



SUSTAINABILITY REPORT **2011**



# CONTENTS

## CHAPTER 1

ABOUT THE REPORT

## CHAPTER 2

CEO'S MESSAGE

## CHAPTER 3

YAPI KREDİ AND THE BANKING SECTOR

## CHAPTER 4

YAPI KREDİ AND CORPORATE GOVERNANCE

## CHAPTER 5

YAPI KREDİ AND SOCIAL RESPONSIBILITY

## CHAPTER 6

OUR EMPLOYEES

## CHAPTER 7

OUR CUSTOMERS

## CHAPTER 8

YAPI KREDİ AND THE ENVIRONMENT

## CHAPTER 9

SOCIAL INVESTMENT

## CHAPTER 10

SOCIAL RESPONSIBILITY IN YAPI KREDİ SUBSIDIARIES

## CHAPTER 11

GLOSSARY

# CHAPTER 1: ABOUT THE REPORT

Yapı Kredi Sustainability Report 2011 was prepared with a view to outline the framework for Yapı Kredi's sustainability approach and sharing with all its stakeholders the efforts realized to this end.

This report covers the period from 1 January 2011 to 31 December 2011, and contains the nationwide social responsibility approach adopted and all projects carried out by Yapı Kredi and its subsidiaries in this period.

Sharing through this report with all its social stakeholders the tasks incumbent upon it in ensuring economic, environmental and social sustainability, Yapı Kredi will maintain its resolve in this matter in the upcoming period as well.

The first edition of the Yapı Kredi Sustainability Report, which covered the period from 1 January 2010 to 31 December 2010, was published in 2011.

# Chapter 2: CEO'S MESSAGE



## Esteemed Stakeholders,

With deliberate efforts to build a sustainable future on the rise throughout the world, we, as an institution that adopted the United Nations Global Compact, deem sustainability an integral part of our fundamental strategies as always.

Within this framework, we are thrilled to share with you the second edition of the Yapı Kredi Sustainability Report, which was first published in 2010.

Reflecting our efforts as an institution that strives to sustain and maintain the value we create for Turkey and the world, this report is a pledge we make to our stakeholders as well. Like last year, this year's report also contains the practices we put in place in line with our environmental, social, and economic performance and sustainability vision.

As an institution taking an active part in the efforts in Turkey in the field of Green Energy, we were among the banks that provided the highest amount of financing to the projects aimed at ensuring the conservation of energy and resources in 2011 as well. Accordingly, as of end-2011, Yapı Kredi provided 128 different energy projects with a total of USD 3.09 billion in financing. Renewable energy projects constitute 74% of these.

Furthermore, we signed a EUR 200 million, 15-year maturity credit agreement within the scope of our joint work with the European Investment Bank to be utilized in renewable energy and energy efficiency projects. With the agreement, which is the longest-term credit offered to private banks in Turkey, we provided support to environment friendly energy sources and energy efficiency investments. We experienced the pride of becoming the first bank to be included by the European Bank for Reconstruction and Development (EBRD) in the extended scope of the Mid-size Sustainable Energy Financing Facility (MIDSEFF). Likewise, we signed a USD 75 million, 5-year maturity credit agreement that also includes renewable energy and energy efficiency projects with the International Finance Corporation of the World Bank, which extends credit to the private sector. Our subsidiary Yapı Kredi Leasing also borrowed nearly USD 150 million in long-term loans from the International Finance Corporation

(IFC), German Investment Bank (KfW), and Green for Growth Fund (GGF), Southeast Europe to be used in renewable energy and energy efficiency projects.

On the other hand, as part of the recycling movement we initiated in 2011, we have installed paper, plastic, glass, and metal recycling bins at our Head Office Building, Banking Base, Regional Directorates and other facilities. Thanks to the high sensibility of our employees, we have recycled a significant amount as part of this campaign, saving tens of thousands of trees from being cut down.

In the meantime, our Enabled Banking program continued its progress in 2011 with the addition of new services and applications. We continued to increase our support in this field with both our human and material resources, reaching 150 Enabled ATMs for the Visually Impaired as of end-2011.

More than 2,000 registered customers have benefitted and continue to benefit from our online chat service for the hearing impaired. In addition, for the first time in the world, Yapı Kredi launched the Enabled POS for the Visually Impaired to provide them with a secure and easy way to carry out their credit card transactions. Furthermore, we helped the hearing impaired citizens carry out their banking transactions comfortably and fast thanks to the sign language training given to our volunteer branch employees. We also launched the [www.engelsizbankcilik.com](http://www.engelsizbankcilik.com) web site in 2011, which facilitates the access of disabled citizens in Turkey to the finance sector and announces the developments and innovations in this field on a daily basis.

In the meantime, as a responsible corporate citizen, we also strive for the sustainability of social life through our work outside our field of activity such as book publishing or art center management. These efforts, which have gone down in history as a tradition started by Yapı Kredi for the first time in Turkey, have been continued for more than five decades through the various units of our Bank. Yapı Kredi Cultural Activities Arts and Publishing, which we established in 1992 with a view to institutionalizing and making our efforts within this framework permanent, continued to lead the way in the artistic and cultural life of our country also in 2011. With the books it published in 2011, Yapı Kredi Publishing increased the number of its titles to 3,477, bringing more than 15 million copies to the readers. Furthermore, the art events and exhibitions it organized were seen by hundreds of thousands of viewers in 2011.

At Yapı Kredi, we believe that the path a modern and bright future goes through "education." As one of the most visionary institutions in the sector in this field, we attach great importance to education. In this topic, where our bank shows utmost sensitivity, we added another one to our many trailblazing initiatives in Turkey and created the Yapı Kredi Finance Chair Professorship at Koç University in 2011. Through this chair, which follows the foundation of Yapı Kredi Banking Academy, which had been established to train the most competent and qualified bankers in

the sector, we aim to create a bridge between the banking sector and the academic world. We believe that the research to be conducted here in the field of finance would be greatly beneficial for both the academy and the business world. Furthermore, we are also leading the way through this chair in promoting in the business world the latest practices in finance.

We most recently showed how we always remain involved in life and stand by our people in the aftermath of the earthquake disaster that shook Van in October 2011. In addition to providing our customers in Van with every financial convenience to ensure uninterrupted flow of life, we also supported the debris removal efforts through our Bank's Search and Rescue Team, YAKUT, which arrived in the disaster area on the day of the earthquake.

At Yapı Kredi, aware that we can always do more, we will put in place new plans that would improve our sustainability performance, and continue to develop projects with a view to contributing both in our main field of activity and in environmental and social life in accordance with the sustainability principle in the upcoming period as well.

**Faik Açıklan**  
Chief Executive Officer

# CHAPTER 3: YAPI KREDİ AND THE BANKING SECTOR




## I. Yapi Kredi in Brief

### Corporate Profile

Yapi Kredi is the fourth largest private bank in Turkey with leading positions in value generating segments and products.

Leading Positions in Key Segments and Products			
		Rank	Market Share
Total Bank	Loans	5	10,3%
	Deposits	6	9,2%
	Number of Branches <sup>(1)</sup>	5	9,2%
Retail Banking	Credit Card Outstanding	1	18,3%
	Credit Card Acquiring	1	20,3%
	Number of Card Holders	1	13,6%
	Consumer Loans	7	8,2%
	Mortgages	6	9,5%
	General Purpose Loans	7	6,4%
	Auto Loans	1	18,3%
	Installment Commercial Loans	4	9,1%
Corporate and Commercial Banking	Corporate Loans <sup>(2)</sup>	4	10,0%
	Non-Cash Loans	1	13,6%
	Leasing	1	19,6%
	Factoring	1	17,7%
	Check Cleaning	1	11,8%
Private Banking and Asset Management	Assets Under Management	2	17,4%
	Capital-Guaranteed Funds	2	20,2%
	ISE and TDE Market Transaction Volume <sup>(3)</sup>	1	18,0%
	Equity Transaction Volume	3	5,7%
Insurance and Individual Retirement	Health Insurance	1	20,7%
	Non-Life Insurance	5	6,7%
	Life Insurance	5	6,4%
	Private Pension Funds	4	16,1%

Loyal Customer Base	
6.2 million	Customers
5.6 million	Individual Customers 
597 thousand	SME Customers 
33 thousand	Corporate and Commercial Customers 

Young and Dynamic Employee Profile	
17.350	Total Employees
34	Average Age
65%	Share of Branch Employees
82%	Share of University Graduate Employees

Wide Service Network	
90% country coverage ratio	Fifth largest branch network in Turkey with 964 <sup>(4)</sup> branches in 73 provinces
78% share of non-branch channels in total banking transactions	Fifth largest ATM network (2,697 ATMs)
	Internet banking reaching 2.1 million customers (11.0% market share)
	Leading mobile banking (15.3% market share)
	Two award-winning call centers

(1) Rank and market share calculated based on the number of bank branches (907)

(2) Credit card outstanding and loans excluding consumer loans

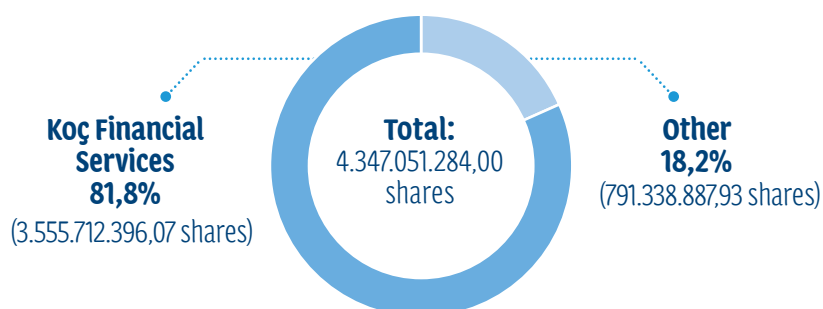
(3) Repo, reverse repo, treasury bond, government bond trading, stock and TDE transaction volumes

(4) Indicates the number of group branches

### Shareholding Structure

A 50-50% joint venture between the Koç Group and UniCredit Group, Koç Financial Services is the majority shareholder of Yapi Kredi with an 81.8% stake. With roots dating back to 1926, Koç Group is Turkey's oldest and largest conglomerate with its turnover, exports and 81,000 employees. Operating in energy, automotive, consumer durables and finance, Koç Group's turnover constitutes 9% of Turkey national income and its exports 11% of Turkey's total exports.

UniCredit Group, which has a widespread structure with a total of 9,500 branches and 161,000 employees in 22 countries, is an Italian financial institution that enjoys an important place in the European banking system. It boasts the most extensive international banking network in Central and Eastern Europe with 4,000 branches. The remaining 18.2% of the Bank's shares are publicly traded and held by other shareholders.<sup>(1)</sup>



(1) The Bank's shares are listed in the Istanbul Stock Exchange and Global Depository Receipts that represent the Bank's Shares are quoted on the London Stock Exchange.

## II. History

Turkey's first private bank with nationwide presence, Yapi Kredi has been successfully implementing its customer-oriented strategy for 68 years.

### Foundation and Development

Established in 1944 as Turkey's first private bank with nationwide presence and a focus on retail banking, Yapi Kredi has always played a pioneering role in the banking sector.

Since its foundation, Yapi Kredi has reinforced its strong position in the banking sector through its customer-oriented banking approach, the emphasis it places on innovativeness, and its contribution in the development of finance sector in Turkey.

2006 was an important milestone in Yapi Kredi's long history. That year, Yapi Kredi completed the largest merger in the Turkish banking sector. The new Yapi Kredi, which was created as a result of the merger between the eighth largest bank Koçbank and the seventh largest bank Yapi Kredi, became the fourth largest private bank. Since the merger, Yapi Kredi has maintained its customer-oriented strategy as it shaped it to the changing conditions and delivered a strong performance.

### Recent History

		Loans to Assets Ratio	Costs to Revenue Ratio	Average Return on Equity Ratio
2006	<b>Merger and Integration</b> <ul style="list-style-type: none"> <li>Legal merger of Yapi Kredi and Koçbank</li> <li>Merger of both banks' subsidiaries operating in the same field (factoring, financial leasing, asset management, and investment)</li> <li>Restructuring of capital base</li> <li>Integration of information technology systems</li> </ul>	41%	68%	19%
2007	<b>Restructuring</b> <ul style="list-style-type: none"> <li>Launch of branch expansion</li> <li>Completion of segment based service model</li> <li>Bringing of subsidiaries under the Bank's roof to streamline governance</li> <li>Efficiency initiatives in systems and processes</li> </ul>	51%	59%	24%
2008	<b>Launch of Regrowth</b> <ul style="list-style-type: none"> <li>Accelerated branch expansion</li> <li>Development of innovative products, services, and distribution channels</li> <li>Focus on tight cost management and reduction of cost of services</li> <li>Strengthening of capital base via capital increase</li> </ul>	55%	53%	26%
2009	<b>Global Crisis</b> <ul style="list-style-type: none"> <li>Temporary suspension of branch expansion</li> <li>Focus on supporting customer base and customer centric banking approach</li> <li>Tight cost management and efficiency efforts</li> <li>Proactive credit risk management</li> </ul>	54%	41%	23%
2010	<b>Back to Growth</b> <ul style="list-style-type: none"> <li>Re-launch of branch expansion</li> <li>Emphasis on innovation, new product offerings and customer acquisition</li> <li>Above-sector growth and tight cost discipline</li> <li>Simplification of processes and efficiency improvements</li> </ul>	58%	41%	27%
2011	<b>Flexible Approach</b> <ul style="list-style-type: none"> <li>Continued branch network expansion</li> <li>Selective and steady growth in fields and products that create added value</li> <li>Concentration on sustainable revenue generation and tight cost management</li> <li>Continued focus on asset quality</li> <li>Focusing on the diversification of funding sources and liquidity</li> </ul>	59%	44%	22%

## III. Vision, Mission, Strategy, and Values

### • Vision

To be the undisputed leader in the finance sector.

### • Mission

To ensure long-term sustainable growth and value creation for all stakeholders, become the first choice of customers and employees.



## • Strategy

### • Healthy and consistent growth

Focus on growth in value generating segments and products, continuous improvement in commercial productivity, expansion of market presence and funding diversification as well as customer-oriented banking to ensure sustainable long-term performance.

### • Strong and sustainable profitability

Address specific customer needs via segment based service model, optimize cost to serve to improve competitiveness, and maintain effective cost and risk management.

### • Superior and long-lasting customer satisfaction

Enhance easy to work with approach through continuous investments in technology and delivery channels while maintaining focus on innovation, employee satisfaction and loyalty.

## • Values

### • Freedom:

Yapi Kredi employees express their opinions easily through appropriate and constructive methods. They act in accordance with the Bank's values and contribute to the future of the corporation.

