter of entrepreneurs and ventures since its establishment, İşbank continued to extend support in different extents for the needs of technology startups in this framework.

Intended to serve as a bridge between the startup ecosystem and the İşbank Group, the Entrepreneurship Unit is instrumental in contacting startups, and creating value for İşbank Group companies, its customers and ventures. These values come to life in the form of acquisition of products or services of startups so as to enhance the Bank's service quality or operational efficiency; delivering the products of startups to customers that need them so as to offer more than traditional banking, or co-developing products with startups.

One other concrete link of the support furnished to startups is the Workup Entrepreneurship Program that has İşbank as its main sponsor and is run under Kolektif House Levent, one of the major shared working spaces of the ecosystem. Under this program, the Bank keeps giving sustainable support to scale up technology startups that are past the idea stage. Initiated in 2017, the third batch of the program was completed by the end of 2018, and 40 startups were included in the program, 29 of which qualified to complete the program.

As part of the Bank's activities addressing the startup ecosystem, İşbank also aims to give a material form to its strategic and financial partnership with startups with the Innovative Venture Capital Fund set up in November 2018 under Maxis Venture Capital Portfolio Management Company, which has İşbank as its sole investor.

İşbank focuses on supporting startups and on driving their flourishing so as to contribute added value to the national economy and help their penetration into new markets. The Bank's objectives also include embedding entrepreneurship within İşbank's culture and gearing up the organization for the future with new-generation working methodologies.

In 2018, İşbank was recognized with the following awards for its digital transformation and retail banking initiatives as well as related communication activities.

#### **Most Startup-Friendly Companies 2018:**

- First rank among the Top 10 Most Startup-Friendly Companies

#### **Effie Awards Turkey 2018:**

- With İşCep advertising campaign;
  - Gold in Bank and Card Payment Systems Category
- With Maximum Mobile;
  - Bronze in Bank and Card Payment Systems

#### **Global Finance World's Best Digital Banks 2018:**

- Digital Bank of Distinction Jury's Special Award

#### **IDC Turkey Finance Technology Awards 2018:**

- With its Digital Transformation Program;
  - Second place in Enterprise Transformation category
- With Instant Shopping Loan;
  - Third place in Customer Experience category
- With Digital Moneybox;
  - First place in Customer Experience category
  - Second place in Digital Channels category

#### **The Smarties MMA 2018:**

- With Maximum Mobile YemekSepeti integration;
  - Silver in Mobile Payment category

#### **Digital Transformation Banking Awards 2018:**

- With Digital Transformation Project;
  - First place

#### **MarCom Awards 2018:**

- With Maximum Mobile App Capabilities;
  - Platinum in Digital Media | Mobile App/Web | Mobile Buying Experience category
- With Maximiles Taste Tours;
  - Platinum in Digital Media | Social Media | Influencer Content category
- With the Fathers' Day Case Video;
  - Gold in Digital Media | Social Media | YouTube Video category
- With Maximum Gaming Social Network Platform;
  - Gold in Digital Media | Social Media | Social Engagement category
- With Yuvarla (Round Up) Integration;
  - Honorable Mention in Video/Audio | Video/Film | Nonprofit category

#### **Social Media Awards 2018:**

- With Maximum Card;
  - Gold in Credit Cards category
- With İşCep;
  - Gold in Online Banking category
- With Maximiles;
  - Bronze in Credit Cards category
- Video clips aired for Valentine's Day, Mothers' Day, Fathers' Day and New Year's Eve

#### **APPENDICES**

- Maximum Card social network accounts received bronze in jury awards in the Special Day Campaign category

## Digital Transformation

İşbank was recognized with various awards for its communication works related to digital technologies developed towards new-generation technologies as per big data management.

### Crystal Apple 2018:

- With İşCep Instant Loan 'Marriage';  
- Bronze in R-Radio/SERVICE category
- With İşCep Instant Loan 'Marriage';  
- Silver in A-Outdoor/POSTER BILLBOARD/Service category
- With Cinemaximum 'Detective', 'Castle', 'Dark Alley';  
- Silver in B-PRESS/BANK, INSURANCE AND FINANCIAL SERVICES category
- With Maximum Mobile - Maximum Card in the Shadow of the Dark;  
- Bronze in O-Online Film/BANK, INSURANCE AND FINANCIAL SERVICES category
- With "O İş Cepte" Campaign;  
- Crystal in F-FILM-TV and Cinema/BANK, AND FINANCIAL SERVICES category
- With "O İş Cepte" Campaign;  
- Silver in E-Integrated Campaigns/SERVICE category
- With "O İş Cepte" Campaign;  
- Crystal in T-Design/EXCELLENCE IN DESIGN/Character category
- With "O İş Cepte" Campaign;  
- Crystal in UM-Excellence in Execution/PRODUCTION AND DIRECTION/Best Dubbing category
- With "O İş Cepte" Campaign;  
- Crystal in M-Media/Product and Service/Service category

### Red 2018:

- With "İş Cepte" campaign;  
- Red in Campaign/Best Financial Services category
- With Moneybox Dreams advert;  
- Red in Mastery in Execution/Best Art Director (Printed Media) category
- With Moneybox Dreams advert;  
- Achievement Award in Printed Media/Best Financial Services Advertising category

### Felis 2018:

- With Maximum Mobile Launch Campaign;  
- FELIS in Transformative Marketing Effect Section Financial Services category

### 16<sup>th</sup> Golden Spider Web Awards;

- With İşCep;  
- Second Place in Most Accessible Mobile App category

### PSM Awards;

- With AKİL;  
- Second place in Best Payment Systems Infrastructure category
- With Alternative Payment Systems;  
- First place in Best Online Payment category
- With Maximum Mobile;  
- Second place in Best Mobile Payment category

With the improvements made in branches and digital service channels, the customers are enabled to perform their transactions more rapidly and customer satisfaction has been moved to the top level.

Performance Indicators		
	2017	2018
Number of Bankamatik ATMs	6,545	<b>6,560</b>
Number of digital banking users <sup>(1)</sup>	5.9 million	<b>7.2 million</b>
Number of mobile banking users <sup>(1)</sup>	5.2 million	<b>6.8 million</b>
Share of digital channels in non-cash financial transactions <sup>(2)</sup>	77.2%	<b>81.8%</b>
Share of digital channels in sales	25.6%	<b>30.9%</b>
Number of cardless transactions performed through Bankamatik ATMs	30.1 million	<b>32.5 million</b>
Amount of cardless transactions performed through Bankamatik ATMs	TL 17.06 billion	<b>TL 20.02 billion</b>
Saving from paper consumption secured by digitalization	4.9 million sheets	<b>11.9 million sheets</b>
YoY rise in the number of digital banking customers	27.8%	<b>22.5%</b>
Share of non-branch channels	86.2%	<b>88.5%</b>
Number of users reached by Maxi	-	<b>1.3 million</b>
Number of questions answered by Maxi	-	<b>2.3 million</b>
Volume of end-to-end digital commercial loan disbursement through Instant Loan	(3)	<b>279 customers, 389 loans TL 6.9 million</b>

<sup>(1)</sup> Based on 12-month channel activity.  
<sup>(2)</sup> Based on mobile and Internet banking channels.  
<sup>(3)</sup> Instant Commercial Loan was introduced in April 2018.

# With High-Quality Training

We are carrying the investments we make in corporate culture and human resources that support personal and professional development into the future. We are providing our employees with various training opportunities in keeping with the lifelong learning notion, and we are working to make sure that these gains are permanent.





## Working Life



In line with its vision of being “the most preferred employer”, İşbank provides a respectful, fair, egalitarian and safe working environment that is conducive to personal and professional development.

The competence, experience and happiness of its human resource enable provision of competitive and reliable products and services by an organization, and directly contribute to the achievement of corporate goals.

The human capital of İşbank made up of happy and qualified people is at the same time one of the key elements defining the Bank's competitive strength.

With its HR management concept focused on equal opportunities, the Bank secures high-level of employee satisfaction and engagement through investments that support individual and professional development in keeping with its HR management approach focused on equal opportunity.

Investments in corporate culture and in people are retained within the Bank and carried forward. This continuity the Bank secures also allows maximum contribution from the highly competent human resource to added-value product and service development. Efficient transfer of professional talent and knowledge from one term to the other also allows forward-looking planning of the human resource by adopting a right approach.

In line with its vision of being “the most preferred employer”, İşbank provides a dignified, fair, egalitarian and safe working environment that is conducive to personal and professional development.

Developing practices that will ensure employee satisfaction while observing employee rights and being a bank preferred by talented young people are among top priority topics for İşbank.

### Equal Opportunity and Diversity

Equal opportunity and diversity make the foundation of İşbank's corporate culture. This foundation is based on non-discrimination of employees on any basis including gender, religion, political affiliation, race, cultural or social origins, at any point from the recruitment process to human resources practices.

The Bank believes that gender equality is critical to ensuring equal opportunity. Hence, İşbank supports the participation of women in business life both through its activities and the employment opportunities. Attesting to this is the composition of the Bank's workforce made up of men and women employees by 44% and 56%, respectively.

41% of the Bank's managerial positions, including the position of the Chairperson of the Board, are held by women.

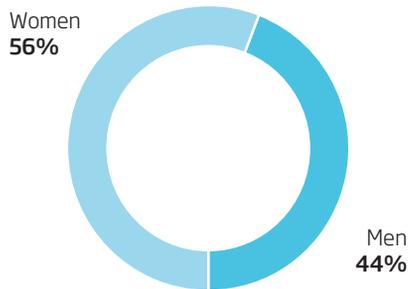
Number of Employees	2016		2017		2018	
	Women	Men	Women	Men	Women	Men
	12,669	12,087	12,755	12,113	12,583	11,987
<b>Total</b>	<b>24,756</b>		<b>24,868</b>		<b>24,570</b>	

İşbank's workforce made up of men and women employees by 44% and 56%, respectively.

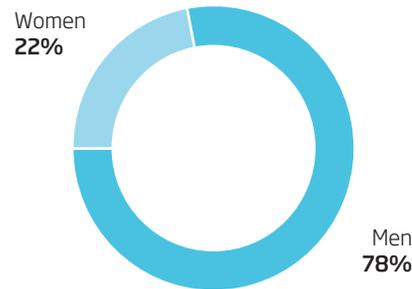
41%

41% of the İşbank's managerial positions are held by women.

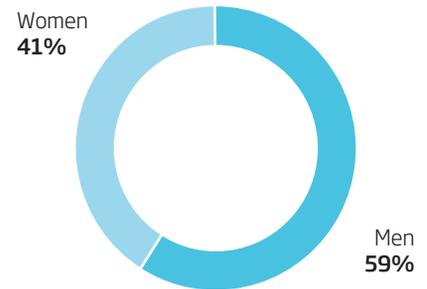
Distribution of Employees by Gender (%)\*



Distribution of Employees in Senior Management by Gender (%)



Distribution of Employees in Managerial Positions (Assistant Manager and Above) by Gender (Excluding Senior Management)



\* Excluding private security

Human Rights and Human Resources Policy whereby the Bank sets out the basic principles it has espoused in relation to equal opportunity and diversity are made available to all employees on the internal portal. Relevant disciplinary actions up to and including termination of the employment contract are taken against acts that are established to be in violation of the Bank's policies within the framework of the related provisions and procedures of the Personnel Bylaws and Collective Agreement. A case is referred to legal authorities in the event that legal conditions materialize.

The Board of Inspectors diligently addresses any incident of violation of the principles covered in the Human Rights and Human Resources Policy reported to it. All such reports are subjected to preliminary examination by the Inspectors on the Board, and actions are taken forthwith for detailed review and onsite examination of the incident in the event that it is suspected to be serious and real. Following examination, reports describing the problems and suggested solutions, which are drawn up for taking necessary administrative decisions about faulty employees within the frame of the Bank's Collective Agreement and legal legislation, are reviewed by the Board of Inspectors and then referred to the related Head Office Departments for necessary action.

## Working Life

İşbank offers a working environment where employee rights are respected, and opportunities for long-term employment are provided.

# 88%

The rate of participation in the employee satisfaction and engagement questionnaire was 88% across the Bank.

### Employee Rights and Satisfaction

İşbank believes that employees who enjoy their jobs and work in a fair environment will contribute positively to the financial performance of the Bank as well as to customer satisfaction. In order to become the most preferred bank of new talents, İşbank offers a working environment where employee rights are respected, and opportunities for long-term employment are provided.

Employees' compensation and benefits are determined according to the Remuneration Policy devised on the basis of the Collective Agreement and applicable legislation. The Remuneration Policy of the Bank covering executives and employees at all levels is under the responsibility of the Remuneration Committee under the Board of Directors. İşbank remunerates employees according to their seniority and performance based on a transparent and measurable system. The Performance Management System at İşbank relies on a yearly competency- and objectives-based evaluation. Competency assessment evaluates competence sets under the names Basic, Managerial, Functional and Leadership Competencies, which are determined according to the positions of the employees. In the assessment of objectives, evaluation is based on performance scorecard results or 5 subjective goals defined on the system depending on the titles of the employees.

Senior executive compensation is determined in a manner that complies with the Bank's strategies, long-term targets and risk management structure, prevents excessive risk-taking.

The Bank's remuneration package consists of salary, bonus, lunch allowance, foreign language proficiency

allowance, dividend payout as defined by the Articles of Incorporation of İşbank, and other fringe benefits depending on seniority and/or job scope. There are some additional practices under which high-performer premiums, product-based sales premiums and managerial bonuses defined according to individual performance are paid. Union of Banking, Finance and Insurance Workers (BASİSEN) and İşbank sign Collective Agreements every two years. Under the Collective Agreement signed with BASİSEN, employees receive health benefits as per the guidelines covered in İşbank's Regulation on Health Benefits.

