



# SUSTAINABILITY REPORT 2013





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# ABOUT THE REPORT

This report aims to provide our stakeholders with the sustainability performance of Yapı Kredi, Turkey's first privately owned bank with a nationwide presence, and all its subsidiaries from 1 January 2013 to 31 December 2013. Published on an annual basis since 2010, Yapı Kredi Sustainability Report is one of the essential practices of our company conducted with regards to our principles of transparency, responsibility, and accountability.

Since, majority of our operations take place in Turkey, the scope of the report covers social, economic, and environmental performance of Yapı ve Kredi A.Ş. operations in Turkey. Moreover, data on financial and social performance of our subsidiaries in Turkey are also included. Unlike previous reporting practices, we were guided by the Global Reporting Initiative (GRI) G3.1 Reporting Guidelines, a sustainable reporting standard accepted worldwide.

We responded to the GRI framework at Level B. Another guide in our reporting practice were the 10 principles set by the United Nations Global Compact, of which our main shareholders UniCredit Group and Koç Holding are signatories.

This sustainability report is printed in limited quantity for minimizing environmental impact. A PDF version of the report is available to stakeholders at [www.yapikredi.com.tr](http://www.yapikredi.com.tr).



## CEO MESSAGE

### Dear Stakeholders,

At this time, we are having the justified pride of completing a challenging year successfully. Despite the adverse global and local macroeconomic conditions, our strategy of “Smart Growth,” our understanding of corporate governance and as well as our perspective on sustainability we apply in the social, environmental and economic spheres, afforded us the opportunity to carry on generating positive value for our stakeholders. In this period in which we displayed a performance of growth in areas that add value to the business, upholding a policy of Sustainable Banking led us to continue providing the right products to the right customers at the right prices and through the right channels.

At the same time, we continued to widen the scope of our Enabled Banking program to fulfill our corporate citizenship responsibilities toward our customers. With our vision of being “A Bank Easy to Work With,” we were able to both expand our network of branches and use our innovative approach to develop alternative distribution channels over the year in order provide our customers with fast and easy services. As of the end of the reporting period, we are providing services to our 9.7 million active customers with 949 branches spread out over all regions of the country, 3000 ATMs, an innovative online banking system, a leadership-level mobile banking application and two award-winning call centers.

In order to provide our stakeholders with transparent and effective communications, we continued to develop our communication and participation channels during the reporting period as well. By reading the needs of our stakeholder network accurately, we came up with banking and social responsibility applications that garnered the acknowledgment and attention of the world. We were honored with many prestigious awards in many fields, such as our general banking applications, our managerial development, human resources, internal auditing, and Barrier-free Banking practices. We received an Ethics Award from the Ethical Values Center Association, a “Barrier-free Private Sector Award” from the Barrier-free Informatics Platform of Turkey, the Excellence in Practice Award from the American Society for Training and Development, three awards from Communicator Awards for our renewed website and the Best Private Banking Award from Global Finance, to name only a few.

We externalized our understanding of corporate governance which is the backbone of our internal communications, to our operations more effectively. In doing so, we were able to raise our Corporate Governance Grade from 8.81 in 2012, to 9.32 in 2013.

We continued to support the fight against climate change with our financing applications in the area of renewable energy, and we also pursued our environmentally-friendly practices in an effort to reduce the environmental impact of our banking activities. In the reporting period, we financed 102 renewable energy projects having an installed power capacity of 4771 MW.

Our human resources practices are conducted with a respect for human rights and with no compromises in avoiding discrimination, in an effort to create a safe and fair working environment. This effort allowed us to maintain our level of employee satisfaction while our effective career management activities, particularly with the Yapı Kredi Banking Academy, allowed us to continue to make our bank a center of attraction for competent human resources and a workplace where we increase the professional competence of our employees. The training we provided to our employees during the reporting period reached 717,317 man x hours in quantitative terms.

We continued to fulfill our responsibilities toward the community we operate in by supporting the social projects undertaken on a national scale by one of our main shareholders, Koç Holding, and also with our own Social Responsibility Projects, which are carried out to find solutions for community issues. Our projects in the areas of education, health, culture and the arts and in sports, our cooperative efforts with civil organizations and our sponsorship practices have allowed us to take significant steps toward meeting our goal to reach all of the constituents of our stakeholder network.

We continue to bring to life communication mechanisms that will increase the participation of our stakeholders with our Social Responsibility Projects based on volunteerism. In this context, as of the reporting period, 2602 Yapı Kredi employees worked as volunteers on projects as a part of the Yapı Kredi Volunteers Platform. In the same period, Yapı Kredi Publications reached 2.18 million readers with a total of 821 different categories. For our children and young people who are the hope of our future, we produced a total of 242 different categories of books, 89 of which were new publications, continuing to increase the number of books for the category of children and young readers within the total volume of publications. In addition, our Yapı Kredi Cultural Center organized 11 exhibits and 180 art events and we reached an audience of 35 thousand people.

Dear Stakeholders,

This report, a summary of our sustainability performance, we hope to share with you has the feature of being our 4<sup>th</sup> sustainability report. As in our previous reports, we have adhered to the UN Global Compact and also in this year's report, we have benefited for the first time from Global Reporting Initiative (GRI) reporting standard. Using G3.1 reporting framework with an application level of B, we believe we have taken a major step in the direction of fulfilling our principles of transparency and accountability.

As we approach our 70<sup>th</sup> anniversary, we aim to continue investing in the coming period in productivity, infrastructure, human resources, in our service network and in corporate social responsibility projects with the strength of the robust capital and liquidity base that we generated in this past period. I thank all of our customers who have stood beside us on this journey, all of our shareholders who have given us the confidence of their support, all our employees who have brought us to this point with their dedicated efforts, and all our stakeholders who shape the future of our corporation.

**Faik Açıkalın**  
CEO







# ABOUT YAPI KREDİ

Established in 1944 as Turkey's first private bank with nationwide presence and a focus on retail banking, Yapi Kredi continues its customer-oriented banking approach as Turkey's 4th largest private bank. Enjoying a powerful position as a pioneer with products and services that add value, the Bank contributes to the development of the finance sector and targets sustainable and profitable growth based on a transparent and unique strategy.

Among the top 10 most valuable brands of Turkey, Yapi Kredi values innovation and exhibits a sustainable and strong performance. At the same time, it strives for its community to attain sustainable development goals. The Bank, which is in pursuit of being the number one choice of consumers, has an extensive geographical coverage spanning across Turkey, a multi-channel service network, and young and dynamic human resources. Yapi Kredi ranks the 5<sup>th</sup> in the market with TL 160 billion total asset size and 9.5% market share in total loans, and the 6<sup>th</sup> in total deposits with 9.1% market share.

### VISION

To be the undisputed leader in the finance sector.

### MISSION

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

### STRATEGY

#### **Healthy and Consistent Growth**

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

#### **Strong and sustainable profitability**

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

#### **Superior and Lasting Customer Satisfaction**

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

### VALUES

#### **Freedom**

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

#### **Fairness**

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

#### **Respect**

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

## Trust

Yapi Kredi employees build relationships based on trust with all relevant parties using 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, Yap Kredi employees keep their promises in a timely and accurate manner. They treat their customers' problems as if they are their own, find rapid solutions and follow up on the results.