### • Fairness:

Yapi Kredi employees treat their customers, colleagues and the Bank's stakeholders in a consistent manner without seeking personal gain; they make objective decisions and act in accordance with their values while focusing on corporate and social responsibility.

### • Respect:

Yapi Kredi employees listen to their customers and colleagues, irrespective of their identities, to understand their needs. They respect the opinion of others and know that their opinions and ideas also count.

### • Trust:

Yapi Kredi employees build relationships based on trust with all relevant parties utilizing their banking knowledge, skills and commitment to corporate values; they trust those that they grant responsibility and authority. Consistent with the Bank's corporate values, Yapi Kredi employees keep their promises in a timely and accurate manner. They treat their customers' problems as if they are their own, find rapid solutions and follow up on the results.

### • Transparency:

Yapi Kredi employees share relevant corporate information with their customers, colleagues and other stakeholders in a transparent and timely manner while adhering to the Bank's confidentiality principles and ensuring accessibility. They express their opinions with the same degree of transparency.

## IV. Developments in the Turkish Banking Sector in 2011

In 2011, the global economic deterioration took its toll on the financial sector worldwide. Turkish banking sector, however, posted robust growth thanks to a continued favorable macroeconomic environment despite increased legal regulations and competition.

In 2011, total loans increased by 30% to TL 651 billion, and total deposits by 13% to TL 691 billion. Turkish banks focused on the diversification of their funding sources through continued access to international financial markets. During this period, the sector maintained its high profitability and robust capital structure with an average return on equity ratio of 15.4% and capital adequacy ratio of 15%.

## V. Key Financial Indicators of Yapi Kredi

Key Financial Indicators							
(million TL)	2007	2008	2009	2010	2011	Annual Growth (2010-2011)	Annual Compound Growth (2007-2011)
Total Assets	56.130	70.872	71.734	92.814	117.450	27%	20%
Loans	28.733	38.910	38.863	54.243	69.326	28%	25%
Deposits	33.706	44.023	43.375	55.207	66.187	20%	18%
Assets Under Management <sup>(1)</sup>	6.372	5818	6.991	8.444	7.507	-11%	6%
Total Revenues	3.963	4802	6.071	6.649	6.648	0%	14%
Operating Expenses	2.338	2560	2510	2.693	2.911	8%	6%
Net Income	1.019	1265	1553	2.255	2.291	2%	22%
Number of Group Branches	738	930	901	927	964	4%	31% <sup>(2)</sup>
Number of Bank Branches	676	861	838	868	907	4%	34% <sup>(2)</sup>
Number of Group Employees	16.779	17.385	16.749	16.821	17.350	3%	3% <sup>(2)</sup>
Number of Bank Employees	14.249	14.795	14.333	14.411	14.859	3%	4% <sup>(2)</sup>

Note: Key financial indicators taken from the consolidated financial tables of the Banking Regulatory and Supervisory Agency. Loans signify existing loan portfolio

(1) Including investment funds, retirement funds, and private portfolio management

(2) Nominal growth rates used



In 2011, Yapı Kredi maintained its strong profitability and reported TL 2.3 billion in consolidated net income and 21.7% in average return on equity. Despite the net interest margin pressure, total revenues were maintained at TL 6,648 million thanks to a 13% annual increase in fees and commissions and a disciplined remuneration policy. The bank sustained its disciplined cost management throughout the year. Although it opened a net of 39 new branches, Yapı Kredi limited the annual increase in its costs to a below-inflation level of 8%. In the meantime, the Bank continued with its investments in alternative distribution channels with a view to producing easier solutions for its customers and reducing the cost of services. Consequently, 78% of the total banking transactions were realized via non-branch channels.

## VI. Awards Received in 2011

Yapı Kredi continued to receive a series of awards for its products and services in 2011 as well:

### We were selected bank of the year...

• In 2011, Yapı Kredi was selected Bank of the Year 2011 in Turkey for the third time by one of the most influential and prestigious publications of the banking sector, The Banker magazine. Finance magazine of the Financial Times group, The Banker based its assessment on the views of expert bankers and analysts, giving the award to Yapı Kredi for its pioneering position, high return on equity, and rapid increase in profitability. The award was presented to Yapı Kredi CEO Faik Açıkalın at a ceremony held on 30 November in London.

• In June 2011, World Finance Magazine selected Yapı Kredi as the “Best Banking Group in Turkey” for the second time.

### Best Internet banking...

• Furthermore, Yapı Kredi was given “The Best Bill Payment & Presentment in Europe” award at the “World’s Best Internet Banks 2011”, organized by Global Finance.

Yapı Kredi Internet Branch was assessed based on a set of criteria including online customer acquisition strategy, increasing the web service utilization of customers, increase in the number of users, provision of qualified services, broad product portfolio, and functional design.

• In June 2011, Yapı Kredi was given “The Best Internet Banking” award at the 2011 Altın Örümcek Web Awards.

### Best call center...

• Another award winner in 2011 was our call center. Yapı Kredi Call Center was given the Silver Medal in the “Best Call Center in Europe” category by Contact Center World.

• Our call center was also rewarded at the IMI Conferences Istanbul Call Center Awards as the “Most Praiseworthy Call Center.”

### Our websites also rewarded...

Yapı Kredi was given two awards at the Interactive Media Awards, which is among the most prestigious competitions in the world of interactive design. At the competition, where more than 750 Internet sites were shortlisted, Yapı Kredi received “The Best in Class” awards in the Life Style category with [www.adioscard.com.tr](http://www.adioscard.com.tr) and [www.ykprivate.com.tr](http://www.ykprivate.com.tr).

“The Best in Class” is recognized as the most prestigious award given at the Interactive Media Awards, based on a set of criteria including design, content, functionality, usability, and professionalism.

### Our annual report receives 2 gold awards...

Yapı Kredi 2010 Annual Report received the Gold award at one of the most prestigious competitions of the world, the League of American Communications Professionals (LACP) Vision Awards.

Furthermore, it was also given the Gold Award at the 25th Annual Report Competition, organized by the world’s only independent award organization company MerComm.

The League of American Communications Professionals (LACP) Vision Awards are recognized as one of the most prestigious competitions of the world. Yapı Kredi Annual Report 2010 competed in the America and Europe, Africa and Middle East Region, in the “Banks with an Annual Revenue USD 1-10 Billion” category. More than 5,000 companies from 24 countries entered the Visual Awards, where Yapı Kredi Annual Report 2010 received 96 points over 100 in the assessment.

### Our Banking Academy...

In 2011, Yapı Kredi Banking Academy won an honorable mention in the Corporate University category given by the U.S.-based International Quality and Productivity Center (IQPC).

Furthermore, it also received an award in the “Best Job Aligning Learning and Development with Corporate Goals” category. Yapı Kredi Banking Academy won the award for its groundbreaking development opportunities for employees, developed in line with the strategic goals of the organization.

### And another award for our Enabled Banking Program...

Yapı Kredi Enabled Banking program received an award in the “Corporate Social Responsibility” category at the Golden Compass Awards, organized by the Public Relations Association of Turkey (TÜHİD).

### Awards received in the field of Card Payment Systems...

Visa Europe Member Awards rewarded our card payment systems in the “Most Innovative System Applications and Services” category. In this field, we also received the Best Customer Satisfaction Award given by the Turkey Quality Association in the Credit Cards category.

### And other awards...

In 2011, Yapı Kredi also received the Contribution in Foreign Trade award from the Active Academy and the Internal Audit Awareness award from the Internal Audit Awareness Institute.

## VII. Yapi Kredi's Affiliations

Yapi Kredi is affiliated to the following entities.

Turkish Marine Environment Protection Association (TURMEPA)  
Institute of International Finance / IIF  
Izmir Foundation for Culture Arts and Education / IKSEV  
Istanbul Foundation for Culture and Arts / IKSIV  
Turkish Association for Quality / KALDER  
Foundation of Corporate Communication Professionals  
Corporate Volunteer Association / OSGD  
Risk Management Association  
Turkish Institutional Investment Managers' Association / TKYD  
The Union of Chambers and Commodity Exchanges of Turkey / TOBB  
Turkish Foreign Trade Association / TURKTRADE  
Turkish Industry and Business Association / TUSIAD

# CHAPTER 4: YAPI KREDİ AND CORPORATE GOVERNANCE

## I. Corporate Governance

Yapi Kredi strives to adhere to the Capital Market Board's Corporate Governance Principles to a significant degree and focuses on continuous development in this field. The initiatives started by the Bank within this scope include the establishment of a Corporate Governance Committee in 2010 and a Remuneration Committee in 2011.

Yapi Kredi is the only bank in its peer group among the 38 companies included in the Istanbul Stock Exchange (ISE) Corporate Governance Index. The Bank's corporate governance rating has increased from 8.02 to 8.80 (out of 10) over the last three years.

### Shareholder Relations

Yapi Kredi carries out its relations with shareholders via the Subsidiaries and Shareholder Relations Unit and the Investor Relations and Strategic Planning Unit.

#### Primary duties and responsibilities of the Subsidiaries and Shareholders Unit include:

- Facilitating the exercise of shareholders' rights, keeping the records up-to-date, maintaining communication between the Board of Directors and shareholders,
- Carrying out capital increase operations,
- Exchanging previously issued shares and replacing them with new ones,
- Ensuring the conformity of Annual Shareholders' Meeting with the legislation in force and the Articles of Association,
- Monitoring all public disclosure policies, including legislation and Yapi Kredi's disclosure policy.

#### Primary duties and powers of the Investor Relations and Strategic Planning Unit include:

- Managing strategic financial communication with a view to ensuring the accurate evaluation of the Bank and increasing long-term value creation by providing the market with transparent, timely and consistent information,
- Participating in conferences, roadshows and investor meetings to achieve an effective two-way flow of information,
- Contributing to the reduction of the Bank's cost of funding by improving the understanding of Yapi Kredi's risk/return profile among fixed-income security investors.

### Exercise of Shareholders' Right to Obtain Information

Yapi Kredi informs shareholders regularly through phone calls, e-mails, the Internet, and press releases as well as one-on-one or group meetings.

Yapi Kredi has two regularly updated websites, one in Turkish ([www.yapikredi.com.tr](http://www.yapikredi.com.tr)) and the other in English ([www.yapikredi.com.tr/en-us](http://www.yapikredi.com.tr/en-us)). These websites contain general information about Yapi Kredi as well as detailed information on the banking services provided.

Both the Turkish and English websites feature dedicated investor relations sections that include information on Yapi Kredi's corporate profile, shareholding structure, financials, and share price.

The investor relations section of Yapi Kredi's English website is also periodically updated with investor presentations and announcements to inform investors regarding the latest developments at Yapi Kredi.

The appointment of a special auditor has not been stipulated as an individual right in the Bank's Articles of Association. However, shareholders can exercise this right pursuant to Article 348 of the Turkish Commercial Code and Article 11 of the Capital Markets Law. In 2011, no requests were made for the appointment of a special auditor.

### Information on Annual Shareholders' Meetings

The most recent Annual Shareholders' Meeting was held on 31 March 2011. 87.77% of shareholders attended this meeting. In accordance with the applicable law and the Bank's Articles of Association, invitation to the meeting was made via the Turkish Trade Registry Gazette, national newspapers and the Istanbul Stock Exchange.

At the Annual Shareholders' Meeting, regular items were approved and the dividend distribution policies for 2011 and beyond as well as the Bank's Disclosure Policy were presented. Shareholders were also informed that possible changes could be made to the Bank's Disclosure Policy during the course of the year by the Board of Directors in order to ensure compliance with Capital Market regulations.

The annual report, containing the date and agenda of the meeting, balance sheet, income statement and auditor reports, had been made available for the

examination of shareholders at the Bank's Head Office, Izmir and Ankara Kızılay branches as well as on its website 15 days prior to the Annual Shareholders' Meeting.

#### **Voting and Minority Rights**

Yapi Kredi has no privileged shares. There is no cross-shareholding between the Bank and its subsidiaries and thus no such votes were cast at the most recent Annual Shareholders' Meeting.

#### **Internal Audit and Internal Control**

Yapi Kredi's Internal Audit Management conducts audits in conformity with the international standards and operates in accordance with an audit concept that meets the expectations of all parties such as the audit committee, the board of directors, the public authorities, and the independent audit firms at the utmost level. The Internal Audit Management is responsible for auditing the Bank and its subsidiaries through its 135-strong audit team with a view to ensuring compliance with the internal regulations and procedures, the local legislations, and the international standards. Furthermore, the Internal Audit unit is also in charge of assessing the effectiveness and the appropriateness of the managerial procedures and business processes through a risk-oriented perspective. The Internal Audit Management operates through three individual audit approaches, including branch audits, Head Office/Subsidiary audits, and follow-up audits. The audit reports about the risks identified during the audits are submitted to the senior management.

The Internal Audit unit accomplished its target for 2011 during which it audited 604 branches. The unit also conducted follow-up audits in 50 branches. In addition, it conducted 38 process/follow-up audits at the Head Office and another 98 at the Subsidiaries, thus performing all scheduled audits.

The Internal Control unit, which carries out the internal control operations of Yapı Kredi, directly reports to the Board of Directors of the Bank. Compliance of the practices in core areas of control including treasury, loans, credit cards, accounting, financial reporting, payments and costs, branches and central operations, and information technology with the legal obligations set by the Banks Act and the other legislations governing the banking operations as well as the Bank's policies and application methods was monitored through the audits conducted throughout 2011. The ADC Fraud Prevention and Central Fraud Controls departments also continued their significant contributions through the systems in place with periodic controls they carried out in order to prevent any internal or external abuses from happening during this period. Furthermore, within the Internal Control organization, the Subsidiaries Control and Coordination Department continued with its work within the Bank on the centralized coordination and reporting of the findings obtained during the audits conducted in each one of its 9 subsidiaries subject to consolidation.

The Internal Audit unit consists of 67 people including its president. The department conducts on-site and central daily, weekly, monthly, and cyclical audits in the core fields of control, within the framework of work programs. All findings obtained as a result of the controls are conveyed to the relevant executives and employees in a timely fashion, thanks to which any shortcomings are made up through the necessary interventions. As a result of the risk assessment conducted by the Internal Audit unit, 161 branches were selected for on-site auditing and audited in 2011. Furthermore, controls conducted remotely from the center are also continued.

#### **Company Disclosure Policy**

Yapi Kredi's Disclosure Policy is prepared with the objective of pursuing an effective communication policy in accordance with relevant regulations and is available on the Bank's website.

Yapi Kredi undertakes all public disclosure and provision of information to shareholders under the supervision of its Compliance Office. By the authorization of the Board of Directors, the Compliance Officer and the Head of the Subsidiaries and Shareholder Relations Unit are identified as authorized signatories and responsible for public disclosures. In addition, the Investor Relations and Strategic Planning Unit strives to disclose detailed information regarding the Bank and the sector in a transparent, complete and timely manner.

