



SUSTAINABILITY  
REPORT 2012





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## ABOUT THE REPORT

This report portrays the sustainability performance of Turkey's first privately owned bank with a nationwide presence, Yapi Kredi, and all its affiliates from 1 January 2012 to 31 December 2012. Within this framework, the goal is to embrace the concept of sustainability with an ever increasing awareness within the institution and to integrate it into the corporate culture ever stronger every year.

Yapi Kredi Sustainability Report has been published annually since 2010.



## CEO'S MESSAGE

### Dear Shareholders,

The steps taken towards building a sustainable future becomes increasingly important throughout the world. And as an institution that adopted the United Nations Global Compact, we continue to see sustainability as an integral part of our fundamental strategies.

Accordingly, we are thrilled to publish the third edition of the Yapı Kredi Sustainability Report, which has been reflecting our efforts on sustainability since its launch in 2010.

You may find about our economic, environmental and social performance as well as the practices we have put in place within the framework of our sustainability vision in the Yapı Kredi Sustainability Report, which is also a part of our commitment to our shareholders.

As a major player in the finance sector, we continued to maintain our sustainable profitability in 2012 as well thanks to our "Smart Growth" strategy.

As an institution that plays an effective role in the field of "Green Energy", we maintained our position as a foremost bank that provides the highest amount of financing for projects that conserve energy and resources also in 2012. As a result, Yapı Kredi provided 138 different energy projects with a total of USD 4 billion in financing. Renewable energy projects constitute 75% of these energy projects.

In 2012, we expanded our existing collaborations with the European Investment Bank, European Bank of Reconstruction and Development (EBRD), and International Finance Corporation (IFC) in renewable energy and energy efficiency. Japan Bank for International Cooperation (JBIC) extended to Yapı Kredi the highest line of credit it had ever opened to a Turkish bank. We signed with JBIC two separate loan agreements with a total of USD 500 million for the financing of renewable energy projects.

Yet another important project was our financing support for the Gümüşköy Geothermal Power Plant, which is the first geothermal energy project financed within the scope of EBRD MidSEFF. Our subsidiary Yapı Kredi Leasing provided financial leasing for the power plant, which is built in Gümüşköy, Aydın, and is scheduled to become operation in March 2013.

We continued to integrate our social responsibility approach in the environment to our business processes this year as well. At Yapı Kredi, we saved 15,000 trees from being cut down in 2012 through our recycling campaign. The amount of paper we recycled reached 890 tons as of end-2012. This year, we prevented the emission of 35,000 tons of greenhouse gases thanks to our recycling efforts. Furthermore, we continued to protect the nature by sending our customers' bank statements electronically and by avoiding the production of paper-based presents such as calendars and diaries for special days.

We maintained our Enabled Banking program, which is one of the most significant projects we have realized in the social field, this year as well. As of end-2012, we made life easier for our orthopedically and visually impaired customers through 369 Enabled ATMs across 45 provinces. This year, we also received an award that motivated us in the employment of the disabled. Thanks to our sensitivity in this issue, we were awarded in April by the Presidency of the Republic of Turkey as part of the "Education Overcomes Any Barrier" campaign.

In addition to all these, Yapı Kredi Publications also launched a project in collaboration with the Technology and Education Laboratory for the Visually Impaired (GETEM). The books by Yapı Kredi Publications are now being offered to the visually impaired via telephone and the Internet by means of a special system as soon as they are published.

The sign language trainings we have offered to our volunteered branch personnel have allowed us to provide easier and faster banking transactions for the hearing impaired citizens. Within the scope of the “Speaking is in Our Hand” project we have conducted in collaboration with the Turkish National Federation of the Deaf, 179 Yapı Kredi employees have been given sign language training. Thanks to this training, we are now proud to announce that Yapı Kredi received the “Turkey’s Firsts for the Hearing Impaired” award from the Hearing Impaired Federation.

I would like to speak briefly of Evreka –one of the most important projects we launched in 2012. We encourage our employees to take up responsibility and come up with suggestions for the areas that require development in addition to carrying out their ordinary duties. Launched in order to channel this collective mind into production, Evreka project has become a platform where all our employees can express their creativity and share their ideas freely and effortlessly. Our colleagues quickly embraced the Evreka project, and 24 of their creative ideas received in the first year have already been brought to life.

At Yapı Kredi Private Banking, we launched a brand new service this year. We have started to provide exclusive Philanthropy Advisory services for our customers who are engaged in philanthropy to boost the welfare of the society. Based on the thought that one could invest in the future by donating assets, whether big or small, this service was introduced for the first time in Turkey by Yapı Kredi Private Banking, to offer our customers detailed information about the foundations, organizations and social responsibility projects to which they would like to donate as well as professional advisory services. They can also track how their donations are spent, ensuring that this donation is spent in the most effective manner.<sup>06</sup>

In the meantime, we have continued with our culture & art projects that had been ongoing for years. Our subsidiary, Yapı Kredi Cultural Activities, Arts and Publishing, which we established in 1992 in order to make our support permanent, maintained its pioneering role in the artistic and cultural life of our country. In 2012, it held 11 different exhibitions and brought to readers more than 1 million books under a total of 618 titles, including the first editions in 205 titles and reprints in 413 titles on a vast range of subjects from literature to poetry, art to history, general knowledge to classics, and comic books to philosophy. To date, Yapı Kredi Cultural Activities, Arts and Publishing has published books under more than 3,700 titles, achieving a phenomenal success in the history of Turkish publishing.

On the other hand, we have been proudly contributing in the recovery and conservation of a cultural monument for the last 15 years at the Çatalhöyük excavations, which hold the secrets of 9 millennia ago near Çumra, Konya. On this matter, we have experienced a thrilling development in 2012. In July, the Neolithic city of Çatalhöyük was included in the “World Cultural Heritage List” by UNESCO World Cultural Heritage Committee.

Education is another topic on which our bank places significant importance. As of end-2012, we have reached 100,000 children in the “I Read, I Play” project, which we have realized in collaboration with the Turkish Educational Volunteers Foundation (TEGV) since 2006.

We are increasingly expanding our movement area from our contribution in the economic growth of our country to our vision of leaving a better world for the future generations in full awareness of our responsibility to the environment as corporate citizens. To this end, Yapı Kredi will continue to implement new plans that improve our sustainability performance and to develop projects aimed at contributing in both our core field of operation and in the environment and community within the framework of the sustainability principle in the upcoming period.







# YAPI KREDİ AND THE BANKING SECTOR



## 1. Yapi Kredi in Brief

### Corporate Profile

Yapi Kredi is a leading financial services group in Turkey with strong market presence, loyal customer base, dynamic employee profile and wide service network

#### Positioning

		Rank	Market Share
Total Bank	Loans	4	10.0%
	Deposits	6	8.9%
	Number of Branches <sup>(1)</sup>	5	9.1%

Retail Banking	Credit Card Outstanding	1	19.4%
	Credit Card Acquiring	1	19.3%
	Number of Cards	1	17.2%
	General Purpose Loans	7	6.8%
	Mortgages	5	9.1%
	Auto Loans	3	15.2%
	Commercial Installment Loans	4	8.2%

Corporate and Commercial Banking	Corporate Loans <sup>(2)</sup>	5	9.1%
	Non-Cash Loans	2	13.2%
	Leasing	1	17.2%
	Factoring	1	15.0%
	Cheque Clearing	1	11.8%

Private Banking and Wealth Management	Mutual Funds	2	17.6%
	ISE and TurkDEX Volume <sup>(3)</sup>	1	19.6%
	Equity Transaction Volume	2	7.0%

Insurance and Private Pension	Health Insurance	1	22.7%
	Non-life Insurance	5	7.2%
	Life Insurance	4	7.7%
	Private Pension Funds	3	17.1%

#### Customer Base

**6.5 million** Customers

**5.8 million** Individual Customers

**639 thousand** SME Customers

**32 thousand** Corporate and Commercial Customers

#### Employee Profile

**17,461** Employees

**34** Average age

**62%** Share of branch employees in total employees

**83%** Share of university graduate employees in total employees

#### Service Network

**988** Branches Wide branch network covering all regions of Turkey <sup>(4)</sup>

**80%** Share of non-branch channels<sup>(5)</sup> in total banking transactions

**2,819** ATMs comprising Turkey's 6<sup>th</sup> largest ATM network (7.8% market share)

**2.4 million** customers utilising Yapi Kredi's internet banking (10.8% market share)

**165 thousand** customers utilising Yapi Kredi's leading mobile banking (12.0% market share)

**40 million** customer contacts realised per year via Yapi Kredi's 2 call centers located in Istanbul and Samsun

(1) Ranking and market share based on number of Bank branches (928)

(2) Cash loans excluding credit card outstanding and consumer loans

(3) Includes repo, reverse repo, treasury bills, government bond, equity and derivative transaction volumes. ISE indicates Istanbul Stock Exchange. TurkDEX indicates Turkish Derivatives Exchange

(4) Indicates total number of Group branches

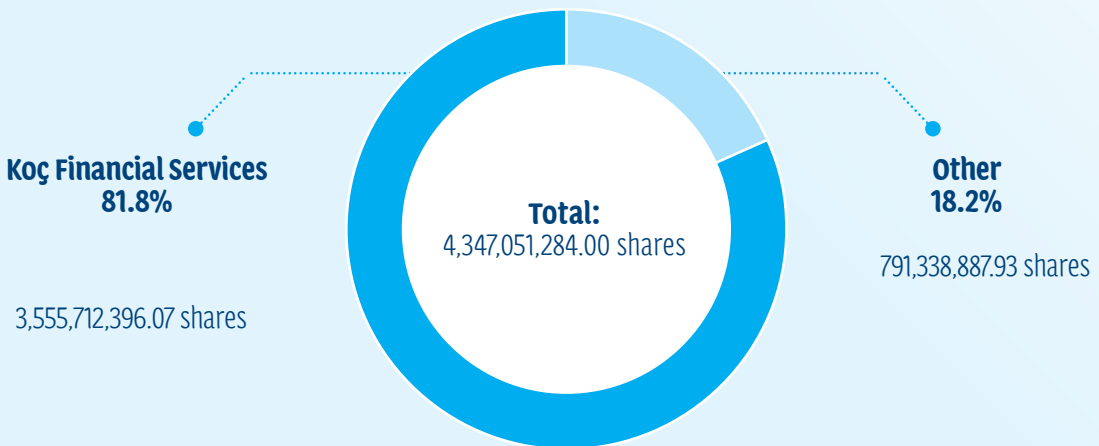
(5) Non-branch channels include internet banking, call center, ATMs, post office and other centralised automated transaction channels

## Shareholding Structure

Koç Group, founded in 1926, is the largest conglomerate in Turkey in terms of turnover, exports and 84 thousand employees. The Group is ranked 222nd on the Fortune Global 500 list. Operating in the areas of energy, automotive, consumer durables and finance, the Group has 5 of 10 of the largest companies in Turkey who are leaders in their sectors. Koç Group's revenues comprise 7% of Turkey's total Gross Domestic Product (GDP) and its exports comprise 10% of Turkey's total exports. The Group is considered as one of the best proxies of the Turkish economy.

UniCredit Group, with roots dating back to 1473, is a systematically important European financial institution based in Italy. The Group has a widespread network of 9,500 branches and 157 thousand employees in 22 countries. In Central and Eastern Europe, the Group has the largest international network with close to 4 thousand branches. Following a EUR 7.5 billion rights issue in January 2012, UniCredit Group is considered among the best capitalised banks in Europe according to preliminary Basel III criteria.<sup>(1)</sup>

Koç Financial Services is Yapı Kredi's majority shareholder with 81.8% of the Bank's shares. The remaining 18.2% is publicly traded and held by other shareholders.<sup>(2)</sup>



(1) 9.3% fully loaded as of September 2012

(2) The Bank's shares are listed on the Istanbul Stock Exchange and Global Depositary Receipts that represent the Bank's shares are quoted on the London Stock Exchange

## 2. History

As Turkey's first private bank with a nationwide presence, Yapı Kredi has been successfully executing its customer-centric strategy for 69 years.

### The Origins

Established in 1944 as Turkey's first retail focused private bank with a nationwide presence, Yapı Kredi has always played a pioneering role in the banking sector. Since its origins, Yapı Kredi has maintained a strong reputation in the banking sector leveraging on its customer-centric approach, dedication to innovation and contribution to the development of the financial sector in Turkey.

In 2006, Yapı Kredi successfully completed the largest merger in the Turkish banking sector. The merger between Koçbank (8th largest bank) and Yapı Kredi (7<sup>th</sup> largest bank) formed the new Yapı Kredi, which became the 4<sup>th</sup> largest private bank. Since the merger, Yapı Kredi has consistently delivered strong results. "Smart Growth" strategy, initiated in 2011 and implying growth in value generating segments, continued in 2012. During the year, Yapı Kredi focused on core banking, disciplined cost control, effective capital management, funding diversification and dynamic asset quality management.

## 3. 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, and become the first choice of customers and employees.

### Strategy

#### Healthy and consistent growth

Focus on core banking activities, growth in value generating segments and products, continuous improvement in commercial effectiveness, expansion of market presence and funding diversification to sustain long-term performance.