## Transparency

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

**16.682**  
employees

**949**  
branches

**3.000**  
ATMs

**456**  
thousand  
POS's

**9,7**  
million  
customers

**8,7**  
million  
Individual  
Customers

**911**  
thousand  
SME Banking  
Customers

**49**  
thousand  
Corporate and  
Commercial  
Customers

**3,2**  
million  
Internet  
Banking users

**5,6**  
million  
credit card  
users

**530**  
thousand  
Mobile Banking  
Users

**42**  
million  
customer calls  
in  
2 Call Centers

### Financial Targets (2014)

<b>Growth</b>	Balanced growth that outperforms the sector in value added areas both for the bank and customers	<b>Liquidity and Capital</b>	Efficient liquidity and capital management via healthy growth in deposit base and a diversified funding base
<b>Profitability</b>	Maintaining profitability by continuous contribution of main banking revenues and disciplined cost management	<b>Asset Quality</b>	Maintaining asset quality with a proactive and cautious approach

## SUBSIDIARIES

### Yapi Kredi Bank Azerbaijan

Offering a wide array of products and services to more than 129,000 customers in retail and corporate banking areas with 15 branches and 424 employees in Baku, Ganja and Sumgait, Yapi Kredi Bank Azerbaijan was established in 1998. The assets of the bank outgrew the sector during the reporting period and increased by 36%, reaching USD 401 million. The Bank is the market leader in credit cards with 10.5% market share. Continuing to improve its technological infrastructure in 2013, the Bank operationalized an advanced online branch for individual and corporate customers. Yapi Kredi Banking Academy in Azerbaijan has offered approximately 12.6 thousand hours of training to bank employees throughout the year, as well as various seminars and activities for customers in the finance sector.

<http://www.yapikredi.com.az>

### Yapi Kredi Bank Moscow

The first Turkish bank to initiate banking operations in Russia, Yapi Kredi Bank Moscow provides banking services such as corporate financing, project financing and foreign trade financing to corporate customers in construction, contracting and tourism sectors. With assets reaching USD 242 million upon an increase of 14% during the reporting period, the Bank focused its efforts on diversifying customer base, productivity and asset quality, and reached 3,6% ROA which is double the sectoral average.

<http://www.ykb.ru/en>

### **Yapi Kredi Bank Nederland**

Pursuing the mission of providing support for Yapi Kredi customers settled abroad, Yapi Kredi Bank Nederland, offers products and services in retail, corporate and private banking areas. The Bank offers savings and deposit products to more than 15.000 customers in retail banking, while providing structured commodity finance and foreign trade finance solutions to corporate banking customers. The asset size of the bank has reached USD 2.2 billion as per the reporting period.

<http://www.yapikredi.nl/en>

### **Yapi Kredi Factoring**

The leader of Turkish factoring sector with 16.9% market share, Yapi Kredi Factoring offers a variety of products and services to its customers, including debt follow-up and collections, with 91 employees on board. Established in 1999, the company has been the sector leader for 13 years and is listed among the Best Exports Factoring Companies of the world by Factors Chain International (FCI).

With a growth of 56% in factoring turnover during the reporting phase, Yapi Kredi Factoring has experienced a powerful growth compared to the sector that grew by 22%. 72% of the USD 7.5 billion transaction volume is derived from domestic transactions whereas 28% is derived from foreign transactions.

<http://www.yapikredifaktoring.com.tr>

### **Yapi Kredi Leasing**

With 14.8% market share and market leader position for 5 years in a row, Yapi Kredi Leasing is one of the prominent companies of the leasing sector. The company, which has 12 branches and 134 employees, offers high quality products and services in key segments, primarily production machinery and building equipment.

“Sell and Lease Back” practice, which involves customers selling their assets and buying them back with long-term leasing agreements, has become widespread in the leasing sector where the Company’s annual transaction volume has increased to TL 2 billion with 14.8% increase during the reporting period. In the same period, Yapi Kredi Leasing has focused on strengthening its position across SMEs and suppliers. The Company increased the level of contracts with SME customers from 58% in 2012 to 65%.

<http://www.yapikredileasing.com.tr>

### **Yapi Kredi Koray Real Estate Investment Company**

Yapi Kredi Koray Real Estate Investment Company, which commenced its operations in 1996, assumes prestigious housing and shopping mall projects in metropolitan cities such as Istanbul and Ankara, and plays a significant role in housing and commercial real estate development in the sector. 30.45% of Yapi Kredi Koray Real Estate Investment Company’s capital is owned by Yapi Kredi. The Company is traded in Istanbul Stock Exchange and has a market value of TL 46.4 million as per the reporting period.

<http://www.yapikredikoray.com>

### **Yapi Kredi Cultural Activities, Arts and Publishing**

Established in 1984 and fully owned by Yapi Kredi, Yapi Kredi Cultural Activities, Arts and Publishing (YKKSİY) is one of the most reputable culture and arts companies in Turkey. YKKSİY presents important publications, cultural events and exhibitions to the community through the Yapi Kredi Cultural Center as well as Yapi Kredi Publications.

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

### **Yapi Kredi Portfolio Management**

One of the leading portfolio companies of Turkey since 2002, Yapi Kredi Portfolio Management serves the market with 63 employees offering customized research and analysis in all asset classes, with a strong risk management infrastructure. The company actively managed 39 mutual funds and 19 pension funds during the reporting period. With its total asset volume comprising pension funds, hedge funds, and private portfolio management reaching TL 10.7 billion, it maintained its second place in the sectoral ranking. Furthermore, Yapi Kredi Portfolio Management, which offers portfolio consultancy services and ranks the 2nd in investment funds sector with 18.2% market share, was upgraded to “Highest Standards” level by international rating agency Fitch, becoming the first and only portfolio management company earning that grade in Turkey.

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

### **Yapi Kredi Investment**

With 20 years of experience in the banking industry and a leadership position in the sector since 2008, Yapi Kredi Investment, one of the most prominent investment institutions of Turkey, serves 99,000 individual and corporate customers. With 175 experienced employees, the company offers a wide range of products including commodity derivatives transactions, domestic and international stock transactions, advanced derivatives transactions, and consultancy services. Furthermore, the Company sits in leadership position in Istanbul Stock Exchange with TL 602 million transaction volume.

<http://www.yky.com>



### **Allianz Yaşam ve Emeklilik**

Allianz Yaşam ve Emeklilik, which operates in private pension and life insurance lines, offers a diversified product range to address individual and corporate needs. Allianz, one of the largest insurance companies and asset groups in the world, has become the main partner of the Company as of July 12, 2013 by acquiring 80% shares of Yapı Kredi Emeklilik. The Company name was changed to Allianz Yaşam ve Emeklilik on September 27, 2013. Yapı Kredi still maintains 20% of its shares so as to promote its long-term strategic partnership with Allianz. In the aftermath of this timely and successful sales transaction, a 15-year exclusivity agreement was signed with Allianz for bank assurance partnership. Allianz's insurance and private pension products are offered to customers through the extensive branch network of Yapı Kredi and its innovative alternative delivery channels.