Over the last three years, 98% of İşbank's women employees who took maternity leave have returned to work. When women employees of the Bank take maternity leave, their positions are preserved, and they are reinstated in their respective positions upon their return. The key drivers behind the high rate of return from maternity leave are the retention of the positions of employees giving birth, breastfeeding leave for up to 2 hours per day beyond the legal regulation, option to take part-time maternity leave or exercise part-time working right, and the availability of the Bank's comprehensive healthcare benefits both for the mother and the child. In addition, male employees whose spouses give birth are granted a 5-business day paternal leave.

The Bank has been regularly measuring employee engagement and satisfaction using questionnaires since 2009. The rate of participation in the employee satisfaction and engagement questionnaire of 2018 was 88% across the Bank. While the results of the questionnaires help spread good practices, they also provide guidance for improvement in areas where deficiencies are identified.

At İşbank, through practices such as the Practitioner Trainer and Training Volunteer, employees who have good command of technical and practical banking knowledge share their knowledge, experience and skills with all employees.

### Investment in Talent

As one of Turkey's leading banks, İşbank provides its employees with various training opportunities for developing their skills and building on their knowledge and abilities over the course of their careers, in line with its philosophy of lifelong learning, in order to ensure continuous development of its human resource.

Executives at İşbank are promoted from within. This tradition gives all employees the opportunity to rise to managerial positions based on their performance. This practice also helps retain the Bank's investment in its people within the organization and to transfer it to future generations. The intellectual capital that builds up and is passed on to new hires within the organization guarantees competitive product and service delivery by the Bank. This way, İşbank navigates towards achieving its corporate goals drawing on its investment in its people.

Through the Bank's practices such as the Practitioner Trainer and Training Volunteer, employees who have good command of technical and practical banking knowledge share their knowledge, experience and skills with all employees. Under these practices, experts in a topic spread professional knowledge; also, managerial roles such as branch managers share their experiences through experience sharing sessions. During 2018, approximately 300 employees acted as Practitioner Trainers in sessions of more than 7,000 hours.

"I Start My Career" training is organized for new hires at the Bank as part of the orientation program. Sales Academy, Innovation Academy, Marketing Academy and Data Analytics Academy programs support the personal and professional development of field and Head Office employees working in various roles and at different levels.

In addition to these programs, employees can also take advantage of the training programs offered in the Training Catalogue in line with their needs and preferences. In 2018, more than 1,300 employees attended the training sessions held under a total of 24 topics covering technical banking, competency and skill building within the scope of the Training Catalogue. Besides the Training Catalogue, seminars with different concepts continued to be held under the names Tower Talks and TUTOM Talks, during which subjects are presented by experts in their fields.

Every year, various technical and managerial training courses are offered as part of the Branch Managers Training Catalogue in order to add to the banking business knowledge of branch managers who lead digital transformation at the Bank, to help them more effectively manage the evolving customer experience process in the digitalizing world, and to consolidate their leadership skills. 414 branch managers attended the courses organized within this framework in 2018.

The Bank also offers intramural and extramural training opportunities to managers and management trainees along their career paths.

Management development programs contribute to the leadership and management skills of managers and management trainees, and at the same time, form the basis of networking between participants serving in different branches, in different provinces and markets. Thanks to these shared platforms, knowledge of the sector circulates throughout the organization over different channels.

## Working Life

İşbank carries out the Management for the Future Development Program for management trainees, which focus on critical managerial competencies such as effective communication, team management, problem solving and decision making, and which cover different learning tools.

Employees who are promoted to managerial positions take part in career training that concern their respective field of expertise to support the competency and knowledge needed in these new roles, such as *Rising in My Career*, *My Career as a Specialist* and *My Career as a Manager*, *Branch Manager Development Program* and *II. Manager Development Program*. The Bank carries out the *Management for the Future Development Program* for management trainees, which focus on managerial competencies believed to be critical such as effective communication, team management, problem solving and decision making, and which cover different learning tools designed to raise awareness of the participants and improve their performances. Also the *Development Academy* program is in place to give a branch perspective to managers assigned in the Head Office and to help enhance the quality of service offered to branches.

In addition to the training programs organized for field and Head Office managers, the Bank also conducts the following development programs:

- **Leadership Development Program:** The first module of the program designed exclusively for İşbank and conducted in modular format in collaboration with ESMT (European School of Management and Technology GmbH) took place on ESMT Berlin Campus and the second one in Istanbul with the participation of Department Heads. The first module dwells on the decision-making process as an individual and team, building high-performer teams, making use of strategic networks, getting to know self as a leader and enhancing individual awareness. In addition, visits were paid to FinTech start-ups and incubation centers. The second module, on the other hand, focuses on understanding and leading change, stakeholder management and motivation.

- **Management Development Program:** Commenced in February 2018, the program addresses Regional Managers, Branch Managers and managers working in the Head Office Departments and is run in a modular format. Blending different approaches to development, the program presents the participants with a personalized learning journey. Starting with the basic module focused on the Basics of Leadership theme, the program will continue with different themes (Strategic Bank Management, the Art of Persuasion, Digital Transformation of the Business World and Change Management, Evolving Customer Experience in the Digitalizing World, Future Trends and Technologies, Innovation and Internal Entrepreneurship, Data Analytics for Managers and Law in Data-Driven Economy).

- **Other Development Programs:** In addition to the training programs mentioned above, İşbank employees have the opportunity to attend international training programs organized by various academic institutions and organizations depending on the skills and talents they require in their careers.

Within the frame of İşbank's new business model introduced as part of its Digital Transformation Program, various classroom and digital training sessions have been designed that build on the skills and the knowledge required by the roles with a particular focus on sales competencies, in order to help the employees quickly adjust to their changing roles and responsibilities. In this framework, employees of 150 combo branches included in the deployment program completed the training in 2018 and over 2,500 employees were given more than 33,000 hours of classroom training under 18 different headings designed specifically for each role.

More than 15,000 hours of training in total were given to 1,410 employees in 2018 as part of "Sales Academy" in addition to the programs organized for digitalized branches. Moreover, training sessions were held to support technical knowledge and sales capabilities of Retail Direct Sales teams, Commercial Direct Sales teams and Order Coordinators within the scope of centralized tasks.

For the purpose of supporting also the cultural transformation designed for the Head Office, a seminar series titled "Digital Days" was designed, inspired by the most demanded topics by employees. Addressing various subjects including Industry 4.0, Big Data, Financial Technology and Design Thinking, the seminars were attended by 492 employees.

In an effort to support effective use of new practices and highlighted products introduced within the scope of Digital Transformation Program in the field, digital training programs formulated according to microlearning principles are being made available to all employees through the Learning World platform.

In addition to classroom training, employees have access to a variety of learning tools such as videos, games and e-learning through the Learning World, a digital learning platform. In 2018, employees were offered 99 different e-learning courses and a total of 74,561 e-learning were completed. The number of videos presented on İşTube increased to 274, and the number of viewings reached 115 thousand.

In addition, Digital Culture videos describing 20 concepts associated with technology and digitalization and are set to affect the future of the banking sector as well are open to all employees through the Learning World for raising increased awareness and knowledge among all employees about digital concepts.

Besides the Learning World, the İşVille game, the first gamification project designed to support employees' banking knowledge with new generation learning tools, was used by 3,272 employees in 2018, and created 40,471 hours of learning experience. The Bank's second

gamification project presented with the tagline "A Banking Adventure", İşGame was played by 3,903 employees in 2018.

964 employees received training via the Live Digital Training app, which delivers rapid and instant live streaming enabled by the Cisco Webex solution that takes place among İşbank's communication network facilities. Housed in İşbank's TUTOM campus, Reality at İş studios delivered a virtual reality experience emphasizing the physical structures of branches covered in the Digitalization Program and the changes in the modes of doing business to 495 employees.

In parallel with the Bank's digitalization process, the Innovation Academy carries on with its activities to raise awareness of the innovation concept and to ensure that decision-makers expected to co-manage this innovation process are equally knowledgeable about the same. The training provided at the Academy focuses on the culture of innovation, the importance of innovation for organizations, the creation of an innovation strategy that is aligned with an organization's structure and processes, prominent trends and technology in the sector, and in-house entrepreneurship and design thinking methodology.

Employees at İşbank are given access to training and development opportunities within the frame of equal opportunity through various learning tools and practices including the training catalogue mentioned earlier, role-specific training courses, academies, the Learning World platform, etc. As a result of the activities in this vein, average number of training hours per person rose to 23.1 hours in 2018.

 <p><b>Average number of training hours per person rose to 23.1 hours in 2018.</b></p>	<p><b>23.1</b> hours</p>
---	------------------------------

Satisfaction with the Training score, whereby employees evaluate the training activities offered to them as part of the Working Life Evaluation Survey administered at the Bank, rose to 73, above the targeted level, in 2018.

## Working Life

İşbank provides an online communication environment for its employees, whereby they can convey any demands and complaints directly to the senior management.

### Communication with Employees

The fundamental goal of İşbank is to ensure uninterrupted communication at all levels with a respectful attitude towards its employees. In this context, the Bank attaches great importance to communication with its employees, respects its employees' freedom of expression, and provides feedback opportunities by creating a complaint and reporting mechanism.

İşbank provides an online communication environment for its employees, whereby they can convey any demands and complaints directly to the senior management. One of the most important channels of trust-based communication between employees and the Bank is the Negative Feedback Line. Through the Negative Feedback Line that can be reached over the corporate Intranet, employees are able to report the violations and/or any irregularity they become aware of at the Bank and offer suggestions for their correction. Matters reported by employees through the Negative Feedback Line are seen only by a limited number of system recognized senior managers. The confidentiality of employees who report through the Negative Feedback Line is protected at the highest level, and they are never subjected to mistreatment because of their reporting. During 2018, the Bank's employees created 299 entries, all of which were evaluated according to the Bank's strategies, and the reporting employees were responded to by Mr. Adnan Bali, the CEO. "About Me" screen, another online communication platform offered by the Bank, has been formed to support the Bank's decision-making processes with accurate and more

## 19.7%

In 2018, average rate of OHS training per employee was 19.7%.

detailed information, and to let the employees convey the matters that they deem necessary to be made known to the HR function. Information entered on this screen can be viewed only by the authorized HR personnel and the employee himself/herself, and the information shared is treated in confidence.

### Occupational Health and Safety

The banking and finance sector embodies various physical, environmental and psychological stress factors and difficulties for the employees. İşbank makes it a priority to provide a healthy working environment both physically and psychologically to its employees in order to eliminate the sector-specific negative factors, which include, among others, non-ergonomic working conditions, fear of unemployment, and the stress caused by sales and marketing targets. In this respect, the Bank takes utmost care to create the ideal working environment for its employees with occupational health and safety initiatives that go beyond legal obligations.

Considering employee health, well-being and job satisfaction among its priority issues, İşbank's Occupational Health and Safety (OHS) practices are managed by the Occupational Health and Safety Unit established under the Human Resources Division. The Occupational Health Safety Policy applies to all employees, interns, customers, visitors, subcontractors and service providers of the Bank.

## İşbank makes it a priority to provide a healthy working environment both physically and psychologically to its employees with its activities in the field of Occupational Health and Safety.

The Head of the Human Resources Division is the highest authorized person in charge of OHS, and works two reporting levels below the General Manager. In line with the provisions of the Occupational Health and Safety Law, occupational health and safety committees are set up in Bank buildings with more than 50 employees, and the employees are represented on these committee. As of 2018 year-end OHS Committees exist in 35 Bank buildings. 127 OHS Committee meetings were held during the year. 312 Committee members, 205 of whom are employee representatives, attended these meetings. In 2018, average rate of OHS training per employee was

19.7%. OHS training constitutes 3.1% of all training provided to employees. The OHS training duration per employee is 0.71 hours.

İşbank's Occupational Health and Safety Policy can be accessed on the website.

Data about İşbank's human resource can be found in Appendices to this Report.

### Performance Indicators

	2017	2018
Average number of training hours per employee per year *	21.3	23.1
Share of digital training within total training *	30%	35%
Number of applications supporting customer satisfaction	10	16
Total number of ideas collected from employees	7,712	7,168
Ratio of women employees to total employees **	55.73	55.71
Ratio of women employees in senior and middle management	40.95	40.63
Participation rate in the employee satisfaction survey	90%	88%
Unionization rate	98%	99%

	2017	2018
Training hours per person for managerial and leadership development programs *	11.7	16.8
Training hours per person for IT competency development programs *	32.0	27.6
Training hours per new hire in the first year of employment *	146	156
Satisfaction with the training score as part of the Working Life Evaluation Survey (WLES)	70	73
Employee Turnover Rate	1.75	2.00

\* Private security and servant staff are not included in training figures.

\*\* Excludes private security.

## Environmental Impact



### At every operation point, İşbank implements environment-friendly efficiency initiatives.

İşbank champions conscious and careful use of the natural capital, which is the shared asset of the entire humanity. The Bank carries out various activities and takes on guiding roles to this end.

In addition to the indirect environmental impact it creates via the environment-friendly, clean energy supporting projects that it finances, İşbank's consumption arising from its own operations constitutes the organization's direct environment impact. The Bank espouses a long-term point of view to minimize its direct impact and to back its natural capital.

To this end, İşbank monitors its environmental impact stemming from its operations and works towards continually bettering its performance.

At every operation point, İşbank implements efficiency initiatives that will increase employee and customer comfort, in addition to optimizing resource consumption. The Bank espouses responsible production and consumption models in its activities, and contributes to the fight against climate change.