#### **Operating Principles of the Board of Directors**

The Board of Directors convenes upon the invitation of the Chairman as required by the operations of the Bank and meets at least 10 times a year. The Board of Directors meetings and decisions are subject to a quorum of at least one more than half the total number of members.

Meeting invitations are sent to all Members and Statutory Auditors on behalf of the Chairman of the Board of Directors, matters to be discussed are collected with the related documents, and upon the Chairman's approval, the meeting agenda is sent to all Members and Statutory Auditors prior to the meeting. Attendees are required to sign the minutes, and in the event that there are Members that oppose an adopted resolution, their grounds for opposition should be stated and undersigned by such Members.

#### **Code of Ethics**

Code of ethics is a standard of honesty and integrity; it constitutes the basis for individual and social relationships. Yapı Kredi's code of ethics is a part of the Bank's personnel policies, principles and regulations and has been accepted by all employees. Information on the Bank's code of ethics is available on the Bank's website.

## **CHAPTER 5: YAPI KREDİ AND SOCIAL RESPONSIBILITY**

### **I. Our Corporate Social Responsibility Strategy**

Underlying the business operations maintained by Yapı Kredi are integrity, dynamism, and the intention to observe the interests of all shareholders. These shareholders include all customers, shareholders, employees, suppliers, and all individuals of the community, in which Yapı Kredi maintains its presence and operates.

Yapı Kredi not only makes substantive contributions to the financial development of the community and the country through the products and services it offers, but also develops and carries out social responsibility projects, which are of parallel nature to its businesses and which it can incorporate to its business processes.

Striving to be "more than a bank" and to create further value than that it generates through its business operations, Yapı Kredi intends to observe the interests of all shareholders with whom it interacts and to make the utmost contribution to social life. Yapı Kredi not only meets the financial expectations of its customers but also acts in the awareness of its social responsibility and carries out social responsibility projects in numerous fields. In addition to fulfilling its economic and environmental responsibilities as a conscious corporate citizen, Yapı Kredi focuses on education and culture & arts in social life.

## II. Our Corporate Social Responsibility Management

To this end, Yapi Kredi's corporate social responsibility activities are conducted by the Corporate Social Responsibility Projects unit, which was established under its Corporate Communications Management department. The mission of the unit is to develop and carry out projects in accordance with the social responsibility strategy drawn up in line with Yapi Kredi's internal and external goals, and to contribute to the reputation of the company by achieving the goals set hereunder. The Corporate Social Responsibility Projects unit also maintains relations with all non-governmental organizations in Turkey on behalf of Yapi Kredi.

## III. Our Achievements

### Our Business

**Professional Advantages Basket:** Created for various professional groups, this service, where all financial needs and investments ranging from loans to leasing are assessed by expert portfolio managers, was launched in 2011.

**General Purpose Loans on ATMs:** In 2011, a new General Purpose Loan application channel was added to make life easier for costumers, offering them the facility to apply for a loan through Yapi Kredi ATMs.

**Agricultural Banking:** Expert staff were employed in order to provide special financing for agriculture, which is considered a strategic sector for both our country and the world, and specialized loans were introduced to address almost all subsectors of agriculture.

**Thanks to My Family Mortgage:** Yet another first introduced in Turkey in 2011, Thanks to My Family Mortgage has helped people who wish to buy their first homes easily become homeowners with the support of their families as well as their own savings.

**Opet Worldcard:** Offering the best deals in the fuel sector, which is among the top spending items for consumers, Opet Worldcard was launched as the first card in Turkey combined a loyalty program and a credit card.

**Enabled Banking:** Within the framework of the Enabled Banking project we started in 2008, the number of our Enabled ATMs increased to 150 as of 2011. In yet another first in Turkey, we launched the [www.engelsizbankacilik.com](http://www.engelsizbankacilik.com) website on 3 December 2011 International Day of Persons with Disabilities. The suggestions and comments from the visitors of our website have already started to lead us the way in the further steps we would take in this field.

### Our Work Place/Employees

- Yapi Kredi Volunteers platform continued its development also in 2011. With the addition of two more managements with their projects, the total number of social responsibility projects carried out by the volunteers reached 10.
- Yapi Kredi continued with its support as part of its internal sponsorship in 2011 as well. Within this scope, employees Özcan Çetinkaya won the 2011 European Para-Taekwondo Championship and Bayram Kuytan managed to reach the Base Camp –one of the most important stages of Everest climbing.

### The Environment

- Continued since 2006 by Yapi Kredi in collaboration with the Turkish Marine Environment Protection Association (TURMEPA) and supported by the Ministry of National Education, the environmental education project "Unlimited Blue" was successfully concluded with the achievement of the target student number of 6.6 million.
- Nearly 16,350 trees were saved from being cut down thanks to the waste management work started in 2011.
- In 2011, Yapi Kredi took an important action regarding the environment and initiated the ISO 14064 Greenhouse Gas Emissions certification work. The efforts will be completed in 2012.

### The Community

- Yapi Kredi established a Finance Chair Professorship at Koç University with a view to supporting the scientific research in finance and strengthening the relations between the banking sector and the academia in Turkey.
- Yapi Kredi joined in Koç University's Anatolian Scholars Program by assuming all education costs of 2 students, thus also establishing the "Yapi Kredi Renewable Energy Scholarship" to support academic studies, in addition to financing renewable energy projects.
- In 2011, Yapi Kredi Culture, Arts & Publishing brought to the readers more than 1 million books with first editions in 242 titles and reprints in 436. Yapi Kredi Publications also published its 3,477th title, achieving a phenomenal success in the history of Turkish publishing.

## IV. Global Compact

Progressively extended by the United Nations since 2000, the Global Compact is adopted completely on a voluntary basis, after which the actions taken towards compliance with the Compact are announced on the United Nations webpage through a report.

Yapi Kredi is also considered a signatory since its principal shareholders UniCredit and Koç Holding have signed the United Nations Global Compact. Thus, Yapi Kredi has adopted the Global Compact, which is intended to establish more ethical practices in businesses, and maintains its operations accordingly. As is with all other subsidiaries of Koç Group, Yapi Kredi, too, adds its respective data to the portal created for the monitoring of the principles of the Global Compact in 2008.

## The Ten Principles of the Global Compact

### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and  
Principle 2: make sure that they are not complicit in human rights abuses.

### Labor

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

### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;



Principle 8: undertake initiatives to promote greater environmental responsibility; and  
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## CHAPTER 6: OUR EMPLOYEES

### I. Human Resources at Yapi Kredi

Yapi Kredi's approach to human resources is based on ensuring the accomplishment of the expected performance by the individual and the company in accordance with the company's goals and strategies and on matching the right job with the right person. The Human Resources Management collaborates with the segments with a view to retaining the efficient manpower within the company and ensuring, preserving and supervising the necessary environment to achieve labor peace.

In this context, the Human Resources and Organization strives to create a working environment where the skills and experiences of each individual are valued and ideas and opinions are appreciated. The Human Resources and Organization takes pains to ensure that the interests of the company and those of the employees do not conflict in the decisions it makes as well as providing a communication environment that allows for any employee to access the management at any time he/she may need.

The vision of Yapi Kredi's Human Resources is to be the primer election of the employees on the path to becoming the leader of the finance sector. In that regards, the Human Resources and Organization Management assumes an active role in each case that requires its involvement and guides the decisions to be made in accordance with the corporate strategy.

### II. Human Resources at Yapi Kredi in Numbers

#### Headcount

Bank	Number of Persons	%
Total	14.859	100
Female	9.279	62
Male	5.580	38

Subsidiaries	Number of Persons	%
Total	2.491	100
Female	1.395	56
Male	1.096	44

#### Average Seniority

Bank	9,2 years
Subsidiaries	6,5 years

Distribution of Senior Managerial Staff by Gender – Bank	Male	Female	Total
Chief Executive Officer (CEO)	1	-	1
Executive Director and Deputy CEO	1	-	1
Assistant General Manager	13	3	16
CIO	1	-	1
Group Director	10	4	14
Total	26	7	33

Distribution of Senior Managerial Staff by Gender – Subsidiaries	Male	Female	Total
CEO	-	-	-
General Manager	7	3	10
Total	7	3	10

Distribution of Staff by Educational Background – Bank	Male	Female	Total
Primary School Graduate	23	3	26
High School Graduate	1.235	1.437	2.672
Vocational High School Graduate	459	1.505	1.964
Bachelor's Degree	3.554	5.937	9.491
Master's Degree	303	397	700
Phd Degree (Doctorate)	6	0	6
Total	5.580	9.279	14.859

<b>Distribution of Staff by Educational Background – Subsidiaries</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Primary School Graduate	20	1	21
High School Graduate	108	135	243
Vocational High School Graduate	71	274	345
Bachelor's Degree	644	835	1.479
Master's Degree	246	148	394
Phd Degree (Doctorate)	7	2	9
<b>Total</b>	<b>1.096</b>	<b>1.395</b>	<b>2.491</b>

<b>Distribution by Employment Type</b>	<b>Full-time</b>	<b>Part-time</b>	<b>Total</b>
Bank	14.618	241	14.859
Subsidiaries*	2.491	0	2.491

<b>Distribution by Employment Contract Type</b>	<b>Contracted</b>	<b>Permanent</b>	<b>Total</b>
Bank	156	14.703	14.859
Subsidiaries*	0	2.491	2.491

<b>Distribution by Union Affiliation</b>	<b>Affiliated</b>	<b>Non-Affiliated</b>	<b>Total</b>
Bank	9.409	5.450	14.859
Subsidiaries*	0	2.491	2.491

<b>Distribution by Working Site</b>	<b>Head Office</b>	<b>Branch</b>	<b>Regional Office</b>	<b>Total</b>
Bank	4.820	9.632	407	14.859
Subsidiaries	1.278	387	826	2.491

(\*All our subsidiary employees are full-time employed and there are no affiliated employees.

### III. Training and Development

#### Yapı Kredi Banking Academy

As of end-2011, Yapı Kredi provided an average of 48.39 hours of training per employee throughout the year.

Established by Yapı Kredi within the framework of its vision to be the “leading development center, where the best banking professionals of the finance sector are trained”, Yapı Kredi Banking Academy carries out training and development activities in 4 areas of focus.

- Yapı Kredi Banking Academy aims at training employees, who
- Inspire confidence with their expertise, have the required skills and knowledge, and attach importance to internal and external customer satisfaction as a consequence of its banking trainings,
- Act as role models for their co-workers in freedom, fairness and clarity as a consequence of its leadership trainings,
- Are competent, well-regarded and successful in professional and social life as a consequence of its personal development trainings,
- Add value to the community and have awareness in social responsibility.

#### Academy Seminars

In 2011, Yapı Kredi Banking Academy continued to carry out the Academy Seminars within the framework of its 4 areas of focus, which are based on the themes of banking/finance, personal development, leadership, and social responsibility. The seminars were held at Plaza D Block, Banking Base, and the regions and were available for the attendance of all employees in accordance with the core Yapı Kredi value of fairness.



#### Leadership Development Program

Yapı Kredi Banking Academy, which has been maintaining its training and development activities since May 2008, launched the “Leadership Development Program” within the framework of its vision of becoming the leader development center training the best quality human resource in the finance sector. The Leadership Development Program is intended to support our corporate goals by contributing to the professional, personal and leadership development of our management staff and to help our management staff develop their respective personal development plans by enabling them to make choices in line with their own personal needs and priorities.

#### Talent Management

At Yapı Kredi, talent management is carried out both locally and through joint programs with Unicredit.

The programs, which commence either by self-nomination or by the nomination of individuals by the managers, are configured to the end of increasing the visibility of individuals both within the Company and within the organization of Unicredit, and supporting their development. All talent management processes are carried out in line with predetermined and announced criteria/standards, and the employees are offered equal opportunities in accordance with the principle of fairness.

#### Performance Management and Development

Total Performance System is intended to enhance individual and corporate performance through the evaluation of Yapı Kredi employees based on standard and objective criteria. Accordingly, the outcomes of such performance reviews are employed every year to configure career management and training/development activities. The assessments made since 2009 have strived to measure both the level of accomplishment of goals and the behaviors that ensure such accomplishment. Hence, the employees that both accomplish their goals at high quality standards and in a timely fashion and conduct themselves properly while doing so are promoted.

#### Growing Leaders to Grow the Business

In line with the goals and strategies of Yapı Kredi, Yapı Kredi Banking Academy, together with one of the world's best business schools, INSEAD, designed an exclusive 5-month leadership development program aimed at strengthening visionary leadership among its executives

in one of its main areas of focus, leadership development. Titled “Growing Leaders to Grow the Business” (GLGB), the program is comprised of three modules also including a development stage for projects of critical importance in line with corporate strategies. The third module of the program was carried out between May–November 2011.

#### Operations Director Promotion Process

With a view to ensuring the most effective and most equitable promotions at our branches, the Operations Director promotion process was revised and redesigned. This process aimed at providing equal opportunity to all our employees, conducting the selection process based on the most objective criteria, and carrying out the promotions from a candidate pool. Through this process, 325 employees were promoted into the Operations Director staff in 2011.

#### Career Pools Management Branch Manager Selection Process

In 2011, our Branch Manager Selection Process was updated in line with the changing needs and the feedbacks from our employees. Workshops were held in the first stage of the update, followed by the creation of a case-based evaluation process together with the consulting firm. Utmost care was taken in openness/ transparency during the creation of the process. In addition, a Mini MBA program was established by Yapi Kredi Banking Academy in cooperation with Özyeğin University to contribute in the development of the Branch Manager Candidates that would take part in the process as well as a Branch Manager Orientation Program for the newly appointed Branch Managers.

#### TMR (Talent Management Review) Development Program

Designed jointly by Yapi Kredi Banking Academy and Unimanagement in December 2011 for our employees that take part in the Talent Management Review, the development program started in December 2011. The program will continue throughout 2012.

#### Social Responsibility at the Academy

Read, Think, Share is a leadership development project carried out jointly by Yapi Kredi Banking Academy and Young Guru Academy (YGA) – Dream Partners Association. The project not only offers the opportunity to “learn through experience” for Yapi Kredi employees but also creates development platforms for the training of 6th and 7th grade students to help them become self-confident individuals aware of their potential, who dream and create projects to realize their dreams, who are capable of creative thinking/writing, and look from different perspectives. Yapi Kredi employees, who take part in the project, find the opportunity to learn through experience skills such as planning and organization, delivering presentations, crisis management and problem solving, result orientation and taking initiative. As of December 2011, 70 Yapi Kredi employees participate in the project.