#### Strong and sustainable profitability

Address specific customer needs via segment-based service model, optimise 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

Yapı 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 Bank..

**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 utilising 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 take responsibility for their customers' problems, 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.

## 4. Development in the Turkish Banking Sector in 2012

In 2012, global economic slowdown continued while developing countries positively diverged from developed countries. Despite the increased regulations and competition in the Turkish banking sector, growth was ensured thanks to rebalanced macroeconomic environment. The banking sector closed 2012 successfully in terms of expanded profit margins and profitability while the asset quality slightly deteriorated due to the decline in domestic consumption.

In 2012, total loans increased by 15% to TL 751 billion while total deposits grew by 11% to TL 768 billion. Turkish banks focused on diversifying their funding sources through maintained access to international financial markets. In this period, the sector maintained its strong profitability and robust capital structure with a return on average equity ratio of 16% and a capital adequacy ratio of 17.3%.

## 5. Key Financial Indicators

(TL million)	2007	2008	2009	2010	2011	2012	2011-2012 change	2007-2012 CAGR <sup>(4)</sup>
Assets	56,130	70,872	71,734	92,814	117,450	131,498	12%	19%
Loans	28,733	38,910	38,863	54,243	69,326	77,813	12%	22%
Deposits	33,706	44,023	43,375	55,207	66,187	71,143	7%	16%
Assets Under Management <sup>(1)</sup>	6,372	5,818	6,991	8,444	7,507	8,787	17%	7%
Total Revenues	3,963	4,802	6,071	6,649	6,648	7,401	11%	13%
Operating Expenses	2,338	2,560	2,510	2,693	2,911	3,278	13%	7%
Net Income	1,019	1,265	1,553	2,255	2,291	2,098	-8%	16%
Number of Group Branches	738	930	901	927	964	988	2%	34%
Number of Bank Branches	676	861	838	868	907	928	2%	37%
Number of Group Employees	16,779	17,385	16,749	16,821	17,350	17,461	1%	4%
Number of Bank Employees	14,249	14,795	14,333	14,411	14,859	14,733	-1%	3%
Return on Average Tangible Equity <sup>(2)</sup>	3.9%	32.1%	26.2%	30.2%	23.9%	17.5%	-64 bp	-164 bp
Return on Assets	1.8%	1.8%	2.2%	2.4%	2.0%	1.6%	-4 bp	-2 bp
Cost/Income	59.0%	53.3%	41.3%	40.5%	43.8%	44.3%	5 bp	-147 bp
Group Capital Adequacy Ratio	12.8%	14.2%	16.5%	15.4%	14.9%	15.2%	3 bp	24 bp
Bank Capital Adequacy Ratio	13.7%	15.7%	17.8%	16.1%	14.7%	16.3%	16 bp	26 bp
Leverage <sup>(3)</sup>	10.2	9.3	7.5	7.6	8.3	7.2	-	-
Non-Performing Loan Ratio	5.8%	4.3%	6.3%	3.4%	3.0%	3.2%	2 bp	-26 bp
Total Coverage Ratio	112%	94%	115%	117%	111%	111%	0 bp	-10 bp

Note: Key financial indicators based on BRSA consolidated financials. Loans indicate performing loans.

(1) Mutual funds, private pension funds and discretionary portfolio management

(2) Net Income/Average Shareholders' Equity. Average Shareholders' Equity is calculated by subtracting TL 979 million of goodwill generated from the merger of Koçbank and Yapı Kredi in 2006

(3) (Total Assets-Shareholders' Equity) / Shareholders' Equity

(4) Compounded annual growth rates for balance sheet and income statement items. Nominal growth figures for other items

## 6. Awards Received in 2012

Yapı Kredi has received numerous awards for its products and services in 2012 as well:

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

At the "Banking Awards 2012", Yapı Kredi was selected the "Best Banking Group in Turkey" for the fourth time by one of the world's most prestigious finance publications, the World Finance.

Yapı Kredi was ranked ninth among the "10 Most Valuable Brands in Turkey" by the world's foremost brand valuation consultancy firm, Brand Finance, and 100th in the Leadership Excellence 500 ranking, leaping a significant 112 places compared to the previous year.

Yapı Kredi was selected "Turkey's Superbrand" for the second time by the international independent brand management and marketing authority Superbrands®, which operates in 86 countries. Furthermore, Turkey's first credit card, Worldcard was also recognized as "Turkey's Superbrand" once again.

Yapı Kredi received the Excellence in Practice award, which is organized annually by one of the world's most prestigious educational institutions, the American Society for Training and Development.

Yapı Kredi was selected as one of the most admired 3 banks in Turkey by the Capital magazine,

Yapı Kredi was selected "Europe's Best Foreign Trade Finance Provider" by Global Finance.

### Best customer satisfaction award...

Yapı Kredi Worldcard achieved a spectacular success by winning the "Best Customer Satisfaction" award for the fifth time in the credit cards sector under the Turkey Customer Satisfaction Index measurements realized by the Turkish Association for Quality (KalDer).

Yapı Kredi was selected "Leading Bank in Credit Card Shopping Volume" by Visa Europe among the member banks in Turkey. Yapı Kredi was given the awards at the Visa Europe Turkey Conference Vizyonist 12.

At the year-end meeting held in Azerbaijan by MasterCard with the participation of the banks and sector partners, banks that contributed in the payment systems were awarded. Yapı Kredi Bank Azerbaijan was given the "Best Marketing Campaign" award with its Worldcard launch.

At the 2012 Customer Relations Management Excellence Awards organized by world's leading information technologies research and consultancy firm Gartner, Yapı Kredi was given the "Best Customer Relations Management" award.

### We received the Presidential award...

Yapı Kredi, which has maintained its lead with its Enabled Banking Project and its sensitivity in the employment of disabled personnel, Yapı Kredi was awarded by the Presidency of the Republic of Turkey in April as part of its "Education Overcomes Any Barrier."

Yapı Kredi, which strives to create value for the society as well as its commercial operations, was given the "Turkey's Firsts for the Hearing Impaired" award by the Turkish National Federation of the Deaf with the Speaking is in Our Hands Trainings.



### Europe's Best Employer...

Yapı Kredi was given the "Europe's Best Employer" certificate by the international human resources research company CRF Institute for its human resources policies and the quality of its service for its employees.

### Audit awards...

Yapı Kredi was given the "Internal Audit Awareness" award at the TİDE Internal Audit Awareness Awards, the first edition of which had been organized last year by the Turkish Internal Audit Institute (TİDE). Yapı Kredi was rated with the "Generally Conforms" grade –the highest grade in the international internal audit practice standards– by the QAR (Quality Assurance Review) published by one of world'd leading international auditing institution Deloitte.

### Europe's best online bank...

At the "World's Best Online Banks" competition, organized by one of world's most prestigious business and finance magazines, Global Finance, Yapı Kredi was selected "Europe's Best Online Bank" with its two applications in the Individual and Corporate customer categories. At the individual online branch, Yapı Kredi was given the Europe's best award in the "Bill Payment and Presentment" category and was designated the best bank in Europe in the field of "Commercial Finance Services."

Yapı Kredi received the "Silver Mixx Award" with the Mortgagemania game it launched last year in the Digital Game category at the Mixx Awards, which recognize the teams and brands that improve interactive advertising.

### And other awards...

At the Stevie Awards' International Business Awards, Nazan Somer, Executive Vice President, Yapı Kredi Retail Banking was given the silver award as the "Executive of the Year" in the Financial Services category. At the "2012 Investor Relations Awards" assessment organized by the IR Magazine, Yapı Kredi was the first and only company to be recognized as the "Best in Investor Relations in Turkey" among the companies conducting investor relations across various sectors.



## 7. Yapı Kredi's Voluntary Affiliations

- 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 / IKSİ
- FOUNDATION OF CORPORATE COMMUNICATION PROFESSIONALS
- CORPORATE VOLUNTEER ASSOCIATION / OSGD
- RISK MANAGEMENT ASSOCIATION
- TURKISH FOREIGN TRADE ASSOCIATION / TURKTRADE
- TURKISH ASSOCIATION FOR QUALITY / KALDER
- TURKISH INSTITUTIONAL INVESTMENT MANAGERS' ASSOCIATION / TKYD
- THE UNION OF CHAMBERS AND COMMODITY EXCHANGES OF TURKEY / TOBB
- TURKISH INDUSTRY AND BUSINESS ASSOCIATION / TUSİAD



# YAPI KREDİ AND CORPORATE GOVERNANCE

## 1. Brief Information on Corporate Governance

Yapı 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. Yapı Kredi increased its corporate governance rating in the İstanbul Stock Exchange (ISE) Corporate Governance Index, which started from 8.02 (out of 10) when it was included in the index in 2008 to 8.80 in 2012. A breakdown of the Corporate Governance ratings determined by SAHA Kurumsal Yönetim ve Derecelendirme Hizmetleri A.Ş. are given in the table below under its subheadings:

Main Sections	Weight	2008	2012
Shareholders	0.25	8.29	<b>8.72</b>
Public Disclosure and Transparency	0.35	8.11	<b>9.26</b>
Stakeholders	0.15	9.50	<b>9.54</b>
Board of Directors	0.25	6.74	<b>7.83</b>
Total	1.00	8.02	<b>8.81</b>

### Shareholder Relations Units

Yapı Kredi conducts its relations with shareholders through the Koç Financial Services (KFS), Subsidiaries and Shareholder Relations Unit, and the Strategic Performance Management and Investor Relations Unit. During the year, all telephone and e-mail inquiries to both departments were answered within relevant guidelines. In addition, the Strategic Performance Management and Investor Relations Unit attended a total of 20 roadshows and conferences domestically and internationally in 2012 and met close to 1,000 existing and potential investors. On top of this, quarterly financial results were presented and shared 4 times a year via quarterly teleconferences and questions by investors and analysts were answered by senior management.

### Exercise of Shareholders' Right to Obtain Information

Yapı Kredi communicates with shareholders regularly through phone calls, e-mails, the Internet, and press releases as well as one-on-one or group meetings. The bank 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)). The appointment of a special auditor has not been stipulated as an individual right in the bank's Articles of Association. While the shareholders have the right to request the appointment of a special auditor as per the Turkish Commercial Code and the Capital Markets Law, the shareholders made no such requests in 2012. Within the framework of the Banks Act, Yapı Kredi is subject to the supervision and monitoring of the Banking Regulatory and Supervisory Authority (BRSA) and regulations of the Capital Markets Board (CMB).

### Internal Audit and Internal Control

Yapı 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 140-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 is 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: Branch audits, Head Office/Subsidiary process audits, and follow-up audits. Audit reports about the risks identified during the audits are drafted and submitted to the top management.

The Internal Control unit, which carries out the internal control operations of Yapı Kredi, directly reports to the Board of Directors of the bank. In 2012, 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. 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.

### **Disclosure Policy**

Yapı 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.

Yapı Kredi undertakes all public disclosures 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 KFS, Subsidiaries and Shareholder Relations Director are identified as authorized signatories and responsible for public disclosures. In addition, the Strategic Planning and Investor Relations Unit also 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. In 2012, the Board of Directors met 11 times. 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 together 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. Attending members 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. Requests and opinions communicated at the Board of Directors meetings are included in the minutes.

## **2. Code of Ethics**

Code of ethics is a standard of honesty and integrity, and from an ethical point of view, 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 in detail. Information on the bank's code of ethics is available on the bank's website.

### 3. Risk Management

Yapı Kredi's risk management operations are conducted by 52 people under the management of the Audit Committee with a view to measuring, monitoring, and keeping under control the risks to which the bank may be exposed. Risk management is conducted in three different areas including credit, operational, and market risk.

#### Credit risk

In 2012, Credit Policies Guidelines, which reflects the asset quality, effective risk management, and legal practice strategy of the bank, was updated. An internally developed rating system was put in place for individual loans and credit cards. The Commercial Monitoring System, where the monthly performances of commercial customers are monitored and respective risk reduction actions are taken, was revamped, the behavioral rating model feeding the system was updated, and the anomaly structure was integrated into the system.

#### Operational risk

Yapı Kredi's operational risk activities are comprised of the identification, measurement, and mitigation of operational and information technology risks on the basis of the bank and subsidiaries. Policies are reviewed annually, and updated whenever necessary before submitted for the approval of the Board of Directors.

#### Market risk

At Yapı Kredi, market risk management activities include the measurement of the risks emerging in the bank's financial statement due to price, interest rate, and exchange rate fluctuations that take shape in the financial markets and of their impact on the bank's liquidity.







# YAPI KREDİ AND SUSTAINABILITY



## 1. Our Sustainability Approach

As a financial institution, Yapı Kredi's priority goal is to effectively maintain its commercial activities. However, another important topic that it values just as much is to boost the economic prosperity of the community in which it operates by looking after the interests of all its stakeholders. In line with these goals, Yapı Kredi designs sustainable approaches that are in parallel with its products and services throughout the year, and has been informing its stakeholders of its sustainability performance through the sustainability reports it has been publishing every year since 2010.

Yapı Kredi has focused on educational and arts & culture topics in the social area as well as the economic and environmental responsibilities it fulfills as a corporate citizen.