<http://www.allianzyasamemeklilik.com.tr>

### **Banque de Commerce et de Placements**

A Swiss bank founded in 1963 and headquartered in Geneva, Banque de Commerce et de Placements (BCP) operates through its two branches in Luxembourg and Dubai. 31% of the Bank's shares are owned by Yapı Kredi. With a particular focus on commodity finance, foreign trade finance and wealth management as well as treasury operations and correspondent banking services, the Bank has realized a net profit of 15,6 million CHF during the reporting period.

<http://www.bcp-bank.com>

MARKET POSITION

		Market Share	Rank
Total Bank	Loans	9.50%	4
	Deposit	9.10%	4
	Number of branches	8.60%	5
Retail Banking	Credit Card Outstanding	20.60%	1
	Credit Card Acquiring	17.70%	1
	Number of Credit Cards	17.80%	1
	General Purpose Loans	6.30%	7
	Mortgages	8.90%	5
	Auto Loans	14.00%	3
	Commercial Installment Loans	6.50%	4
Corporate and Commercial Banking	Corporate Loans	8.70%	4
	Non-cash loans	12.50%	2
	Leasing	14.80%	1
	Factoring	18.10%	1
	Cheque Clearing	11.10%	1
Private Banking and Wealth Management	Mutual Funds	18.20%	2
	Istanbul Stock Exchange Transaction Volume <sup>1</sup>	15.50%	1
	Equity Transaction Volume	6.90%	3

<sup>1</sup> Repo, reverse repo, treasury bill, government bond trading, equity and derivatives market transaction volume



## SHAREHOLDING STRUCTURE

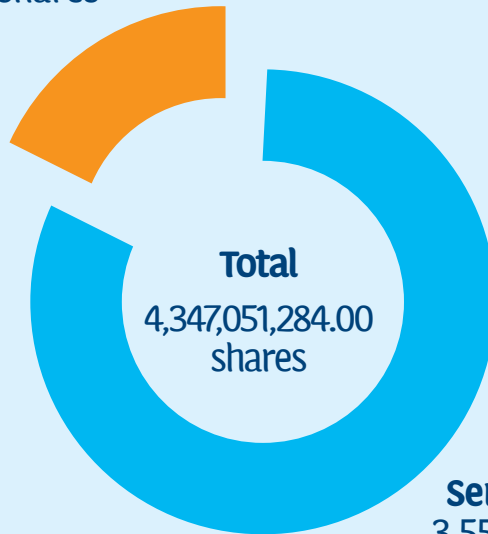
Koç Financial Services (KFS) is Yapı Kredi's majority shareholder with 81.80% of the Bank's shares. It is a partnership distributed equally between Unicredit and Koç Group (50%-50%). The remaining 18.20% of the shares is publicly traded. The Bank's public shares are traded in Istanbul Stock Exchange Market, while the Global Depositary Receipts representing these shares are listed in London Stock Exchange Market.

Koç Group, founded in 1926, is the largest conglomerate in Turkey in terms of turnover, exports, and 84 thousand employees. Koç Group's turnover comprises 8% of the total GDP of Turkey and its exports comprise 10% of Turkey's total exports.

Unicredit Group with roots dating back to 1473 is an important financial institution in European banking system, based in Italy. The Group has a network of 9,000 branches and 148,000 employees in 22 countries.

Our shareholding structure has not changed during the reporting period.

**other (%18.2);**  
791,338,887.93 shares



**Koç Financial  
Services A.Ş. (%81.8);**  
3,555,712,396.07 shares

AWARDS RECEIVED DURING THE REPORTING PERIOD

General Banking	135th in the Most Valuable 500 Global Banking Brands List	Brand Finance
	19th Position in Most Popular Companies Ranking	Bloomberg BusinessWeek
	One of the 10 Banks with Highest Growth Potential in Central and Eastern Europe	Esrte Group Research
	Internal Audit Awareness Award	The Institute of Internal Auditing- Turkey (TİDE)
	2013 CRM Elite Award	CRM Magazine - Market Awards
	Best Private Banking	Global Finance
	Industrial Excellence Award - Yapı Kredi Emeklilik (In Financial Services Category)	Microsoft Convergence
	Ethics Award	Ethical Values Center Association (EDMER)
Banking Products	Leader Bank in Visa Credit Card Shopping Transaction Volume	Visa Europe
	Leader Bank in Visa Commercial Credit Card Shopping Transaction Volume	Visa Europe

<b>Alternative Delivery Channels</b>	Private Sector Award for Barrier-Free Banking	Turkish Barrier-Free IT Platform
	Enabled Banking Program (Disability Health Category)	Public Health Association of Turkey
	Turkey's Firsts for People with Hearing Impairment	Turkish National Federation of the Deaf
<b>Human Resources and Yapı Kredi Banking Academy (YKBA)</b>	Excellence in Practice Award	American Society for Training and Development (ASTD)
	Measurement Excellence Award (YKBA)	Corpu's Learning Excellence and Innovation Awards Program
	Strategic Alignment Award	Corpu's Learning Excellence and Innovation Awards Program
	Leadership Development Award	Corpu's Learning Excellence and Innovation Awards Program
<b>Investor Relations</b>	Top 10 Companies Based on the Evaluation of BIST 30 Companies	Turkish Investor Relations Society (TÜYİD)
<b>Yapı Kredi Factoring</b>	Most Popular Factoring Company	Capital Magazine
<b>Yapı Kredi Leasing</b>	Most Popular Leasing Company	Capital Magazine





# GOVERNANCE

With 69 years' experience in the sector and our governance model established in light of the corporate principles of our main shareholders Koç Holding and UniCredit, we manage our wide operational network most efficiently, and implement economic, social and environmental practices to bring added value to all our stakeholders. We efficiently manage our direct and indirect impact on the geographies and communities we operate in, and act within the framework of corporate policies and systems in order to minimize our environmental and social risks.

Adopted and managed effectively by UniCredit across all geographies where we operate, the Anti-Money Laundering, Counter-Terrorist Financing and Anti-Corruption policies are approved and implemented to the extent local legislations and regulations allow. We review our policies as there are amendments to the local legislation and to UniCredit policies, report to UniCredit regarding our practices, inform our employees through trainings and reminders, and conduct communication activities across all our stakeholders with a view to raise awareness on these policies.

## CORPORATE GOVERNANCE

Responsible, and accountable management approach; adapting to changing market conditions, regulations and operational practices; and taking firm steps towards our corporate targets. Our Councils and Committees act with this awareness, performing within a strong and efficient corporate structure, acting responsibly towards the company's stakeholders, and taking the lead for improving the overall economic landscape. Full adherence to laws and regulations is the fundamental tenet of our way of doing business, and generating value across our entire chain of stakeholders is our ultimate goal.

We strive to adhere to the Capital Market Board's (CMB) Corporate Governance Principles to a significant degree and focus our efforts for continuous development in this area. As a result of our precise and effective policies and practices in Corporate Governance, we increased our corporate governance rating from 8.81 in 2012 to 9.32 in 2013.