#### Personal Development Activities

The various workshops such as Parenting, Marbling, Yoga, Rhythm, English Conversation,

and Latin Dancing, prepared jointly by Yapi Kredi Culture, Arts & Publishing and Yapi Kredi Sports Club and made available to employees free of charge, contribute in the intellectual development of employees and help them find the right work-life balance.

#### E-Reading Sources

In 2011, too, Yapi Kredi continued to offer e-reading sources such as Rota, getAbstract with a view to enabling its employees keep track of actual trends and business society, and supporting their personal development.

#### 2011 Events

##### • Academy Summit



Yapi Kredi Banking Academy held the 2nd YKBA Summit, entitled “Economic Trend 2011” on 10 May. The keynote speaker of the summit, attended by more than 400 people including the Bank’s employees and customers, was Prof. Hans Rosling, who had recently been cited among the world’s top 100 global thinkers by the Foreign Policy Magazine. In his address, Dr. Rosling compared countries based on their demographics, economics and development, evaluating Turkey’s position in the world.

#### Yapi Kredi Banking Academy in Azerbaijan

Striving to train the best bankers in the



sector, Yapi Kredi Banking Academy carried its development activities in Turkey into Azerbaijan. At a launch meeting held on 2 November in

Baku, our academy introduced to employees the development program, which undertakes to support all Yapi Kredi Azerbaijan employees in a variety of fields including banking, finance, leadership, and personal development. In addition to the addresses delivered by our Bank’s executives, Azerbaijan Bank Training Center Director Cavanşir Abdullayev and Azerbaijan State Economics University, Economic Studies Scientific Research Institute Director Rasim Hasanov also joined the launch meeting as guest speakers.

##### • Virtual Portfolio Competition

Designed in a competition format to draw attention to trading in Derivatives and Stock, which are among the key investment tools, and prepared for Personal Banking Portfolio Directors and Assistant Directors, the Virtual Portfolio Competition allowed each participant who started with a virtual portfolio worth TL 100,000 to trade Derivatives, Stocks, Forex, Bonds and Bills, Liquid Funds on actual prices and in real time.

##### • Marmara University Thinker & Talker Event

Within the framework of the themes of social responsibility and cooperation with the academia, Yapi Kredi Banking Academy sponsored the Thinker&Talker event, which is organized by the Marmara University student club, the “Marmara Community.”

The conference series, where nearly 200 students met with select representatives from the business world for 4 days, was held at the Banking Academy Conference Hall.

##### • YKBA Core Banking Certificate Program – Istanbul University

As part of the Yapi Kredi Banking Academy Core Banking Certificate Program, which was created with a view to preparing university students for professional life and introducing them to the banking and finance sector, 60 Istanbul University students were hosted at the Banking Academy on 11-17 May.

The feedback from the students about the 7-day program, mostly delivered by the Academy instructors, were very positive.

##### • Yapi Kredi Girls’ Vocational High School

“First Steps for a Successful Future” Seminar The “First Steps for a Successful Future” seminar was held at the Yapi Kredi Banking Academy in 2011 to boost the morale and knowledge of the Yapi ve Kredi Bankası Gebze Girls’ Technical and Vocational High School students who would enter university selection and placement exams this year.

##### • Awards Won by Yapi Kredi Banking Academy

In 2011, Yapi Kredi Banking Academy won the “Honorable Mention” award at The Corporate University Best-in-Class Awards CUBIC given by the International Quality and Productivity Center (IQPC).

Yapi Kredi Banking Academy received the



award in the “Best Job Alignment Learning and Development with Corporate Goals” category for the pioneering development opportunities it creates for its employees in parallel with the strategic goals of the institution. Also in 2011, the International Leadership Excellence Magazine selected Yapı Kredi among the top 500 companies of the world in leadership development. The Leadership 500 list, which is compiled every year on the basis of the 7 criteria on leadership development, determines the best individuals, teams, and institutions of the year in terms of the leadership development practices and employee motivation.

Yapı Kredi ranked 212th as the first and only Turkish company in this list, which has reached a total of 187,000 members.

### Heroes Club



Heroes Club is a 2-year development and self-discovery program designed for third year university students. Applications for the program started in December 2011. 59 university students from 22 universities in 10 provinces across Turkey were selected for the program. The main purpose of the Heroes Club program is to introduce university students to the fundamental and strong structure of Yapı Kredi, to instill in them the Yapı Kredi Banking Academy values (personal development, social responsibility, cultural bond) and to offer the opportunity to include them in Yapı Kredi's dynamic and global world. The Heroes Club program aims to create a new graduate candidate pool comprised of talented students, and to start new graduate recruitments as of the second half of 2013.

### collaborations with Universities for employees and students

Attaching importance to the academic development of its employees, Yapı Kredi strives to this end to closely follow the developments at

the universities and to take part in the projects that would benefit its employees.

Within the framework of the collaboration with Bahçeşehir University, Yapı Kredi employees are provided with the opportunity to enroll in graduate and postgraduate programs at reduced rates. Since 2009, 80 Yapı Kredi employees have been receiving graduate and postgraduate education at the university.

Various career path-based certificate programs are brought to life together with Turkey's leading institutions of higher education such as Koç University, Boğaziçi University, and Istanbul Technical University.

The Academy cooperates with various universities in order to help university students gain experience in the banking sector as well as academic knowledge prior to their graduation. Accordingly, as part of the cooperation with Bahçeşehir University, 18 students, who wished to gain experience in the banking sector, were given internship opportunities for terms varying from 3 to 6 months.

## IV. Vacant Positions

### • Intra-corporate Ads

The employees, who are willing to continue their careers at Yapı Kredi at a different position than their current positions, are allowed to change their positions within the bank's organization. Based on the principle of equality of opportunity; such employees are offered the facility to change their career paths or enabled to stand up for the new positions that emerge within the Bank.

### • Temporary Staff and Interns

### • Seasonal and Part-time Employment

Yapı Kredi is attentive to the quality and the swiftness of the service it provides through its branch network. The Bank offers the applicants the opportunity to work in two positions, which may be referred to as part-time and seasonal employment, in order to support the permanent staff members working within the operations teams of the branches.

To this end, employees have been taking part in the operations teams on a part-time basis on Mondays, Fridays and other busy days since March 2008. Employees are assigned in the branch operations teams on a seasonal basis to support the busy branches, giving weight to tourism and its subsectors in the period from May to September, and agriculture and subsectors from July to December.

In addition to its branch network, Yapı Kredi also provides university students with part-time work in the Information Technologies Management. Thanks to this facility, university students are introduced to business life, finding

the chance to start professional life a step ahead of other graduates.

### • Internship Opportunity

Yapı Kredi attached importance to offer the young individuals the opportunity of having professional experience and to contribute in their professional development. Accordingly, it offers internship opportunities to business and vocational high school students in the winter and to university students during the summer (June-July-August). The interns from the business and vocational high schools are selected amongst the 4th grade students, who attend appropriate departments related to banking business. The students, who are provided scholarships as part of the “Vocational Education: A Crucial Matter For the Nation” project, which is led by Koç Holding and within which Yapı Kredi's employees serve as vocational high school coaches on voluntary basis, are given internship priority provided that they attended the appropriate departments.

The university student interns are selected amongst the 3rd or 4th year undergraduate students and/or last year students attending associate degree programs of vocational schools of higher education. Since 2008, Yale University students have been offered internship opportunity.

In 2011, 369 business and 104 vocational high school students were included in the internship program, while 917 university students were given the internship opportunity during the summer.

## V. Other Services Offered to Employees

### • Private Pension System with Corporate Contribution

Any employee, his/her spouse and children over the age of 18 may sign up for Yapı Kredi Group Pension scheme at their discretion. The Bank offers a monthly contribution commensurate with the seniority and gross wage of each employee that signs up for the scheme.

### • Yapı ve Kredi Bankası A.Ş. Provident and Pension Fund Nursing Home

The 21-room, 33-person capacity Nursing Home located in Acıbadem, Istanbul admits the retired Yapı Kredi employees in need. Retired employees can also be admitted along with their spouses subject to the availability of accommodations.

### • Yapı ve Kredi Bankası A.Ş. Saving and Provident Fund Trust

Yapı Kredi Provident Fund Trust offers short-term loans to the employees with a view to ensuring social solidarity and cooperation amongst the employees, and offers outright financial aids and aids-in-kind to those employees, who become

incapacitated (due to medical conditions, accidents and etc.) without their fault or who suffer from the impacts of forces of nature such as earthquakes, floods, and fire. Such aids are available solely to the employees, who are affiliated to Yapı Kredi Provident Fund Trust.

#### • 7/24 Employee Support and Advisory Hotline

Yapı Kredi has launched an advisory hotline, the Employee Support Line 7/24 since May, 2010 with a view to provide support its employees, who work under intense work pressure.

Backed by the infrastructural support of AVITA, the employees and family members residing in their households are offered 24/7 free-of-charge advisory services in a broad range of fields including financial matters, legal matters, general information as well as psychological and medical advisory. Any and all services offered by the Employee Support Line are provided in accordance with the principles of confidentiality, and the employees are allowed to make anonymous calls to AVITA. A total of 4,615 employees including 3,588 from Yapı Kredi and 1,027 from its subsidiaries have benefited from the advisory service as of the end of December 2011.

#### • Yapı Kredi Sports Club Association

Yapı Kredi Sports Club Association was established in 2007 open to the membership of all employees under the roof of Koç Financial Services as well as their spouses and children, as a place where they can engage in social activities. The association was founded to offer its members, their families, and its athletes the chance to engage in various sports activities, to establish mutual love and respect, contribute in their sound spiritual and physical development, and make use of their spare time.

YK Search-Rescue (YAKUT), and sports activities including Football, Tennis, Sailing, Basketball, Volleyball, Athletics, Water Sports, Trekking, Archery, Chess, RC Modeling, Motor Sports, etc. are carried out regularly under the supervision and organization of Yapı Kredi Sports Club. The association is also engaged in photography, theater, and dancing training as social activities. Bağlarbaşı Koru facilities as well as the venues in Levent Plaza D Block and Gebze Banking Base are used for the sports activities of Yapı Kredi personnel.

The gym and sauna at Levent Plaza D Block are open to the personnel until 20:30 in the evenings every weekday.

Members can follow the activities of the association at [www.yksk.org.tr](http://www.yksk.org.tr) or [www.yapikredisporkulunu.org.tr](http://www.yapikredisporkulunu.org.tr).

## VI. Trade Union Relations

Yapı Kredi has been maintaining constructive relations with BASİSEN (Trade Union of Banking and Insurance Workers) under the Collective Bargaining Agreement since 1 April 1991. The purpose of the Collective Bargaining Agreement is the Bank and the Trade Union to act together to ensure the constructive relations, labor peace and occupational safety at the work place. 65% of Yapı Kredi's employees are affiliated to the Trade Union.

## VII. Volunteer Projects and Other Activities for Employees

#### Yapı Kredi Volunteers Platform

Yapı Kredi Volunteers Platform, which was launched in 2009 under the slogan "One Social Responsibility Project for Each Department" with a view to raising awareness on volunteerism and teamwork among Yapı Kredi employees, continued its efforts also in 2011. In addition to the existing projects, new volunteer groups were established and efforts were initiated in various areas in 2011. Yapı Kredi Volunteers Platform reached out to nearly 10,000 people through all its projects and managed to make a difference in their lives throughout the year.



#### Ongoing projects; Retail Banking Management / Yaşlanmayanlar Dünyası (Forever Young World)

The project is intended to ensure social sharing among the employees at the Retail Banking Management and the retired Yapı Kredi employees residing at Yapı Kredi Nursing Home away from their homes to make a positive difference in the lives of the latter. As in 2009 and 2010, visits were paid during religious festivals, Mother's Day and Father's Day and a New Years' Eve party was thrown in 2011, too. Furthermore, the exhibition "Colorful Dreams from Yapı Kredi Nursing Home", featuring a selection of paintings by our retired employees Aysel Melek Özalpınış, who still resides at Yapı Kredi Nursing Home, and Varol Değer, who passed away in early 2011, was held. The exhibition was launched at Yapı Kredi Head Office building with an opening reception on 26 April 2011 with the attendance of employees, volunteers, and nursing home residents.

#### Operations Management / Her Çocuk Bir Dünya (Each child is Worth a World)

Launched in 2008 by the employees at the Operations Management, "Each Child is Worth a World" project also continued in 2011. As a part of the project, we signed an agreement with the Community Volunteers Foundation in 2011 and launched a direct debit campaign among all Operations Management personnel. Through the campaign, some TL 12,000 was transferred to the Community Volunteers Foundation's "Each Child is Worth a World" project account as of the end of 2011. Volunteers also held a charity sale on 5 December 2011 at Yapı Kredi Banking Base with all proceeds to be transferred to the project. Nearly TL 5,000 was raised at the event.

In 2011, "Each Child is Worth a World" volunteers selected Büyükkırık Primary School in Yakakent, Samsun to implement the project. They also sent the 750 toys they managed to collect to Erciş, Van to raise the morale of the children affected from Van Earthquake.

#### Human Resources / İK – İyilik Kaynağı (HR – The Resource of Benevolence)

The Human Resources Management continued their joint projects with Six Dots Foundation for the Blind in 2011 as well. As a part of the "The Resource of Benevolence" project, volunteers continued their audio book reading activities while also including in the project volunteers from various departments through announcement made to all employees.

#### Yapı Kredi Insurance / Darüşşafaka ile El Ele (Hand in Glove with Darüşşafaka)

Yapı Kredi Insurance Volunteers, who set out to enrich the social lives of Darüşşafaka students who are unable to go home for the weekends as their families resided outside Istanbul, carried on with their activities as a part of the "Hand in Glove with Darüşşafaka" project in 2011 as well. Throughout the year, the volunteers held a welcome to summer picnic at Yapı Kredi Bağlarbaşı Koru, saw the theater play "As You Like It," and visited Turkuazoo, Büyükkada, and Ice Museum with the students. Our volunteers also opened a stand at Yapı Kredi Plaza A Block where they exhibited and helped with the sale of products made by Darüşşafaka students.

#### Corporate and Commercial Loans / Kimsesiz Çocukların Kimesi Olalım (Being There for the Destitute Children)

The employees at the Corporate and Commercial Loans Management continued the "Being There for the Destitute Children" project and to put a smile on the faces of the children at Küçükyağ Nursery Center in Istanbul, which is affiliated to Social Services and Child Protection Agency (SHCEK). The volunteers organized a 9-day summer camp at Yapı Kredi Bayramoğlu Training and Recreational Facility for 22 kids, to make the best of these 9 days through various activities and excursions.



### **Yapı Kredi Cultural Activities, Arts and Publishing Inc / Yalnız Bırakmadık (Keeping Them Company)**

In the “Yalnız Bırakmadık” (Keeping Them Company) project, launched by the employees of Yapı Kredi Cultural Activities, Arts and Publishing, volunteers started audio book reading activities for the visually impaired in 2011 as a part of their collaboration with the Technology and Education Laboratory for the Visually Impaired (GETEM).