## 2. Our Corporate Social Responsibility Management

To this end, Yapı Kredi's Corporate Social Responsibility activities have been carried out by the Corporate Social Responsibility Projects unit, which was established in 2009 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 Yapı Kredi's sustainability approach, to motivate and guide other relevant units in the design and implementation of sustainable practices, and to draft the sustainability report with a view to communicating the total sustainability performance achieved throughout the year to all stakeholders. The Corporate Social Responsibility Projects unit also maintains relations with all non-governmental organizations, which are defined as the academia and the third sector, and represents Yapı Kredi on such platforms.

Yet another mission of the unit is to keep voluntarism alive across the organization and to support the voluntary projects within the scope of Yapı Kredi Volunteers Platform. The unit is particularly responsible for the selection of the non-governmental organizations with which projects shall be conducted, maintaining relations with them, providing them communication support, and ensuring the sustainability of the projects.

## 3. Significant Developments in 2012

### Our Business

- As the institution that introduced the first credit card in Turkey, Yapı Kredi experienced the thrill of presenting Worldcard to the Azerbaijani market. A very assertive launch was made in September 2012 in the Azerbaijani credit card market.
- The "Home Changing Mortgage" product, which was launched in 2012 helped people easily purchase new homes without waiting for the sale of their existing homes.
- Efforts were continued to develop an exclusive product and service range for the Ministry of Agriculture.
- In SME banking, a new service model was developed and implemented for the first time in Turkey. Through this service model, the form of service has been differentiated for the sub-segments, creating the opportunity to provide 360-degree service. Within this scope, in addition to the role of SME Portfolio Director, two new sales forces including SME Customer Relations Director and SME Banking Central Portfolio Director were introduced.
- Several applications that would make life easier for customers were launched in the Digital Banking channel. These also include the facility to enter online banking with a credit card and the "Bump to Send" application, which allows rapid money transfers without the need to enter branch name and branch code information.

- The “Interactive Voice Response System” used in Telephone Banking was renewed. Equipped with features that allow customers receive services faster and more effortlessly, the Interactive Voice Response System now provides easier access to the customers to transactions and execute a higher number of transactions without the need to connect to a customer representative.
- Within the scope of the Enabled Banking project launched in 2008, the number of Enabled ATMs reached 369 across 45 provinces in Turkey as of end-2012.
- The Philanthropy Advisory service was introduced so as to allow Yapı Kredi Private Banking customers make their donations in the most effective manner and develop a professional donation plan.
- As an indicator of its support in the most efficient use of our country’s resources, Yapı Kredi Leasing provided the Gümüşköy Geothermal Energy investment with USD 15 million in leasing support.
- Through its unmatched “Premium Protection Assurance”, Yapı Kredi Insurance started to offer supplementary coverage for its individual “Can Sağlığı” customers in the health segment, which covers their premium payments in the event they become unemployed.
- One of the world’s foremost rating agencies, Fitch Ratings confirmed Yapı Kredi Asset Management’s rating as M2+(tur). M2+(tur) is the highest rating ever achieved in Turkey in portfolio management.
- In yet another training program offered to its customers, Yapı Kredi implemented the “Corporate Banking Certificate Program.”

### Our Work Place/Employees

- In 2012, the Evreka project, which is an idea development platform, was launched. More than 8,000 ideas were collected throughout the year in Evreka, which strives to spot and reward the ideas and suggestions developed by Yapı Kredi employees.
- Heroes Club, an exclusive two-year internship program, was started for university students, and a total of 753 applications were received as part of the program. Students selected at the end of the program will be employed by Yapı Kredi.
- Developed by the Yapı Kredi Banking Academy in collaboration with İstanbul Bilgi University, the Banking and Finance Graduate Program was launched in Spring 2012 and a total of 52 employees enrolled into the program in two semesters.
- The support provided by Yapı Kredi as part of its intra-corporate sponsorships also continued in 2012. Within this scope, our employees that benefitted from intra-corporate sponsorship in their athletic endeavors continued to achieve many successes.
- Within the scope of Yapı Kredi Volunteers Platform, our volunteer employees continued to make a difference for the society through new projects.

### The Environment

- Thanks to all recycling efforts made throughout 2012, the emission of a total of 35,000 tons of greenhouse gas was prevented, and 15,000 trees were saved from being cut down.

- Efforts continued for the ISO14064 Greenhouse Gas Emissions certification process. The process will be completed in the first quarter of 2013.

### **The Community**

- Through the “I Read, I Play” project, implemented since 2006 in collaboration with the Turkish Educational Volunteers Foundation (TEGV), Yapı Kredi has reached 100,000 children.
- Yapı Kredi continued its involvement in the Koç University Anatolian Scholars Program by covering all expenses of three students in the 2012-2013 academic year.
- In 2011, Yapı Kredi Cultural Activities, Arts and Publishing brought to readers a total of 1,680,000 books including first editions in 282 titles and reprints in 522. Yapı Kredi Cultural Activities, Arts and Publishing also published its 3,759th title, achieving a phenomenal success in the history of Turkish publishing.
- In yet another one of the many “firsts” it has achieved in its history, Yapı Kredi became the Official Bank in Turkey of the largest football organization of the world, the UEFA Champions League.
- The Yapı Kredi Girls’ Technical and Vocational High School, which had been inaugurated in the 2009-2010 academic year, gave its first graduates in June 2012.

## **4. 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.

Yapı Kredi is also considered a signatory since its principal shareholders UniCredit and Koç Holding have signed the United Nations Global Compact. Thus, Yapı Kredi has adopted the Global Compact, which is intended to establish more ethical practices in businesses, and maintains its operations accordingly.

### **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.









## 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 Management 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 Management takes pains to avoid any clash of interests among the company and the employees in the decisions it makes and to provide the required 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 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.

## Human Resources at Yapi Kredi in Numbers

### Headcount

Bank	Number of Persons	%
Total	14,733	100
Female	9,118	62
Male	5,615	38

### Subsidiaries

	Number of Persons	%
Total	2,728	100
Female	1,459	53
Male	1,269	47

### Average Seniority

Bank	9.4 years
Subsidiaries	6.4 years

### Distribution of Senior Managerial Staff by Gender - Bank

	Male	Female	Total
Managing Director and General Manager	1	-	1
Deputy General Manager	1	-	1
Assistant General Manager	13	3	16
CIO	1	-	1
Group Director	9	3	12
Total	25	6	31

### Distribution of Senior Managerial Staff by Gender - Subsidiaries

	Male	Female	Total
General Manager	7	3	10
Total	7	3	10

### Distribution of Staff by Educational Background - Bank

	Male	Female	Total
Primary School Graduate	19	4	23
High School Graduate	1,181	1,333	2,514
Vocational High School Graduate	470	1,466	1,936
Bachelor's Degree	3,607	5,902	9,509
Master's Degree	333	411	744
Phd Degree (Doctorate)	5	0	7
Total	5,615	9,118	14,733

### Distribution of Staff by Educational Background - Subsidiaries

	Male	Female	Total
Primary School Graduate	25	2	27
High School Graduate	96	122	218
Vocational High School Graduate	91	277	368
Bachelor's Degree	685	858	1,543
Master's Degree	367	199	566
Phd Degree (Doctorate)	5	1	6
Total	1,269	1,459	2,728

### Distribution by Employment Type

	Full-time	Part-time	Total
Bank	14,568	165	14,733
Subsidiaries*	2,728	0	2,728

### Distribution by Employment Contract Type

	Contracted	Permanent	Total
Bank	86	14,647	14,733
Subsidiaries*	0	2,728	2,728

### Distribution by Union Affiliation

	Affiliated	Non-Affiliated	Total
Bank	9,249	5,484	14,733
Subsidiaries*	0	2,728	2,728

### Distribution by Working Site

	Head Office	Branch	Regional Office	Total
Bank	5,011	9,180	542	14,733
Subsidiaries*	1,286	505	937	2,728

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

## 2. Training and Development

### Yapi Kredi Banking Academy

As of end-2012, Yapi Kredi provided an average of 49.00 hours of training per employee throughout the year. Established by Yapi Kredi within the framework of its vision to be the “leading development center, where the best banking professionals of the finance sector are trained”, Yapi Kredi Banking Academy carries out training and development activities in 4 areas of focus.

Yapi 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 aware of their social responsibility.

The Banking Academy, which offered technical trainings, managerial skills, personal development, leadership development trainings in 2012, also continues to provide training and development activities aimed at the cultural and social development of Yapi Kredi employees. Open to the participation of all Yapi Kredi employees, the Academy Seminars and E-Reading Sources may be given as examples to such developmental activities.

### Leadership and Talent Management

In line with the goal of creating a “strong leadership pipeline”, Leadership and Talent Management ensures the design, planning, and execution in accordance with organizational strategies as well as the needs of the institution of operations such as the discovery, development, succession management, leadership development programs, competence assessment of talented, high performance and high potential employees. Thanks to the organizational succession planning created as a result of these fundamental processes, talented employees are supported through development

programs. Within this scope, together with one of the world’s best business schools, INSEAD, the leadership program entitled “Growing Leaders to Grow the Business” has been maintained since 2010. To date, 92 medium level managers have completed the “Growing Leaders to Grow Business” program.

### Succession Management

To ensure an effective succession planning, principles have been created and targets set for various levels.

Within this scope; our Head Office and branch, top and medium level management were assessed through the 2012 EDP and N-EDP processes within the scope of the targets, performance, potential, strong/development areas, and career goals and such assessments were used as data in the Succession Planning process.

### Career Pools Management

#### •Branch Manager Selection Process

As a part of the Towards My Branch program, which was launched in 2011 with a view to determining Branch Manager candidates, Branch Manager candidates that had passed all assessment levels and were then approved in the Committee Interviews attended a Mini MBA program launched by Yapi Kredi Banking Academy in cooperation with Özyeğin University in 2012 as well.

#### •Operations Director Promotion Process

The Operations Director promotion process, which had been revised and redesigned with a view to ensuring the most effective and most equitable promotions at our branches, was implemented again in 2012. This process aimed at providing all our employees with equal opportunity, conducting the selection process based on the most objective criteria, and carrying out the promotions from a candidate pool.

#### •Banking Operations, Call Center, and Inspection

Within the scope of the Career Paths Selection Process, which was updated in 2012, all our employees that meet the prerequisites applied for the candidate pools of their choice.



## Performance Management

Implementation of the Total Performance System continued in 2012 as well. The performance of our employees was assessed under the dual headings of “business results” and “the ways of doing business”, the weighted averages of Target and Competence assessments were taken, and the “Total Performance Scores” were created. The Total Performance Score has been used in the Human Resources processes since 2010.

## TMR (Talent Management Review) Development Program

Designed for our employees taking part in the Talent Management Process, the Growing Talent to Grow Leaders development program was launched in December 2011. Planned as a part of the program, which continued throughout 2012, were seminars that hosted high-profile speakers as well as trainings where participants made exclusive choices based on their individual development needs.

### • Academy Summit

At the 3<sup>rd</sup> edition of the Academy Summit held on 2 October with the participation of more than 450 people, bringing together Yapı Kredi employees and customers, the Yapı Kredi Banking Academy hosted Nobel Laureate in Economics, Prof. Peter A. Diamond. Renowned for his work in finance, taxation, social security, and behavioral economics, Diamond delivered an address entitled “Global Economy from Past to Present: Lessons for the Future”, during which he noted that the global crisis further increased the importance of regulations in banking, adding: “In the past, the number one priority of monetary policies used to be preventing inflation

and unemployment. Added to these in the post-crisis period have been economic bubbles and financial stability.”

## Social Responsibility at the Academy

### • Read, Think, Share Development Program

Read, Think, Share is a leadership development project carried out jointly by Yapı Kredi Banking Academy and Young Guru Academy (YGA) –Dream Partners Association. The project not only provides Yapı Kredi employees with the opportunity to “learn through experience” but also creates development platforms for the training of 6<sup>th</sup> and 7<sup>th</sup> 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 of looking from various perspectives.

Together with the project workshops built in 2012, the Read, Think, Share project was brought to life at a total of 72 libraries in 31 different cities. Throughout 2012, nearly 144 Yapı Kredi volunteers implemented the Read, Think, Share project with 1,728 students.

### • An Eraser, a Pencil

The “An Eraser, a Pencil” platform, which was implemented with the support of the Ministry of National Education, brings the institutions of primary and secondary education in need together with benefactors on the Internet and creates the environment to bring the needs in kind directly in the first hand.

Based on a suggestion made via Yapı Kredi’s idea development platform, Evreka, a box for in kind donations is installed at the Banking Academy, which also allows the Academy to contribute in this project. A smile is placed on the faces of children thanks to the books and other similar materials brought along by participants who come for training to the Academy, which is visited by 3,000 people per month.



## Innovations in 2012

### • Heroes Club

In 2012, Yapı Kredi initiated a self-discovery and development program exclusively for university students called the Heroes Club. It is a two-year self-discovery and development program designed for junior year students sensitive to their environment and the community that value their personal development, and wish to know the business world and to develop their vision. 753 applications were received for the program. Following meticulously conducted case study and interview processes, 60 students from 20 different universities in Turkey were selected to take part in the program. Yapı Kredi Heroes Club provides students with a world full of discovery and development with its three areas of focus.