### Corporate Governance Ratings

Main Sections	Weight	2008	2012	2013
Shareholders	0.25	8.29	8.72	9.47
Public Disclosure and Transparency	0.35	8.11	9.26	9.12
Stakeholders	0.15	9.5	9.54	9.38
Board of Directors	0.25	6.74	7.83	9.33
Total	1	8.02	8.81	9.32

To ensure bankwide adoption of our governance approach, we set transparent and clear rules and protocols and involve all our employees in this process by means of effective communication channels. The Code of Ethics and Business Conduct, which we published during the reporting period with a view to translate our principal organizational values into our day-to-day business practices, defines our working style and the relationships of our employees with other employees as well as our stakeholders. We aimed at providing our employees with general information on the Anti-Corruption Policy issued within the same period to define the principles and rules for identifying and preventing potential "Acts of Corruption" in order to preserve the integrity and reputation of Yapi Kredi.

Specialized committees that are in charge of main operational processes and serve under the Board of Directors so as to manage decision-making and executive processes effectively lead us in this journey. Our committees run efficient and transparent

operations through reports presented to the Board of Directors periodically, and underpin our sustainable governance model. In Yapı Kredi, Chairman of the Board of Directors and CEO are separate individuals. The Board of Directors is composed of 12 members, 5 of which are independent.

### **Board of Directors**

Board of Directors is the main body that sets the Bank's short, medium and long-term sustainability targets. It engages in efficient communication processes with the Executive Committee and other committees, closely monitors target realizations, and ensures dissemination of the set targets across the organization.

### **Executive Committee**

The Executive Committee is the decision-making body of the Group, established to collectively decide upon material topics for Yapı Kredi and its subsidiaries and to facilitate information sharing across senior management. The Committee is in charge of managing issues such as defining Group strategies and Bank's structural risk management, and approving internal and external communication plans, the Bank's annual Project plan, and major organizational changes.

### **Credit Committee**

The Credit Committee is an advisory and deliberative body whose purpose is to provide guidelines for the Yapı Kredi's lending activity in line with credit policy, economic objectives and the Bank's overall risk profile. The Committee reviews loan applications and restructuring requests within its authorized delegated limit or advises the Board of Directors for those that are not.

### **Audit Committee**

The Audit Committee administers the Bank in terms of compliance with local laws and internal regulations. Its responsibilities include monitoring the performance of Internal Audit, Internal Control and Risk Management departments, and fulfilling the relevant tasks as determined by Banking and Capital Market legislations. The Committee, which reviews audit projects, the financial reporting process, procurement policies and expenses, is also responsible for appointing, overseeing and compensating of external auditor, rating, evaluation, and support service institutions.

### **Remuneration Committee**

Remuneration Committees evaluates, monitors and audits compliance of Bank's



compensation principles and remuneration practices in line with the Bank's strategy, long-term targets and risk structure on behalf of the Board of Directors.

### **Corporate Governance Committee**

The Corporate Governance Committee is an advisory body that assists the Board of Directors on compliance with Corporate Governance Principles, investor relations activities, and public disclosures. The Committee is responsible for identifying and providing guidance for any conflicts of interest that may arise. The Committee confirms that proper flow of information is ensured between the shareholders and investors.

## **SUSTAINABILITY MANAGEMENT**

The macroeconomic conditions that shaped the last 10 years encourage nations and organizations to adopt more responsible and sustainable growth methods. Large financial institutions are faced with an ever-growing number of questions regarding the socioeconomic and environmental effects of their operations, and a growing number of stakeholders, primarily investors, are interested in long-term value generation potential of the companies. This burgeoning understanding among institutions and stakeholders was the main motive that defined our approach towards corporate sustainability at Yapı Kredi. Two established companies, Koç Group and Unicredit, who are our principal shareholders, strive for a strong corporate identity in light of their sustainability experiences and our common values. We constantly improve our governance mechanisms and work to integrate them to our daily business practices, and share our performance results with our stakeholders in the most effective and transparent way.

We endeavor to be a leaner, more effective and clearly understood organization from the perspective of our stakeholders. We design policies and practices and constantly improve them in order to mitigate the environmental and social risks posed by our operations, and we manage processes that will ensure the adoption of our sustainability culture across our internal and external stakeholders. As we carry out our operations responsibly, we regularly inform our stakeholders regarding our environmental, social, and managerial performance, and implement mechanisms to maximize stakeholder participation.

Sustainability Workshops kicked off during the reporting period represent a significant milestone regarding stakeholder participation in our governance processes and our sustainability journey. We initially drafted a sustainability theme universe related to Yapı Kredi's operations. In the next phase, we held an internal stakeholder survey with the participation of all Yapı Kredi departments' representatives, and defined our sustainability



priorities from among the themes in this universe. We translated the content of the results to our corporate language upon discussion among all representatives. In the final step, we repeated the survey to finalize our sustainability themes matrix. Our materiality practice laid the ground for this year’s reporting practice. We hope to repeat and deepen this practice with an ever-growing base of stakeholders in the future.

**Our Priority Issues**

<b>Governance</b>	Governance Integrating social and environmental risks into the risk assessment process Risk Management Business Ethics Business Continuity Legal Compliance Fair Competition Anti-Corruption
<b>Our Employees</b>	Job Health and Safety Talent Management Employee Development Employee Satisfaction Equality of Opportunity Union Rights Human Rights
<b>Sustainable Banking</b>	Confidentiality of Customer Information Customer Proximity Support for the Real Sector Innovative Banking Lean and Transparent Products and Services
<b>Preservation of Natural Resources</b>	Mitigating Environmental Impact of Operations Sustainability Practices in the Supply Chain
<b>Society</b>	Contribution to Social Welfare

Policies, practices, targets and realizations in the managerial, environmental and social realms constitute the core content of our sustainability performance. In order to constantly improve our performance in these fields, it is a prerequisite to have a sustainability culture across the organization and stakeholders as well as a strong corporate identity. We manage our sustainability performance with a variety of tools, first and foremost via employee engagement, efficient rules and governance mechanisms. We share our performance with our stakeholders on a regular basis and aim at a continuous improvement of performance communication in light of their feedback.

Our employees are our most valuable asset and play the most prominent role regarding Yapı Kredi's accountability in social, economic and environmental areas. In activities headed by our Human Resources and Organization department, we act with the vision of being "the Best Company to Work for". We establish communication channels for facilitating the participation of our employees in the company processes, and exchange our common ideas to create a more efficient and happier Yapı Kredi staff. Our ultimate goal is to build a workplace environment without discrimination, which ensures right career development practices, work-life balance, and maximum health and safety conditions for all our employees.

Yapı Kredi's attitude towards the use of natural resources and climate change defines yet another significant leg of our corporate identity. Our energy and emission management practices pioneered by our Technical Building Management department reduces our carbon footprint gradually. Furthermore, we take trailblazing steps for a green economy owing to renewable energy financing practices governed by our Project Finance department. Carried out under the auspices of our Administrative Tasks and Facilities and Fixed Assets and Expense Management departments, our Recycling Project minimizes the use of materials such as paper, plastic, glass, and metal.