### **Projects launched in 2011**

#### **Yapı Kredi Retirement / Yontu (Sculpture)**

In collaboration with the Cultural Awareness Association, Yapı Kredi Retirement employees launched the project “Yontu” (Sculpture) in 2011. Volunteers assumed the responsibility for the maintenance and restoration of the worn-out sculptures built in Istanbul to mark the 50th anniversary of the Turkish Republic. The first sculpture to be cleaned was Yankı (Echo) by Hüseyin Anka, located in Dolmabahçe. After 6 hours of cleaning work attended by volunteers and experts, the sculpture was restored to its original state.

#### **Information Technologies / Bağlılığın Temsilcileri (Representatives of Commitment)**

Information Technologies employees brought their voluntarism activities from the previous years under the Yapı Kredi Volunteers Platform and named their group “IT-Representatives of Commitment”. For several years, the group had engaged in providing support to village schools and nursing home visits across Anatolia. On the New Year’s Day of 2011, the team carried out the “Dilek Ağacı” (Wish Tree) project. The volunteers made the New Year’s wishes of 75 children at the Çayırova Sevgi Evleri Child Protection Home and Orphanage for Girls in a wonderful event held at the Banking Base.

#### **Corporate and Commercial Banking / Planting Works**

As a part of the project, which was launched in 2011, Corporate and Commercial Banking Management employees planted trees in 4 surrounding villages of Çayırova Municipality in Kocaeli. Nearly 250 corporate and Commercial Banking employees from İstanbul and Bursa participated in the event, which was held on 26 November 2011 in the villages of Kargalı, Ahatlı, Ovacık, and Elbizli. A total of 500 walnut saplings were planted at the festivities, which drew significant attention from the villagers.

In the project, carried out in collaboration with the TEMA Foundation, the proceeds from the sale of the harvested walnuts will be spent to improve the educational facilities in these four villages.

#### **YAKUT (Yapı Kredi Search and Rescue Team)**

Yapı Kredi has a team of volunteers with the

mission of informing both Yapı Kredi employees and the society about emergencies and disasters, explaining and raising awareness among them about what needs to be done before, during, and after earthquakes, and carrying out the needed search and rescue activities in disaster areas. As new entries to the YAKUT team continue, new YAKUT recruits are given theoretical and applied trainings.

Collective trainings are received on search and rescue techniques and disasters, such trainings being made available also to other Koç Group companies upon request. YAKUT team was put to its first critical test during the Van Earthquake. The team rapidly gathered immediately after the earthquake and arrived in the disaster area in the evening with a fully equipped team of 22, as one of the earliest teams to do so, and carried out continuous search and rescue efforts for a week.

#### **Intra-Corporate Sponsorship**

Since 2005, Yapı Kredi has been carrying out the “intra-corporate sponsorship” project with a view to supporting and promoting its employees involved in sports activities. In addition to the financial support provided under the sponsorship, athletic achievements of the employees are also communicated through internal communication channels and shared with all employees.

In 2011, Yapı Kredi employees Celal Altunbaş, Bayram Kuytan, Hasan Kaan Göker, Özcan Çetinkaya, and Serhat Bayhan, who competed individually in the swimming, tennis, taekwondo, and cycling branches, were supported under the intra-corporate sponsorship. Within the framework of the project, in 2011:

- Özcan Çetinkaya, who won the gold medal at the 2011 Para-Taekwondo Turkey Championship, was called up for the national team and came third at the European Para-Taekwondo Championship in Moscow.

- Bayram Kuytan went to Kathmandu for Everest climbing where he made it to the Base Camp and raised Yapı Kredi flag at 5,635m altitude.

#### **Art Days**

The fourth edition of the “Art Days” event, organized for Yapı Kredi employees and their families, was held on 19 November 2011. As a part of the event, which was organized in İstanbul, Ankara, İzmir, Bursa, Adana, and Eskişehir, Yapı Kredi employees were offered the opportunity to visit the local museums and art galleries free of charge and to attend guided tours and watch theater plays along with their families.

#### **SPOT**

“It is wonderful to see art activities, in which we are unable to attend due to our work

and weekend schedules, promoted this way. Particularly the Osman Hamdi Bey Exhibition, whose life story and paintings I’ve always admired, was magnificent. Thank you very much.” (Müjgan Yargı, Teşvikiye Branch)



#### **Ülkem için (For My Country)**

The “Ülkem için Kan Veriyorum” (I Donate Blood For My Country) campaign started in 2010 under the “Ülkem için” (For My Country) project, which was initiated by Koç Holding in 2006 and has since become one of the most broad participation projects in Turkey, also continued in 2011. Yapı Kredi, which took part in the campaign performed jointly with Turkish Red Crescent, donated 493 units of blood throughout the year by the participation of its employees nationwide.

#### **Participation in the 33rd Intercontinental Eurasia Marathon**

Yapı Kredi created a team of its employees for the charity run at the 33rd Intercontinental Eurasia Marathon, held on Sunday, 16 October 2011. At the Eurasia Marathon, 88 Yapı Kredi employees took action together with the Step by Step Initiative to run in support of the Turkish Spinal Cord Paralytics Association of Turkey. Yapı Kredi made a donation for each one of its employees that participated in the event, and a motorized chair, purchased with the donations, was given away to the association.

Yapı Kredi employees who ran at the marathon also mobilized their own networks via various means of communication to encourage donations to the association.

# CHAPTER 7: OUR CUSTOMERS

For Yapı Kredi, unconditional customer satisfaction is the measure of unlimited service.

Yapı Kredi is aware that the path to sustainable value creation goes through growing and advancing together with its customers. It never compromises on this fundamental principle, and focuses on its customers in its business philosophy, working with all its strength to provide them with better and faster services.

Yapı Kredi is an easy bank to work with. It believes that banking services should be accessible, bankers should be good humored and cordial.

Yapı Kredi's business is about making life easier for its customers. It creates rapid solutions by offering its services anywhere and anytime they wish.

Yapı Kredi loves its job; it takes pleasure in working with, remaining close to, listening to, and creating solutions for its customers. The greatest reward for Yapı Kredi is the appreciation, trust and respect for its efforts.

After 68 years that passed with passion for unlimited service, Yapı Kredi still continues to work with the same thrill and zeal to improve the quality and variety of services.

## 1. Product Responsibility

### Retail Banking

#### • Affluent Banking

Through the Affluent Banking approach, Yapı Kredi positions its customers at the center of life and customizes all services and opportunities it offers in line with and with respect to their needs and expectations. Yapı Kredi Affluent Banking customers can perform any banking transactions and follow the market through the agency of Affluent Banking Portfolio Directors, and effectively turn their savings and investments to account by means of specially designed products and services customized to meet their needs. In addition to the offered banking advantages, Yapı Kredi Affluent Banking customers may also benefit from other non-banking advantages such as special events.

In 2011, we launched the Professional Advantages Basket, which offers financial advantages for various professional groups. Physicians, Dentists, Lawyers, and Notaries among our customers receive personal services from our expert relationship managers for all their financial needs and investments, benefit from Business Loans, Vehicle Loans, General Purpose Loans, Mortgage, and Leasing advantages and use Yapı Kredi POS machines at exclusive commission rates.

The MORALE SUPPORT insurance, which provides customers with financial support in the event that they got cancer during their policy term, was offered starting from 2011. The financial support to be provided under the Morale Support policies may be used in any way desired independently from treatment expenses.

#### • Individual Banking

Yapı Kredi offers a broad range of banking products and services via its extensive and multi-channeled distribution network. In line with the unlimited service concept, innovative, and leading approach it has maintained for years, Yapı Kredi continues to be a bank that is easy to work with and to develop solutions that make life easier for its customers.

The initiatives taken for individual customers in 2011 include:

- A new General Purpose Loan application channel was created to make life easier for customers. As of August 2011, Yapı Kredi has started to receive General Purpose Loan applications via its ATMs. With this development, our customers are now being provided with the facility to apply for a General Purpose Loan any time they wish on Yapı Kredi ATMs.
- Offering individual customers with the full range of products and services they may require, the Meşe (Oak) Package continues to provide exclusive benefits and privileges in banking and non-banking transactions at advantageous prices.
- The bank carries out projects aimed at improving its internal processes and providing faster services to its customers. Efforts are underway to ensure the automation of existing distribution channels and to increase proactive offers, to simplify processes, to boost the use of social media networks, and to add new distribution channels. These user-friendly multi-channel improvements aim to generate value by providing customers with the most appropriate services anytime, anywhere they desire.
- In line with its service concept of always standing by its customers, and as a part of its support to Van after the earthquake disaster that hit the region on 23 October 2011, Yapı Kredi started to defer the loan repayments for all its Yapı Kredi Individual and SME customers affiliated with its Van and Erciş branches. Within this scope, the loan repayments of its customers in the region were deferred for a period of six months.

#### • SME Banking

Having supported small sized enterprises since its very establishment, Yapı Kredi continued to provide its customers with advisory services in addition to the its financial service offerings for the SMEs in 2011. Yapı Kredi continued to stand by the SMEs through the agency of 1,600 expert relationship managers by developing products addressing their needs, preferences, and conditions thanks to its segment-based services model.

One of the chief goals of Yapı Kredi in SME banking is to continue to guide the SMEs by supporting them in areas that fall outside their financial needs as

well. Under My Project, it aims to help SMEs benefit from the government grant and aid programs by offering free preliminary information service, and then project writing advisory service about these programs. And Inventram A.Ş., a partnership of Koç Holding and Koç University, helps grow and commercialize the innovative technological inventions by SMEs through the use of most appropriate business models.

My Project also provides SMEs that fail to meet the conditions for listing at the Istanbul Stock Exchange with consultancy services to go public in the Emerging Companies Market. Thus, firms are presented with the opportunity to grow and boost their recognition in the markets they operate by raising funds in the capital markets.

In 2011, a specialized structure was created for the agriculture sector under the SME Banking department, and the Agricultural Banking product and service range was expanded. Expert personnel was employed to provide a more accurate, more deliberate, and higher amount of financing for agriculture, which is deemed a strategic sector for both our country and the world with specialized loan types launched for almost all subsectors of agriculture (plant production, dairy farming, stock farming, poultry farming, contract production, etc.).

Yapı Kredi's the long-term target in SME banking is to constantly boost customer satisfaction by providing SMEs with support also in areas that fall outside their financial needs as well as developing top-quality special products and services. The Bank will continue to create synergies with both financial and non-financial business partners to improve the services it renders to the SMEs.

#### • Mortgage

Striving to keep a close eye on the developments in Mortgages and to be a trailblazer in the most advantageous products, Yapı Kredi continued in 2011 to provide advisory services to its customers through the agency of Mortgage Experts in addition to the financial instruments associated with housing loans. Mortgage customers may also receive professional support on legal, technical, and tax-related issues from Mortgage Experts.

In 2011, Yapı Kredi launched for its customers MortgageMania –the first Mortgage-related web game in Turkey. Intended to demonstrate to the players the ways of becoming homeowners while entertaining them, MortgageMania was visited 300,000 times by nearly 50,000 people in the period from 3 to 31 October 2011, during which a prize competition was held.

Another first in Turkey, the “Thanks to My Family Mortgage” has helped people, who wish to buy their first homes, easily become homeowners with the support of their families as well as their own savings.

Furthermore, Yapı Kredi also launched the Mortgage with Life Insurance, which is an advantageous product for customers that wish to pay their life insurance premiums inside the mortgage loan amount rather than separately in cash.

#### • Credit Cards

When it set out in 1991 as the first credit card offered to the consumers in Turkey, Yapı Kredi Worldcard's mission was to be “Turkey's strongest credit card loyalty program.” In the payment systems sector, where we have led the way for 21 years, we have implemented many innovations that shaped the sector and always aimed to advance through customer-oriented strategies and approaches.

Today, World no longer represents solely a credit card but Turkey's largest shopping and marketing platform that incorporates multiple banks, millions of cardholders, hundreds of invaluable retail brands, and thousands of merchants. We extended this platform also to World's sister brands Crystal, Play, Adios, and Taksitçi.

In 2011, we launched Opet Worldcard, which combines a loyalty program and a credit card, and continued to take part in various projects through our sharing program.

#### Opet Worldcard

In 2011, in collaboration with Opet, we launched Opet Worldcard, which combined for the first time in Turkey a loyalty program and a credit card to offer profitable shopping opportunities in the fuel sector, which is among the top spending items for consumers.

In their fuel or autogas purchases, Opet Worldcard holders win extra points that are only valid at Opet stations. Furthermore, Opet Worldcard also offers special discounts and various advantages in several select brands.

#### • Share Program

The first social responsibility platform in Turkey that allows for making donations via a credit card, Share Program enables credit card holders to make donations in cash or in accumulated points to the projects that address their focuses of social awareness. Yapı Kredi, which matches the total donated points, was inspired from the goals set within the United Nations Millennium Declaration in respect of its Share Program. In that regards, Yapı Kredi supports 5 individual projects carried out by 5 individual non-governmental organizations working in the public interest. TL 40,000 was raised in 2011 for one of such projects, Kanserli Çocuklarımızı Yaşatalım (Give a Second Chance), which is carried out jointly with LÖSEV.

#### • Share Program Partners and Projects

- İZEV (Istanbul Foundation of Education and Support for Mentally Challenged People) “Korumalı İşyeri Projesi” (Protected Workplace Project)
- LÖSEV (Foundation for Children with Leukemia) “Kanserli Çocuklarımızı Yaşatalım” (Give a Second Chance)
- Turkish Foundation for Scientific Research Centers “Bilim Merkezi Öğrenci Sponsorluğu Kampanyası” (Scientific Research Centers Student Sponsorship Campaign)
- Turkish Culture Foundation AFS Programs “7 bölgeden 7 genç” (7 young people from 7 regions)
- UNICEF (United Nations Children's Fund) “Okul Ekliyoruz” (Adding Schools)

#### • Alternative Delivery Channels

At Yapı Kredi Alternative Delivery Channels, our goal is to render services to various customer segments at the right time via the right channel. With a view to maximizing customer satisfaction by differentiating their experience, we have based our operations on the principle of creating value for both our customers and the bank. Alternative Delivery Channels continued its operations in line with this approach also in 2011 and was crowned with several awards. For the upcoming period, we intend to continue to focus on helping our customers use Alternative Delivery Channels at an increasing rate and on constantly boosting our service quality.



#### • Enabled Banking

Within the framework of the Enabled Banking Program we started in 2008, the number of our Enabled ATMs were increased to 150 as of 2011. In yet another first in Turkey, we launched the [www.engelsizbankacilik.com](http://www.engelsizbankacilik.com) website on 3 December 2011 International Day of Persons with Disabilities. The suggestions and comments from the visitors of our website have already started to lead us the way in the further steps we will take in this field.