#### 1. Personal Development:

- Development camps that offer new perspectives
- Special invitations to seminars in the business world
- The opportunity to try one's foreign language skills in the business world

- The chance to familiarize oneself with various departments
- Consultancy from HR experts for self-discovery

#### 2. Cultural Bond:

- Part-time work and internship opportunity while a student
- The chance to prepare for courses at school together with experts from the business world
- The opportunity to benefit from all learning sources of the Academy
- The ability to design and present projects together with HR consultants

#### 3. Social Responsibility:

- The opportunity to create own social responsibility projects
- The ability to join corporate social responsibility projects together with professionals
- The chance to work towards the development of a more sensitive society

Through this program, students receive career coaching, work at the Bank on a part-time basis, and join the seminars held at the Yapı Kredi Banking Academy. At the end of the program, selected students are offered employment by Yapı Kredi.

### • Studio Academy

In 2012, the Banking Academy attained a studio with professional shooting facilities and technical equipment. Thanks to the "Academy Online", directly from Studio Academy, live sessions are held with executives and experts, who respond to the questions they receive. The practice, which has received positive feedbacks, was also expanded through exclusive periodic broadcasts for the managements.

### • Mobile Trainings

In 2012, Yapı Kredi Banking Academy brought to life yet another novelty: mobile trainings. Our employees with a WAP-compatible mobile phone have thus gained access anywhere and anytime they wish to the presentations, surveys, tests, video and audio files sent to mobile phones via SMS.



### • **Academy Trainers Accreditation Project**

The goal of this project has been to revise the roles of Yapi Kredi Banking Academy trainers and to help them become more equipped and more successful. In parallel with the Yapi Kredi Banking Academy's goal of providing training at universities and subsidiaries both in Turkey and abroad, this project allows for the accreditation of the trainers of our Bank and their provision of training in other organizations/ institutions. Furthermore, it also boosts the effectiveness of the selection process for the most suitable trainers for the trainings and projects.

Within this scope, development programs were devised with a view to ensuring the continuous development of our trainers. The Leader Academy Trainer Certificate Program prepared for the Leader Academy Trainers and the Development Program for the Academy Trainers, both of which were prepared in collaboration with the Bilgi University were completed as of the end of November.

### • **Experience Sharing with CEE Countries**

Yapi Kredi Banking Academy started to provide consultancy services on development solutions for the requesting UniCredit CEE (Central and Eastern European) countries in 2012. Needs analyses were carried out with the first three countries that participated in the project, Bulgaria, Romania, and Russia, and projects defined in line with the specific needs of each country were started. Included in the projects have been many topics, such as the measurement of the training activity, creation of development catalogues in parallel with career paths, production of training videos, preparation of game-based distance-learning designs. The projects will continue throughout 2013 in various countries across CEE.

### • **UniCredit & Universities Conference**

In November 2012, a conference entitled "Financial Crisis and Its Impact on Turkey" was organized in collaboration with the UniCredit & Universities Foundation with the participation of prominent Turkish and foreign academicians as well as the governors of the CBRT.

### • **Corporate Customer Trainings**

Adding onto our trainings aimed at our customers, we launched our "Corporate Banking Certificate Program" with a view to presenting our corporate customers with training and development solutions in our areas of expertise, raising awareness on the products of our Bank, informing them on the processes, and strengthening our cooperation. Organized for the first time in the sector by Yapi Kredi Bank, the initial phase of the certificate program provides basic information on finance, foreign trade, and similar departments for those working as specialists and assistant specialists.

### **Cooperation with Universities**

#### • **Samsun 19 Mayıs University/Information Technologies Specialist Training**

Yapi In a joint effort by Yapi Kredi Banking Academy and Ondokuz Mayıs University Department of Computer Engineering, we created the Information Technologies Specialist Training with a view to training information technologies specialists for the finance sector. In addition to providing the participants with important technical knowledge in their respective fields, the program also aims to help them learn about IT applications in the field of finance and to inform them about Yapi Kredi's applications.

#### • **YKBA Core Banking Certificate Program**

In 2012, Anadolu University also joined the YKBA 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 students from the university were hosted at the Banking Academy in June 2012.

240 students have participated in the program since its inception in 2010. Anadolu University was the 4<sup>th</sup> university that participated in the program following the Kocaeli, Trakya, and Istanbul universities.

### **University Collaborations for Our Employees**

#### • **Banking and Finance Graduate Program**

In 2012, Yapi Kredi Banking Academy developed and implemented several academic programs for its employees on various subjects under Banking and

Finance. These included:

- Banking and Finance Graduate Program with Bilgi University
- Loans Certificate Program in cooperation with Bilgi University
- Foreign Trade Certificate Program in cooperation with Boğaziçi University and Turk-Trade
- Internal Audit and Internal Control Group Certificate Program in cooperation with Boğaziçi University and the Internal Audit Institute of Turkey.

### •Yapi Kredi Banking Academy Azerbaijan

Training and development operations continued throughout 2012 at the “Kardaş Academy” established in Azerbaijan. A variety of technical and personal development training programs were planned for Yapı Kredi Azerbaijan employees, and Reading Sources including article and book summaries were regularly shared with them in order to support their personal and professional growth. Development solutions were provided in parallel with Yapı Kredi Azerbaijan’s growth strategy.



Yapı Kredi Banking Academy will increasingly continue its activities in Azerbaijan throughout 2013.

### Awards Won by Yapı Kredi Banking Academy

Yapı Kredi Banking Academy, which had ranked 212th the previous year in the Leadership 500 list created annually by the international Leadership Excellence magazine with its applications, rose to the 100th place this year as the first and only Turkish company in the list.

Leadership Excellence magazine, which has reached a total of 187,000 members, particularly including world’s leading decision makers and sector shapers, determines the best individuals, teams, and institutions of the year in terms of the leadership development applications and employee motivation. Competing with more than 200 applications from all across the world, the Operations Director

Development Simulation program received the Excellence in Practice Award for its parallelism with business goals, business partnership with business units, content, and measurement systematic from the world’s most prestigious educational American Society of Training and Development (ASTD), which had previously given it the BEST award for its applications.

With its applications created in parallel with the examples and strategies in the sector as well as the added value it created, Yapı Kredi Banking Academy won among 15 runners-up the GlobalCCU award to which it was nominated for the first time this year. The award, to which corporate universities from 19 countries across 5 continents that create value for people, businesses, and communities were nominated, is given by the Paris-based CCUP (Corporate Universities Community Platform).

## 3. Vacant Position

### 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 different 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. They are assigned in the branch operations in summer from June to October.

## Internship Opportunity

Yapi Kredi attaches importance to offer the young individuals the opportunity to have professional experience and to contribute in their professional development. Accordingly, it offers internship opportunities to business and vocational high school students in winter and to university students during summer (June-July-August).

The interns from the business and vocational high schools are selected amongst the 4<sup>th</sup> 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 Yapi 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 also been extended internship opportunities.

In the 2012-2013 academic year, 129 business and 104 vocational high school students are included in the internship program, while 917 university students were given the internship opportunity during summer 2012.

## 4. 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 Yapi 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.

#### 1. Group Health Insurance

All our new colleagues are included in the Group Health Insurance one month from the date they started work at our Bank.

#### 2. Annual Group Life Insurance

All our new colleagues are included in the Annual Group Life Insurance as of the date they started work at our Bank.

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

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

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

Yapi 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 Yapi Kredi Provident Fund Trust.

### 7/24 Employee Support Hotline Advisory Service

In May 2010, Yapi Kredi launched the Employee Support Line 7/24 Advisory Service with a view to supporting its employees in their busy work schedule.

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 affairs, 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 4,415 Bank employees and 1,119 KFS employees benefited from the advisory service as of the end of December 2012.

### Yapi Kredi Sports Club Association

Yapi 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.

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.

Search-Rescue 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.

## 5. 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. 63% of Yapı Kredi's employees are affiliated to the Trade Union.

## 6. Volunteer Projects and Other Activities for Employees

### Internal Sponsorship

Since 2005, Yapı Kredi has been carrying out the "internal 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 2012, Yapı Kredi employees Özlem Pelin Ege, Bayram Kuytan, Özcan Çetinkaya, Ömer Şahin, and Metin Akbaş, who competed individually in the swimming, mountain-climbing, para-taekwondo, and athletics branches, were supported under the intra-corporate sponsorship. Within the framework of the project, in 2012:

- Bayram Kuytan climbed the 5,895m-high Kilimanjaro, which is one of the 7 continental summits of the world and the highest mountain in Africa.
- Özkan Çetinkaya won the silver medal in 2012 Turkey Para-Taekwondo Championship.
- Özlem Pelin Ege won 2 gold, 3 silver, and 2 bronze medals in the various swimming competitions she competed.

### Art Days

The fifth edition of the "Art Days" event, organized for Yapı Kredi employees and their families, was held on 24 November 2011. During the event, Yapı Kredi employees were offered the opportunity to visit Arter, Gallery Nev, İstanbul Modern, Pera Museum, Rahmi M. Koç Museum, Rezan Has Museum, Yapı Kredi Cultural Center, and İstanbul Design Biennale.

### For My Country

"For My Country" is an umbrella project that aims to implement projects that would increase the standard of living across Turkey by spreading the concept of social responsibility throughout the



Koç Group companies, employees, dealers, and suppliers, and by supporting the adoption of a more participatory attitude towards social problems and local development.



Launched on the 80<sup>th</sup> anniversary of Koç Holding, “For My Country” project has achieved great successes in the field of social responsibility since 2006. The theme for 2012 and 2013 were designated as “Barrier Free Life for My Country.” The project aims to act as a role model in the applications that would support the improvement of quality of life in business and social life for the disabled and raise social awareness and sensitivity on the issue. This year’s partners of the project include the United Nations Development Program (UNDP) and the Alternative Life Association (AYDER).

The efforts undertaken by Yapı Kredi as part of the Barrier Free Life for My Country project in 2012 include:

- For My Country ambassador Yapı Kredi employees received trainer training from AYDER. They then provided this training for 909 employees at Yapı Kredi Head Office and Banking Base.
- A distance-learning program was planned by Yapı Kredi Banking Academy for Yapı Kredi employees who would not have the chance to receive face-to-face training as the Bank’s branch network is spread throughout Turkey. The training video will be shared with all employees of the bank and the subsidiaries in early 2013.
- Work groups also including disabled bank employees were set up in order to make the bank venues and points of service disabled-friendly.
- Yapı Kredi Head Office building was made more disabled-friendly.
  - A system was designed and installed at the entrance of the conference hall and stage to make them more wheelchair accessible. A disabled toilet was installed on ground floor.
  - An awareness-raising sticker was placed at the wheelchair access area situated by the turnstiles at the building entrance.
  - A parking lot was created for the disabled drivers in front of the Head Office building.
- Mobile ramps were installed at 30 physically suitable branches to facilitate accessibility on a wheelchair.
- A Braille alphabet application for the visually impaired was included on all the newly installed ATMs.
- As a part of the Yapı Kredi Cultural Activities, Arts and Publishing work in support of the project, the visually impaired have been given the opportunity

to access its latest books at the same time with everyone else. This project is realized jointly with GETEM, which was established with Boğaziçi University with a view to providing services to the visually impaired. Incorporating a special text-to-speech software, the project allows users to download and listen to the books via a computer connected to the Internet on the website [getem.boun.edu.tr](http://getem.boun.edu.tr), which is accessible 24/7. Furthermore, the GETEM-member visually impaired can also access to the newly published books 24/7 via telephone at 0216 276 3111.

### Gift Matching Program

Through the Gift Matching Program, Yapı Kredi, in collaboration with the UniCredit Foundation, offers its employees the chance to donate to specified non-profit organizations. At the end of the campaign, Unicredit Foundation matches the total amount donated by the employees, thanks to which twice the funds can be raised for the projects.

The non-profit organizations and projects supported as part of the Gift Matching Program in 2012 include;

- LÖSEV/Lösante-Diagnostics device for the Hospital for the Children with Leukemia
  - Educational Volunteers Foundation of Turkey/Book bank
  - Spinal Cord Paralytics Association of Turkey/Mobilize Yourself, Mobilize Others-Wheelchair Campaign
- To mark the decennial of the Gift Matching Program, UniCredit Foundation made another additional donation to the project that received highest amount of donations in each country. In Turkey, LÖSEV received the additional donation.

### Yapı Kredi Volunteers Platform

In 2009, Yapı Kredi brought under a single roof the voluntarism projects that had been conducted by its employees for many years, and founded the Yapı Kredi Volunteers Platform with the slogan, “A Social Responsibility Project for Each Management.” In all the projects implement under the Yapı Kredi Volunteers Platform, which is coordinated by the Corporate Communication Management, topics and partner non-governmental organizations are decided by the volunteers, and their budgets are based on the funds raised by the volunteers themselves. Corporate Communication Management

provides project teams with communication and coordination support in every step of the way. Within the scope of the Yapı Kredi Volunteers Platform, 8 managements/subsidiaries either developed projects or continued with their existing projects in 2012. As of the end of 2012, 693 Yapı Kredi employees supported projects on voluntary basis in the Yapı Kredi Volunteers Platform. The projects included:

### **Retail Banking Management/Yaşlanmayanlar Dünyası (Forever Young World)**

Retail Banking Employees embraced the Yapı Kredi Nursing Home in Acıbadem, İstanbul. Coming together with the retired Yapı Kredi personnel here, volunteers visit them on special days and give them tours at the Banking Base.