The Bank evaluates its environmental impacts stemming from its operations, and works to improve its performance in this respect. For this purpose, a variety of environmental indicators related to the main fields of influence are being followed up such as wastewater formation, water and energy consumption, and carbon emissions in the Bank's Head Office buildings and branches.

#### Environment-Friendly Buildings

İşbank Head Office building (Tower 1) located in Levent, İstanbul holds a BREEAM In-use 'Excellent' certificate. The Tuzla Technology and Operations Center (TUTOM), which was designed as an office complex with smart building systems and started its operations in 2015 upon the relocation of information technologies and operational units of the Bank to this facility, received the LEED Gold certification in 2017.

Tuzla Data Center of İşbank (Atlas) is a custom-designed facility observing green IT practices so as to minimize environmental impact and to secure energy efficiency. Possessing high technology and security standards besides its environment-friendly character, Atlas has been certified with LEED v4 Gold for Data Centers. Atlas is the one and only data center that meets these standards in Turkey.

The implementation of environmental efficiency projects in the Bank's service buildings are spread over time with a continuous improvement perspective. In this respect, ATLAS Data Center uses the energy generated during cooling operations to heat office areas, thereby reducing energy consumption.

The implementation of environmental efficiency projects in the Bank's service buildings are spread over time with a continuous improvement perspective.

6%

With LED lighting fixtures in 160 branches, it is targeted to bring about nearly 6% saving per branch in total electricity consumption.

At the Head Office and TUTOM buildings:

- Waste oil is collected by oil traps located between the kitchen and the sewer line and sent for recycling,
- Photocell urinals are used for water saving purposes,
- Rainwater is collected and used for landscape irrigation,
- Waste is sorted, and recycling of eligible waste is encouraged,
- Thanks to the rainwater filtering system installed in TUTOM, the collected water is filtered and then used for landscape irrigation and toilet flush tanks. According to precipitation data for 2018, it is estimated that approximately 13,800 cubic meters of water will be collected and reused assuming that a similar precipitation pattern will occur in 2019.

Emissions caused by transportation are reduced by the use of systems such as WebEx and Telepresence for in-house meetings. In this way, approximately 182 tons\* of carbon emissions were avoided in 2018.

\* Calculated based on a 90 HP car.

### Efficient Branches

In keeping with the objective of increasing efficiency in branches, LED lighting fixtures, photocell urinals and high-efficiency climate control systems that are not harmful to the ozone layer are preferred in all renovated or new branches. The branches are designed so as to ensure maximum use of daylight.

From 2018, the Bank began installing split AC units using R32 refrigerant, which is harmless to the ozone layer and is more advantageous as it is easy to recycle. Since it runs on lower pressure, it will require less gas charging, hence the higher energy efficiency classification.

Within the scope of the renovation of approximately 160 branches under the Digital Transformation Project, lighting fixtures will be replaced with LED products, which is targeted to bring about nearly 6% saving per branch in total electricity consumption.

Under the project for installing a "Branch Remote Monitoring System" for tracking and analyzing the resource consumption of branches for making necessary saving plans within the scope of environmental efficiency efforts, trial runs were initiated at 12 branches, and approximately TL 100,000 has been spent as of 2018 for this purpose.

The remote monitoring system allows monitoring the electricity consumption of branches. In 2019, the Bank targets to include the energy consumption of branches in this system for monitoring and control purposes. In this context, the estimated investment for rolling out the project at 200 branches in the 2019 budget is TL 2.5 million. This way, the Bank aims to analyze the consumption data and establish the available spots for reduction.

## Environmental Impact

Through digitalization projects, İşbank carries on with its efforts to reduce paper consumption and generation of waste paper, and also attaches importance to recycling of used paper.

In 2018, İşbank initiated the necessary work for setting up an environmental management system at international standards. The Bank plans to obtain ISO 14001 Environmental Management System certification for its Head Office (Tower 1) and Tuzla Technology and Operations Center buildings and 34 branches located in İstanbul in 2019. It is also targeted to receive the ISO 14001 Environmental Management System certification so as to gradually cover all locations of the Bank.

### Paperless Banking

Paper is a major item among resources consumed in banking operations. Through digitalization projects, İşbank carries on with its efforts to reduce paper consumption and generation of waste paper. Significant amount of paper is saved both in operational processes and banking services through practices such as receiving approvals by İşÇep or SMS in cash loan processes, reducing receipt printouts and increasing double-sided printouts.

The Credit Ready application saves 16 minutes of time and 20 sheets of paper in average per each loan disbursed in branches within the scope of this practice. During 2018, a total of 45,327 consumer loans have been extended within the frame of the Credit Ready application.

In addition to paper savings, İşbank also attaches importance to recycling of used papers. Besides 200 tons of paper recycled in 2018, under the collaboration with the TEMA Foundation, documents to be discarded are sent to TEMA. The Foundation plants a sapling for every 100 kg of papers donated. This year, 451 tons of paper were sent to TEMA for which 4,510 saplings were planted, bringing the total to 2,187 tons of paper shipped to TEMA and 21,865 saplings planted in various parts of Turkey since the inception of the project in 2012. Under the collaboration of the Bank with TEMA, 6 forests were created on behalf of İşbank in Balıkesir, Çanakkale, Manisa, Lefkoşa (Nicosia) and Edirne.

Years	Location	Recycled Paper (kg)	Number of Trees
2012-2013	Manisa, Salihli-Gökköy Memorial Forest	380,000	3,800
2014-2015	Northern Cyprus, Nicosia - Ulupınar, Çanakkale	516,800	5,168
2016-2017	Dedeburnu, Balıkesir	338,700	3,387
2017-2018	Lapseki, Çanakkale	500,000	5,000
2018-2019	Subaşı, Edirne	451,030	4,510

The Digital Approval initiative, which allows customers to digitally view and approve the contracts and forms related to the products they use from the Bank, was launched in 2017, and began to be used in selected pilot branches. The initiative served to save 13,658 sheets of paper in 2018.

In addition, the use of Credit Ready, a digital loan product, has been instrumental in saving a total of 7,945,540 sheets of paper in 2018. With the process improvements and infrastructure revisions in progress, operational efficiency increases will continue also in 2019.

### Performance Indicators

<b>GHG Emissions (ton CO<sub>2</sub>e)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Scope 1	4,455	4,886	20,472
Scope 2	17,663	21,248	68,599
Scope 3	1,431	2,461	10,563
Total	23,549	28,595	99,635
<b>Energy Consumption</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total Electricity Consumption (kWh)	39,735,302	37,961,619	135,408,773
Total Natural Gas Consumption (m <sup>3</sup> )	1,715,992	1,709,335	4,126,643
Total Energy Consumption (Gj)	202,290	203,343	756,517
<b>Water Consumption (m<sup>3</sup>)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total Water Consumption	127,633	112,707	371,244
Mains Water (Blue)	117,648	105,559	365,424
Waste Water (Grey)	0	0	0
Spring Water (Green)	9,985	7,148	5,820
Recycled/Reused Water	9,985	7,148	5,820
<b>Fuel Consumption of Vehicles (lt)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Fuel Consumption by Company Vehicles (Diesel Oil)	239,874	204,804	2,718,367
Fuel Consumption by Company Vehicles (Gas)	1,621	6,205	15,335
Fuel Consumption by Personnel Service Vehicles (Diesel Oil)	534,616	-	562,655
<b>Paper Consumption (ton)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Paper Consumption	161.8	104.62	807.69
<b>Amount of Waste (ton)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Recycled Hazardous Waste	-	3.13	12.71
Recycled Non-Hazardous Waste (glass, plastic, metal)	-	23.1	28.8
Recycled Paper	-	-	200.46

The consumption data for 2016 and 2017 take into account the Head Office buildings in İstanbul, whereas 2018 data cover all operation and service locations of İşbank in Turkey.

<b>Emission Intensities</b>	<b>2018</b>
Emission per employee (tCO <sub>2</sub> e/number of employees)	4.40
Emission according to consolidated total assets (tCO <sub>2</sub> e/million TL)	0.20
Emission according to consolidated net profit (tCO <sub>2</sub> e/million TL)	14.94

# With Social Progress

**We are implementing comprehensive and long-lasting social investment programs with our responsible corporate citizen identity. Our initiatives focused on education, environment, culture and art help bring up generations who will play a role in advancing the society to the level of contemporary civilization.**





## Social Investment Programs



**İşbank takes on a pioneering and guiding role in social progress and development. In line with its founding mission, the Bank implements comprehensive and long-lasting social investment programs based on the principle of sustainability.**

İşbank supports social progress employing a long-lived approach on the back of comprehensive social investment initiatives carried out with its responsible corporate identity.

İşbank builds on its brand equity by making use of its social-relationship capital in the broad sphere of influence it creates with its efficient stakeholder communication capability, collective capital and its subsidiaries, and enhances customer and stakeholder satisfaction.

İşbank takes on a pioneering and guiding role in social progress and development. In line with its founding mission, the Bank implements comprehensive and long-lasting social investment programs based on the principle of sustainability.

Targeting to deliver the added value generated in its principal field of activity to the broadest segment of the society possible, İşbank focuses on the areas of education, environment, culture and arts. The Bank's social investment programs covering corporate social responsibility projects, donations and sponsorships are carried out under the supervision of the Corporate Social Responsibility Committee that reports directly to the Board of Directors. İşbank develops collaborations with different stakeholder groups and mainly with civil society organizations, thus ensuring active stakeholder involvement in social investment programs. These initiatives are designed in a framework that is aligned with Corporate Social Responsibility principles, contributes to Sustainable Development Goals, and responds to the current needs of the community.

### Education

İşbank's support for bringing up generations who espouse the principles of Atatürk and will play a role in advancing the society to the level of contemporary civilization has been ongoing at an increasing rate since the first day of its inception, to the present day. Aware of the effective role education has in ensuring the permanence of social development and progress, the Bank carries out inclusive and long-term projects in this field.

### Chess

İşbank contributes to the transformation of chess into an easily accessible and popular sport especially among children, and to compensating the lacking aspects of chess education. The Bank forms collaborations to make chess a popular and sought after sport across the country, and present gifted youngsters with opportunities in this field so as to increase the level and frequency of international achievements.

With the goal of making chess a widely played sport in the country, İşbank entered into cooperation with the Turkish Chess Federation.



With the goal of making chess a widely played sport in the country, İşbank entered into cooperation with the Turkish Chess Federation.

886,547

Since 2005, the number of licensed players increased to 886,547.

### Main Sponsor of the Turkish Chess Federation

The Bank has been the main sponsor of the Turkish Chess Federation since 2005. Since the inception of the sponsorship,

- licensed players increased from 30,000 to 886,547,
- chess trainers increased from 2,000 to 86,211,
- chess tournaments increased from 400 to 9,000,
- chess clubs increased from 600 to 2,016,
- title-holder chess players increased from 29 to 171.

Medals claimed in international tournaments reached 434. The titles won to date are presented below:

- 23 world championships, 29 second place and 35 third place titles in worldwide organizations,
- 62 European championships, 56 second place and 52 third place titles in Europe-wide organizations, and
- 4 European Championships as a country.

### Chess Classes in Schools

Chess classes are being opened in primary and secondary schools in order to encourage children to play chess, to attract the attention of teachers and parents to this area, and to supply lacking materials at schools with limited means. Within the scope of the sponsorship, the Bank donates 10 chess sets, one chess board and 10 Chess Textbooks from Kültür Yayınları to each school. In 2018, over 2,000 chess classes were opened, bringing the total number of chess classes in schools across Turkey to over 22,000.

### Main sponsor of the Northern Cyprus Chess Federation

In parallel with its sponsorship of the Turkish Chess Federation, İşbank became the sponsor of the Northern Cyprus Chess Federation as well in 2013 with the same objectives. Upon initiation of the sponsorship, chess has become a club activity once a week in primary schools in the Turkish Republic of Northern Cyprus.



## Social Investment Programs

The 81 Students from 81 Cities initiative, launched in 2008-2009 academic year within the collaboration between İşbank and Darüşşafaka, is one of the most comprehensive and longest-lived corporate social responsibility projects in the area of education in Turkey.

### Hands with Sight Project

In 2018, "Hands with Sight" project was launched for visually-impaired children as a joint initiative of the Turkish Chess Federation and the Ministry of National Education General Directorate of Special Education and Guidance Services with the support of İşbank. Within the scope of the project, chess classes designed with accessible materials were opened in 13 schools for the visually impaired children in Turkey.

### Turkey Junior, Youth and Veterans Chess Championships

2,726 players from 81 cities in Turkey and from the Turkish Republic of Northern Cyprus competed in the Turkey Junior (aged 7-12), Youth (aged 13-18) and Veterans (50-65+) Chess Championships held concurrently in Antalya in 2018.

### School Sports Turkey Chess Championship

School Sports Turkey Chess Championship is being organized since 2015 as a cooperative effort of the Turkish Chess Federation and School Sports Branch under the Ministry of Youth and Sports Directorate General of Sports Department of Sports Activities. School Sports Turkey Chess Championship 2018 was held in Kütahya and was participated by 116 teams and 593 players from 48 provinces and the Turkish Republic of Northern Cyprus.

### Türkiye İş Bankası Chess League

The strongest league in its field in Turkey, Türkiye İş Bankası Chess League is also recognized as one of the strongest ones in Europe. Hatay Metropolitan Municipality Youth and Sports Club has claimed championship of the Türkiye İş Bankası Chess League in the 2017-2018 season.

### 81 Students from 81 Cities

The 81 Students from 81 Cities initiative, launched in 2008-2009 academic year within the collaboration between İşbank and Darüşşafaka Educational Institutions, was implemented as the most comprehensive and longest-lived corporate social responsibility project in the area of education in Turkey. Under the project, each year İşbank covers all educational expenses of 81 children from 81 cities who pass the Darüşşafaka Educational Institutions admission exam from the fifth grade through to the end of high school.