In addition, our Bank holds the “Presidency of the Working Group on the Banking Services for the Disabled”, which was created by the Banks Association of Turkey with the participation of all banks. The working group initially carried out a detailed assessment of what needed to be done to remove the obstacles in banking, as a result of which it drafted the report “Recommendations on the Improvement of Banking Services Provided to Disabled Citizens.”

The efforts we carried out for our disabled citizens brought our Enabled Banking Program the “Corporate Responsibility” award at the 10th Golden Compass Public Relations Awards organized by the Public Relations Association of Turkey (TÜHİD).

In 2012, too, we will continue with great pleasure and sensitivity our efforts to both expand our range of services and spread our Enabled ATMs across Turkey.

#### • The main novelties we started offering on our ATMs in 2011:

We launched the “Credit Now” function, which allows our customers to make hassle-free Mortgage and General Purpose Loan applications 24/7 via our widespread ATM network.

Thanks to the “Add GSM Number” function, our customers are now able to add their current mobile phone numbers via ATMs. Through this function, we started to direct our non-Internet banking customers to utilizing the Internet banking. The audio alarm system that steps in during card jams also warns our customers against fraud.

Following their introduction to Turkey by our Bank in 2010, we continued to spread across Turkey our ATMs with keyboard, which ensure convenience in the transactions that require entering letters.

#### • Foundations and Associations Available for Donation via ATMs

1. The Mother Child Education Foundation / AÇEV
2. Six Dots Foundation for the Blind
3. Baba Beni Okula Gönder (Daddy Send Me to School) / ÇYDD
4. Foundation for Supporting Modern Lifestyle / ÇYDD
5. The Foundation for the Promotion and Protection of the Environment and Cultural Heritage / ÇEKÜL
6. Darüßsafaka Society / DŞ
7. Foundation for Children with Leukemia / LÖSEV
8. The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats / TEMA
9. The Foundation for Early Diagnosis and Education of Autism in Turkey / TOHUM
10. Turkish Armed Forces Foundation for Martyrs’ Families and War Veterans
11. Turkish Aviation Association
12. Turkish Red Crescent
13. Turkish Culture Foundation AFS Programs
14. Turkish Foundation for Scientific Research Centers
15. Turkish Education Volunteers Foundation / TEGV
16. Turkish Educational Foundation / TEV
17. The Foundation for Supporting Orphanages and Education

#### • Foundations and Associations Available for Donation via Internet Banking

1. Six Dots Foundation for the Blind
2. Anadolu’da Bir Kızım Var Öğretmen Olacak (I Have a Daughter in Anatolia Who Will Become a Teacher) / ÇYDD
3. The Mother Child Education Foundation / AÇEV
4. Baba Beni Okula Gonder (Daddy Send Me to School) / ÇYDD
5. Cooperative Society for Modern Education / ÇEK
6. Foundation for Supporting Modern Lifestyle / ÇYDD
7. The Foundation for the Promotion and Protection of the Environment and Cultural Heritage / ÇEKÜL
8. Darülaceze Institution
9. Darüßsafaka Society / DŞ
10. Kimse Yok Mu? Foundation
11. Protected Workshops Project / İZEV
12. Foundation for Children with Leukemia / LÖSEV
13. Disabled People Foundation
14. Foundation for Children with Cerebral Palsy / SERÇEV
15. The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats / TEMA
16. Turkish Armed Forces Foundation for Martyrs’ Families and War Veterans
17. Turkish Kidney Foundation
18. Turkish Educational Foundation / TEV
19. Turkish Aviation Association
20. Turkish Red Crescent
21. Turkish Culture Foundation AFS Programs
22. Turkish Foundation for Scientific Research Centers
23. Turkish Education Volunteers Foundation / TEGV

24. Turkey Handicapped Sports, Education and Assistance Foundation / TESYEV
25. Turkish Foundation for Children in Need of Protection
26. Spinal Cord Paralytics Association of Turkey / TOFD
27. Turkish Association of Disabled People
28. UNICEF
29. The Foundation for Supporting Orphanages and Education
30. Foundation for the Training and Protection of Mentally Handicapped Children / ZİÇEV

• **Foundations and Associations Available for Donation via Telephone Banking**

1. Six Dots Foundation for the Blind
2. The Mother Child Education Foundation / AÇEV
3. Cooperative Society for Modern Education / ÇEK
4. The Foundation for the Promotion and Protection of the Environment and Cultural Heritage / ÇEKÜL
5. Darülaceze Institution
6. Darüşşafaka Society / DŞ
7. Kimse Yok Mu? Foundation
8. Protected Workshops Project / İZEV
9. Foundation for Children with Leukemia / LÖSEV
10. Disabled People Foundation
11. Foundation for Children with Cerebral Palsy / SERÇEV
12. The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats / TEMA
13. Turkish Armed Forces Foundation for Martyrs' Families and War Veterans
14. Turkish Kidney Foundation
15. Turkish Educational Foundation / TEV
16. Turkish Aviation Association
17. Turkish Red Crescent
18. Turkish Culture Foundation AFS Programs
19. Turkish Foundation for Scientific Research Centers
20. Turkish Education Volunteers Foundation / TEGV
21. Turkey Handicapped Sports, Education and Assistance Foundation / TESYEV
22. Turkish Foundation for Children in Need of Protection
23. Spinal Cord Paralytics Association of Turkey / TOFD
24. Turkish Association of Disabled People
25. UNICEF
26. The Foundation for Supporting Orphanages and Education
27. Foundation for the Training and Protection of Mentally Handicapped Children / ZİÇEV

• **Yapı Kredi Private Banking**

At Yapı Kredi Private Banking, our goal is to professionally manage our customers' savings while providing optimal protection for their assets. We act with due discretion in all of our banking and advisory services. Our Private Banking centers offer services that make life easier for our customers as well as financial solutions through our specialized Portfolio Managers who are experts in their fields.

• **Inheritance Advisory**

Yapı Kredi Private Banking, which aims to offer any and all services its customers may require to preserve and enhance their assets, introduced the Inheritance Advisory service in 2009. Within the framework of this trailblazing service, which addressed a major void in the field in Turkey, Yapı Kredi aims to assist individuals to plan their assets during their lifetimes in the furthest details including the consideration of the legal and tax-related aspects of the matter. Yapı Kredi Private Banking offers an exclusive advisory service organized under the titles Planning of Inheritance, Legal Rights of Inheritors, Trust Foundations and Tax Issues.

• **Art Advisory**

Yapı Kredi Private Banking addresses the consultancy needs of its customers in any branch of art through the Art Advisory service. Art Advisory, which covers numerous detailed consultancy services such as the conservation of collections, repair of worn-and-torn works, and the items to be acquired or disposed to render collections more valuable, enables Private Banking customers to have access to the most competent experts in the field.

Furthermore, Private Banking customers are offered the opportunity to receive inter alia art reviews, useful information, literature reviews, culture & art itineraries and to be informed of auctions and their results via the electronic Art Periodical Privart, which is delivered to them via e-mail in every two months.

Private Banking also informs its customers of the latest trends in art via the art conferences it organizes.

• **Tax Advisory**

Cooperating with an international consultancy company to provide its customers with advisory services, Yapı Kredi Private Banking organizes tax seminars on the possible changes and arrangements to the Tax Law as needed. During these seminars, customers inquire the experts, who respond any inquiries by reliable knowledge, of any matter they would like to know about tax issues. Moreover, the tax issues handbooks drawn up as a part of the Tax Advisory service are available for Private Banking customers at the branches.

• **Real Estate Advisory**

Private Banking customers are offered with Real Estate Advisory service to help them manage and increase the profitability of their real estate portfolios. Advisors render various services including advisory and process management in real estate purchases and sales, assessment of existing portfolios, and pursuing new investment opportunities.



## 2. Customer Satisfaction and Complaint Management

Regularly listening to the voice of its customers, Yapi Kredi conducts measurements, surveys and other activities to that end. Outputs of such activities provide guidance in the identification of its strategies. Some of these surveys are addressed to the customers in the market, who make use of the services and products offered, while others are addressed to the intra-bank teams, which are required to receive services from one another in the development of such products and services.

The surveys conducted to measure customer satisfaction and loyalty to the Bank and to identify competitive advantages include:

- General Customer Satisfaction Surveys
- Confidential Customer Survey
- Surveys to Monitor After-Sales Services

The surveys conducted to improve the intra-bank service quality include:

- Internal Customer Satisfaction Survey
- A Day at the Branch visit

The results of the customer satisfaction surveys have been integrated to the Performance Based Bonus (PBB) targeting system since 2008 with a view to ensuring that each member of Yapi Kredi family internalizes the very concept of customer satisfaction. Within the scope of the measurements and customer satisfaction surveys conducted in all segments, over 160,000 customers are reached in total via miscellaneous means. The primary goal of Yapi Kredi is to improve the customer satisfaction results, being the top priority target, in addition to the accomplishment of financial targets for all employees at the branches and the Head Office.

### I. Customer Satisfaction Surveys

#### General Segment Based Customer Satisfaction Surveys

Customer Satisfaction is measured on branch and segment basis by conducting customer surveys. These surveys also provide feedbacks regarding the characteristics of branch services and products received through other alternative distribution channels.

The Internet Banking Customer Satisfaction survey allows for the measurement of the satisfaction of customers, who use the Internet banking, about the Internet banking and their competitive assessment.

2011 was a year during which the impact of the economic crisis that engulfed Europe and the world was felt more intensively, accompanied by an increased level of caution. In such an environment, where consumer, and therefore, banking customer satisfaction would somewhat decline, Yapi Kredi experienced an increase in its customer satisfaction levels in the SME segment particularly thanks to the initiatives it took and products released in the market for SME customers in 2011.

#### Mystery Customer Survey

The mystery customers, who work for research companies, visit Yapi Kredi branches in accordance with specific scenarios and report their assessments through impartial observations. During the visits, mystery customers observe the relationship managers and the banking transaction official as well as the security guard. In addition, a standard counter transaction and product details/sales performance are examined. Mystery customers visit Yapi Kredi Retail Branches.

#### Internal Customer Satisfaction

Considering the service process as a chain, each individual involved in the process has his/her own responsibilities. Any interruption or delay throughout the service chain, which eventually leads to the customer, affects the service provided. Moreover, the smooth performance of internal services is of critical importance for employee satisfaction as well.

Yapi Kredi endeavors to ensure the highest level of quality for the services it offers to its customers. Both the branch and Head Office managements contribute in the process of provision of services to the customers. The branch staff predominantly serves to external customers while the numerous teams at the Head Office rather render internal services to other head office managements and branches than being in direct contact with external customers. These "Internal Customer Satisfaction" surveys have provided fairly worthwhile feedbacks in line with this awareness. The outcomes of the "Internal Customer Satisfaction" survey have been communicated in details to all managements, which have in turn started taking actions to develop action plans. The survey, which was conducted within the last quarter of the year, had a high turnout ratio as 80 % (nearly 13 thousand respondents). A further aim is to execute internal service agreements in critical fields and to ensure the reporting of the performance in such fields. Yapi Kredi plans to continue measuring its internal service quality and regularly monitoring the improvement thereof in the forthcoming years.

#### A Day at the Branch

As part of the "A Day at the Branch" activity, which is performed regularly and which was last performed in October 2011, the Yapi Kredi managerial staff working at the Head Office paid visits to Yapi Kredi branches. The activity is intended to experience a business day together with the managerial staff from the Head Office. Various improvements are made by combining the observations made by the managerial staff and the feedbacks they collected.

### II. Complaint Management

#### Yapi Kredi;

1. considers each complaint as a gratuity.
2. is aware that customers are entitled to make/file complaints just as they are entitled to request information.
3. ensures any and all complaints made/filed by the customers are properly responded.
4. considers complaints as opportunities for improvement.
5. handles the complaints sensitively, fairly and impartially.
6. keeps all its channels available for customer contact and provides easy access.
7. aims the customer complaints to be sorted out at the very point it is made/filed, hears and considers the complaints without regards to the subject

matters thereof, and, where any complaint cannot be solved immediately, takes the initial step or informs the customer about the anticipated solution process.

8. informs the customers about the estimated period of solution and potential solution scenarios for the complaints made/ filed.

The channels, through which the customers can make/file complaints to the bank, are open and accessible at all times. There is a customer complaint management system in place to ensure that complaints are responded and analyzed, and the necessary actions are taken in respect thereof. The complaints are communicated to Yapi Kredi through the branches, telephone banking, the website and consumer organizations.

The section "Contact Us" on the website of Yapi Kredi, which has been redesigned through a consumer-friendly approach, has been introduced with the motto "We Are Here For You". The said page contains the procedure to be followed by the customers to communicate their complaints, suggestions and appreciations, the answers to their questions and information about the Customer Complaints Arbitration Committee of the Banks Association of Turkey, where they may apply to file their complaints. Yapi Kredi is represented in the Customer Complaints Arbitration Committee of the Banks Association of Turkey through two executives.

Yapi Kredi Banking Academy offers the "Customer Trainings" through the web site with a view to raising the customers' awareness about the banking transactions.

The customer complaints are properly analyzed and required corrective/ improvement actions are taken, and the complaint and satisfaction data are discussed at senior management level.

The matters of customer satisfaction and complaint management are incorporated to the training schedules with a view to raising the awareness of Yapi Kredi employees on such matters.

## CHAPTER 8: YAPI KREDİ AND THE ENVIRONMENT

### Environmental Policy

In all its operations, Yapi Kredi takes actions to;

- Preserve the natural resources of the nation and the world and utilize them in the most efficient manner,
- Minimize the environmental damage resulting from its operations,
- Prevent the generation and ensure the recycling of wastes to the furthest extent possible,
- Increase the environmental awareness of its employees and the public, and raise awareness about environmental sustainability.

On this matter, too, Yapi Kredi internalizes the environmental policies adopted by its principal shareholders Koç Holding and UniCredit, and aims to become a role model for all its financial and social stakeholders.

### Environment Themed Projects and Practices

#### I. Supporting Renewable Energy

Boasting an extensive accumulation and experience in the field of project finance, Yapi Kredi is one of the leading banks in Turkey in this business line. With a view to meeting the demand for energy, which is one of the most important drivers of the socioeconomic development of our country, investments in hydroelectric plants have been started using the water sources of our country within the framework of the legal arrangements made since 2001.

Hydroelectric plants are important establishments that help prevent floods, soil erosion, irregular water flow, and preserve the ecological balance. Yapi Kredi believes in the importance of renewable energy projects in environmental protection and in the minimization of the impact of climate change. As of the end of 2011, Yapi Kredi provided USD 3.09 billion in financing for 128 energy projects, and a very significant portion (nearly 74%) of this financing was given to renewable energy projects.