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

Operations Management employees continued the voluntary work they started in 2011 with the Gebze Atatürk High School (YİBO) while continuing their cooperation with the Community Foundations Foundation (TOG) and embraced the Büyükkırık Primary School in Yakakent, Samsun. Throughout the year, they met various needs of the school and the students with the revenue they created with a regular fund raising campaign and a variety of other efforts. In May, they held a two-day camp where they carried out repairs at the school such as paint and varnish jobs together with TOG volunteers and Yapı Kredi Samsun Call Center employees.



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

Every month, the volunteers hold a different activity for 5th and 6th grade students at Darüşsafaka who are unable to go home for the weekends. To date, they have organized a variety of activities including visits to museums and exhibitions, ecological tours, and a picnic at the Yapı Kredi forest

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

Volunteers continued across three regions the project that they had started in 2011 by planting walnut saplings in the Marmara region. They held charity sales to provide machinery/equipment support for the Aegean and Mediterranean Regions İzmir Behçet Uz Children's Hospital while donating a computer and furniture for the computer room of Çatom Urfa Branch in the Southern Region with a view to supporting female entrepreneurs.

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

Volunteers continued across three regions the project that they had started in 2011 by planting walnut saplings in the Marmara region. They held charity sales to provide machinery/equipment support for the Aegean and Mediterranean Regions İzmir Behçet Uz Children's Hospital while donating a computer and furniture for the computer room of Çatom Urfa Branch in the Southern Region with a view to supporting female entrepreneurs.

### **Credit Card Direct Sales Team**

Our credit cards direct sales team continued with its scholarship support for Darüşsafaka students. In the plastic bottle cap collection campaign, our regions virtually competed with one another and contributed in the campaign effectively by also using the customer network. In 2012, they provided two people with motorized wheelchairs through the Spinal Cord Paralytics Association of Turkey.

### **General Accounting**

As part of the project, which started in the last quarter of 2012, our volunteers set up a LÖSEV booth at the Banking Base and Yapı Kredi Plaza and made

sales as they actively took part. The volunteers also started to serve as trainers at the weekend courses organized by LÖSEV.

### **Yapı Kredi Portfolio Management**

Yapı Kredi Portfolio Management and employees held two donation campaigns in 2012. In the campaign organized in March, Yapı Kredi Portföy employees donated 500 books to the library of Cumhuriyet Primary School in Başakşehir, İstanbul. In December, employees donated two whiteboards and 120 books to the library of Ziya Gökalp Primary School in Kars.



### **Speaking is in Our Hands Volunteers**

In parallel with the “Barrier Free Life for My Country” project spearheaded by Koç Holding and Yapı Kredi’s Enabled Banking program, Yapı Kredi started its “Speaking is in Our Hands” project jointly with the Turkish National Federation of the Deaf. The project aimed to allow hearing impaired citizens carry out their banking transactions faster and more comfortably thanks to the training provided to volunteering branch personnel. Within the scope of the trainings that started in 2012, 197 branch personnel in İstanbul and Ankara volunteered and each received a total of 16 hours of sign language training for two days. The volunteers were given certificates by the Turkish National Federation of the Deaf upon completion of their training.

### **Other Voluntary Work**

Yapı Kredi employees secured a happy entry into the New Year for many school directors and students by helping their schools in need obtain projectors, smart boards and libraries through the various campaigns they held before the start of the year.

Within the framework of the voluntary work carried

out together with Tuvana Education Foundation for Children (TOÇEV), Yapı Kredi Banking Academy Leadership Development Program participants organized a charity sale to the benefit of the foundation at the Head Office with the motto “One thing changes, everything changes.” Proceeds from the charity sale were well above the expectations, and the number of schools to be renovated was increased to two.

### **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 of the end of 2012, The YAKUT team has reached 177 active members. Following the trainings and exercises throughout the year, 19 YAKUT volunteers received their Search and Rescue certificates.

### **Participation in the 34<sup>th</sup> Intercontinental Eurasia Marathon**

Yapı Kredi created a athletics team of its employees for the charity run at the 34<sup>th</sup> Intercontinental Eurasia Marathon, held on Sunday, 11 November 2012. At the marathon, 32 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 donated a motorized chair to the association on behalf its employees that took part in the marathon while Yapı Kredi employees who ran at the marathon also mobilized their own networks to encourage donations to the association.







## OUR CUSTOMERS



## **For 69 years, Yapı Kredi has carried out its operations with a customer-oriented banking approach.**

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

## **1. Product Responsibility**

### **Retail Banking Individual Banking**

Yapı Kredi offers a broad range of banking products and services via its extensive delivery 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 aims to understand its customers' expectations well and to offer the most suitable products and services that make life easier for them.

In 2012, individual banking;

- Focused on providing a flawless customer experience through its customized campaign management and multi-dimensional marketing approach as well as the new channel and process improvements year round, and continued its projects to this end.
- Carried out projects aimed at the automation of existing distribution channels and to increase the use of social media networks, and aimed to generate value by rapidly providing customers with the most appropriate services anytime, anywhere they desire through user-friendly channel improvements.
- Started to receive applications for the overdraft account product, Flexible Account, which aims to meet emergency cash needs, via Yapı Kredi ATMs and Telephone Banking. The emergency cash needs of the customers can thus be swiftly and effortlessly met, and service quality was increased by reaching the customers via the most appropriate channel. Furthermore, the preapproved loan pool of the bank was expanded, allowing for faster provision of services to those in need.
- 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 October 2011, Yapı Kredi extended until October 2012 the transaction fee exemption it had given to its customers affiliated with its Van and Erciș branches.

### **Affluent Banking**

In addition to the extensive product range it offers in line with its customer-oriented approach, Yapı Kredi

Affluent Banking provides customers with the opportunity to benefit from personalized banking services as well. Affluent Banking customers can receive personal service for all their banking transactions through the agency of expert Affluent Banking Portfolio Directors, who have extensive knowledge and experience about the markets, put their savings and investment into good use through specially designed products and services. The exclusive services received from the portfolio directors at the branches, are complemented with priority access to Yapı Kredi Portfolio, Yapı Kredi Insurance, and Yapı Kredi Pension products and services.

With the introduction of deposit pricing project in 2012, customers have started to benefit from tailored-made pricing facility. In addition, Affluent Banking customers also benefitted from non-banking advantages as well as banking advantages.

### **SME Banking**

Having supported small sized enterprises since its very establishment, Yapı Kredi continued to stand by the SMEs in 2012 with its extensive product range, consultancy services, and its newly developed service model.

It developed a new service model implemented for the first time in Turkey as part of SME banking that creates an opportunity to provide 360 service by differentiating the form of service for sub-segments rather than treating all customers in the SME segment equally. Within the scope of this new service model, in addition to the role of SME Portfolio Director, two new sales forces including SME Customer Relations Director and SME Banking Central Portfolio Director were introduced in order to provide different SME sub-segments with differentiated services.

With the introduction of SME Customer Relations Directors in July 2012, the focus has been directed on one of the most important targets and success indicators: “Gaining New Customers.”

In 2012, development of the specialized range of Agricultural Banking products and services continued, and new agricultural loan products were created. Furthermore, a special credit rating system was put in place for agricultural customers. Solutions that increase information and service quality were introduced by placing importance on informative efforts in the regions with high levels of agricultural activity. Specialized Yapı Kredi employees in the regions started to provide customers with consultancy services on agricultural financing.

### **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 2012 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.

Thanks to the “Home Changing Mortgage”, Yapı Kredi customers may now easily purchase a new home before the sale of their existing home. Individuals who wish to buy a new home do not pay a certain portion of their credit debt until their existing home is sold. Furthermore, no early payment fee is charged for loan repayments made with the proceeds from the sale of the existing home.

### **Card Payment Systems**

Since its introduction in 1988 as Turkey’s first credit card, World has always assumed a pioneering role in the Turkish card payments market by taking the first steps from installment and point programs to customized campaigns, and set the standards in the credit cards sector. World owes its success to its ability

to understand the real needs of customers by listening to them well and providing them with the correct products it has designed directly to meet these expectations whenever they need it.

In time, World has evolved into a platform with its sister brands Crystal, adios, Play, and taksitçi. Crystal, adios, Play, and taksitçi have all been launched as individual brands that are valid at all World contracted merchants, offering the same point and installment features. World's basic benefits have been brought to its sister brands while these services were also extended to the small-medium-sized card programs of other banks in the sector simultaneously and licensing collaborations were launched. Bringing together Albaraka, Anadolubank, TEB and Vakıfbank credit cards under its roof, World continues to shape the market with its visionary and pioneering position.

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. Consequently, Yapı Kredi is proud to present its customers with Turkey's most generous card, Worldcard.

### • World 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 35,000 was raised in 2012 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)

### Corporate and Commercial Banking

Under Corporate and Commercial Banking management, Yapı Kredi serves large-sized domestic and foreign firms that shape Turkish and global economy. In this segment, 80 specially designated branches provide services to firms located in major financial centers. Furthermore, it also includes the International and Multinational Relations Banking Branch –a new banking unit with a team of experts in international banking with experience in working with international and multinational companies.

The fundamental goal of Corporate and Commercial Banking is to become a long-term business partner for its customers with its team of experts as well as its products and services designed in line with the expectations of companies. Accordingly, it produces versatile and project-based solutions to meet all banking needs of its customers with an extensive network of correspondent banks, substantial product range, and trained human resources. Likewise, it also contributes in the operational efficiency of its customers and streamlines their workflows by serving as a one-stop-shop for all their finance and banking needs.

Infrastructure, tourism, and energy sectors have strategic importance for Yapı Kredi. It particularly believes in the significance of renewable energy projects and plans to continue concentrating its operations on this field in 2013. Catering to the investment and operational capital needs of its customers with cost-effective foreign loans obtained from international institutions, Yapı Kredi strives to support exports, stand by the SMEs throughout their development and help them boost their competitiveness provided that the designated criteria and environmental management principles connected with such loans are met. Yapı Kredi also extends its customers with cost-effective loans as investment loans and operational capital loans with the funds raised from international institutions including the European Bank of Reconstruction and Development (EBRD), Council of Europe Development Bank (CEB), TSKB and World Bank, European Investment Bank, and German Investment and Development Corporation (DEG).

### **Private Banking**

Yapı Kredi Private Banking strives to professionally manage its customers' savings while providing optimal protection for their assets. It acts with due discretion in all of its banking and advisory services. Private Banking centers offer services that make life easier for their customers as well as financial solutions through specialized Portfolio Managers who are experts in their fields.

### **Philanthropy Advisory**

In 2012, the Philanthropy Advisory service was introduced so as to allow Yapı Kredi Private Banking customers make their donations in the most effective manner and develop a professional donation plan. Through the donation plan they create together with experts, customers are able to monitor the results of donations and support given, and receive advisory services on many fields including all legal aspects of establishing a foundation, donation or endowment of inheritance.

### **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. In 2012, the Real Estate Advisory was divided into two branched under individual and commercial real estate advisory so as to provide customers with faster and more professional services. Advisors render various services including advisory and process management in real estate purchases and sales, assessment of existing portfolios, and pursuing new investment opportunities.



## **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.

## **Alternative Delivery Channels**

Yapı Kredi Alternative Delivery Channels has based its strategy on singularizing the digital experiences of its customers, creating value, and making their life easier. With a view to differentiating customer experience and maximizing their satisfaction, it strives to render services to various customer segments at the right time via the right channel.

Alternative Delivery Channels continued their operations with the same understanding and crowned its efforts with many awards in 2012 as well.

## **Major Innovations Offered on Digital Banking Channels**

In 2012, several innovations were introduced in order to provide customers with a much faster and easier online banking experience.

Thanks to the credit card Internet Banking Login system that was launched in 2012, credit card holders can now access Internet Banking without need for membership by only entering their single-use PIN in the SMS sent to them after entering the last 4 digits of their card, customer number, and PIN. Customers accessing Internet banking with their credit card can easily perform many credit card related transactions from debt payments to defining a virtual card.

Also added to Internet Banking in 2012, the Cash to Mobile function allows customers to transfer money to a mobile phone only by entering the mobile phone number and amount of the receiver. And the receivers can easily withdraw the amount without the need of a bank card simply by entering their Identity Number, the amount transferred, and the single-use PIN in the SMS sent to their mobile phone.

Launched in early 2012 on Mobile Banking, the Bump to Send application brought a new and fun money transfer function. Using Bump to Send, customers can transfer the designated amount simply by shaking their mobile phones without need for any information like account number, branch name, and branch code.

## **Major Innovations Offered on ATMs**

In 2012, Yapı Kredi focused on expanding its ATM network particularly in major cities and replacing its ATMs located in and outside the branches with new ATM models. While expanding the ATM networks, new applications designed to ensure customer satisfaction and meet their needs were also brought to life.

As a follow-up on the “Credit Now” function launched in 2011, customers have been provided with the facility to effortlessly apply 7/24 on the extensive ATM network for Flexible Account and Flexible Account Limit Increase.