Within the scope of the project, 84 students graduated from high school at the end of 2017-2018 academic year. İşbank keeps supporting to university students among Darüşşafaka graduates who are granted merit scholarship as per Darüşşafaka's scholarship regulations. Furthermore, every year İşbank covers the educational costs of a certain number of Darüşşafaka graduates who attend the Koç University under the university's "Anadolu Scholarship Holders" program. Including the students who have graduated in earlier years, the total number of students reached 700.

## One Million Books, One Million Children

İşbank launched the “One Million Books, One Million Children” campaign, one of the biggest book campaigns ever undertaken in Turkey, at the end of the 2007-2008 academic year.

With this campaign, the Bank aims to help build children’s cognitive and cultural skills, support the formation of a generation that reads and questions, and contribute to establishing a cordial communication between the Bank and children at an early age.

With the book titled *Robotlar Hapşırabilir Mi? Bilim Yolunda Eğlenceli Adımlar Kitabı* (Can Robots Sneeze? The Book of Entertaining Steps to Science) distributed for the 11<sup>th</sup> year of the campaign carried out at the end of 2017-2018 academic year, 13 million books in total were distributed to primary and secondary school students. The book distributed for the campaign was sent to Bahrain, Georgia, Iraq, the UK and Kosovo branches, and to İşbank AG and İşbank Russia, besides İşbank branches in Turkey and T.R.N.C.

As in previous years, a certain number of books were printed in the Braille alphabet and delivered to the libraries of schools providing education to visually impaired children in 2018. In addition, books were sent to students of Regional Boarding Secondary Schools and to children boarding in the housing of the General Directorate of Children’s Services.

## Book donations to schools and libraries

As an extension of the Bank’s social responsibility initiatives seeking to contribute to education, İşbank continued sending books published by İş Bankası Kültür Yayınları publishing house to schools and public libraries all over the country. In 2018, over 52,000 books were delivered to 2,844 schools and libraries.

## Golden Youth Award

Since 1971, İşbank has presented awards to students who excel in the university admission exams every year under the “Golden Youth” award program. The number of the award recipients topped 3,000.

## Culture and Art

İşbank contributes to advancement of the country’s arts landscape, and to bringing international art and culture events to Turkey. The Bank also sponsors projects aimed at bringing the country’s rich archaeological heritage to light, introducing supports them to new generations, and preserving it for the future.

### Kültür Yayınları

Established in 1956 by Hasan Âli Yücel, the former Minister of Education, Kültür Yayınları has since been an indispensable publishing house for all the readers with its publications that are both rich in content and superior in print quality. Carrying on with its publication activities with the principles of high quality publishing, contribution to the advancement of the Turkish language, and instilling the habit of reading from young ages, Kültür Yayınları has brought more than 8 million books to the readers in 2018.

### İş Sanat

Founded in 2000 with the objective of further upgrading the artistic and cultural life in İstanbul, İş Sanat is today one of the most prestigious culture and art centers of Turkey. The Center brings service to art lovers with İş Sanat Concert Hall and Kibele Art Gallery in music and plastic arts disciplines.

### İş Sanat Concert Hall

Hosting numerous events from classic music to jazz and world music, from local projects to dance performances, the Concert Hall opens its stage to national and foreign leading artists. One of Turkey’s most important art platforms, İş Sanat Concert Hall welcomed more than 500,000 art lovers of all ages to date with its modern and dynamic program and innovative and original projects.

### Kibele Art Gallery

Opened in 2000 as part of İşbank’s gallery management operations that have been ongoing since 1976, Kibele Art Gallery showcases the exhibitions of masterful artists producing plastic arts. Having hosted the exhibitions of BUBİ, Ali İsmail Türemen, Onay Akbaş and Hanefi Yeter in the 2017-2018 season, Kibele Art Gallery opened the 2018-2019 season with Mustafa Ayaz exhibition.

## Social Investment Programs

Opened its doors on 14 November 2007 as the first museum specialized in the history of economy, the İşbank Museum reflects the transformation phases of banking in Turkey since the foundation of the Bank until today.

### **Türkiye İş Bankası Müzesi (İşbank Museum)**

The İşbank Museum opened its doors on 14 November 2007 as the first museum specialized in the Republic era history of economy. The Museum offers a narrative of the Bank's deep-rooted institutional history and Turkey's economic development with documents, banking equipment, communication devices, photographs, pictures, advertisements, promotional materials and films.

İşbank Museum collection mainly consists of three-dimensional objects that depict the transformation phases of banking in Turkey during the Republic Era and objects that have become an indispensable part of people's daily lives. The pieces in the collection have been obtained from İşbank's branches. In order to secure longevity of the pieces, international museum protection standards are applied to preserve the collection for posterity.

Various workshops targeted at children are conducted at the Museum, including Budgeting and Saving, Money of the World, Museum Memory, and My Pocket Money in my Pocket. Additionally, Financial Literacy Training courses are provided for adults. Over 20,000 students attended the workshops held at the Museum in 2018.

İşbank Museum welcomed 275,000 visitors in 2018 and the total number of visitors since the initial opening of the museum exceeded 1.1 million. In its history of more than 10 years, İşbank Museum also authored significant exhibitions. "İşbank Proudly Presents" exhibition put on display 450 commercial films, nearly 400 printed materials and about 60 original objects to depict the communication activities İşbank carried out with advertisements throughout its 94 years of history. The exhibition was visited by more than 280,000 people.

### **Mimar Sinan Fine Arts University Artworks Conservation and Restoration Laboratory**

Turkey's first scientific "Artworks Conservation and Restoration Laboratory" was co-established at Mimar Sinan Fine Arts University by İşbank and the University in 2012. Conservation and restoration of artworks included in İşbank Art Collection are carried out at this laboratory. In addition, education is ongoing at the University's Artworks Conservation and Restoration BA program, which was established in the 2013-2014 academic year as part of this cooperation.

### **Sponsorship of Archeological Projects**

#### **Zeugma Ancient City "House of the Muses"**

Zeugma Ancient City, which is one of Turkey's important historic and cultural venues, lies on the banks of Birecik Reservoir in the southeastern province of Gaziantep's Nizip district. The objects unearthed in the excavations that have been in progress since 1987 are displayed in the Zeugma Open Air Museum. İşbank undertook the sponsorship of the "House of the Muses" excavation located in the Zeugma Ancient City for a period of 5 years starting from 2012. In 2017, the duration of the sponsorship was decided to be extended. In 2018, it was decided to increase the amount of sponsorship allocated by İşbank to the excavations, and to give support to the construction of the Excavation Home and Restoration Center, which began on the site. The excavation of the "House of the Muses" is targeted to be completed in 2019.

### Ancient City of Patara

İşbank decided to sponsor the excavations ongoing since 1988 in the ancient city of Patara in the Kaş district of Antalya, which is one of the most important archeological sites in Turkey, for a period of 5 years. Besides İşbank, its subsidiaries Şişecam and TSKB have become sponsors of the excavations in 2016.

### İstanbul Foundation for Culture and Arts International İstanbul Music Festival

İşbank sponsored the English Chamber Orchestra, Güher & Süher Pekinel concert performed within the scope of the 46<sup>th</sup> İstanbul Music Festival organized by the İstanbul Foundation for Culture and Arts.

### Environment

Assuming a pioneering role in protecting the environment and raising environmental awareness among the public make an integral part of İşbank's environmental responsibility approach.

In this regard, the Bank aims to reduce its environmental impacts, contribute to the protection of Turkey's biodiversity and raise awareness by collaborating with civil society organizations.

### 81 Forests in 81 Cities

The "81 Forests in 81 Cities" project of İşbank was initiated in 2008 in collaboration with the TEMA Foundation and the Ministry of Forestry and Water Affairs. Aiming to protect the environment and to increase environmental awareness of the society, particularly of children, the project has been instrumental in planting 2,205,000 saplings over a total area of 1,500 hectares in all cities in Turkey and 35,200 saplings were planted on 22 hectares in the T.R.N.C. In addition, 1,486 km of land was terraced as part of the efforts to fight erosion that causes loss of land.

Under the project, the upkeep efforts, which cover the care of the saplings for a five-year period following the planting, continued in 2018. As part of the upkeep efforts, about 950,000 complementary plantings were made to date. Including the complementary plantings, the total number of saplings planted exceeded 3 million. The success rate in forested areas was 83% as at year-end 2018.

Performance Indicators		
	2017	2018
Contribution to equal opportunity in education	<b>81 Students from 81 Cities</b> Including those who graduated, the number of students exceeded 600.	<b>81 Students from 81 Cities</b> Including those who graduated, the number of students closed in on 700.
Helping the formation of a generation that reads and questions, supporting children's cognitive and cultural development	<b>One Million Books, One Million Children</b> Under the campaign held for the 10 <sup>th</sup> time at the end of 2016-2017 academic year, 12 million books in total were given as gifts to primary and secondary school students to date. <b>Book donations to schools</b> In 2017, over 41,000 books were sent to 2,281 schools and libraries.	<b>One Million Books, One Million Children</b> Under the campaign held for the 11 <sup>th</sup> time at the end of 2017-2018 academic year, 13 million books in total were given as gifts to primary and secondary school students to date. <b>Book donations to schools</b> In 2018, over 52,000 books were sent to 2,844 schools and libraries.
Financial literacy and awareness of saving up	More than 15,000 students in total participated in the workshops organized at İşbank Museum.	More than 20,000 students in total participated in the workshops organized at İşbank Museum

## Risks and Opportunities

Paying attention to maintaining and continually improving its financial structure, İşbank adopts various measures against the factors that may create a risk upon its financial capital.

The world is undergoing different processes in financial, social and environmental terms. In 2018, certain developments that might potentially impact the banking sector both globally and nationally started to become evident. These developments are defined as potential risk and opportunity areas as they might impact İşbank's future activities and value creation capacity. İşbank keeps a close eye on the economic, social and regulatory developments in these main headings and displays a proactive attitude.

### Change and Transformation in the Markets

The markets are undergoing a transformation process due to economic and political developments alike. The steps the central banks of developed countries take in relation to monetary policies, trade wars and geopolitical events lead to deteriorated risk perception on a global scale, which results in volatilities in the markets. Manifestly, these volatilities bear a greater impact upon emerging markets.

Parallel to global developments, the markets in Turkey have also had a bustling year. Economic slowdown in the country got even more pronounced in the second half of 2018.

Volatilities in domestic and overseas markets have the potential to create risks in the short and medium term with respect to financial services providers, which may put pressure on operational income, profit and market shares. While sustaining its growth with the support of its robust financial capital, İşbank has been paying equal attention to maintaining and continually improving its financial

structure. Along this line, the Bank closely watches the factors that may create a risk upon its financial capital and adopts various measures against them.

In 2018 that was dominated by deteriorated risk perception and an environment of uncertainty, İşbank was governed with a dynamic and proactive strategy that prioritized healthy and sustainable growth with a focus on its balance sheet, solid liquidity and quality assets. In this framework, the Bank observed all the elements and in particular, efficient management of credit and investment portfolios as well as of FC and liquidity positions, broadening the deposit base that constitutes the main funding item, and pursuing diversified funding policies, and created a flexible balance sheet composition.

In the period ahead, İşbank will continue to stand by its customers and to create value by optimally managing the risks stemming from the changes in the market and drawing on its customer-centric service concept even amid challenging operating environments.

### Social Change

It is considered that, apart from financial developments, changes in the operating environment act as a crucial factor that will make an impact on the Bank. Geopolitical risks stemming from the political instability in Turkey's near geography, the demographic movement resulting from the said instability, and the security concerns that accompany the two afore mentioned circumstances are regarded as the basic considerations that gain the foreground in terms of the operating environment risk. It

The concepts of sustainable growth and sustainable development establish themselves more in the policies of countries by the day.

is observed that the risks originating from political -and to a certain extent geopolitical- balances that Turkey is exposed to lead to uncertainty also in the financial environment, negatively influence the investment appetite, and change spending tendencies and patterns of households as we know them.

In the event of political instability, new business opportunities might arise as new anticipations in the society are triggered, although risks might increase in geopolitical terms. Increased global mobility coupled with the multi-dimension quality acquired by communication is accompanied by new social changes in many countries, which are expressed with different methods and tools. These changes and differentiated expectations give rise to changes in mentality, habits and consumption forms. This change creates different demands in individuals and various stakeholder groups within the society; as a result, a new demand market is formed in response.

Sustainability is a key notion that triggers this change. The concepts of sustainable growth and sustainable development gain increased recognition and heightened importance by the day, and they establish themselves in the policies of countries.

In addition to the change in national policies, inclusiveness and equality approaches act as important factors in changed demand. There arises a demand for equal and unobstructed access to fundamental services including education, healthcare and social security and to basic

## Social equality

In the framework of social equality expectations, there arises a demand for equal and unobstructed access to services including education, healthcare and social security.

infrastructures such as potable water, roads and energy. This situation gives rise to a new market and business opportunity for financial institutions that fund the superstructure and infrastructure projects associated with these services. A similar situation is observed also in Turkey. Various projects are being developed in recent years in the healthcare, transportation and education sectors, which are based particularly on public-private partnership (PPP) models. İşbank regards these projects as an opportunity. Last year, the Bank took part in the financing of various highway and transportation projects handled by multi-bank consortiums for funding mega infrastructure projects based on build-operate-transfer (BOT) model.

In keeping with its perspective of supporting social advancement and fulfilling expectations, İşbank targets to be actively involved also in the period ahead in investments focused on sustainable development directed towards social welfare, and closely follows up the developments in this department for this purpose.