Renewable energy projects constitute one of the most fundamental elements of the energy sector. In this respect, Yapi Kredi shall continue its presence in the finance of other renewable energy projects that are developing such as wind and geothermal in addition to hydroelectric plants.

Loans extended to current renewable energy projects as of the end of 2011

Project Type	Number of Projects	Installed Power (MW)	Loan Extended (USD)
Hydroelectric Plant – River Type	89	1.871	1.009,548,508
Hydroelectric Plant – Dam	16	2.768	1.050,901,293
Wind	3	141	183,713,300
Geothermal	1	10	9,333,333
Methane Gas	5	60	18,090,000
<b>Total</b>	<b>114</b>	<b>4.850</b>	<b>2.271,586,434</b>

## II. Social and Environmental Management System (SEMS)

With a view to minimizing the direct and indirect environmental and social risks to the community, in which we operate, and their impact, the Social and Environmental Risk Management System (SEMS) policy was adopted in the credit allocation process for some funds we raised from foreign lenders in 2011. The goal of this policy is to lay down the main principles and processes of the Social and Environmental Risk Management Procedure.

The Social and Environmental Risk Management Policy will also ensure that our sensitivity towards environment and social life is reflected in our credit policies. We intend to expand the currently limited scope of the SEMS procedure.

Projects that damage natural habitats, involve the production and trade in wood and forestry products from outside the sustainable forest lands, that may cause environmental pollution or lead to the migration of the local people living there are banned access to the loans borrowed within the scope of SEMS. Within this scope, all elements that could threaten natural and social life will be evaluated and projects that fall under the prohibited sectors will be denied financing.

Implementation of the SEMS procedure at Yapı Kredi involves the following processes:

- Characterization: Whether the firm's operation is included in the list of restricted sectors
- Categorization: The extent to which the operations of the firm are associated with environmental and social risks
- Evaluation: Determination and assessment of environmental, social impacts and risks of the customer's operations; managing these risks and minimizing the potential impacts with the capacity, commitments, and resources of the customer
- Control: Determining appropriate mitigation measurements
- Monitoring: Monitoring the status of existing action plans, agreements, customer visits
- Reporting: Reporting to the bank management and the relevant lending institutions the environmental and social risks

In the finance of high-risk sectors, if necessary, opinions of Environmental and Social Assessment experts will also be taken in the IFC and DEG's social and environmental impact evaluation processes.

In 2012, Yapı Kredi plans to expand the SEMS procedure into other loan agreements as well.

## III. Recycling Campaign

With a view to ensuring the sustainability in natural resources, Yapı Kredi started a recycling campaign in May 2011. The recyclable materials collected in paper, plastic, glass, and metal waste bins set up in the Head Office and regional office buildings are sent to municipalities and other waste collection centers.

As of the end of 2011;

- 961 tons of paper waste was recycled which prevented the release of 35,000 tons of greenhouse gasses into the atmosphere, and helped save 16,350 trees and 25,000 m<sup>3</sup> of water.
- 783kg plastic waste was recycled, which saved nearly 11,000 kw/h of energy. This is the equivalent of 2.7 tons of crude oil.
- 744kg glass waste was recycled, which saved nearly 75 liters of gasoline.
- 281kg metal waste was recycled, which saved 4,500 liters of water, and prevented the release of 562 tons of greenhouse gasses.

## IV. Infinite Blue

Initiated in collaboration with the Turkish Marine Environment Protection Association (TURMEPA) and with the support of the Ministry of National Education as a two-phased educational program, the "Infinite Blue" is one of the most important environmental projects realized by Yapı Kredi in recent years. The project aims to raise awareness among students on the protection of the seas through the training provided by TURMEPA trainers to primary and secondary schools of the Ministry of National Education. The training sessions focused on the characteristics of the seas, the marine life and their interaction with land, precautions to be taken against sea pollution and what needs to be done on the matter by individuals.

Thanks to the education provided as part of the Infinite Blue Project, 6,600,000 students have become environment ambassadors as of the end of 2011. The project was concluded in late 2011 with the achievement of the numerical targets.

As a part of the project, a website was launched in 2011. The website [www.sinirsizmavi.com](http://www.sinirsizmavi.com) offers direct access to the textbooks to all visitors, giving them the opportunity to share the lessons on the environment and support the efforts to raise awareness against sea pollution. The colorfully designed website also offers primary school students entertaining games as well as a knowledge contest on marine life and sea pollution.

## V. ISO14064 Certification

In 2011, one of the most important actions taken on the environment by Yapı Kredi was to initiate the process for ISO 14064 Greenhouse Gas Emission certification. ISO 14064 includes detailed information regarding the principles and conditions for the design, development, management, and reporting of greenhouse gas inventories at the organizational or corporate level. The standard includes the requirements for determining limits of greenhouse gas emissions, calculating an organization's greenhouse gas emissions, and defining the special measures or operations of a company with a view to improving the greenhouse gas management. ISO 14064 also incorporates conditions and guidelines on inventory quality management, reporting, internal investigation, and responsibilities in the verification processes. Within this scope, an agreement was made with the certification institution Bureau Veritas and the work is due to be completed in 2012.

## VI. Renewable Energy Scholarship

In addition to financing renewable energy projects, Yapi Kredi also sponsors academic research on the topic and has created the “Yapi Kredi Renewable Energy Scholarship” in 2011 in collaboration with Koç University. Within this scope, a graduate student studying on renewable energy is granted the scholarship. The scholarship curriculum includes renewable energy law, promoting renewable energy, raising awareness on the advantages, areas of use and environment friendliness of renewable energy, its share in global energy consumption, its share in energy consumption in Turkey, renewable energy economy, energy markets, developing markets, constraints, potential, and competition with the nuclear energy. Striving to help one graduate studying on renewable energy student graduate fully equipped in the field, Yapi Kredi invests in the future to attain a sustainable world.

## VII. Support in the Earth Hour

Yapi Kredi supports the Earth Hour, which is organized by the World Wildlife Fund (WWF). Yapi Kredi participated in the campaign, which was held on 26 March 2011 to raise awareness about the fight against climate change, by switching off between 8.30pm-9.30pm all lighting at its Head Office and branches other than those necessary for security. Furthermore, individual participation of the employees in the campaign was also encouraged through internal communication.

## VIII. Sapling Planting on Behalf of Operations Management Employees

In a program they started in 2011, Yapi Kredi Operations Management planted a sapling in the Yapi Kredi Banking Base yard on the birthday of each employee. Within the scope of the program, Operations Management planted a total of 1,600 pine saplings in 2011.

## IX. Energy Saving Actions

As a pilot project, Yapi Kredi illuminates the appropriate areas with the help of motion sensors within the framework of its efforts for energy saving. Furthermore, the advertisement displays in 420 more branches were included in the LED program in 2011 as a part of the project on the illumination of branch advertisement displays with LED systems, which was launched in 2008. Consequently, a total number of 817 branches has been reached in the project, which aims to reduce energy consumption, with nearly 89% of the total number of branches revamped to LED systems.

# CHAPTER 9: SOCIAL INVESTMENT

## Social Investment Policy

Since its very establishment, Yapi Kredi has sought to fulfill its obligation to the society through the social investment projects it carries out and supports in a diverse range of fields including education, culture and art, archaeology, and sports. In realizing these projects, Yapi Kredi defines its most important objective as being a useful institution for the society. Within this scope, in addition to the social investment projects carried out by the Bank and its subsidiaries, there are also those projects where it supports Vehbi Koç Foundation with Koç Holding and UniCredit Foundation with UniCredit.

## Social Investment Projects

### I. Culture & Art Projects

#### 1. Yapi Kredi Cultural Activities, Arts and Publishing

Yapi Kredi Cultural Activities, Arts and Publishing continued to make its mark also in 2011 via the books it published, exhibitions it held, and other culture & art activities it organized. Yapi Kredi Publications, which has had the largest market share in the Turkish publishing market, maintained its leadership also in 2011, and offered to readers more than 1 million books including first editions in 242 titles and reprints in 436 titles on a vast range of subjects ranging from literature to poetry, art to history, general knowledge to classics, and comic books to philosophy. Yapi Kredi Publications also achieved a phenomenal success in the history of Turkish publishing as it published its 3,477th title.

In 2011, Yapi Kredi Cultural Center hosted a total of 5 exhibitions, all of which were received with great interest. Furthermore, exhibitions were also held at the Caddebostan Cultural Center Art Gallery.

- At Yapi Kredi Cultural Center, Handan Börtüçene presented her latest works at the exhibition entitled “Flowers Didn’t Emit Their Odors in Order to Keep the Silence.”
- The exhibition “One Master One World: Mengü Ertel – I Am Using My Reveries All the Way” was held in memory of Mengü Ertel in his eightieth birthday and tenth anniversary of his death. At the exhibition, art lovers found the chance to see posters, logos, book and magazine covers, illustrations, freestyle graphic works, and theater stage sets created by the graphics designer, designer, and art director Mengü Ertel.
- Burcu Orhon’s exhibition “Pulse of Jazz” evoked the rhythms of jazz, inviting art lovers to an experience they had never lived before on jazz photography.
- The exhibition “One Master One World: Metin And – Always the Play, Always an Actor” commemorated Prof. Metin And, who is known for his singular work on traditional Turkish theater, representative art, illusion and folklore, through his own writings as well as pieces about him by his friends, his private possessions and documents, his own photographs and his illusionist’s tools.
- Another exhibition hosted by Yapi Kredi Cultural Center was the “PastPresentFuture – Highlights from the UniCredit Collection.” A travelling exhibition, which had been held in Vienna in October 2009 and in Verona in February 2010, “PastPresentFuture” brought to the European Capital of Culture Istanbul 90 works selected from one of the largest corporate collections in Europe, the UniCredit Art Collection, and Yapi Kredi Art Collection.



- The exhibition “Active Structures v1.1: Acoustic Formation / İstiklal Avenue” featured an installation bringing the architectural construction into life with a visual performance was exhibited in the façade of Yapı Kredi Cultural Centre facing Galatasaray. The sound waves recorded along the road from Taksim Square to the Tunnel were then reflected onto the 200-squaremeter façade of the building. Then a sequence from these sound waves was conjured up through two-dimensional light beams on the three-dimensional structure. An exhibition on the installation was also held at Yapı Kredi Cultural Center.

#### Caddebostan Cultural Center Art Gallery:

Organized jointly by Caddebostan Cultural Center Art Gallery and Yapı Kredi Cultural Activities, Arts and Publishing, the exhibition “See Through My Eyes–Photographs of Yaşar Kemal by Güneş Karabuda: 1956–2010” featured the photographs of Yaşar Kemal taken by Güneş Karabuda from 1956. In another joint project between Caddebostan Cultural Center Art Gallery and Yapı Kredi Cultural Activities, Arts and Publishing, Burcu Orhon’s exhibition “Pulse of Jazz” invited art lovers to an experience they had never lived before on jazz photography. The exhibition “10 November Day of Mourning”, compiled from Yapı Kredi Historical Archive Selahattin Giz Collection, recounted through photographs the period starting with the death of Atatürk at Dolmabahçe Palace to his body being carried on the streets of Istanbul, taken on board a ship, and then transferred to Ankara by train.

#### 2. Yapı Kredi Historical Archive:

In our age and time, knowledge is the greatest power while the capability to access the right information swiftly at the right time determines the difference amongst companies and organizations. Likewise, a most critical requirement of being an established organization is to possess and preserve under the best conditions the information and documents from the past. Hence, the Yapı Kredi Historical Archive Museum was established to meet the information demand within the company, to be used in projects approved by the institution, and to respond to the demand from researchers, universities and Bank staff in accordance with the needs of these stakeholders. Founded in 1994, Yapı Kredi Historical Archive functions as the very memory of the Bank as an information and documentation center.

Yapı Kredi, which has adopted as its mission since its very establishment to contribute in the cultural and artistic life in Turkey, purchases from time to time works of art either from collectors or from the artists themselves. Having purchased such materials in line with the efforts of the institution, Yapı Kredi Historical Archive carries out their restoration, digitalization, and theme-based classification, releases for public access if deemed appropriate and monitors them, and transliterates the documents originally authored in Ottoman script to the modern Turkish (Latin) alphabet.

#### The collections held by Yapı Kredi Historical Archive may be briefed as follows:

- Half a million documents that belong to Yapı Kredi (clippings, posters, brochures, photographs, slides, negatives, commercial films, video tapes, DVDs, VCDs, audio tapes, 3D materials).
- The personal effects, photographs and letters of Mustafa Kemal Atatürk.
- Selahattin Giz Photography Collection of nearly 35 thousand frames.
- Gramophone Record Collection.
- Video footage archive comprised of 16mm and 35mm films (3129 films); (cultural films, documentaries, sports films, and city views from the 1960s).
- Visual objects (Moneyboxes from the Bank’s establishment to present, computers used to date since the first computer, the theodolites, Facit calculating machines, counters, calculators, telephones, cash desks, lighting fixtures, switchboards, typewriters and film projectors, etc.) used in the first branch.

#### 3. Yapı Kredi Afife Theatre Awards

Turkey’s longest running and most prestigious theater award program, the “Afife Theatre Awards” have been organized annually since 1997 with the consultancy of Haldun Dormen and with the support of Yapı Kredi. Held in memory of Turkey’s first female drama actress, Afife Jale, the award ceremony has contributed to the development of Turkish theater and continues to do so. The awards have aimed to create a respectable award system that would recognize and announce the good jobs. Yapı Kredi Afife Theater Awards, which has never compromised on its strong institutional structure and impartial stance in order to attain this level of respectability, works together with the doyen of theater and top figures that dedicated their lives to this art. Yapı Kredi Afife Theater Awards has been improving every year thanks to the changes made to its guidelines to ensure its adaptation to the changing conditions over the years.

Having become one of the established traditions of Turkish theater, Yapı Kredi Afife Jale Awards was held for the 15th time in a spectacular ceremony on 18 April 2011 and the bests of 2011 were awarded in 14 categories.

Special competitions were also organized as part of Yapı Kredi Afife Theater Awards with a view to bringing theater to a greater number of young people and to draw their interest in this art. A contest entitled “The Stage is Yours” was held on the Facebook page of Play, the credit card that favors the young. At the competition, three-minute videos of young people’s performances in one of the predetermined themes were evaluated by a jury chaired by Haldun Dormen, and the winners earned the right to receive theatrical education as well as tablet PCs.

In April 2011, the book “Bir Ödülün Onurlandırdıkları” (“Those Honored by an Award”) was published featuring the story of 191 artists and institutions and 14 productions that were rewarded at the Yapı Kredi Afife Jale Theater Awards. The book, which included extensive biographies of all award-winning artists, aimed to provide a reference for the Turkish theater.