We participate in the Koç Group Environment Committee comprised of managers responsible for environment management in all Koç Group companies, and we take solid steps for successful implementation of Committee decisions on long-term environmental strategies and action plans across our organization. We are periodically audited by the Committee, which acts to ensure Group companies adhere to environment legislation. Upon feedback for improvement, we implement the most appropriate and most efficient practices. You can reach our Environmental Policy from <http://www.yapikredi.com.tr/en/corporate-social-responsibility/environmental-practices.aspx>.

Managed by our Corporate Communication department, our Corporate Social Responsibility Practices aim at bringing efficient solutions to social problems, and we establish mechanisms to enable active voluntary participation of all our stakeholders in the projects. While we maintain our corporate reputation through long-term projects and sponsorships in education, culture-arts and sports, we fulfill our commitment regarding our contribution to social development.

## Yapı Kredi's Voluntary Affiliations

### **YAPI VE KREDİ BANKASI A.Ş.**

Turkish Marine Environment Protection Association / TURMEPA  
Institute of International Finance / IIF  
İzmir Foundation for Culture and Arts / İKSEV  
İstanbul Foundation for Culture and Arts / İKSV  
Association of Corporate Communication Professionals  
Corporate Volunteers Association / ÖSGD  
Advertisers Association  
Risk Management Association  
The Banks Association of Turkey  
Turkish Foreign Trade Association / TURKTRADE  
Turkish Association for Quality / KALDER  
The Institutional Investment Managers' Association / TKYD  
The Union of Chambers and Commodity Exchanges of Turkey / TOBB  
Turkish Industry and Business Association / TÜSİAD  
İstanbul Chamber of Commerce/ İTO  
Corporate Governance Association of Turkey / TKYD  
The Interbank Card Center / BKM  
International Chamber of Commerce – Turkey / ICC Turkey  
İstanbul Chamber of Industry / İSO  
Turkey Sustainable Energy Financing Program / TÜRSEF

### **YAPI KREDİ CULTURAL ACTIVITIES, ARTS AND PUBLISHING CO.**

Turkish Publishers Association  
Publishers Copyright and Licensing Society

### **YAPI KREDİ FACTORING**

Factors Chain International /FCI

### **YAPI KREDİ PORTFOLIO**

Turkish Institutional Investment Managers' Association/ TKYD

### **Dialogue with Stakeholders**

Strong and consistent growth of our company depends on a continuous communication with our stakeholders. We believe that a relationship built upon trust, understanding and mutual dialogue with our stakeholders who play a vital role in our operations and in setting our strategies, creates value for our corporate sustainability. While we conducted a materiality analysis with our internal stakeholders in 2013, we aim to further expand the scope of this initiative to cover our external stakeholders in the future.

Widespread use of social media has changed our methods of communication with our stakeholders, enabling us to build stronger relations, collect faster feedback, and monitor opinions about our products and services more closely. We manage the social media channels integrated with traditional communication channels, and make an effort to design the right practices and improve competencies of our staff for more efficient use of the social media. Among our goals for the upcoming term is the Corporate Social Media Platform to be implemented in this end. We hope that our pilot practice that will involve 3.000 employees will serve to improve internal communication and our dialogue with our stakeholders.

Stakeholder Group	Communication Methods
Employees	Sustainability Reports, Evreka Idea Development Platform, Bizler Intranet, BizTV, Internal Announcements, Ethic Line, Employee Satisfaction Surveys, Yapi Kredi Banking Academy, Trainings, CSRProjects, Yapi Kredi Volunteers Platform, Manager Meetings
Shareholders, Investors, Analysts	General Assembly Meetings and Minutes, Annual Report, Quarterly Report, Finance Reports, Public DisclosurePlatform, Sustainability Reports, Corporate Governance Principles Compliance Report, Rating Reports, Analyst and Investor Meetings, Teleconferences and E-mail Interviews,Social Media, Corporate Web Site, Press Releases
Customers	Customer Satisfaction Surveys, Yapi Kredi Banking Academy, Finance Reports, Sustainability Reports, Corporate Web Site, Social MediaAccounts, Events, Call Center, Branches, E-mail Notification, Media, Advertising and Promotional Campaigns, <a href="http://www.worldcard.com.tr">www.worldcard.com.tr</a> , <a href="http://www.crystalcard.com.tr">www.crystalcard.com.tr</a> , <a href="http://www.taksitcikart.com.tr">www.taksitcikart.com.tr</a> , <a href="http://www.playcard.com.tr">www.playcard.com.tr</a> , <a href="http://www.kredisimdi.com.tr">www.kredisimdi.com.tr</a> , <a href="http://www.yapikredipos.com.tr">www.yapikredipos.com.tr</a> , <a href="http://www.adioscard.com.tr">www.adioscard.com.tr</a> , <a href="http://www.adiospremium.com.tr">www.adiospremium.com.tr</a> , <a href="http://www.tlcard.com.tr">www.tlcard.com.tr</a> , <a href="http://www.yapikrediticarikartlar.com.tr">www.yapikrediticarikartlar.com.tr</a> , <a href="http://www.afife.org">www.afife.org</a> , <a href="http://www.worldcard.az">www.worldcard.az</a> , <a href="http://www.ykprivate.com.tr">www.ykprivate.com.tr</a> , <a href="http://www.yapikredimortgage.com">www.yapikredimortgage.com</a> <a href="http://www.ykportfoy.com">www.ykportfoy.com</a>
NGO's	Joint CSR Projects, Project Meetings, Yapi Kredi Volunteers initiatives, Sponsorships, Sustainability Reports, Corporate Web Site, <a href="http://www.engelsizbankacilik.com">www.engelsizbankacilik.com</a> , Memberships,
Universities	Yapi Kredi Banking Academy, Academy Summit, Yapi Kredi Finance Platform,CSR Projects, Campus Branches, Sponsorships, Scholarships
Suppliers	Face to Face Interviews, Tenders, Corporate Web Site, Audits
Society	CSR Projects, Sponsorships, Press Releases, Yapi Kredi Cultural Activities, Arts and Publishing Activities
Banking Sector	Banks Association of Turkey Memberships and Sectoral Associations
Public Authorities-Regulators	Audit Reports, Official Correspondence, Audits, Corporate Governance Principles Compliance Report, Meetings, Forum and Conferences
Media	Corporate Web Site, Subsidiaries' Web Sites, Press Releases, Press Meetings, Social Media Accounts,Sustainability Reports

### INTERNAL AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

Yapı Kredi's audit processes are run by various departments and stakeholder groups; such as Audit Committee, Internal Audit, Internal Control, Board of Directors, legal institutions and external audit companies. These processes, which are built to identify possible setbacks in our operations as well as short-, medium- and long-term risks, are managed within an extensive and effective organizational network and shared with stakeholders in the most transparent fashion.

While we work on structural risk management processes with the Executive Committee, we work with the Audit Committee to monitor the performance of Internal Audit, Internal Control and Risk Management departments. As the Committee reports to the Board of Directors, we ensure the fastest and most effective communication of both the identified risks and the performance of the bodies in charge of identifying those risks. We employ the most appropriate and effective communication mechanisms regarding risk management and try to increase the competency and awareness level of our employees regarding these areas. We realize two-way risk management processes across all levels of the company, and communicate the findings primarily to our shareholders and to all our stakeholders transparently through annual and interim reports.