### Climate Change and Environmental Dynamics

The impact of manufacturing processes and business activities on the environment and natural resources have gotten to an irreversible point all over the world. The consumption tendency of the mankind increase at a much faster pace than the time needed to regenerate or recover the resources.

## Risks and Opportunities

### İşbank manages the environmental and social risks stemming from its own operations and also from the projects it finances with an integrated perspective.

Various awareness initiatives have been launched to increase the visibility of the impacts and harms production models that charge ahead without replenishing the depleted resources have upon the world. For instance, the date when humanity's demand for ecological resources and services in a given year exceeds what Earth can regenerate in that year has been defined as the Earth Overshoot Day. According to the calculation, the Earth Overshoot Day, which is accepted as the date when the humanity consumes a given year's ecological resources and starts borrowing from those of the following year, moves forward every year. In 2018, the Earth Overshoot Day was on August 1<sup>st</sup>. For Turkey, it was July 11<sup>th</sup>. The change in these dates indicates at uninformed consumption of available resources and the implementation of a business model that is not sustainable. Continuation of business models in this manner gives a sign that the companies will be confronted with resource problems in the medium and long term, and their operations will be affected. This is a potentially important risk for banks and other financial institutions that extend financing for companies and projects. Environmental and social impacts of funded projects can ultimately lead to emergence of financial risks. Due to environmental or social issues, the customer that is extended with financing can be exposed to various risks up to and including the cessation/slowdown of its activities, cessation of its sales, loss of turnover, reduced total assets, and even attachment of a company because of regulatory non-compliance. Materialization of these risks can affect the credit repayments to the financing bank.

Aware of these risks, İşbank takes an integrated approach, addressing environmental and social risks together with financial risks, and manages them within the scope of integrated risk management approach. The environmental and social risk evaluation process introduced for credits in pilot scale in 2012 allows the Bank to manage the environmental and social risks stemming from its own operations and also from the projects it finances with an integrated perspective. All risks that may affect the financial profitability, as well as the environment, are monitored based on awareness approach.

The threats created by the risks emerging in the sector dog the international agenda as well. Apparently, national and international policies will be subject to changes due to the approaches for managing these risks and mitigating their impacts. Governments and international associations are anticipated to establish new and more comprehensive environmental legislation and standards in the future. This will, undoubtedly, affect Turkey. Any environmental legislation that will be introduced in Turkey for the purposes of harmonization with the EU acquis or for any other reason will incorporate the risk of change to the manufacturing model and processes and modes of doing business, which will potentially give rise to compliance risks with respect to the customers.

Customers' failure to achieve compliance with new expectations and regulations governing climate requirements could pose a risk element that could lead to weakened solvency and their eradication from the sector by losing competition in the event of total

## İşbank takes on an important role in transitioning to low-carbon economy.

detachment from the process. İşbank strictly adheres to the environmental and social risk management approach it implements in lending activities, and builds on its risk management experience against potential impacts that may arise in the future.

Taking on an important role in Turkey's transitioning to low-carbon economy, İşbank extends support directly to the mitigation of risks and impacts arising from climate change by financing renewable energy projects.

In the same framework, it is highly probable that the environment-related criteria imposed by international financial institutions will get increasingly stricter and introduce additional obligations. For the banks, this situation creates the risk of being put in a less advantageous position as compared with other market players in terms of the relations with international financial institutions. For İşbank, management of environmental risks is a material issue, and new practices are constantly followed up. The Bank examines best practices, and adopts successful implementations.

Climate change and environmental dynamics open the door for new opportunities, as much as posing risks for the financial sector. The increased importance of environment-friendly applications, green economy and clean energy result in a growing number of investments in this field. In particular, infrastructure and renewable

## USD 463 billion

The estimated climate finance flows for 2015 and 2016 is average USD 463 billion per annum globally.

energy projects assume a greater role within the context of adjustment to climate change. New products and services will need to be developed in the finance sector as well in line with the emerging market demand within the process of fighting against climate change. Active in various aspects in relation to climate change, İşbank also capitalizes on potential opportunities in this department.

It is considered that developments related to climate change can also give rise to new opportunities in terms of diversification of financial resources. It is possible that there will be a rise in resources themed around climate change on a global scale. According to IPCC (Intergovernmental Panel on Climate Change), the total amount of investments in energy systems necessary for keeping global warming within a 15 degree Celsius scenario add up to USD 1.6 to 3.8 trillion<sup>1</sup>. The same study estimates that global climate finance flows for 2015 and 2016 average USD 463 billion per annum globally. This shows that there is a significant gap and area for improvement in climate finance. Therefore, it is anticipated that international financial institutions and development banks will begin to channel their theme funds to adaptation to climate change and fighting climate change. Having espoused it as its goal to utilize its natural capital in the most efficient manner, the Bank has increasing power to access theme funds that thrive on an international scale.

<sup>1</sup> <https://climatepolicyinitiative.org/publication/global-climate-finance-an-updated-view-2018/>

## Risks and Opportunities

Expectations grow by the day in relation to digital products such as Internet banking and mobile applications, thanks to changing consumer needs due to digitalization.

### Digitalization

Digitalization has become a phenomenon that bears an impact in every stage of life from the daily life to business processes. Moreover, transition to digital applications is not specific to a region or country, but it is a global change. According to the calculations of the World Economic Forum, digitalization could create up to 6 million jobs worldwide between 2016 and 2025. Similarly, various digital initiatives in the industry could deliver 26 billion tons of net avoided CO<sub>2</sub> emissions in the same timeframe.<sup>2</sup>

Digital transformation radically changes and reshapes consumer expectations as well. The effects of digitalization transform consumer demands in all areas from shopping habits to communication. This also applies to the banking sector. Expectations grow by the day in relation to Internet banking, mobile applications, digital products in commercial banking and similar matters.

New cooperation areas created by transformed demands due to digitalization will offer a significant opportunity. Yet, it is predicted that the accelerated competition in the sector resulting from the digitalization process will possibly push quicker adjustment to expectations.

Cyber security is another critical heading accompanying digital transformation. Cyber threats create significant financial loss and also reputational risk for financial institutions. According to the IMF, the loss sustained by financial institutions in the US only between 2014 and 2017 due to data leaks is estimated at USD 38 billion.<sup>3</sup>

İşbank goes beyond closely monitoring the regulatory framework to take the necessary measures concerning data security, and continuously improves its work processes. The Bank continually makes betterments in the area of data security and privacy in relation to digital transformation, and increases resilience against potential threats, and builds on the Bank's quick decision-making capability in case of contingencies.

### Innovation

Innovation can be most extensively defined as turning an idea or invention into a value-added product or service that customers are willing to pay for. Innovation requires more than customary business development or R&D activity, and calls for following up the trends and developments, coupled with an approach that can proactively process the society's needs and expectations. Competitive progress that will differentiate the businesses

<sup>2</sup> <http://reports.weforum.org/digital-transformation/understanding-the-impact-of-digitalization-on-society/>

<sup>3</sup> Cyber Risk for the Financial Sector: A Framework for Quantitative Assessment, WP/18/143, July 2018

İşbank continuously improves its work processes to take the necessary measures concerning data security.

## Innovation

For financial sector, innovation is not only about increased diversity of products and services, but it is about the ability to offer a variation also in the transformation of business models.

in the future will probably be realized by companies that have espoused innovation and embedded it into their corporate cultures.

Innovation offers opportunities to the service sector, as much as to the real sector. With respect to the financial sector specifically, innovation is not only about increased diversity of products and services, but it is about the ability to offer a variation also in the transformation of business models.

For instance, banks could re-evaluate the segmentation of their products and services from the viewpoint of innovation. In our day, the conventional approach to banking targets segments based on demographic or vocational sets such as youth, retirees, farmers, etc. both in Turkey and around the world. However, some banks attempt to change this approach. Along this line, studies are carried out in relation to customers' lifestyles, values and their unfulfilled needs, and these groups are targeted in product and service development processes.<sup>4</sup>

In the future, it is anticipated that these needs will be identified in greater detail through data analytics and digital analyses, and personalized experiences will be developed on the basis of individuals rather than on a group scale. The quickly changing demand conditions and the evolving needs of the society will probably complicate the competitive conditions in the financial services sector as well. Having always carried out its operations with a close eye on the society's needs and maintained its focus on timely catering to evolving needs in every department drawing on its agile structure, İşbank will continue to correctly analyze these trends and to improve its work processes.

<sup>4</sup> <https://thefinancialbrand.com/77869/innovation-trends-banking-ai-api-personalization-payments/>

# Annexes

## Human Resources Data

Number of Employees	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Total Number of Employees	12,669	12,087	12,755	12,113	12,583	11,987
Number of Employees Covered by Collective Bargaining Agreements	12,490	11,947	12,504	11,927	12,381	11,845
Number of Employees Subjected to Regular Performance and Career Development Evaluation	11,591	11,345	11,707	11,346	11,521	11,351

Number of Employees per Employment Type	2016	2017	2018
Full Time	24,719	24,806	24,524
Part Time	37	62	46
<b>Total</b>	<b>24,756</b>	<b>24,868</b>	<b>24,570</b>

Number of Employees per Region and Branch	2016	2017	2018
Head Office	6,217	6,235	6,571
Branch	17,811	17,863	17,204
Region	728	770	795
<b>Total</b>	<b>24,756</b>	<b>24,868</b>	<b>24,570</b>

Number of Employees by Gender and Age	2016		2017		2018	
Upper Management (Executive Committee and BoD)	Female	Male	Female	Male	Female	Male
Over 50	1	13	2	14	2	16
30-50	2	5	3	5	3	2
Under 30	0	0	0	0	0	0
Employees in Management Position (Division Manager and Upper Position)	Female	Male	Female	Male	Female	Male
Over 50	3	24	4	20	6	23
30-50	10	36	8	45	6	41
Under 30	0	0	0	0	0	0

Number of Employees by Age	2016	2017	2018
Over 50	228	235	271
30-50	20,942	21,408	21,596
Under 30	3,586	3,225	2,703
<b>Total</b>	<b>24,756</b>	<b>24,868</b>	<b>24,570</b>

Number of Employees by Seniority	2016	2017	2018
0-5 Years	3,918	4,001	3,650
5-10 Years	7,489	6,554	5,615
10+ years	13,349	14,313	15,305
<b>Total</b>	<b>24,756</b>	<b>24,868</b>	<b>24,570</b>

Employee Turnover Rate	2016	2017	2018
	2.19	1.75	2.00

Number of Employees by Educational Background	2016	2017	2018
Secondary School	85	77	68
High School	4,248	4,083	3,954
Graduate School (2- and 3-year college)	538	554	548
University (4-year college)	18,851	19,096	18,908
Post Graduate	1,022	1,043	1,075
PhD Degree	12	15	17

Number of Employees Benefiting from Parental Leave and Returning After Parental Leave	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Benefiting from Parental Leave	998	0	970	0	986	0
Returning After Parental Leave	996	0	969	0	970	0

Total Employment Created In Subsidiaries	2016	2017	2018
Number of Subsidiaries	108	105	110
Number of Employees in Subsidiaries	32,415	32,597	33,388

Trainings Provided to Employees *	2016	2017	2018
Average Annual Training Hours per Employee	15.8	21.3	23.1
Total Training Hours Provided to Employees	354,838	479,723	513,769
Average Annual Training Hours per Female Employees	13.6	19.0	20.8
Average Annual Training Hours per Male Employees	18.7	24.2	26.1

\*The private security staff and orderly personnel are not included in the number of trainings.

2018	Anti-Corruption	Ethical Principles	Human Rights	Sustainability
Number of Trainees	914	363	379	733
Person*Hour	3,605	175	1,086	1,829

Occupational Health and Safety	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of Incidents	75	28	25	10	58	26
Number of Work Related Fatalities	0	0	0	1	0	0
Number of Occupational Diseases	0	0	0	0	0	0
Absenteeism	133	40	550	246	380	30
Injury Frequency Rate (Injury Rate-IR)	0,59	0,23	0,196	0,083	0,236	0,105
Occupational Disease Rate (ODR)	0	0	0	0	0	0
Lost Day Rate (LDR)	1,050	0,331	4,312	2,031	1,540	0,122
Absenteeism Rate (AR)	0	0	0	0	0	0

Calculations are based on the formulas below:

Injury Frequency Rate (IR): Total number of injuries/(Total working hours-Lost hours) \* 200,000

Occupational Disease Rate (ODR): Number of occupational diseases \* 200,000/Total working hours

Lost Day Rate (LDR): Total number of lost days \* 200,000/Total working hours

Absenteeism Rate (AR): Lost working hours/Total working hours

## Annexes

### Corporate Memberships

- AKUT Search and Rescue Association
- European Association for Banking and Financial History (EABH)
- European Financial Management and Marketing Association (EFMA)
- European Association of Communication Directors (EACD)
- The Research Institute of Banking and Commercial Law
- The Interbank Card Center (BKM)
- Call Centers Association
- Darüşşafaka Society
- Turkish Marine Environment Protection Association (TURMEPA)
- Foreign Economic Relations Board of Turkey (DEİK)
- Elginkan Community
- The Bankers' Association for Finance and Trade (BAFT-IFSA)
- Financial Literacy and Inclusion Association (FODER)
- Financial Managers' Foundation of Turkey (Finans Kulüp)
- Global Relations Forum
- Global Compact Turkey - Sustainable Banking and Finance Working Group
- Economic Development Foundation
- İstanbul Foundation for Culture and Arts (İKSÜ)
- Association of Corporate Communicators
- International Chamber of Commerce Turkey - Commission on Banking Techniques and Practices
- National Education Foundation
- Advertisers' Association of Turkey
- Association of Risk Managers
- Information Systems Audit and Control Association (ISACA)
- Turkish Foundation for Combating Soil Erosion, for Reforestation and Protection of Natural Habitats (TEMA)
- Turkish Historical Society
- The Banks Association of Turkey - Ethics Commission
- Ethics and Reputation Society (TEİD)
- Working Group of the Banks Association of Turkey on the Role of the Finance Sector in Sustainable Growth
- The Institute of Internal Auditing - Turkey
- Quality Association of Turkey (KalDer)
- Turkish Institutional Investment Managers' Association
- Turkish Human Resources Management Association (PERYÖN)
- Turkish Industry and Business Association (TÜSİAD)
- Institute of International Finance (IIF)
- Vehbi Koç Foundation
- Platform of Entrepreneur Institutions