In order not to reflect on the customers the problems encountered in supply of 1 kuruş coins in cash bill payments on ATMs, the “Kuruş Round-Off Project” was realized. In the event that the ATMs do not have 1 kuruş coins, the last digit of kuruş is rounded off to 5 kuruş before the change is paid back to the customers.

As an extension of the Cash to Mobile transactions made from Internet Banking, “Cash to Mobile Cash Withdrawal” function has allowed all receivers, regardless of whether they are Yapı Kredi customers, to withdraw the transferred amount from all ATMs.

Put in place this year to deal with money jam problems encountered while depositing cash during transactions, the new “Proactive Services” service model starts the necessary resolution process at the moment the problem emerges and informs customers via SMS messages at all steps of the resolution process without need for customer to contact the bank.

In order to singularize the cash withdrawal process with all banks, the “first card, then cash” process was started. Transaction times have also been reduced.

### **Major Innovations Offered via Telephone Banking**

In 2012, Yapı Kredi Call Center introduced a new dimension to its Telephone Banking services with the use of cutting edge technology to provide customized, fast, and simplified processes, and made life easier for its customers. To this end, efforts continued for proactive services and the Interactive Voice Response System was revamped in March 2012. Equipped with features that help customers access services faster and more comfortably, the Interactive Voice Response System now provides customers with faster access to transactions and helps them perform more transactions without contacting customer representatives.

The revamped Interactive Voice Response System registers three mobile phone numbers designated by the customer in the “Recognize Me” System. Customers calling from their designated numbers are not required to enter their card or customer number, and the Interactive Voice Response System recognizes the customers and addresses them with their name. This provides customers with faster access to Interactive Voice Response System menus. Furthermore, they can customize their own Interactive Voice Response System including their most frequently performed transactions and access the transaction menu of their choice more easily. The new Interactive Voice Response System can predict the customers’ reason for calling. For instance, when a call is placed by a customer whose Internet Banking password is blocked, the first offered option is the removal of blockage on the password. By pressing a singly key, the customer is directed to the menu where the transaction is performed.

### **Donation Payments**

Yapı Kredi customers who wish to donate non-profit foundations and associations can perform such transactions via Internet Banking, Telephone Banking, ATMs and Yapı Kredi branches.

### **Foundations and Associations Available for Donation via Internet Bankin**

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. Darüşşafaka Society / DŞ
10. Kimse Yok Mu? Foundation
11. Foundation for Children with Leukemia / LÖSEV

12. Disabled People Foundation
13. Foundation for Children with Cerebral Palsy / SERÇEV
14. The Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats/TEMA
15. Turkish Armed Forces Foundation for Martyrs' Families and War Veterans
16. Turkish Kidney Foundation
17. Turkish Educational Foundation / TEV
18. Turkish Aviation Association
19. Turkish Red Crescent
20. Turkish Culture Foundation AFS Programs
21. Turkish Foundation for Scientific Research Centers
22. Turkish Education Volunteers Foundation / TEGV
23. Turkey Handicapped Sports, Education and Assistance Foundation / TESYEV
24. Turkish Foundation for Children in Need of Protection
25. Spinal Cord Paralytics Association of Turkey / TOFD
26. Turkish Association of Disabled People
27. The Foundation for Supporting Orphanages and Education
28. Foundation for the Training and Protection of Mentally Handicapped Children / ZİÇEV

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

1. Six Dots Foundation for the Blind
2. The Mother Child Education Foundation / AÇEV
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 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. Darüßsafaka 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 / TESYEY
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

### **Enabled Banking**

The difficulties encountered by our disabled citizens constitute one of the most important social problems in our country. Based on this fact and in line with its “Unlimited Service” approach, Yapı Kredi launched its Enabled Banking program in 2008 so as to provide disabled citizens with easier and streamlined access to banking services.

Representing a first in the banking sector, the Enabled Banking Program takes on responsibility to include the disabled more in social life as a part of the community, and strives to minimize the problems they encounter while receiving banking services.

To this end, the number of Enabled ATMs, which are installed to serve orthopedically and visually impaired citizens, has reached 369 across 45 provinces as of end-2012. 353 of the Enabled ATMs have been designed for the visually impaired and 16 for orthopedically impaired. In 2012, a voluntarism project was also realized. With the “**Speaking is In Our Hands**” project, 179 volunteers among the employees in Istanbul and Ankara received 16 hours of sign language training per person for 2 days. Upon completion of the training, volunteers were given certificates by the Turkish National Federation of the Deaf.

Yapı Kredi won the “Turkey’s Firsts for the Hearing Impaired” award from the Turkish National Federation of the Deaf for its Speaking is In Our Hands trainings, and the “Education Overcomes Any Barrier” award from the Presidency of the Republic of Turkey for its employment policy towards the employment of its disabled personnel and its Enabled Banking Program.

Yapı Kredi will continue to expand its service range for the disabled citizens and to spread Enabled ATMs across Turkey with great pride and sensitivity.

## **Yapı Kredi Subsidiaries**

### **Yapı Kredi Pension**

2012 marked a turning point for the Private Pension System. The incentive on income tax has been replaced with a direct incentive, or “state contribution”. The “state contribution” system, which will come into effect under favorable market conditions that including the upgrading of Turkey’s credit ratings in 2013, is expected to usher in a new era that will render the system even more attractive. This period is also expected to lead to an increase in the propensity to save and to invest in the long term as well as a consequent rise in new entries into the system, and to a reduced tendency among customers in the retail segment to leave or suspend payments in early years.

The new practice, which will enter into effect in January 2013, requires numerous adjustments in infrastructure. Yapı Kredi Pension also continued its efforts to improve its processes aimed at increasing communication, data collection, and customer value by utilizing the customer relations management infrastructure it developed in 2012. Another important point on which Yapı Kredi Pension plans to concentrate in 2013 is the implementation of distance selling processes.

The activities carried out in 2012 by Yapı Kredi Pension may be summarized as follows: With the Microsoft Dynamics-based CRM application that was launched in 2012, all processes related to 360 customer management from pre-sales activities to after-sale services were brought together on a joint platform. The system Call Center used by sales representatives by connecting the main system via 3G mobile is managed on a joint platform together with operations teams, regional directorates. With the improvements in 2012, sales automation, reference management system, corporate sales automation, campaign management, demand and complaint management, Call Center application, activity management application, loss prevention systems were all activated. Further improvements in the CRM system are planned for 2013 as well.

In parallel with the anticipated increase in products due to the Individual Pension System (BES) regulation, which is due to change in 2013, and Yapı Kredi decision to further focus on bancassurance, a “Bancassurance Project” was launched. In the first phase of the project, which undertakes to activate all processes including the sales and customer services of individual pension and insurance products, a pilot program was launched for the individual pension reference screens that created for use at Yapı Kredi branches. The personal retirement reference and sales screens are due to be used at all branches from early 2013.

Together with the bank, personnel licensing has started with a view to increasing the number of bank personnel with individual pension licenses

### **Yapı Kredi Factorin**

Turkey’s leading and innovative factoring company Yapı Kredi Factoring enjoys a strong position in the market thanks to its robust operations performance, established structure, and premium service approach. Yapı Kredi Factoring has successfully sustained its uninterrupted leadership in the sector for the last 12 years in total turnover. Leader of the Turkish factoring market based on factoring volume, Yapı Kredi Factoring boasts 27% market share in export factoring and 15% share in total transaction volume.

For the last decade, Yapı Kredi Factoring has been listed among the “Best Export Factoring Companies” of the world every year by Factors Chain International (FCI). In 2012, the company was ranked 4<sup>th</sup> by FCI. Yapı Kredi Factoring has also been appraised as “excellent service quality.”

### **Yapı Kredi Leasing**

Yapı Kredi Leasing was founded in 1987 in order to perform domestic and international leasing transactions.

Since its very establishment, Yapı Kredi Leasing has sustained its rapid development by combining a qualified labor force with advanced technology, and adopted as its main goals the support of investments to maximize national development, quality and competitiveness, and the spread and development across the country of leasing transactions. Having achieved a broad and healthy portfolio composition, the company provides financing for any investment good across many sectors particularly including construction and manufacturing as well as printing-packaging, health, finance, trade, tourism, food, automotive, and agriculture. Thanks to its high transaction volume with the small, medium, and large-sized enterprises included in its portfolio, it has uninterruptedly sustained its undisputed leadership in the sector since 2009. Yapı Kredi Leasing provides investors both with funds and investment consultancy services when necessary. Continuing to back investments that contribute and bring added value and employment in the national economy, Yapı Kredi Leasing will carry on with offering each time top-line service quality in international standards to meet the expectations of its customers.

In 2012, Yapı Kredi Leasing marked its 25th anniversary. The actions taken this year included:

- In 2012, as an sign of the support for the most optimal use of national resources, Turkey's first Geothermal Energy investment in Gümüşköy was provided with nearly USD 15 million in leasing support.
- It brought into the country a total of USD 100 million in funds in order to create appropriate resources for the customers across various sectors through ECA (Export Credit Agency) style funding methods.
- Since 2010, in line with the goal of planned growth, we continued our approach to small and medium-sized establishments in 2012 as well, deriving 20% of our total leasing receivables and 60% of our customers from this segment.
- Thanks to the collaborations made with machinery vendors and foreign manufacturers, customers have been presented with advantageous campaigns where the foreign manufacturing company contributed in the interest payments.
- New products such as Boat and Real Estate Leasing in order to be able to serve to private banking customers as well.

### **Yapı Kredi Portfolio Management**

Yapı Kredi Portfolio Management is also one of Turkey's leading companies with its broad product range across various asset classes. With its prestigious past in investment management, work performance, and customer relations, Yapı Kredi Portfolio Management has maintained its position as an indispensable business partner, and adopted as a principle to create the long term values it is to share with its customers.

At Yapı Kredi Portfolio Management, customer portfolios are managed as a team by experts specialized in various markets. In addition to the in-house studies and analyses, vast global information sources are also employed. Through portfolio management based on the concept of benchmarking and risk management, Yapı Kredi Portfolio Management undertakes to provide its customers with the finest service in line with the goals.

In 2012, Yapı Kredi Portfolio Management presented its customers with 6 capital-guaranteed investment funds and 8 classic investment funds managed by the Company. As of 31 December 2012, it has reached TL 9.6 billion in total asset size with 40 investment funds, 16 pension funds, hedge funds, and customized investment models established for corporate and individual customers under Private Portfolio Management. With a market share of 17.6%, it ranked 2<sup>nd</sup> among 56 management institutions.

In March 2012, one of the world's foremost rating agencies, Fitch Ratings confirmed Yapı Kredi Asset Management's rating as M2+(tur). Representing the highest rating ever achieved in Turkey in portfolio

management, M2+(tur) underlines Yapı Kredi Portfolio's standing above corporate investment management standards with its sustained investment performance, portfolio volume, and strong position.

### **Yapı Kredi Insurance**

In 2012, Yapı Kredi Insurance successfully achieved its technical earnings target as well as its premium generation goal through various campaigns, customer satisfaction and productivity-focused improvement projects, and innovations in system infrastructure.

In 2012, in line with its customer satisfaction-oriented philosophy, the company provided customers with new products and coverage. With the "Premium Protection Assurance", which is unparalleled in Turkey, Yapı Kredi Insurance started to offer supplementary coverage for its individual "Can Sağlığı" customers in the health segment, which covers their premium payments in the event they become unemployed. The practical and affordable "Little House" product, which introduced individual health insurance customers to home insurances, was launched. In this period, the product range was further expanded with the addition of "Industrial Fire Insurance" that combines in a single policy the engineering and liability insurance coverage, "Repair Shop Package Insurance" that provides coverage against a variety of risks such as damages to third parties and theft, and the "Building Complex Package" that are prepared exclusively for building complexes. On the technological platform, an iPhone app was launched to ensure that the insured could effortlessly access to the company as well as contracted institutions and physicians from anywhere in the world. The "Spare Part Supply" project was also started in this period as part of the damage cost control efforts.

Bancassurance operations also continued their upward trend in 2012 thanks to the increasing synergies between Yapı Kredi Bank and Yapı Kredi Insurance. Through the momentum gained with the "Your Health is In Your Hand", "Your Health is In Your Hand Again", "Nazar Boncuğu Renewal", "POS", "My Business/SME Business", and "TARSİM Reap WorldPoints When You Sow" campaigns, the premium generated through bancassurance operations increased 22% on a year-over-year basis.

Thanks to the "Themiz Project", which was launched in 2012, details that were manually attended and kept in separate files and media such as detailed calculations and processes that require agreement among functions at every stage; recourse and legal outstanding, compensation from previous period, collection, expenditure payment records, debt enforcement office fees, principal, attorney's fees, stoppage, withholding, and VAT were combined under the database model integrated with the health application. The conduct of these processes, which had brought an operational load, through automatic calculation structure started, the process achieved a compatible system structure, and gains were achieved in operational efficiency, transaction quality, detail record follow-up, and agreement facilities.

Yapı Kredi Insurance completed the excess of loss reinsurance agreement for natural disasters and earthquake with the participation of world-class reinsurers, working on its proportional reassurances together with panel led by Milli Reasürans, and including world's leading reinsurers such as Everest re, Mapfre Re, and Scor.