Yapı Kredi's Internal Audit activities are carried out by 140 experienced auditors to ensure the Group's compliance with internal regulations and procedures, legislations and international standards. The department performs audits at international standards to meet the expectations of all stakeholders at a maximum level. Internal Audit department evaluates the efficiency and appropriateness of management procedures and business processes wearing a risk-focused lens. The department conducts three types of audits; namely, Branch audits, Headquarters/Subsidiaries process audits, and follow-up audits. The audit reports regarding identified risks are presented to the top management.

Internal Control department, which runs internal control activities and report directly to the Board of Directors, audits fundamental control practices in the areas of treasury, credits, credit cards, accounting, financial reporting, payments and expenditures, branches and central operations, and information processing. The major areas of audit are in compliance with the Banking Law, other legal obligations stipulated by legislation,

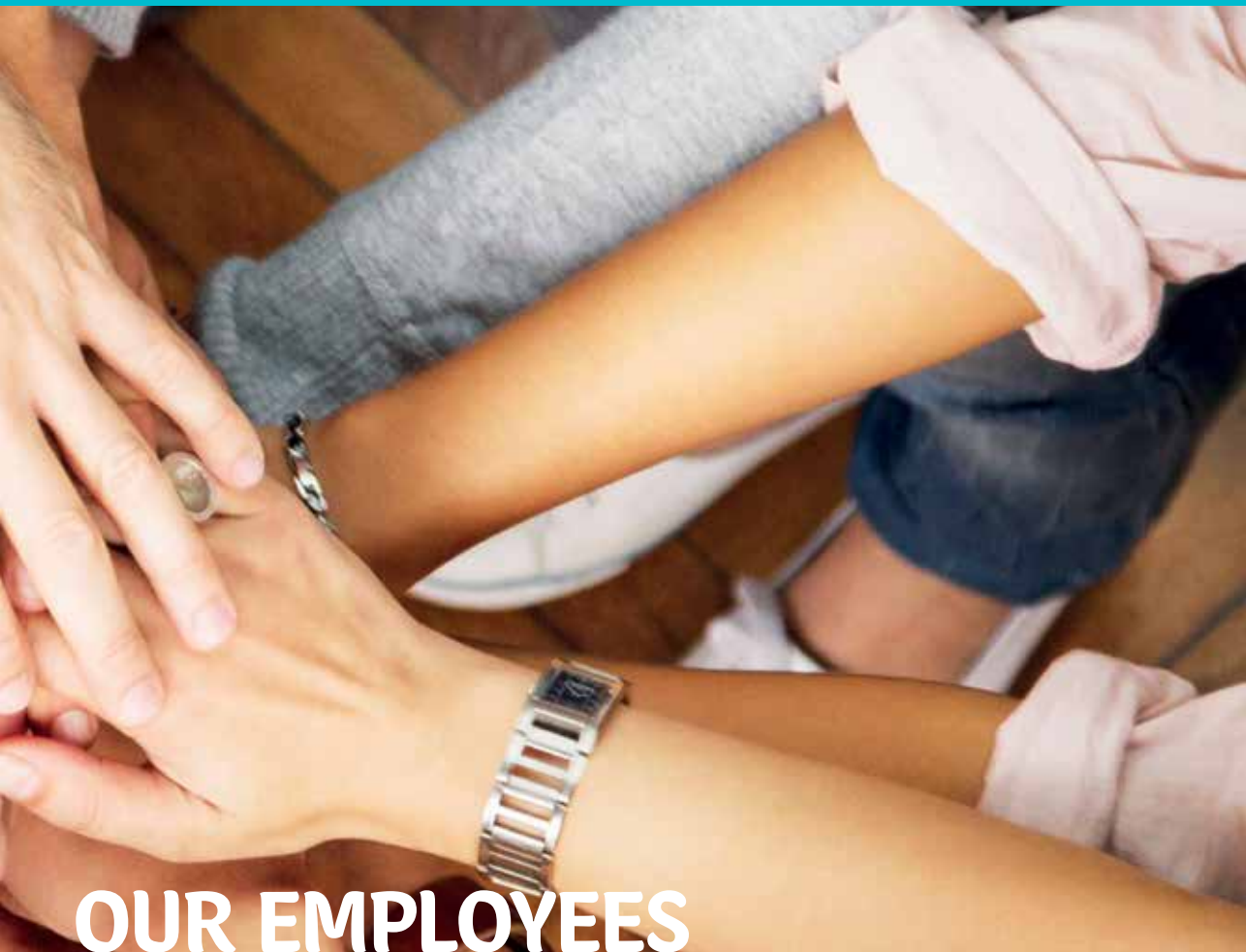
banking policies and policy implementation methods.

At Yapı Kredi, internal audits also cover Alternative Delivery Channel Abuse Prevention and Central Abuse Control Departments' activities. These departments carry out periodical controls so as to prevent abuses inside and outside the bank using current systems.

Reporting to the Audit Committee, Vice Presidency of Risk Management continues its operations under credit risk, operational risk and market risk headings. Credit risk reflects Yapı Kredi's asset quality and legal strategy, while operational risk covers identification, measurement and mitigation of operational and IT risks at the Bank and subsidiaries level. Market risk management activities comprise the risks in the Bank's balance sheet due to price, interest rate and currency fluctuations in the market, and measurement of their impact on the Bank's liquidity.







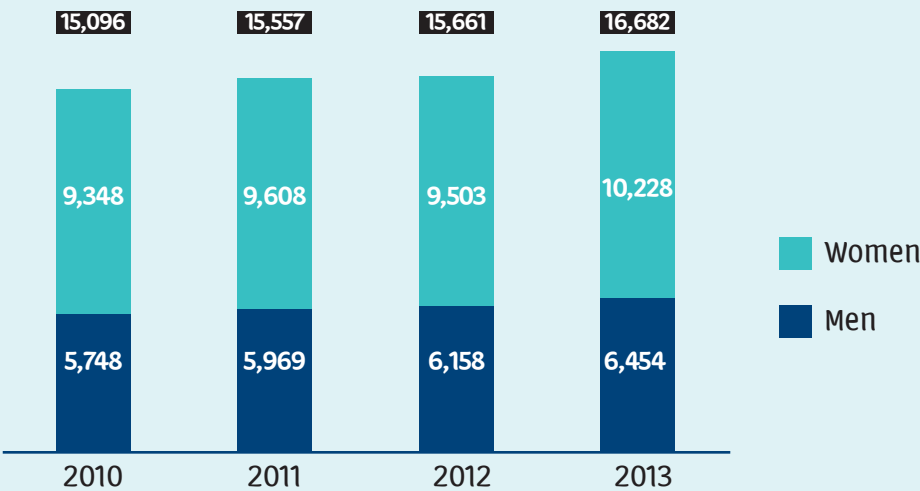
# OUR EMPLOYEES

All Yapi Kredi human resources policies and practices are implemented with the vision of being the “Best Corporation to Work In,” and we set up mechanisms that make it possible for our internal stakeholders to be involved in all processes at all levels—from decision-making to execution. Our human resources policy has been formulated to prevent possible conflicts of interest between the institution and its employees and as such, is based on valuing the talents and experience of each employee and matching up the right person with the right job. Our goal is to be the first choice of employees as we move along the road to becoming the leader of the finance sector.