## Stakeholder Dialogue

Stakeholder Group	Communication Frequency	Communication Method
Customers	Continuous	Branches, ATM, Internet Branch, Telephone Branch and mobile banking channels, customer relations representatives, meetings, customer satisfaction surveys, social media
Shareholders and Investors	Continuous	General Assembly and investor meetings, investor presentations, analyst/investor days, introductory meetings, teleconferences, daily communications 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
Analysts	Annually and quarterly	Analyst days, communications by the Investor Relations Division, Annual Report, Sustainability Report
Employees	Continuous	Employee satisfaction surveys, stakeholder analysis as part of sustainability, training activities, performance assessment, internal communication platforms, regular executive meetings
Subsidiaries	Continuous	Joint projects
Public Institutions and Regulatory Agencies	Minimum four times a year	Reporting processes, consultation meetings
Nongovernmental Organizations and Sector Unions	Very frequent	Informative or press conferences, special meetings, answering written questions, joint projects
Financial Institutions and Rating Agencies	Minimum once a year	Assessment and information meetings, Annual Report, Sustainability Report, answering written questions
International Organizations and Initiatives	Very frequent	Conferences, seminars, congresses, workshops, answering written questions
Media	Continuous	Information communication, press conferences, special meetings, answering written questions
Suppliers	Continuous	Daily communication with goods and service suppliers, initiatives aiming at raising sustainability awareness among suppliers

## Annexes

## Loans Granted by International Financial Institutions

International Financial Institution	Date of Signature	Amount	Maturity (years)	Purpose of Extending Loans	
European Investment Bank (EIB)	13.04.2009	€ 250.000.000	12	Financing SMEs	
	09.12.2011	€ 150.000.000	10	Financing SMEs	
	28.06.2012 <sup>(1)</sup>	€ 75.000.000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program	
	04.12.2013	€ 150.000.000	8	Financing of SMEs and enterprises with 250 to 3,000 employees	
	09.05.2014	€ 200.000.000	10	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	
	30.10.2015 <sup>(1)</sup>	\$ 221.200.000	10	Financing of SMEs and enterprises with 250 to 3,000 employees	
	01.12.2016 <sup>(1)</sup>	\$ 111.200.000	13	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program	
		\$ 47.600.000	10	Financing of SMEs and enterprises with 250 to 3,000 employees	
	European Bank for Reconstruction and Development (EBRD)	27.10.2011	\$ 6.660.000	15	Financing of energy efficiency projects as part of the TurSEFF Program
		28.06.2012 <sup>(1)</sup>	€ 50.000.000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program
€ 25.000.000			Financing of female entrepreneurs as part of the WiB Program		
09.05.2013		€ 15.000.000	7	Financing of energy efficiency projects as part of the TurSEFF Program	
		€ 10.000.000		Financing of agricultural investments as part of the TuRAFF Program	
18.12.2013 <sup>(1)</sup>		€ 50.000.000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program	
		\$ 12.500.000		Financing of female entrepreneurs as part of the WiB Program	
19.12.2014		\$ 90.000.000	5	Financing of energy efficiency projects as part of the TurSEFF Program	
		\$ 25.000.000		Financing of agricultural investments as part of the TuRAFF Program	
30.03.2015 <sup>(1)</sup>		\$ 60.000.000	7	Financing of energy efficiency in residences as part of the TurEEFF Program	
		\$ 15.000.000	15	Financing of energy efficiency in residences as part of the TurEEFF Program	
30.03.2015 <sup>(1)</sup>		\$ 55.000.000	5	Financing of female entrepreneurs as part of the TuRWiB Program	
		\$ 55.000.000	12	Financing of energy efficiency and renewable energy projects as part of the MidSEFF Program	
06.12.2017 <sup>(1)</sup>	\$ 55.000.000	7	Financing of renewable energy and resources efficiency investments as part of the TurSEFF Program		
PROPARCO	09.12.2010	€ 50.000.000	12	Financing of renewable energy and energy efficiency projects	
	01.03.2013	€ 50.000.000	10	Financing of loans extended to residential buildings conforming to domestic energy efficiency criteria in Turkey	
OPIC	10.12.2014 <sup>(1)</sup>	\$ 220.000.000	14	Financing of SMEs, prioritized regions in development, and female entrepreneurs	
		\$ 105.000.000		Financing of housing loans, especially green mortgages conforming to IFC energy efficiency criteria.	
IFC	28.12.2017 <sup>(1)</sup>	\$ 20.000.000	9	Provided for use in financing green mortgage loans ensuring energy efficiency, by the Clean Technology Fund through IFC	

<sup>(1)</sup> Resources provided through the transactions made within the scope of the securitization program based on cash flows.

## Reporting Guidance

### 1. General Principles and Scope

This reporting guide provides information on the data collection and calculation methodologies of indicators such as environmental, social and basic, within the scope of the independent audit in the 2018 İşbank Integrated Report. In reporting guide, data are prepared on the basis of consistency and reliability principles. In the process of reporting the data, the principles of understandability, comparability with data from previous years and transparency are taken into consideration.

The data included in the scope of the independent audit are stated in the Independent Audit Report and under the heading of Limited (Independent) Assurance Report on pages 93 of the Integrated Report. Each heading in the Reporting Guide also contains detailed information about the data and indicators included in the scope of the audit.

### 2. Audit Scope

Within the scope of the limited assurance carried out by EY Turkey, the following data have been checked.

Data controlled as of 01.01.2018-31.12.2018:

#### *Basic Indicators*

- Number of renewable energy projects financed during the year, the capacity of installed power and the loan amount provided to these projects
- Total size of installed power of financed renewable energy projects as of year-end
- Total amount of cash commercial loans extended to the agriculture sector
- Total amount of loans extended to SMEs
- Total amount of sustainability related credit agreements signed with international financial institutions during the year
- Environmental and social risk management in loans
- Total number of saplings planted in cooperation with TEMA Foundation

#### *Social Indicators*

- Total number of employees
- Employee training - number of participants and information on total hours
- Occupational Health and Safety (OHS) - The number of Established OHS Committees and the total number of members and employee representatives on the committees
- Injury rate
- Lost day rate
- Number of work related deaths

# Annexes

## *Environmental Indicators*

- Carbon footprint - Scope 1
- Carbon footprint - Scope 2
- Carbon footprint - Scope 3
- Electricity (kWh)
- Natural gas (m<sup>3</sup>)
- Total energy consumed (GJ)
- City water - Blue (m<sup>3</sup>)
- Spring water - Green (m<sup>3</sup>)
- Waste water - Gray (m<sup>3</sup>)
- Total water consumption (m<sup>3</sup>)

### **3. Principles Related to the Preparation Process of Indicators and Data**

#### *Basic Indicators*

The number of projects, installed power and the amount of loans provided under the renewable energy projects stated under the Financing of Renewable Energy heading, another sub-heading under the Responsible Finance heading, are checked under independent audit for 2018. In this context, the amount of loans extended to Hydroelectric Power Plant (HPP), Wind Power Plant (WPP), Biomass Power Plant (BPP), and Solar Energy Plant (SEP) renewable energy projects by the Corporate Loans Underwriting, Commercial Loans Underwriting, and SMEs Loans Underwriting sections of the Bank is determined on the basis of total limit information by calculating the sum of cash and non-cash loans. In this process, project loan allocation files are taken as reference in determining both the total loan amounts provided for projects and the installed power of projects.

During the year, the loan agreements under sustainability topic signed with the international financial institutions are checked through independent audit for 2018 and discussed with responsible units. In this regard, issues such as the amount of resources provided by international financial institutions and the scope of the projects financed are audited by examining on-site the information in the contracts signed between the Bank and the international financial organizations.

The amount of cash loans extended by the Bank to the agriculture and livestock industries under the Support for Agriculture and the Livestock Industry heading is checked under the independent audit for 2018. The amount of cash loans extended to the agriculture and livestock industries has been determined through sectoral breakdown using A-B financing codes corresponding to the agriculture and livestock industries after separating performing loans in KR202 (AS) forms and reported to the BRSA.

The labeling and classification method of the loans extended to SMEs over the systems by credit allocation teams are checked and tested with examples. Total loan amount was examined.

The number of projects evaluated using the evaluation model of Environmental and Social Risk Evaluation Tool (ERET) under the heading of Responsible Finance in the Responsible Banking section of this Report, the number of projects financed after the evaluation, and the risk categories of these projects obtained within the frame of this evaluation are checked under an independent audit for 2018. Projects included in the scope of ERET process are evaluated with reference to national and international legislation such as the International Finance Corporation (IFC) Performance Standards, European Bank for Reconstruction and Development (EBRD) Performance Requirements, and Equator Principles, and a Project Environmental and Social Evaluation Certificate is issued for each project. The risk categories of the projects are determined after these documents are checked.

The details of the project carried out with the TEMA Foundation were examined and the number of saplings planted throughout the year within the scope of the country-wide cooperation model was checked with the documents obtained from TEMA. Records of the amount of paper sent to the TEMA Foundation from various Bank branches in Turkey, archive warehouses in Ankara, İstanbul and İzmir, and other centers are kept monthly on the basis of kg by both the Bank and the TEMA Foundation. The number of saplings is determined by the tonnage of these lists after they are checked and agreed upon by both sides.

### **Social Indicators**

During the interviews with Human Resources Management Unit, total number of employees was controlled over the Bank's internal systems. All İşbank employees, including private security staff, were taken into account in this process.

#### **Number of employees:**

Calculation takes all İşbank employees into account including those such as private security staff. Employee numbers are also categorized by sex, full and part-time, specific age groups and state of education. However, employees who had been assigned to Subsidiaries and returned to the Bank are not included in these numbers.

#### **Employee turnover rate:**

This is the ratio of the total number of employees who leave work over the year to the average number of employees.

#### **Hours of training per employee:**

Within the scope of independent audit, information about total trainings, number of participants and total training hours were controlled over the system, and attendance signature forms and electronic records were also tested.

Calculated considering all trainings given to employees during the year. In this regard, calculations are made by dividing the total number of hours of training given to employees during the year by the number of employees (private security staff is not included).

Although there are no training courses directly allocated to the issues of Human Rights, Fight Against Bribery and Corruption, and Ethical Principles included in the Ethical and Transparent Banking section within the Bank, these issues were dealt with in certain training programs within certain periods. Therefore, in the calculation of training hours per employee, time allocated to the related subject in the training programs is taken into account. At the same time, the duration of training in these areas given in the training programs organized by the Board of Inspectors for the Members of the Board of Inspectors is not included in the calculation of the training periods.

## Annexes

The private security staff is not included in the calculation of the number of employees. Human rights are covered within the Law on Private Security Services and Individual Rights course provided under the refresher training to the private security staff. This issue is not taken into account in the calculation of duration since it is a subject covered in a 10-hour course within the refresher training delivered by different suppliers in different cities.

The information on OHS indicators under the Working Life heading of this Integrated Report are checked under the independent audit for 2018. In this regard, data is determined according to the Bank's OHS policies and legislation. Also, calculations of OHS indicators are made taking into consideration the occupational accident forms filled out by employees and hospital reports.

### **Absence due to Accident:**

Calculated considering the days of absence due to accidents counting as work accidents. In this regard, calculations are made according to the period as stated in the doctor/hospital reports the employees reporting work accidents presented to Human Resources Management Division.

### **Total Injury Frequency Rate (IR - Injury Rate):**

The ratio of accidents during the year to total working time is calculated. In this regard, calculations are made by the formula of "Total number of accidents/(Total working hours - Lost hours) \* 200.000". The number of accidents in this form is reported according to the accident report forms filled out by employees. Total human working hours are calculated based on 250 work days in 1 year and 1 work day equals 8 hours. Lost hour data is reported by calculating how many work hours were lost per the number of daily absences due to accident.

### **Occupational Disease Rate (ODR):**

Calculated according to the ratio of employees who have experienced temporary or permanent illness because of a recurring cause due to the nature of the work or the conditions involved in carrying out their work to the total number of work hours. This calculation uses the formula "(Number of occupational diseases \* 200.000)/Total working hours".

### **Lost Day Rate (LDR):**

Calculated according to the ratio of the number of days lost due to work accidents to total work hours. This calculation uses the formula "(Total number of lost days \* 200.000)/Total work hours". The lost days in the formula reference absences due to accident.

### **Absentee Rate (AR):**

Calculated according to the ratio of lost work hours to total work hours. This calculation uses the formula "Lost work hours/Total human work hours".

### Environmental Indicators

The data on the Greenhouse Gas Emissions (Scope -1, Scope -2, and Scope -3), Energy Consumption (Electricity and Natural Gas and Total Energy Consumption) and Water Consumption (City Water, Spring Water, Waste Water and Total Water Consumption) under the Environmental Performance Indicators are checked through the independent audit for 2018.