Through its innovative approach, Yapı Kredi Insurance aims to increase its efforts focusing on customer satisfaction and profitability, boost its premium generation to higher levels in a sustainable manner, and further its position in the sector in the top 5.

### **Yapı Kredi Investment**

Operating as one of the largest intermediary firms in the Turkish capital markets, Yapı Kredi Investment continues to generate the right and reliable solutions for individual and corporate investors residing in and outside Turkey through its broad product offering. Founded in 1989, Yapı Kredi Investment is among Turkey's

leading investment institutions. Utilizing Yapi Kredi's extensive branch network, the company reaches out to more than 140,000 customers in the domestic market, rendering services to investors through investment centers positioned across Anatolia, central sales teams housed at the head office, the 900+ Yapi Kredi branch network, and its developed mobile and alternative delivery channels.

The programs started and developed by Yapi Kredi Investment in 2012 included:

- **Improvements on BorsaCepte**

Thanks to its innovative and dynamic structure, Yapi Kredi Investment continued with technological improvements in the transaction channels and presented to its customers the Android app of its mobile transaction platform BorsaCepte in 2012 as well. BorsaCepte Android app provides investors with fast and uninterrupted access to BIST, VOB and global exchanges, allowing them send orders, view portfolios, customize, access research reports, and many more services as well as the facility to trade in stocks and futures in many foreign exchanges easily and rapidly based on real-time market data via TradeBox. Providing its customers with maximum flexibility in trading channels and allowing effective trading and portfolio follow-up thanks to its integrated structure, Yapi Kredi Investment also continued to improve its BorsaCepte apps for iPhone and iPad, which had been released in the previous years.

- **Electronic Service Channels Presentation**

With a view to boosting the awareness on and the use of the electronic trading channels through which the investors are served and promoting mobile products, an Electronic Service Channels presentation was prepared and shared via the website.

## **2. Customer Satisfaction and Complaint Management**

At Yapi Kredi, customer satisfaction is based on regularly listening to the voice of both its internal and external customers. Yapi Kredi conducts various measurements, surveys and other activities to increase customer satisfaction. Outputs of such activities provide guidance in the identification of its strategies.

Operating within Yapi Kredi, Quality Management listens to the customers and monitors the relations between the bank and the customers through "Customer satisfaction surveys", "customer experience surveys", and "mystery customer surveys". In addition to such surveys, an "internal customer satisfaction" questionnaire is regularly organized once a year with a view to measuring the "Internal service quality at Yapi Kredi" and therefore completing the missing piece in the great picture.

The approaches aimed at ensuring customer satisfaction are supported by surveys conducted to understand/measure customer experience. To this end, surveys are conducted to prioritize the "critical moments" that determined the moments of decision in the relationship with the customers and to understand their experience. Consequently, the goal is to understand the past perception and future loyalty of customers, and to have an idea of their present experiences and create "designed" experiences in certain product and service processes.

### **Internal Customer Satisfaction**

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.



As in every year, an Internal Customer Satisfaction survey was also held in 2012. With nearly 13,000 respondents, a turnout ratio of 75% was achieved at the survey held in the last quarter of the year, and nearly 50,000 assessments were made.

### A Day at Branch

As part of the “A Day at the Branch” activity, held on 11 December 2012, management staff working at the Head Office visited 110 branches, and the prominent issues and arrival rates were determined from among more than 1,100 feedbacks.

### Complaint Management

Yapı Kredi considers each complaint as an opportunity for improvement. All channels through which the customers can file complaints to the bank, are kept open at all times, and the “Voice of the Customer” customer complaint management system is used to ensure that complaints are responded and analyzed in a timely fashion. Complaints can be filed via branches, Telephone Banking, website, consumer websites, and official channels.

The “Contact Us” section on Yapı Kredi website provides information on 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.

### Idea Development Center (Evreka)

By operating the idea development process in an effective manner and using the human resource and the common mind at Yapı Kredi, the Idea Development Center (Evreka) was established in March 2012 in order to;

- Spearhead the development of new products and services,
- Direct the ideas that will improve the processes,
- Ensure the flow of existing and current information.

The system is accessible for the entry of ideas from all employees. The web-based system is simple, and the entry of ideas is easy and flexible. Automated information messages are available for every step in the process. Department representatives and experts are contacted via the system to evaluate the ideas.

### “Evreka in 2012 in Numbers”

#### 1 March – 31 December 2012

Total number of ideas entered	8.605
Ideas refused in the initial evaluation	6.447
Ideas that passed the initial evaluation	1.944
Ideas adopted by the committee	207
Ideas implemented	24
Number of personnel entered into the system	5.318
Number of personnel that entered ideas	2.139

Evreka has been embraced by the employees as a channel through which they can submit their ideas, have their voice heard, and ensure the flow of information. In order to rejuvenate the spirit of idea generation, trainings, meetings, announcements and bulletins, awards, efforts to implement ideas, and top management organizations will also continue in 2013.



### 3. Information Technologies and Operations Management

In line with the goal of becoming a “bank easy to work with”, Yapı Kredi Information Technologies continued to focus on technological investments and improvements aimed at boosting service quality and speed in 2012 as well. Efforts continued to build uninterrupted structures that include simple workflows and to create added value both as infrastructure and interface across all channels through which services are rendered to the customer. As in every year, work carried out this year also took two basic goals into consideration: To make life easier for customers while ensuring the most efficient use of bank’s resources. It was aimed to provide banking through new technologies in order to prevent customers from spending unnecessary time at the branch while helping the bank offer its services for minimal operational costs.

Within this framework, projects continued also in 2012 to increase the quality and speed of the services rendered at the branches, and to reduce service times by simplifying the general branch applications. In 2012, several transaction modules used both at branches and operations center were introduced to the process- and standards-based platform and interface that had been put in place in 2011. Following the counter line transactions, products such as check transactions, money transfers, EFT, and salary payments were also put in place this year. In addition, the fees and commissions module used in the new platform ensured that customer information and documents could be received and updated on a single platform, within the same process.

One of the issues that rose to prominence in 2012 was Mobile Banking. This year, efforts focused on technology investments that aimed to render to customers services with an increasing diversity and quality across all mobile platforms (iPhone, iPad, Android phones, XHTML and HTML5), and a large variety of new products such as Bump to Send (cash transfer), buying and selling foreign currency, virtual credit card transactions, access to Facebook/ Twitter accounts, buying and selling funds, time deposits, and bill payments were included on the Yapı Kredi Mobile Banking platform. Development of new products continued via other ADCs, and new services were introduced such as “Cash to Mobile”, which helps transfer cash from Internet Banking via SMS to a mobile phone number that can be withdrawn from any ATM, as well as the provision of online support to customers in money deposit transactions on ATM Plus.

Modernization work continued with a view to increasing efficiency and product diversity in applications while other projects that stood out in 2012 included the renewal of the infrastructure and applications for card and payment systems, increasing the variety of deposit and loan products, and simplification of processes. In 2012, major initiatives were taken in order to boost the project capacity. Within this framework, planning has been made to boost the IT capacity by 2015 to intensively support the new business ideas, and the expansion of IT personnel started with the new hiring made in 2012.

Significant developments were achieved in the efforts aimed at the modernization of the infrastructure as well with the provision of higher quality services thanks to the upgrading of databases to the latest versions with a view to using the server park more efficiently and effectively, reducing maintenance costs both in terms of investments and human resources, and providing fast and uninterrupted services to customers. Significant investment was made for the renewal of the infrastructure. Branch infrastructures were also renewed with the completion of metro Ethernet and fiber optic connections. Furthermore, the telephone infrastructures of the branches were also renewed and VoIP technology was utilized.



# YAPI KREDİ AND THE ENVIRONMENT



## 1. Environmental Policy

In all its operations, Yapı 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, Yapı 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.

## 2. Environment Themed Projects and Practices

### Supporting Renewable Energy

Boasting an extensive background and experience in the field of project finance, Yapı Kredi is one of the leading banks in Turkey in this business line.

Yapı Kredi believes in the importance of renewable energy projects for environmental protection and the minimization of the impact of climate change. As of the end of 2012, Yapı Kredi provided the energy sector with USD 4 billion in financing for 138 energy projects, a very significant portion of which (75%) was given to renewable energy projects.

Renewable energy projects constitute one of the most fundamental elements of the energy sector. Yapı Kredi will continue to develop projects that benefit the community as well as its efforts for a sustainable future. To this end, financing on both distribution companies of which privatization continue as well as power plants in the Elektrik Üretim A.Ş. portfolio and other renewable energy projects (i.e. hydroelectric plants, wind farms, geothermal, solar, biomass) shall have priority.

Loans extended to current renewable energy projects as of the end of 2012

Project Type	Number of Projects	Installed Power (MW)	Loan Extended (USD)
Hydroelectric Plant – River Type	94	2,031	1,145,606,365
Hydroelectric Plant – Dam	16	2,773	1,473,913,000
Wind	16	245	267,832,850
Geothermal	2	20	29,792,500
Biomass	5	65	15,671,800
<b>Total</b>	<b>133</b>	<b>5,134</b>	<b>2,932,816,515</b>

## Social and Environmental Management System (SEMS)

Yapi Kredi incorporated a Social and Environmental Management System (SEMS) for the funds it raised within the scope of the securitization agreement signed with the International Finance Corporation (IFC) and German Investment and Development Corporation (DEG) in 2011. The procedure that had been put in place was maintained in 2012 as well.

Extended for investment and business finance, this loan is granted so as to finance the investments of or provide business finance to firms of which core business is basic crop production and/or food and beverage management.

For the loans received within the scope of SEMS, projects that damage habitats, engage in the production and trade of wood and forestry products except for sustainable forests, pollute the environment or lead to the migration of local populations living in the area are designated as restricted. Accordingly, each and every factor that may damage natural and social life is evaluated and projects in the restricted sectors are denied financing.

Implementation of the SEMS procedure at Yapi 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 course of IFC and DEG's social and environmental impact evaluation processes.

## Recycling Campaign

In 2012, Yapi Kredi also continued with its recycling project that had been started in 2011 with a view to ensuring the sustainability of natural resources. 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.

In 2012;

- 888,750 kilograms of paper waste was recycled which prevented the release of 32,000 tons of greenhouse gasses into the atmosphere, and helped save 15,109 trees and 23,100 m3 of water.
- 14,000 kilograms of plastic waste was recycled, which saved nearly 195,370 kw/h of energy. This is the equivalent of 61 tons of crude oil.
- 950 kilograms of glass waste was recycled, which saved nearly 95 liters of gasoline.
- 1,480kg metal waste was recycled, which saved 23,680 liters of water, and prevented the release of 2,960 tons of greenhouse gasses.



## ISO14064 Certification

In 2012, Yapı Kredi continued the ISO 14064 Greenhouse Gas Emission certification process it had initiated in 2011.

ISO 14064 provides 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 2013.

## Renewable Energy Scholarship

In addition to financing renewable energy projects, Yapı Kredi also sponsors academic research on the topic and has created the "Yapı 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, potentials, and competition with the nuclear energy. Striving to help one graduate student studying on renewable energy graduate fully equipped in the field, Yapı Kredi invests in the future to attain a sustainable world.

## Support for the Earth Hour

Yapı Kredi supports the Earth Hour, which is organized by the World Wildlife Fund (WWF). Yapı Kredi participated in the campaign, which was held on 31 March 2012 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.

## Energy Saving Actions

Action	Benefit Achieved
Head Office Plaza D Block exterior LED lighting practices	42 26-Watt Delux-D bulbs on the tall poles and 26 80-Watt HQL bulbs on the short poles included in the exterior lightning were replaced with 12-Watt LED bulbs. Over the 11 working hours in winter months, a 74.2% savings were achieved. Reduction from 1,047kw to 269kw per month
Boiler replacement at Bayramoğlu Training and Recreational Facility, natural gas application	At the Bayramoğlu facility, 1 boiler and 2 kitchens were converted into natural gas system. 29% savings were achieved compared to the fuel-oil consumption the previous year.
Movement sensors were installed in 36 venues used by the personnel such as tea office, etc.	Lightning is shut down when not in use.







# YAPI KREDİ AND SOCIAL INVESTMENT



## 1. Social Investment Policy

Since its very establishment, Yapı Kredi has strived to help the society achieve its sustainable development goals. To this end, in addition to its core business and the economic added value it has created in the economy, it also carries out social investment projects over a diverse range of fields including education, culture and art, archaeology, and sports. It is proven through studies that social investment projects contribute in the reputation, recognition, and preferability of a brand. However, in realizing these projects, Yapı 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.

## 2. Social Investment Projects

### Culture & Art Projects

#### Yapı Kredi Cultural Activities, Arts and Publishing

Yapı Kredi Cultural Activities, Arts and Publishing continued to make its mark in 2012 with the books it published, exhibitions it opened and other cultural and artistic events.