#### 4. Çatalhöyük Excavations

Since 1997, Yapı Kredi has been the main sponsor of the Çatalhöyük Archaeological Excavations, which bear the secrets of 9 millennia ago, near Çumra, Konya. Carried out every year from June to September, the excavations are headed by Ian Hodder, who is also the President of the British Archaeology Institute. Findings that shed light on human history are unearthed at Çatalhöyük excavations.

Excavations were continued in 2011 at Çatalhöyük, a candidate for the World Cultural Heritage list. A team of 120 people coming for excavations from countries including the United Kingdom, United States, France, Canada, Serbia, Australia, and Poland found remarkable artifacts during the work carried out from June to September. In the course of the excavations, a mural with a geometric motif was unearthed on the still-intact 2.5-meter high wall of the

house referred to as Building 80 in the settlement. Found right in the center of the eastern wall of this house was a niche surrounded in red paint and a group of obsidian findings buried in this niche.

## II. Educational Projects

### I. Yapı Kredi Finance Professorship Chair

With a view to supporting the scientific studies in the field of finance in Turkey and to strengthening the bonds between the banking sector and the academia, Yapı Kredi founded a Finance Professorship Chair at Koç University. Within the scope of this program, which is a first in the sector, Assoc. Prof. Oğuzhan Özbaş, who had taught finance classes at the MBA and PhD level at the University of Southern California, was appointed as Yapı Kredi Professor of Finance, who will facilitate information exchange between the sector and the university regarding the scientific developments and current practices.

One of the latest in a line of initiatives that would make a direct contribution in the society and education, Yapı Kredi Finance Professorship Chair undertakes to create a bridge between the banking sector and the academia. In this sense, the project will lead the way through this Chair in promoting to the business world the latest practices developed in the field of finance.

With contributions from internationally recognized scientists, Yapı Kredi Finance Professorship Chair will also provide the students with invaluable experience in building business strategies by utilizing financial instruments through the educational processes supported with various analyses, case studies, and theoretical sources.

### II. I Read, I Play

Yapı Kredi, in collaboration with the Turkish Educational Volunteers Foundation (TEGV), has implemented the “I Ready, I Play” educational project since 2006. The project, which strives to instill a love for reading in children in the 7-11 age group and to help them take their first steps towards developing a culture of reading, is a creative reading-based educational program. The program is implemented by the TEGV volunteers in the 11 Education Parks and 55 Learning Units of TEGV across Turkey. The I Read, I Play program intends to:



- Instill a pleasure for listening and reading,
- Help them attain ways of scientific, critical, constructive, and creative thinking,
- Ensure the development in them the power to comprehend what they see, observe, listen, and read,
- Help them gain the skills to explain to their peers both verbally and in writing what they see, experience, and hear.

### Measurement – Evaluation

The measurement-evaluation efforts regularly conducted by TEGV within the scope of the project undertake to assess the development in various skills, behaviors, and attitudes of the children participating in the program such as language skills, attitude towards reading, creativity, and group work, which are among the primary goals of the program. With a view to measuring all these areas, two distinct measurement tools were developed in measurement-evaluation efforts including children's questionnaires and child observations. To sum up the data obtained through both measurement tools, it can be seen that the program made a great contribution to children towards the development of their:

- Language skills such as comprehending the main theme in the texts they listen to and read and the details in the subtext, making predictions based on the text, and verbally expressing themselves,
- Attitudes to reading such as loaning out books from the library, recommending to their friends the books they liked, enjoying the reading of books to them, and discussing books with their friends,
- Creative reading attitudes such as anticipating the end of a story, creating stories, and enjoying making impersonations and imitations based on the stories they read,
- Attitudes towards and skills on group work such as comfortably expressing themselves in group work, engaging more actively in group discussions and work by contributing in them with their questions and ideas, pay closer attention when their friends speak.

The I Read, I Play program, which has been implemented since 2006, reached a total of 90,000 children as of the end of December 2011. The project aims to increase this number to 100,000 by the end of 2012.

### Street Theaters

In 2011, a special event entitled the “Street Theaters” was also organized as part of the project. At 12 Education Parks of TEGV in 11 different cities across Turkey, a theater event was organized where the 12 principles of the Declaration of the Rights of the Child were brought on stage to the end of introducing the children to theater and unleashing their creativity. Turkey's foremost stage actors and actresses including Altan Gördüm, Ayça Varlıer, Bahtiyar Engin, Büşra Pekin, Cem Davran, Deniz Çakır, Devin Özgür Çınar, Dolunay Soysert, Ezgi Mola, Gürgen Öz, Haluk Bilginer, Mert Fırat, Saadet Işıl Aksoy, Serkan Altunorak, Şebnem Bozoklu, Yiğit Özşener, and Zeynep Akkaya provided the children with acting coaching from Mart to June 2011.

Renowned pianist Sabri Tuluğ Tırpan was the music director of the plays written by Ömer Ceylan and Selcen Ergun.

At the end of May, the children staged in their own provinces their plays entitled “Rights of the Child Street Theaters” with the participation of all artists who provided them with support, before coming to Istanbul in June to stage the 12 principles in the final play.

## III. Koç University Anatolian Scholars Program

In line with the mission of introducing the overachieving prospective university students to the finest education facilities and to increasingly contribute in science through such excellent students, the “Anatolian Scholars Program” was created by Koç University.

In the 2011-2012 academic year, Yapı Kredi participates in the Anatolian Scholars Program by covering all education expenses of two students.



“I believe that this system provides the young people, who studied at a high school in Anatolia and dream of studying at the university in Istanbul, with a great advantage.”

**Seda Acar, Sivas**

Yapı Kredi Anatolian Scholar  
Law student

#### IV. Vocational Education: A Crucial Matter for the Nation

Yapı Kredi has been supporting the social project “Vocational Education: A Crucial Matter for the Nation”, which was launched by Koç Holding in 2006 with the support of Vehbi Koç Foundation and in cooperation with the Ministry of National Education, through its volunteer employees. The project strives to encourage accomplished young people to enter the vocational high schools that train personnel for the industry, IT, and services sectors, to provide various apprenticeship opportunities to boost the knowledge, skills, and competencies of such young people, and to ensure the training of qualified technical personnel needed by the economy.

As part of the project, Vocational High School students, who are awarded scholarships by Vehbi Koç Foundation, are provided with coaching support on a voluntary basis by the employees of Koç Group companies. 70 Vocational High School Coaches (VHCs) with successful careers and the awareness contribute to the community, work on a voluntary basis to ensure the personal and social development of 1,490 scholarship students attending 43 vocational high schools in 38 provinces of Turkey.

Furthermore, in 2011, Yapı Kredi provided 98 scholarship students, who were included in the program, with apprenticeship opportunity at its branches. In addition to the apprenticeship support provided to the scholarship students at the branches, Yapı Kredi customer portfolio is also utilized to help students studying in other departments receive apprenticeship support.

#### V. Yapı Kredi Girls’ Technical and Vocational High School

A foremost educational activity performed by Yapı Kredi in recent years was the commissioning of Yapı Kredi Girls’ Technical and Vocational High School, which was officially inaugurated on 18 February 2009. Opened for educational activities in Çayırova, Kocaeli in the 2008-2009 academic year, the school currently hosts a total of 450 students in the branches of Catering Services, Photography, Graphics, Information Technology, Child Development, and Clothing Production Technology. The school will have its first graduates at the end of the 2011-2012 academic year.

Yapı Kredi Girls’ Technical and Vocational High School students receive successful results at the competitions they take part.

Before 2011, the school became the provincial champion in futsal, after which its student Melisa Yılmaz came second at the Ministry of National Education Youth Judo Championship in the 78kg category.

Finally, as part of the 6th Project-Based Talent Competition, the “White Miracle” (cabbage dessert and cabbage dumplings) project created by the Catering Services students became the “Provincial Champions” in the first contest, and “Regional Champions” in the second. Furthermore, the project was patented as the “Çayırova Dessert.”

The “Reflective Computer” project created by our Graphics and Photography students became the “Provincial Champion.” The project combined a projector and a laptop.

## CHAPTER 10: SOCIAL RESPONSIBILITY IN YAPI KREDİ SUBSIDIARIES

### I. Old Age Research Center (65+)

The Old Age Research Center (65+) was established by Yapı Kredi Pension in February 2006 with a view to developing a platform where social dimension of the “old age-retirement” concept would be brought to the attention of the public in Turkey and information would be shared on old and aging population, which is not yet a priority in the agenda of the country. Since its establishment, the center has carried out two major research projects, produced brochures to raise awareness among the elderly, conducted surveys, and established the portal [www.yaslilikrehberi.com.tr](http://www.yaslilikrehberi.com.tr), which is updated monthly. The results of the first “Old Age Cost of Living Index,” developed in collaboration with Boğaziçi University and TNS PIAR in order to contribute to the creation of a cost of living index relating to old age period and to increase the value of the detailed data obtained by periodical repetitions, was announced in June 2009, followed by the results of the “Second Cost of Living Index” in June 2011.

### II. Social Project Development Training

Yapı Kredi Pension Human Resources department provides its 6th and 7th level employees with special Social Project Development Training with the consultancy of the Private Sector Volunteers Association (OSGD). The objective of the training is to help employees contribute to the society and improve their competencies that would allow them to be even more successful in both their current positions and on their career path by cooperating with NGOs. As part of the training program, teams of 5 to 6 employees are formed, which in turn develop projects that would contribute in the society in cooperation with various NGOs. Within the scope of the program, which had been initiated in 2007, a total of 92 employees realized 16 different projects as of the end of 2011.

### III. Koç University Scholarships

Carried out by Yapı Kredi Insurance jointly with its agencies, the project aims to provide the health sector with well-educated and highly qualified professionals by providing scholarships to Koç University School of Nursing students that entered the school with high scores and would otherwise have a hard time pursuing their education due to economic hardships. In the academic year 2011-2012, three successful Koç University School of Nursing students in need received scholarships that cover their tuition and dorm fees as well as a stipend. The scholarship will be provided for a period of four years, until the graduation of “Yapı Kredi Insurance Nursing Scholarship” recipients.

### IV. Motorized Wheelchair Donations

Another joint project by Yapı Kredi Insurance and its agencies was carried out with the support of Spinal Cord Paralytics Association of Turkey (TOFD). In October 2011, a total of 15 motorized wheelchairs were donated to individuals in need including five in Istanbul, five in Ankara, two in Izmir, two in Bursa, and one in Antalya. Organized by TOFD with the motto “Mobilize yourself, mobilize others”, this project underlined the importance of the freedom of movement provided by motorized wheelchairs through the 15 individuals in need including three children.



# GLOSSARY

**ADC:** Alternative Delivery Channels

**ATM:** Automatic Teller Machine.

**BASİSEN:** Trade Union of Banking and Insurance Workers

**BRSA:** Banking Regulation and Supervision Agency

**CEO:** Chief Executive Officer

**CIO:** Chief Information Officer

**Factoring:** A financial product, within the framework of which the receivables of businesses due or to be due from the sales of goods and/or services thereof are taken over by the factoring company by means of assignment and the concerned business benefits from at least one of the funding, guarantee and collection services.

**Fund:** Investment tool that allows for the management of savings collected from the public in exchange of participation certificates by means of the balanced distribution thereof among the relevant capital market instruments adhering to the portfolio management strategy and portfolio distribution limits set out in the internal regulations and its prospectus.

**ISE (Istanbul Stock Exchange):** The institution, which enjoys a legal entity and is authorized to enable the securities and other capital market instruments to be conveniently traded under the conditions of free competition and to fix and announce the emerging prices related thereto. ISE also offers custody and clearance services to the banks and the intermediary institutions (brokerage houses) operating in the capital market.

**Subsidiary:** A direct or indirect shareholding and management relation between a company and a business, which creates a permanent bond between the concerned entities in terms of participation to the management and identification of the policies of the latter.

**Corporate Social Responsibility:** The concept, which requires the companies and organizations to grow concerns for social, environmental and economic issues, take voluntary actions to incorporate the solutions to such issues to their operations and relations with their stakeholders, conduct ethically and responsibly toward all their stakeholders and the community and to make and implement decisions within the aforesaid framework.

**SME:** The economic unit, where the headcount of staff is less than 250 and the annual turnover of which varies between USD 250,000 and USD 5,000,000 and which may be classified as a micro enterprise, a small enterprise or a middle-size enterprise.

**Consolidated Budget:** The budget, which is intended to consolidate any and all incomes and costs of a company and the subsidiaries thereof within a single budget and to unite the budgets of all divisions in order to ensure budgetary fusion.

**Leasing:** An effective investment method available for especially growing companies to meet their middle and long term finance requirements with a view to perform their investments.

**Deposit:** The monies lodged to the banks to be withdrawn at any time or at the end of a specific maturity period or period of notice.

**Mortgage:** A housing finance system, which is based on the extension of long term loans to the applicants, who are willing to become homeowners, against the security of the mortgage created on the house purchased for the benefit of the extending bank.

**MLMM:** Vocational School: A Crucial Matter for the Nation

**Portfolio Management:** The valuation and the management of a specific amount by an institution with portfolio management license through investments in financial instruments/products as a consequence of a process of identification of investment choices, risk profile and expected return by the investor, which may also be participated by the investment consultant.

**POS Device (Point of Sale Terminal):** An electronic settlement device, which enables the effectuation of payment by the collection of amount payable emerging as a consequence of a sales transaction through plastic cards (credit cards, debit cards and etc.)

**Private Banking:** The line of business, within the framework of which the customers with assets worth in excess of a certain amount are offered differentiated, customized banking, investment and advisory/ consultancy services.

**Social Stakeholder:** The persons or groups, who or which affect or are directly or indirectly affected by the operations of companies and organizations.

**Sustainability:** The capability to render the development sustainable by the satisfaction of daily needs without jeopardizing the capability of the mankind to meet the requirements of the next generations.

**Sustainable Development:** The method to maintain the efforts for economic growth and enhancement of welfare by conserving the environment and the quality of life of entire humanity.

**NGO (Non-Governmental Organization):** The organizations, which operate for public weal independently from the governmental authorities and entities, maintain their operations devoted to social, cultural, political, legal and environmental goals thereof through lobbying, convincing and taking actions, admit members and staff on voluntary basis, do not seek profit, and raise its funds by donations and/or membership fees.

**World Sharing Program:** A social aid platform, which enables Yapı Kredi customers to make donations to the prominent non-governmental organizations in their accumulated World points.

**YKBA:** Yapı Kredi Banking Academy

**YKKS:** Yapı Kredi Kültür Sanat Yayıncılık A.Ş. (Yapı Kredi Cultural Activities, Arts and Publishing)

**YKY:** Yapı Kredi Yayınları (Yapı Kredi Publications)

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