There have been changes in the calculation methodologies and the scope of limitations of environmental performance data over the years. In the calculations of Environmental Data for 2016 and 2017, only İşbank Head Office buildings have been taken into consideration. 2018 data includes all operation and service points of İşbank.

The following definitions, limits and calculation methodologies apply to the terms in the performance indicators tables in the Environmental Impact heading of this Report.

#### Greenhouse Gas Emissions (ton CO<sub>2</sub>):

Greenhouse gas emissions refer to carbon emissions arising from energy consumption during the reporting year (January 1<sup>st</sup> - December 31<sup>st</sup>). The greenhouse gas emissions resulting from İşbank activities are calculated by S360 Sürdürülebilirlik Hizmetleri A.Ş., which provides strategy, management and reporting consultancy services in the field of sustainability, in accordance with the GHG Protocol.

Greenhouse gas emissions are calculated in three different scopes: Scope 1 (Direct Greenhouse Gas Emissions), Scope 2 (Indirect Greenhouse Gas Emissions) and Scope 3 (Other Indirect Greenhouse Gas Emissions).

For emission factors, IPCC 5<sup>th</sup> Assessment Report factors were used.

Grid Emission Factor was calculated on the basis of the data provided by Turkish Electricity Transmission Corporation (TEİAŞ).

Direct Greenhouse Gas Emissions (Scope 1) and Indirect Greenhouse Gas Emissions (Scope 2) were calculated according to GHG Protocol-Location Basis criteria.

Other Indirect Greenhouse Gas Emissions (Scope 3) were reported in accordance with GHG Protocol. For emissions of business travels by airplane, DEFRA emission factors; for paper consumption, Environmental Paper Network emission factors were used.

In the calculation of greenhouse gas emissions, the limits of the energy resources causing carbon emissions has changed over the years and the energy consuming items included in the scope has been expanded. The table below gives information on which energy sources have been included over the years while calculating Scope 1, Scope 2 and Scope 3 emissions.

## Annexes

### Resources Included in Calculation of Greenhouse Gas Emissions by Years

	2016	2017	2018
Scope 1	Natural Gas Consumption Fuel used in generators (Diesel fuel) Fuel Consumption of Company Vehicles (Diesel and Gasoline)	Natural Gas Consumption Fuel used in generators (Diesel fuel) Fuel Consumption of Company Vehicles (Diesel and Gasoline) Refrigerant Gases	Natural Gas Consumption Fuel used in generators (Diesel fuel) Fuel Consumption of Company Vehicles (Diesel and Gasoline) Refrigerant Gases
Scope 2	Electricity Consumption	Electricity Consumption	Electricity Consumption
Scope 3	Personnel Service Vehicles	Personnel Service Vehicles Domestic Business Travels (Airplane, Bus, Taxi) Paper Consumption	Personnel Service Vehicles Domestic Business Travels (Airplane, Bus, Taxi) Business Travels Abroad (Airplane) Paper Consumption

#### Energy Consumption (GJ):

Electricity and natural gas consumption are included in total energy consumption calculations. Electricity consumption was first calculated in kWh and then converted to GJ. A conversion factor of 1 kWh = 0.0036 GJ was used. For natural gas consumption, the monthly consumption values for 2018 were calculated in m<sup>3</sup> and converted to kWh using the monthly lower calorific values on the invoice. Total annual consumption, figured up by monthly consumption values, was converted to GJ by using the above conversion factor.

#### Water Consumption (m<sup>3</sup>):

Water consumption is evaluated in three different categories: City water (Blue), Waste water (Gray) and Spring water (Green). City water (Blue) includes water received from municipalities or other suppliers such as İSKİ (İstanbul Water and Sewerage Administration), while Waste water (Gray) includes water previously used for any reason and then reused. Spring water (Green) includes naturally formed surface and underground water.

# UN Global Compact Communication on Progress

Principles	Report Section
<b>Human Rights</b>	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Working Life Ethical and Transparent Banking
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	Working Life Ethical and Transparent Banking
<b>Labor</b>	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Working Life
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	Working Life
Principle 5: Businesses should uphold the effective abolition of child labor.	Working Life
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Working Life
<b>Environment</b>	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	Ethical and Transparent Banking Responsible Banking
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental Impact Annexes (Corporate Memberships)
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	Responsible Banking
<b>Anti-Corruption</b>	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Ethical and Transparent Banking

# Independent Assurance Report



## Independent Assurance Statement

### To the Board of Directors and Management of Türkiye İş Bankası A.Ş., Istanbul, Turkey

This Assurance Statement ('hereinafter 'Statement') is intended solely for the management of Türkiye İş Bankası A.Ş. (hereinafter 'the Company') for the purpose of evaluation of 'Selected Information' in its 2018 Integrated Report (hereinafter 'the Report') that has been prepared by the Company for the year ended 31 December 2018.

### Subject Matter Information and Applicable Criteria

We were engaged by the Company to provide limited assurance on the items listed below which are defined in the 'Reporting Guidance' section of the Report.

#### The scope of our assurance

The scope of our assurance service is limited to the 2018 Subject Matter Information for the Bank's operations in Turkey, which is listed below. Our assurance report should be read in conjunction with the criteria explained in the Reporting Guidance section of the Report.

#### General Indicators

- Renewable energy finance portfolio (number of projects, installed power and loan amount) (p.37)
- Total size of installed power of financed renewable energy projects as of year-end (p.37)
- Total amount of cash commercial loans extended to agriculture (p.42)
- Total amount of loans extended to SMEs (small and medium-sized enterprises) (p.39)
- Total amount of sustainability related loans granted by international financial institutions during the year (p. 98)
- Number of financed projects subject to environmental and social risk assessment (p.36)
- Total number of saplings planted in cooperation with TEMA Foundation (p. 78)

#### Social Indicators

- Total number of employees (p. 94)
- Employee trainings - (The number of trainees and total training hours). (p. 95)
- Occupational health and safety - Number of OHS Committees established (p. 75) and the total number of members and representatives in committees, Accident frequency rate, Lost day rate, Number of work-related fatalities (p. 95)

#### Environmental Indicators

- Carbon footprint- Scope 1 Emissions (tCO<sub>2</sub>e) (p.79)
- Carbon footprint-Scope 2 Emissions (tCO<sub>2</sub>) (p.79)
- Carbon footprint -Scope 3 Emissions (tCO<sub>2</sub>e) (p.79)
- Electricity consumption (kWh) (p.79)
- Natural gas consumption (m<sup>3</sup>) (p.79)
- Total energy consumed (GJ) (p.79)
- Total main water consumption (blue) (p.79)
- Total spring water consumption (green) (p.79)
- Total waste water consumption (gray) (p.79)
- Total water consumption (m<sup>3</sup>) (p.79)

#### The Company's Responsibilities

The Company's management is responsible for ensuring that the documentation provided to the practitioner is complete and accurate. The Company's management is also responsible for maintaining the internal control system that reasonably ensures that the documentation and information described above is free from material misstatements, whether due to fraud or error.

## Our Responsibilities

We conducted our assurance engagement in accordance with International Assurance Standards, particularly International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised) and ISAE 3410). These regulations require that we comply with ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Selected Information.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with what is necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

The procedures selected depend on the practitioner's judgment. The procedures include, in particular, inquiry of the personnel responsible for collecting and reporting on the Selected Information and additional procedures aimed at obtaining evidence about the Selected Information.

In respect of the Selected Information mentioned above the procedures performed include the following procedures:

- I. Interviewed select key senior personnel of the Company to understand the current processes in place for capturing the Selected Information pertaining to the reporting period;
- II. Reviewed Selected Information for the Company's operations in Turkey on a sample basis
- III. Undertook substantive testing, on a sample basis, of the Selected Information;
- IV. Used the Company's internal documentation to evaluate and measure the Selected Information;
- V. Evaluated the design and implementation of key processes and controls over the Selected Information;
- VI. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period.
- VII. Evaluated the disclosure and presentation of Selected Information in the Report.

## Our conclusion

As a result of our procedures, nothing has come to our attention that indicates the Selected Information reviewed for the year ended 31 December 2018 is not prepared in all material respects with the Reporting Guidance section of the Report.

We permit this report to be disclosed in Türkiye İş Bankası A.Ş.'s Integrated Report for the year ended 31 December 2018, to enable the Directors of Türkiye İş Bankası A.Ş. to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Subject Matter Information.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and Türkiye İş Bankası A.Ş. for our work or this report except where terms are expressly agreed between us in writing.

for Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A. Ş.

A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM  
Partner  
Istanbul, 26.08.2019

# GRI Content Index



GRI STATEMENT: "The service was performed on the Turkish language version of the report.

GRI STANDARDS INDEX - COMPREHENSIVE			
GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
<b>GRI 101: FOUNDATION 2016</b>			
<b>GRI 102: GENERAL DISCLOSURES 2016</b>			
<b>ORGANIZATIONAL PROFILE</b>			
<b>GRI 102: GENERAL DISCLOSURES 2016</b>	102-1	Türkiye İş Bankası A.Ş.	
	102-2	About İşbank, Page: 12 <a href="https://www.isbank.com.tr/EN/about-isbank/Pages/about-isbank.aspx">https://www.isbank.com.tr/EN/about-isbank/Pages/about-isbank.aspx</a>	
	102-3	Head Office İş Kuleleri 34330 Levent/İstanbul-Turkey <a href="http://www.isbank.com.tr">www.isbank.com.tr</a>	
	102-4	Turkey	
	102-5	<a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/shareholder-information/Pages/shareholder-information.aspx">https://www.isbank.com.tr/EN/about-isbank/investor-relations/shareholder-information/Pages/shareholder-information.aspx</a>	
	102-6	The main operation area of İşbank is Turkey. The Bank also offers service out of 22 overseas branches in total, 15 in the Turkish Republic of Northern Cyprus (TRNC), two each in the UK, Iraq and Kosovo, and one in Bahrain. <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/corporate-overview/participations/Pages/participations.aspx">https://www.isbank.com.tr/EN/about-isbank/investor-relations/corporate-overview/participations/Pages/participations.aspx</a>	
	102-7	About İşbank, Page: 12	
	102-8	Working Life, Page: 68-69, 75 Human Resources Data, Page: 94-95	
	102-9	Relations with Suppliers, Page: 33-34 <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf</a>	
	102-10	There are no significant changes in İşbank's size, structure and ownership during reporting period. In 2018, İşbank made its transition to a new procurement structure. Relations with Suppliers, Page: 33-34	
	102-11	Business Ethics, Page: 32-33 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/corporate-governance/ethical-principles/Documents/BankingEthics.pdf">https://www.isbank.com.tr/EN/about-isbank/investor-relations/corporate-governance/ethical-principles/Documents/BankingEthics.pdf</a>	
	102-12	Corporate Memberships, Page: 96	
	102-13	Corporate Memberships, Page: 96	
<b>STRATEGY</b>			
102-14	Chairperson's Message, Page: 6-7 Message from the CEO, Page: 8-11		
102-15	Risks and Opportunities, Page: 88-93		
<b>ETHICS AND INTEGRITY</b>			
102-16	Business Ethics, Page: 32-33		
102-17	Business Ethics, Page: 32-33		

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
	<b>GOVERNANCE</b>		
<b>GRI 102: GENERAL DISCLOSURES 2016</b>	102-18	2018 Annual Report, Page: 74-84 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
	102-19	Sustainability Management at İşbank, Page: 14	
	102-20	Sustainability Approach, Page: 14-17	
	102-21	Sustainability Approach, Page: 14-17	
	102-22	2018 Annual Report, Page: 74-84 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
	102-23	The Chairperson İşbank has no executive duty.	
	102-24	2018 Annual Report, Page: 88-97 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
	102-25	Corporate Governance, Page: 30 2018 Annual Report, Page: 90-91, 94-97 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a> Disclosure Policy: <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/corporate-governance/disclosure-policy/Documents/disclosure%20policy.pdf">https://www.isbank.com.tr/EN/about-isbank/investor-relations/corporate-governance/disclosure-policy/Documents/disclosure%20policy.pdf</a>	
	102-26	Corporate Governance, Page: 30 2018 Annual Report, Page: 90-91, 94-97 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
	102-27	Corporate Governance, Page: 30 2018 Annual Report, Page: 90-91, 94-97 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
	102-28	Corporate Governance, Page: 30 2018 Annual Report, Page: 90-91, 94-97 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
	102-29	Corporate Governance, Page: 30 2018 Annual Report, Page: 98-99, 101-104 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
102-30	Corporate Governance, Page: 30 2018 Annual Report, Page: 98-99, 101-104 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>		
102-31	Corporate Governance, Page: 30 2018 Annual Report, Page: 98-99, 101-104 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>		

## GRI Content Index

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
<b>GRI 102: GENERAL DISCLOSURES 2016</b>	102-32	Sustainability Management at İşbank, Page: 14	
	102-33	Corporate Governance, Page: 30	
	102-34	Corporate Governance, Page: 30	
	102-35	Remuneration Policy <a href="https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf">https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf</a> 2018 Annual Report, Page: 91 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
	102-36	Remuneration Policy <a href="https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf">https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf</a> 2018 Annual Report, Page: 91 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
	102-37	Remuneration Policy <a href="https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf">https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf</a> 2018 Annual Report, Page: 91 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
	102-38	Remuneration Policy <a href="https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf">https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf</a> 2018 Annual Report, Page: 91 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
102-39	Remuneration Policy <a href="https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf">https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf</a> 2018 Annual Report, Page: 91 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>		
<b>STAKEHOLDER ENGAGEMENT</b>			
	102-40	Stakeholder Dialogue, Page: 92	
	102-41	98.6%	
	102-42	Material Issues, Page: 14-15 2017 Sustainability Report, Page: 26-28 <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-reports/Documents/SustainabilityReport2017.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-reports/Documents/SustainabilityReport2017.pdf</a>	
	102-43	Material Issues, Page: 14-15 Stakeholder Dialogue, Page: 92	
	102-44	Material Issues, Page: 14-15 Stakeholder Dialogue, Page: 92	
<b>REPORTING PRACTICE</b>			
	102-45	2018 Annual Report, Page: 239 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
	102-46	About this Report, Page: 3	
	102-47	Material Issues, Page: 14-15	