In this context, we act with the objective of creating a fair environment of business in which discrimination is disallowed, citizenship and working rights are respected, and employees are provided with just compensation and a wide range of benefits. With our effective performance evaluation and career development practices, we assist our employees in playing an active role in the shaping of their own career plans as well as in their professional and individual development. By creating effective channels of communication, we make sure that our employees are able to participate in business processes. The occupational health and safety practices that we have adopted gives our employees the opportunity to work in a safe and secure business environment and our processes are handled with an eye to maintaining our employees’ work-life balance.

Social Goals			
Human Rights	Maintaining a “0” level of incidents of discrimination	Equal Opportunity	Implementing a policy of fair compensation, raising return rates of female employees after maternity leaves.
Employee Satisfaction	Increasing the number of visits to regions and branches and strengthening communications through closer contacts with employees. Increasing the use of alternative educational models such as mobile learning, the Online Academy and other smart applications, making training and development opportunities easily accessible at any time	Occupational Health and Safety	Periodically setting up rules of Occupational Health and Safety Committees and continuing the practices that are conducive to a healthy and safe workplace environment

Distribution of Employees by Gender



## FAIR WORKPLACE

Among our primary goals with regard to Yapı Kredi employees is to provide a fair workplace in which discrimination does not exist, ideas and points of view are valued and appreciated, and human dignity is respected. In line with the upholding of our principles of “Equal Opportunity” and “Providing Equal Employment Opportunities,” we make sure that all practices involving personnel, including recruitment processes, are executed with no regard to race, religion, color, age, gender, nationality or ethnic background, sexual preference, physical disability, seniority, with only individual talents and competences considered criteria for process implementation. Our employment policy embraces the diversity of society, and our expectation from all of our employees is that each individual values this diversity, conducting relations in line with principles of mutual respect, courtesy, honesty and equality.

During the reporting period, no incidents of discrimination have taken place within the company.

Parallel to the principle of respecting citizenship rights, our work is conducted in a manner that provides employees with the conditions under which they can carry out their duties in the best way possible; we assist our employees by setting up practices, which ensure that work-life balance is maintained, and by following a fair compensation policy, we see to it that employees receive just payment for their performance. Our compensation policy makes no discrimination according to gender, and we act within the bounds of the principle of equal pay for equal jobs. As of the reporting period, the ratio of our standard starting fee in our operations to the local minimum wage is approximately 119%.

As Yapı Kredi, we accept the responsibilities and liabilities arising from the UN Global Compact, of which our main shareholders, the Unicredit Group and Koç Holding are signatories. In accordance with the fourth principle in the Compact, forced and compulsory labor is avoided in all our business processes, and no operations are carried out that would constitute a risk in this respect. Again, in accordance with the fifth principle in the Compact, we do not employ child labor and take the necessary preventive precautions. No complaint has reached us in the reporting period with regards to the principles above.

We support our fair remuneration policy with the benefits we offer our employees. All employees are included in the Group Annual Insurance Plan as of the date they are first hired, and then in the Group Health Insurance Plan one month after the start of their

employment. Again, all employees, their spouses and their children over the age of 18 may participate in the Corporation-supported Individual Pension System, upon request. A contribution is made for employees that are included in the system proportionate to their seniority. Our Corporation makes a contribution to the Individual Pension System for a total of 10,682 employees. As of the reporting period, the ratio of general participation in the system was 67%. Personnel working in the Koç Financial Services Company Group for 15 years and over have been included in a group health insurance plan at appropriate premium costs.

### **The Yapı ve Kredi Bankası A.Ş. Employees Assistance and Pension Fund Foundation Nursing Home**

This Nursing Home, located in Kadıköy, Istanbul and available to Yapı Kredi retirees who need the service and partially to their spouses as much as conditions allow, was accommodating 17 Yapı Kredi retirees during the reporting period.

### **Yapı ve Kredi Bankası A.Ş. Employees Savings and Assistance Association**

This association, established to promote social solidarity and mutual assistance opportunities, provides short-term loans to employees who are members of the Yapı Kredi Assistance Fund Association and also makes cash funds and aid in kind available to employees experiencing financial difficulty due to sickness, accidents or natural disasters. As of the reporting period, 5,984 of our employees were members of the assistance fund and 3,658 employees had benefited from its resources.

As a corporation that places importance on setting a balance between our employees' working experience and their private lives, all of our operations include arrangements where employees are encouraged to take time off on annual leave. This policy is supported by follow-ups and notifications. Manager-level staff are cautioned about avoiding overtime employment and we abide by the working hours defined within the framework of Labor Law. Outside of annual leaves, we provide employees with compassionate leaves for time off for occasions such as weddings and births and also for personal reasons such as deaths in the family, as well as in the events of natural disaster, accident or relocation.



### **Sports Activities at Yapı Kredi**

In an effort to ensure our employees a healthy life outside of the workplace and to support their team spirit in their interaction with their colleagues at work, we offer opportunities to engage in sports and organize various events under the umbrella of the Yapı Kredi Sports Club. Besides the sports facilities made available at Yapı Kredi Plaza D-Block and at the Banking Base, our sports club, which was founded in 2007, offers employees the chance to engage in twelve sports branches. As of 2012, we carried our sports events outside of Istanbul in order to bring together more Yapı Kredi employees.

During the reporting period, our employees represented Yapı Kredi in individual and in team sports and have reaped successful results at various tournaments that have been held, particularly at the Koç Sports Festival. Within the framework of the “Internal Sponsorship Project” we launched in 2005 and which we continue to support, seven of our employees competing in 6 branches of sports have been sponsored by Yapı Kredi on the basis of their sports achievements. Our theater group, which has been organized under the umbrella of our sports club, performed the play “Amphitryon 2012,” dedicating the returns of their performances to the Community Volunteers Foundation (TOG).

As a child-friendly workplace, we are considerate of our employees with children in providing vacations. We create the physical conditions that will facilitate their return back into their business routines after their leave. Women employees benefit from the regulatory maternity leave of 56 calendar days each before and after giving birth. Male employees are allowed 3 business days of compassionate leave and they can utilize annual leave upon the birth of a child. Besides parental leaves, the bank offers the services of the Bilfen Play School and Nursery School facilities for 110 children for employees with children living in Istanbul. Headquarters buildings are equipped with nursing rooms to accommodate mothers. All employees around Turkey can benefit from the “Employee Hotline” which provides advisory services over the telephone 24/7. Over the course of 2013, there were 4,002 calls made to the employee hotline.

