



QNB Finansbank
Green Bond
Allocation and Impact Report 2022

Sustainability at QNB Finansbank

QNB Finansbank is committed to building a better future and being a responsible partner for all its stakeholders. The Bank does this by embedding a culture of sustainability and sustainable practices into its business activities, to better enable it to manage environmental, social, and Governance (ESG) factors today, and well into the future.

The principles and sustainability approach of QNB Finansbank have been developed in accordance with all applicable laws, national and international regulations and standards. In addition, the Bank support and recognize the following conventions, standards and initiatives as part of its ESG commitments and sustainability framework:

- United Nations Global Compact (UNGC)
- United Nations Sustainable Development Goals (SDG)
- United Nations Guiding Principles for Business and Human Rights
- International Labour Organisation's (ILO) Declaration of Fundamental Principles of Rights at Work
- Women Empowerment Principles (WEPs)
- World Bank Environment, Health and Safety Guidelines
- Global Reporting Initiative (GRI)
- International Capital Markets Association (ICMA) Green and Social Bond Principles
- International Finance Corporation (IFC) Performance Standards

At QNB Finansbank, we define Sustainability as the delivery of long-term value in financial, environmental, social and ethical terms, for the benefit of our external stakeholders (i.e., customers, investors, non-governmental agencies, suppliers, community) and internal stakeholders (i.e., employees, shareholders, owners), in alignment with QNB Group's Sustainability strategy. The sustainability framework of QNB Finansbank consists of three pillars: Sustainable finance, sustainable operations and beyond banking. All three pillars support QNB Finansbank's environmental, social, and economic performance goals, through reducing risks, opening up new business opportunities and strengthening its brand reputation. Under each pillar QNB Finansbank has identified the sustainability topics most material to its business and a series of actions plans to improve its performance.

Debut Green Bond Issuance

EBRD, a leading institutional investor in Türkiye, invests USD 50 million in QNB Finansbank's first green bond.

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- The first green bond issuance, worth USD 50 million, also marks the EBRD's first investment in a green bond issued by a Turkish bank
- In accordance with the International Capital Market Association (ICMA) Green Bond Principles, the USD 50 million proceeds generated from this three-year maturity facility will be used to finance internationally certified green building projects in the QNB Finansbank's portfolio

Bond Details

Issuer	QNB Finansbank A.S.
LEI	789000Q21SW842S9IJ58
ISIN	XS2354246220
Issuance Type	Green Bond
Issue Date	15 June 2021
Maturity	3 years
Bond Amount	USD 50 million
Allocation as of June 2022	100 %

Total

Allocation Report

Allocation of proceeds by...

The Allocation Report is prepared in accordance with the QNB Green, Social and Sustainability Bond Framework.



The size of the identified eligible green loan portfolio is USD 1,274.1 mn.

Total amount of Green Bond issuance is USD 50 mn as well as the total amount of proceeds allocated to eligible projects.

As of June 2022, allocation is made to 1 green building project

There's no balance of unallocated proceeds

... green bond category

Green Asset category ^{1,2}	Allocation Amount, (USD mn) ²	Percent of Total Allocation	Number of Eligible Green Loans	UN SDG
				
Green Buildings	50	100%	1	
Total	50	100%	1	
Expected percentage of net proceeds of green funding allocated to eligible green loan portfolio		100%		
Entire eligible green loan portfolio consists of assets booked prior February 2021				
As a result of the assessment of the subject projects in accordance with ESRA model, no individual action was required.				

Impact Report

KPI

3 KPIs for green buildings;

- ✓ Environment certification or EPC
- ✓ Estimated annual energy consumption in KWh/m2 or savings in MWh
- ✓ Estimated annual GHG emissions reduced and/or avoided in tonnes of CO2 equivalent

... green bond category

Green Asset category	Certification	Energy Consumption (kWh/m2)		GHG avoided (tonnes)
		from electricity	from heating	
Green Buildings	LEED 'Gold'	184.06	3.22	2.261,21

Impact Report

QNB Finansbank's in-house team members have assessed the environmental impact of QNB Finansbank's Green Bond issued in June 2021. One Project is in QNB Finansbank Green Bond portfolio and the report is prepared based on the data provided by the Client. Green Bond proceeds are used 100% for Green Building Project in Türkiye.

QNB Finansbank's Green Bond Impact Report is prepared in line with the "Green Bonds - working towards a Harmonized Framework for Impact Reporting (June 2019)" as defined in the QNB Green, Social and Sustainability Bond Framework (May 2021).

Green Bond Project Description:

The Project is a green building Project including shopping mall and offices. The Project has been awarded by LEED certificate in Core & Shell category and Gold level with the LEED 2009 version. The Project consists of 100.000 m2 area.

Summary of the Analysis Results:

Gross Building Area (GBA) of the Project is 100.000m2. Annual Electricity consumption of the Project is 18.405,8 MWh in 2021 and annual Natural Gas Consumption of the Project as per Lower Heat Value is 321.52 MWh in 2021 as per the information obtained from the Client.

Türkiye's electricity grid emission factor is defined as 0,375 g CO2/kWh in the Climate Transparency Report 2021¹.

As a result of the LEED Gold certificate calculations, the green building Project efficiency from the energy consumption is determined as 24% compared to the baseline building without certificate according to the ASHRAE.90.1 which is International Energy Efficiency Standard.

Methodology:

Energy consumption and carbon emission reduction of the green building Project is compared with similar baseline building without certification (called as Business As Usual scenario as well).

Greenhouse gas emission impacts from electricity are calculated by multiplying the amount of electricity use per year with the Türkiye's grid emission factor. Greenhouse gas emission impacts of heating use in the building are also calculated for one year by multiplying the natural gas consumption with natural gas emission factor.

Energy consumption from electricity and heating has been calculated by considering the gross building area information obtained from the Client and the LEED certificate data.

Green Asset Category	Project Region	Gross Building Area (GBA) (m2)	Estimated Annual Electricity Consumption (kWh/m2)	Estimated Annual Heating Consumption as per LHV (kWh/m2)	Annualised Project Avoided Emissions of the Project (TCO2e)
Green Building	Marmara	100.000	184,06	3,22	2.261,21