Since its very establishment, Yapı Kredi Cultural Activities, Arts and Publishing has enjoyed the greatest market share in the Turkish publishing sector, and today, it is the representative of a long-standing tradition that started in 1945 with the Doğan Kardeş magazine. One of the most effective publishing houses in Turkey, Yapı Kredi Publishing maintained its leadership in 2012 as well. In 2012, Yapı Kredi Cultural Activities, Arts and Publishing brought to readers a total of 1,680,000 books including first editions in 282 titles and reprints in 522. Yapı Kredi Cultural Activities, Arts and Publishing also published its 3,759th title, achieving a phenomenal success in the history of Turkish publishing.

The fourth and last installment of Yaşar Kemal's Bir Ada Hikayesi series, Çıplak Deniz Çıplak Ada and Doğu'dan Uzakta by Amin Maalouf are the most important books published in 2012. Yapı Kredi Publishing also released CD books including Beni Bu Havalara Mahvetti by Orhan Veli and Sen Bana Bakma Ben Senin Baktığın Yönde Olurum by Özdemir Asaf, both of which were from the voices of their respective authors.

In January 2012, a Yapı Kredi Publishing bookstore was launched in Gaziantep.

In 2012, 11 exhibitions were held including 3 in Yapı Kredi Cultural Center, 5 in Caddebostan Cultural Center, and 3 in Gaziantep.

Works by Ali Cabbar were exhibited at the Red Corridor exhibition held in Yapı Kredi Cultural Center. Curated by Başak Şenova, Red Corridor addressed with a critical approach today's sanctions, powers, values, hopes, bans, and beliefs through faceless figures that used body language. In May-June 2012, Yapı Kredi Cultural Center hosted one of the most entertaining exhibitions of the year. The Lucky Luke in İstanbul exhibition welcomed those who wanted to take a closer look at the Wild West's loneliest cowboy. Telling the more than a century old story of the Hittite excavations, the exhibition "106 Years in Hattusha" featured never-before-photographs of the archaeological excavations made in the Hittite capital Hattusha from 1906 to date. "A Photographic Plate: Sabahattin Ali in Photographs He Took and Couldn't Take" exhibit presented photographs of people that had an important place in Sabahattin Ali's life, of the places he visited, and photographs taken by him.

Organized for Yapı Kredi Private Banking, the “Extraordinary Objects from the Lovers of Hisseli Harikalar Kumpanyası II” featured 250 interesting objects, documents and old black & white photographs from nearly 50 families and collectors. In addition to collectors, works owned by Yapı Kredi Private Banking customers were also included in the exhibition.

At the İstanbul in the Season-İstanbul Photographs from the Yapı Kredi Selahattin Giz Collection 1925-1955 Exhibition, the four seasons of İstanbul were presented through the lens of Selahattin Giz. From Yalçın Emiroğlu into the Present “Growing Up with Doğan Kardeş Exhibition” also presented the finest examples and original book covers of the Doğan Kardeş magazine and publications, which have become a legend in Turkey and left deep marks in the memories of children through the generations. In Gaziantep, “See Through My Eyes” exhibition, which is comprised of the photographs of Yaşar Kemal by Güneş Karabuda, Hoca Ali Rıza Painting Exhibition from Yapı Kredi Painting Collection and İbrahim Safi Painting Exhibition, again, from Yapı Kredi Painting Collection were held.

Organized jointly by Caddebostan Cultural Center Art Gallery and Yapı Kredi Cultural Activities, Arts and Publishing, the Yapı Kredi Painting Collection “Modern Era” exhibition brought together works from 1930s into the present from Yapı Kredi Painting Collection by artists from several generations including Cevat Dereli, Ali Avni Çelebi, Zeki Faik İzer, Maide Arel, Bedri Rahmi Eyüboğlu, and Abidin Dino.

### **Yapı Kredi Afife Theatre Awards**

Deemed as Turkey’s most prestigious theater award program, the “Yapı Kredi Afife Theatre Awards” are organized annually since 1997 with a view to freely sustaining and supporting the Turkish theater.

The 16th edition of Yapı Kredi Afife Jale Awards was held in a spectacular ceremony where winners received their awards. At the ceremony held in Haliç Convention Center in the evening on Monday, 30 April 2012, the bests of 2012 were recognized across 15 categories. The world-renowned Broadway Cabaret added a unique color to the event with their famous shows and special performances.

As a part of the Yapı Kredi Afife Theatre Awards, the winner of “The Stage is Yours” competition, which was held for the second time this year on Play Facebook page, received a plaque at the award ceremony to the applause of all guests. This year, the competition was not limited to the award ceremony but also extended to the social media, bringing theater to young people.

#### **• Who is Afife Jale?**

Afife was born in 1902 in Kadıköy, İstanbul. Together with Beyza, Refika, Behire, and Memduha, she was one of the five girls admitted to the Conservatory on 10 November 1918. With the exception of Afife and Refika, the other girls did not last long and dropped out of theater, believing that “they would not be allowed to take stage, anyhow.” The same year, Refika and Afife were admitted to the theater as prompter and intern actress, respectively.

Afife attended all rehearsals for a year but could not appear on stage. In the meantime, Refika became the first Muslim Turkish woman to take a role on the backstage. The role of Emel in the play “Yamalar” (Patches) by Hüseyin Suat, which would premiere on the evening of 13 April 1919, became vacant when Eliza Binemeciyan left for Paris. Thus, Afife appeared on stage in the role of Emel on the evening of 22 April at the Apollon Movie Theater (later Hale, and today REXX), becoming the first Muslim Turkish woman ever to appear on stage.



### **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 (3,129 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 abacuses, Facit calculating machines, counters, calculators, telephones, cash desks, lighting fixtures, switchboards, typewriters and film projectors, etc. used in the first branch).

### **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. Every year, findings that shed light on human history are unearthed at Çatalhöyük excavations.

In 2012, Çatalhöyük Neolithic city was included in the "World Cultural Heritage" list by UNESCO.

### **Educational Projects**

#### **Yapı Kredi Finance Professorship Chair**

In January 2011, Yapı Kredi founded a Finance Professorship Chair at Koç University with a view to supporting the scientific studies in the field of finance in Turkey and strengthening the bonds between the banking sector and the academia. Within the scope of this program, which is a first in the sector, Assoc. Prof. Oğuzhan Özbaş, who had taught MBA and PhD-level finance classes at the University of Southern California, was appointed as Yapı Kredi Professor of Finance, who is also tasked to facilitate information exchange between the sector and the university regarding the scientific developments and current practices.

Yapı Kredi Finance Professorship Chair continued its activities in 2012 as well.



## 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.

Program goals:

- 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.

Furthermore, the features of the program that are most loved by children include learning by play, having others read books and stories to them, their relations with their volunteer elder sisters and brothers, painting, publishing a newspaper for project work, and impersonating-imitating the characters.

### • 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 how comfortably they expressed 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. Furthermore, there have been improvements in the authors and genres that children reported that they knew and liked thanks to the project.

In addition to all its contributions in this cognitive field, 97% of the children said they would recommend the program to their friends and expressed their satisfaction with it.

The I Read, I Play program, which has been implemented since 2006, reached a total of 100,000 children as of end-2012.

### **Koç University Anatolian Scholars Program**

The “Anatolian Scholars Program” was created by Koç University in 2011 in line with its mission of introducing the overachieving prospective university students with limited financial means to the finest education facilities and to increasingly contribute in science through such excellent students.

In the 2012-2013 academic year, Yapı Kredi continued the Anatolian Scholars Program by covering all education expenses of three students.

### **Vocational Education: A Crucial Matter for the Nation**

The Vocational Education: A Crucial Matter for the Nation project was launched in 2006 jointly by Vehbi Koç Foundation, the Ministry of National Education, and Koç Holding with a view to raising awareness across the entire society about the importance of vocational technical education and laying the foundations of state-business cooperation by taking the lead on the matter.

Since then, 264 vocational high schools, 8,000 vocational high school students, 20 Koç Group companies from a variety of sizes and sectors, and more than 350 employees have voluntarily participated in the project. As part of the project, Vocational High School students, who are awarded scholarships by Vehbi Koç Foundation, also receive coaching support from the employees of Koç Group companies on a voluntary basis. 48 Yapı Kredi Vocational High School Coaches (VHCs) with an awareness to contribute to the community work on a voluntary basis to ensure the personal and social development of 369 scholarship students. Yapı Kredi also contributes in the project every year by providing students with internship opportunities at its branches. In 2012, 135 students benefited from the internship opportunities at Yapı Kredi branches across Turkey.



### **Yapı Kredi Girls' Technical and Vocational High School**

Yapı Kredi Girls' Technical and Vocational High School, which opened for educational activities in Çayırova, Kocaeli in the 2008-2009 academic year, gave its first graduates in 2012. A total of 164 students, who graduated from the branches of Catering Services, Photography, Graphics, Information Technology, Child Development, and Clothing Production Technology, received their diplomas at a ceremony held on 8 June. Yapı Kredi has also started a scholarship program in the 2012-2013 academic year in order to help successful students studying at the Yapı Kredi Girls' Technical and Vocational High School continue their education.





# SOCIAL RESPONSIBILITY IN YAPI KREDİ SUBSIDIARIES





## 1. Yapı Kredi Kùltür Sanat Yayıncılık A.Ş.

### GETEM

Thanks to the collaboration of Yapı Kredi Cultural Activities, Arts and Publishing with the Boğaziçi University Technology and Education Laboratory for the Visually Impaired (GETEM) e-library and technology firm SESTEK, which operates in the field of voice-communication technologies, each new book published by Yapı Kredi Cultural Activities, Arts and Publishing is now accessible to the visually impaired either via telephone or the Internet. Within the scope of this effort by Yapı Kredi Cultural Activities, Arts and Publishing, which supports Koç Holding's "Barrier Free Life for My Country" and Yapı Kredi's "Enabled Banking" projects, the visually impaired are able to access the latest books by Yapı Kredi Cultural Activities, Arts and Publishing free of charge: In the first of the methods that utilize text-to-speech software, users can download in MP3 format and listen to the books via a computer connected to the Internet on the GETEM website [getem.boun.edu.tr](http://getem.boun.edu.tr), which is accessible 24/7. A second method is also available for visually impaired people with no or limited access to the Internet. Through this service offered via an infrastructure prepared by SESTEK, the GETEM-member visually impaired can access to the newly published books 24/7 via telephone at 0216 276 3111.

### Reading Workshops

Yapı Kredi Cultural Center holds children's workshops that aim to instill a love for reading in children. At the workshops that combine books with games and realized with the participation of a different age group in each event, children bring the characters in the books either by making their puppets speak and paints and brushes or by acting themselves as the characters in the book. They both read and set out on a journey in the world of books.

Using the creative drama method, the reading workshops aim to instill a habit of reading in children as well as giving them many skills such as imagining, forming a sense of curiosity, questioning, problem-solving, attaining different perspectives, and expressing him/herself and ideas comfortably inside the group.

Yapı Kredi Cultural Activities, Arts and Publishing also donated 30,000 books to prisons in 2012 based on its desire to support the efforts to close the book deficit in the prisons across Turkey.

## 2. Yapı Kredi Pension

Striving to underline the social dimension of the Individual Pension System, which helps individuals stand on their feet during their retirement as well, Yapı Kredi Pension supports sustainable development through its social responsibility projects. Yapı Kredi Pension's completed (Safran and Ertuğrul Frigate: A Turkish Ship in Japan) and ongoing social responsibility and voluntarism projects are the greatest indicators of its efforts aimed at being a company with a high level of social sensitivity.

### Old Age Research Center (65+)

The Old Age Research Center (65+) was established by Yapı Kredi Pension with a view to bringing to the attention of the public in Turkey the social aspect of the topics of "old age-retirement." Launched in 2006, the project offers an opportunity to share information on old and aging population, which is not yet a priority in the agenda of the country. To this end, the portal [www.yaslilikrehberi.com.tr](http://www.yaslilikrehberi.com.tr) was created as a hub accessible to everyone free of charge that features studies and topics for the elderly. The website has also been designed to be easy to use by the elderly.



### **Social Project Development Training**

The “Social Project Development Training” which is offered to employees with the consultancy of the Private Sector Volunteers Association (OSGD) strives to help volunteers develop cooperation with an NGO. In addition to contributing in the society, Yapı Kredi Pension employees taking part in the training also improve their competencies that would allow them to be even more successful in both their current positions and on their career path. 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 109 employees realized 19 different projects as of the end of 2012.

### **3. Yapı Kredi Insurance**

In the scope of the project carried out jointly with its agencies, Yapı Kredi Insurance provides scholarships to those students of Koç University School of Nursing who entered the school with top grades but would have hard time pursuing their education due to economic hardship, with a view to providing the health sector with well-educated and highly qualified professionals. In the 2011-2012 academic year, three successful Koç University School of Nursing students in need received scholarships. Furthermore, in addition to these students, a scholarship has also been instituted for a Medical School student as part of the “Anatolian Scholars” program. Yapı Kredi Insurance Nursing scholarship will be given for four years and the Medical School scholarship for seven years.

# Glossary

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**ADC:** Alternative Distribution Channels

**ATM:** Automatic Teller Machine.

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

**BES:** Individual Pension System

**BRSA:** Banking Regulation and Supervision Agency

**CEO:** Chief Executive Officer

**CIO:** Chief Information Officer

**CRM:** Customer Relationship Manager

**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.

**BIST:** Borsa İstanbul is 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.

**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)

### **For Further Information About The Report**

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