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
<b>GRI 102: GENERAL DISCLOSURES 2016</b>	102-48	This is the first Integrated Report of İşbank.	
	102-49	This is the first Integrated Report of İşbank.	
	102-50	01.01.2018-31.12.2018	
	102-51	This is the first Integrated Report of İşbank. The previous report was published as a Sustainability Report in 2017.	
	102-52	Annual	
	102-53	Investor Relations İş Kuleleri Kule: 1, Kat: 15, 34330 Levent/İstanbul-Turkey Tel: (+90 212) 316 16 02 E-mail: sustainability@isbank.com.tr	
	102-54	This report is prepared in accordance with GRI Standards-Comprehensive option.	
	102-55	GRI Standards Index, Page: 108-118	
	102-56	Independent (Limited) Assurance Report, Page: 106-107	
GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
<b>GRI 200: ECONOMIC STANDARD SERIES</b>			
	<b>ECONOMIC PERFORMANCE</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Chairperson's Message, Page: 6-7 Message from the CEO, Page: 8-11	
	103-3	İşbank's Way of Banking, Page: 20-21	
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>	201-1	Value Creation Model, Page: 22-23 Financial Performance, Page: 26-27	
	201-2	Environmental Impact, Page: 76-79 Risks and Opportunities, Page: 88-93	
	201-3	2018 Annual Report, Page: 216-217 <a href="https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF">https://www.isbank.com.tr/EN/about-isbank/investor-relations/publications-and-results/annual-reports/Documents/ISBANK18ENG.PDF</a>	
	201-4	In the scope of the reduction in order-based R&D, innovation and design activities introduced by the Regulation on Implementation and Supervision of Support for Research, Development and Design Activities published in the Official Gazette dated 10.8.2016 and numbered 29797, an R&D discount of TL 16,689 thousand has been achieved.	
	<b>MARKET PRESENCE</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Chairperson's Message, Page: 6-7 Message from the CEO, Page: 8-11	
	103-3	İşbank's Way of Banking, Page: 20-21	
<b>GRI 202: MARKET PRESENCE 2016</b>	202-1	Working Life, Page: 68-75 Remuneration Policy <a href="https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf">https://www.isbank.com.tr/TR/hakkimizda/Documents/Ucretlendirme_Politikasi.pdf</a>	
	202-2	All İşbank senior managers are citizens of Turkish Republic.	
	<b>INDIRECT ECONOMIC IMPACTS</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Chairperson's Message, Page: 6-7 Message from the CEO, Page: 8-11	
	103-3	İşbank's Way of Banking, Page: 20-21	
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</b>	203-1	Financial Performance, Page: 26-27 Social Investment Programs, Page: 82-87	
	203-2	Financial Performance, Page: 26-27	

## GRI Content Index

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
<b>PROCUREMENT PRACTICES</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Procurement Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf</a>	
	103-3	Relation with Suppliers, Page: 33-34 Procurement Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf</a>	
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>	204-1	Relation with Suppliers, Page: 33-34	
<b>ANTI-CORRUPTION</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Business Ethics, Page: 32-33	
	103-3	Business Ethics, Page: 32-33	
<b>GRI 205: ANTI-CORRUPTION 2016</b>	205-1	Business Ethics, Page: 32-33	
	205-2	Business Ethics, Page: 32-33	
	205-3	Business Ethics, Page: 32-33	
<b>ANTI-COMPETITIVE BEHAVIOR</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Business Ethics, Page: 32-33	
	103-3	Business Ethics, Page: 32-33	
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016</b>	206-1	There are no cases of anti-trust and anti-competitive behavior in the reporting period.	
<b>GRI 300: ENVIRONMENTAL STANDARD SERIES</b>			
<b>ENERGY</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Environmental Impact, Page: 76-79 Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf</a>	
	103-3	Environmental Impact, Page: 76-79 Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf</a>	
<b>GRI 302: ENERGY 2016</b>	302-1	Environmental Impact/Performance Indicators, Page: 79	
	302-2	Environmental Impact/Performance Indicators, Page: 79	
	302-3	Environmental Impact/Performance Indicators, Page: 79	
	302-4	Environmental Impact/Performance Indicators, Page: 79	
	302-5	Environmental Impact/Performance Indicators, Page: 79	
<b>WATER</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Environmental Impact, Page: 76-79 Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf</a>	
	103-3	Environmental Impact, Page: 76-79 Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf</a>	

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
<b>GRI 303: WATER 2016</b>	303-1	Environmental Impact/Performance Indicators, Page: 79	
	303-2	There are no water sources significantly affected by the operations of İşbank.	
	303-3	Environmental Impact/Performance Indicators, Page: 79	
<b>EMISSIONS</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Environmental Impact, Page: 76-79 Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf</a>	
	103-3	Environmental Impact, Page: 76-79 Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf</a>	
<b>GRI 305: EMISSIONS 2016</b>	305-1	Environmental Impact/Performance Indicators, Page: 79	
	305-2	Environmental Impact/Performance Indicators, Page: 79	
	305-3	Environmental Impact/Performance Indicators, Page: 79	
	305-4	Environmental Impact/Performance Indicators, Page: 79	
	305-5	Environmental Impact/Performance Indicators, Page: 79	
<b>EFFLUENTS AND WASTE</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Environmental Impact, Page: 76-79 Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf</a>	
	103-3	Environmental Impact, Page: 76-79 Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf</a>	
<b>GRI 306: EFFLUENTS AND WASTE 2016</b>	306-1	Environmental Impact/Performance Indicators, Page: 79	
	306-2	Environmental Impact/Performance Indicators, Page: 79	
<b>ENVIRONMENTAL COMPLIANCE</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Environmental Impact, Page: 76-79 Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf</a>	
	103-3	Environmental Impact, Page: 76-79 Environmental and Social Impact Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/environment_and_social_impact_policy.pdf</a>	
<b>GRI 307: ENVIRONMENTAL COMPLIANCE 2016</b>	307-1	There are no significant fines or sanctions in the reporting period.	
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Relation with Suppliers, Page: 33-34 Procurement Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf</a>	
	103-3	Relation with Suppliers, Page: 33-34 Procurement Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf</a>	

## GRI Content Index

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
<b>GRI 400: SOCIAL STANDARD SERIES</b>			
<b>EMPLOYMENT</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Working Life, Page: 68-75 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
	103-3	Working Life, Page: 68-75 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
<b>GRI 401: EMPLOYMENT 2016</b>	401-1	Human Resources Data, Page: 94-96	
	401-2	Human Resources Data, Page: 94-96	
	401-3	Human Resources Data, Page: 94-96	
<b>LABOR/MANAGEMENT RELATIONS</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Corporate Governance, Page: 30	
	103-3	Corporate Governance, Page: 30	
<b>GRI 402: LABOR/MANAGEMENT RELATIONS 2016</b>	402-1	Minimum legal notice periods are applied regarding operational changes.	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Working Life, Page: 74-75 Occupational Health and Safety Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/OHS_Policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/OHS_Policy.pdf</a>	
	103-3	Working Life, Page: 74-75 Occupational Health and Safety Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/OHS_Policy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/OHS_Policy.pdf</a>	
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016</b>	403-1	Working Life, Page: 74-75 Human Resources Data, Page: 94-96	
	403-2	Human Resources Data, Page: 94-96	
	403-3	Human Resources Data, Page: 94-96	
	403-4	Working Life, Page: 74-75	
<b>TRAINING AND EDUCATION</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Working Life, Page: 71-73, 75	
	103-3	Working Life, Page: 71-73, 75	
<b>GRI 404: TRAINING AND EDUCATION 2016</b>	404-1	Human Resources Data, Page: 94-96	
	404-2	Working Life, Page: 71-73, 75	
	404-3	Human Resources Data, Page: 94-96	

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Working Life, Page: 68-69 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
	103-3	Working Life, Page: 68-69 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>	405-1	Human Resources Data, Page: 94-96	
	405-2	This ratio is one since there is no gender-based wage discrimination in İşbank.	
<b>NON-DISCRIMINATION</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Working Life, Page: 68-70 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
	103-3	Working Life, Page: 68-70 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
<b>GRI 406: NON-DISCRIMINATION 2016</b>	406-1	İşbank takes all decisions about its employees independent of race, religion, language, sect or any belief, gender, mental or physical disability, age, cultural or social class differences; it refuses any discrimination against or among the employees and managers	
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Working Life, Page: 68-70	
	103-3	Working Life, Page: 68-70	
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b>	407-1	Working Life, Page: 68-70	
<b>CHILD LABOR</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Working Life, Page: 68-75 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
	103-3	Working Life, Page: 68-75 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
<b>GRI 408: CHILD LABOR 2016</b>	408-1	During the reporting period, no risk of child labor was observed in İşbank's operations.	

## GRI Content Index

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
	<b>FORCED OR COMPULSORY LABOR</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Working Life, Page: 68-75 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
	103-3	Working Life, Page: 68-75 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
<b>GRI 409: FORCED OR COMPULSORY LABOR 2016</b>	409-1	During the reporting period, no risk of forced or compulsory labor was observed in İsbank's operations.	
	<b>SECURITY PRACTICES</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
	103-3	Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
	<b>RIGHTS OF INDIGENOUS PEOPLE</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
	103-3	Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
	<b>HUMAN RIGHTS ASSESSMENT</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Working Life, Page: 68-75 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
	103-3	Working Life, Page: 68-75 Human Rights and Human Resources Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/Human_Rights.pdf</a>	
<b>GRI 412: HUMAN RIGHTS ASSESSMENT 2016</b>	412-2	Business Ethics, Page: 32-33	
	412-3	Responsible Banking, Page: 34-37	
	<b>LOCAL COMMUNITIES</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Responsible Banking, Page: 34-37	
	103-3	Responsible Banking, Page: 34-37	
<b>GRI 413: LOCAL COMMUNITIES 2016</b>	413-1	Responsible Banking, Page: 34-37	
	413-2	Responsible Banking, Page: 34-37	

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
	<b>SUPPLIER SOCIAL ASSESSMENT</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Relation with Suppliers, Page: 33-34 Procurement Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf</a>	
	103-3	Relation with Suppliers, Page: 33-34 Procurement Policy <a href="https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf">https://www.isbank.com.tr/EN/about-isbank/sustainability/our-policies/Documents/ProcurementPolicy.pdf</a>	
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b>	414-1	While suppliers are expected to consider their environmental impact, there are no suppliers subject to environmental inspection.	
	414-2	No negative social impacts were observed in the supply chain.	
	<b>PUBLIC POLICY</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Sustainability Approach, Page: 14-17	
	103-3	Sustainability Approach, Page: 14-17	
<b>GRI 415: PUBLIC POLICY 2016</b>	415-1	İşbank does not provide aids to political parties.	
	<b>MARKETING AND LABELING</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Responsible Banking, Page: 39-45	
	103-3	Responsible Banking, Page: 39-45	
<b>GRI 417: MARKETING AND LABELING 2016</b>	417-1	İşbank's Way of Banking, Page: 20-21 Responsible Banking, Page: 39-45	
	417-2	No such case occurred during the reporting period.	
	417-3	No such case occurred during the reporting period.	
	<b>CUSTOMER PRIVACY</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Customer Focus, Page: 53-55	
	103-3	Customer Focus, Page: 53-55	
<b>GRI 418: CUSTOMER PRIVACY 2016</b>	418-1	Number of complaints is not disclosed due to data privacy.	
	<b>SOCIOECONOMIC COMPLIANCE</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Material Issues, Page: 14-15	
	103-2	Responsible Banking, Page: 39-45	
	103-3	Responsible Banking, Page: 39-45 Business Ethics, Page: 32-33	
<b>MATERIAL TOPICS THAT ARE NOT COVERED BY THE GRI STANDARDS</b>			
	<b>RESPONSIBLE FINANCE INTEGRATING ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CRITERIA</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Responsible Banking, Page: 39-45	
	103-2	Sustainability Approach, Page: 14-17	
	103-3	Sustainability Approach, Page: 14-17	

## GRI Content Index

GRI STANDARD NUMBER	DISCLOSURES	PAGE NUMBER/DIRECT REFERENCE	OMISSIONS
	<b>DIGITAL TRANSFORMATION</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Digital Transformation, Page: 56-65	
	103-2	Sustainability Approach, Page: 14-17	
	103-3	Sustainability Approach, Page: 14-17	
	<b>FINANCIAL INCLUSION</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Financial Performance, Page: 26-27 Responsible Banking, Page: 39-45	
	103-2	Sustainability Approach, Page: 14-17	
	103-3	Sustainability Approach, Page: 14-17	
	<b>RESPONSIBLE PRODUCTS AND SERVICES PORTFOLIO</b>		
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1	Financial Performance, Page: 26-27 Responsible Banking, Page: 39-45	
	103-2	Sustainability Approach, Page: 14-17	
	103-3	Sustainability Approach, Page: 14-17	
	<b>FINANCIAL SERVICES SUPPLEMENT</b>		
<b>FINANCIAL SERVICES SUPPLEMENT</b>	FS13	Responsible Banking, Page: 39-45 Digital Transformation, Page: 56-65	
	FS14	Responsible Banking, Page: 39-45	



[www.isbank.com.tr](http://www.isbank.com.tr)