Return-to-work Ratios for Women Employees after Maternity Leave

	2010	2011	2012	2013
Number of Employees on Maternity Leave	855	893	945	951
Number of Employees Returning to Work after Maternity Leave	836 (97.7%)	869 (97.3%)	920 (97.3%)	931 (97.9%)

Occupational Health and Safety

Providing a healthy and safe working environment for our employees, our most valuable assets, is among our top business priorities. A total of 13 locations within the whole of Yapi Kredi operations have been designated as meeting places for the Occupational Health and Safety (OHS) Council meetings that are held at least every 3 months. In order to guarantee the representation of all of our employees at the Occupational Health and Safety meetings, employees will be given the opportunity to elect their representatives. In the reporting period ahead, OHS Council meetings will be held in all of our regions within the framework of the Occupational Health and Safety Training Plan and efforts will be spent on Occupational Health and Safety Training, Occupational Health and Safety Periodic Inspections and Risk Evaluation.

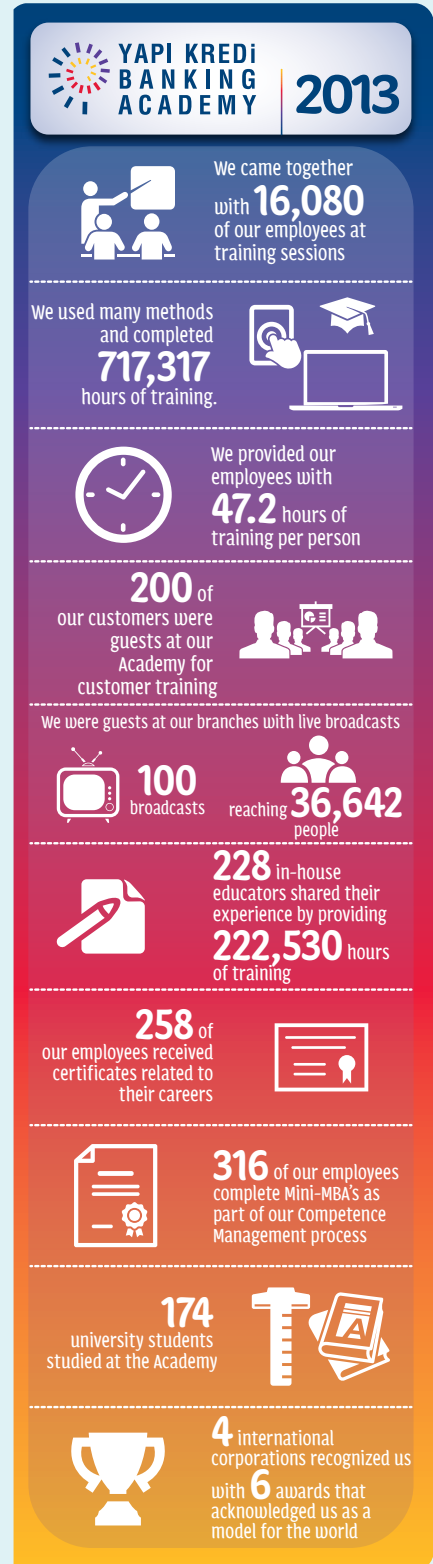


## PERFORMANCE EVALUATION AND CAREER DEVELOPMENT

Yapı Kredi implements practices that foster career development so that our employees can reach the level of performance expected from them in line with the Corporation's goals and strategies. The two-way performance evaluation processes that we continue to develop every year provide us with the opportunity to launch auditing and development mechanisms in which our employees can personally participate. We use the system of the 360-Degree Evaluation, which provides feedback from each employee's line manager and subordinates on the employee's performance. Employee Rotation, whereby employees are given the opportunity to improve their competences and see and understand the operations of the bank from a wider perspective, and the Yapı Kredi Banking Academy, which was established to provide employees with training as part of the vision of becoming a "leading development center that trains the best banking executives in the finance sector" are some other practices which we use to participate in the professional and personal development of our employees.

Within the framework of the Total Performance System, the weighted averages that are extracted 60% from goals and 40% from competences make up an employee's "Total Performance Scores." The assessments made in all of our human resources evaluation processes are carried out for all employees, outside of those in supporting positions, who have completed 3 months at the bank. In 2013, 98% of Yapı Kredi employees were included in the performance evaluation process within the Total Performance System.

In order to establish a "strong line of management" in line with our corporate strategies, we implement a Leadership and Competence Management program of assessment, training and improvement for the purpose of discovering and improving the competencies of talented employees exhibiting high performance and potential. We follow up each employee at every level and maintain training catalogs specific to each individual to make sure that all employees in each competence pool is given the opportunity to select the training program in the catalog that they need. The Mini MBA programs that are offered in cooperation with private universities enable us to ensure that our employees are channeled into the positions appropriate to the bank's needs.



### **Yapı Kredi Banking Academy**

As part of the YKBA program inaugurated in 2008, we provide the employees of Koç Financial Services, Yapı Kredi customers, university students, the families of our employees and various stakeholders involved in our social responsibility projects with training and development services. With its emphasis on continuous learning, YKBA is active as a corporate university that contributes to the strategies and business results of Yapı Kredi. Its educational and developmental activities in banking, personal growth, leadership and social responsibility afford YKBA the opportunity to provide an integrated approach to training banking executives and ensuring that corporate employees develop as part of a high-performance team. For more information about YKBA please visit the webpage <http://www.yapikredibankacilikakademisi.com.tr/>.

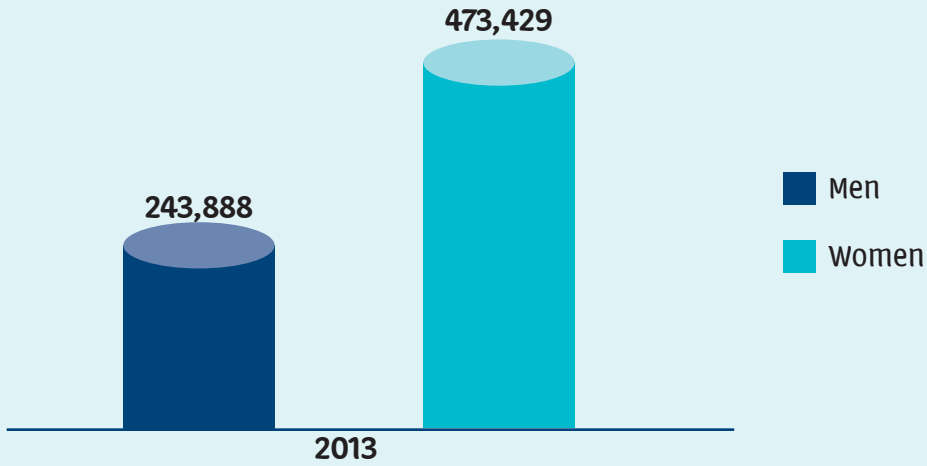
### **Heroes Club**

Sixteen from among the graduates who successfully completed their internship at our Heroes Club, which was initiated in 2012 for university 3rd-year students, started to work at different departments of the bank during the reporting period. In the second term of the program, 27 students completed a summer internship after their first semesters. In the 2013 program, its 3rd term, 1,600 applications were received and after case reviews and the interviewing process, 50 students were selected from 22 universities. The students chosen for the program participate in various projects, training programs, seminars and social responsibility projects, at the same time finding the opportunity to work as interns or at part-time jobs. Each student is assigned a Human Resources adviser every year and in the second year is mentored by higher-level executives. At the end of the program, the students receive job proposals on the basis of their performance and the needs of the bank.

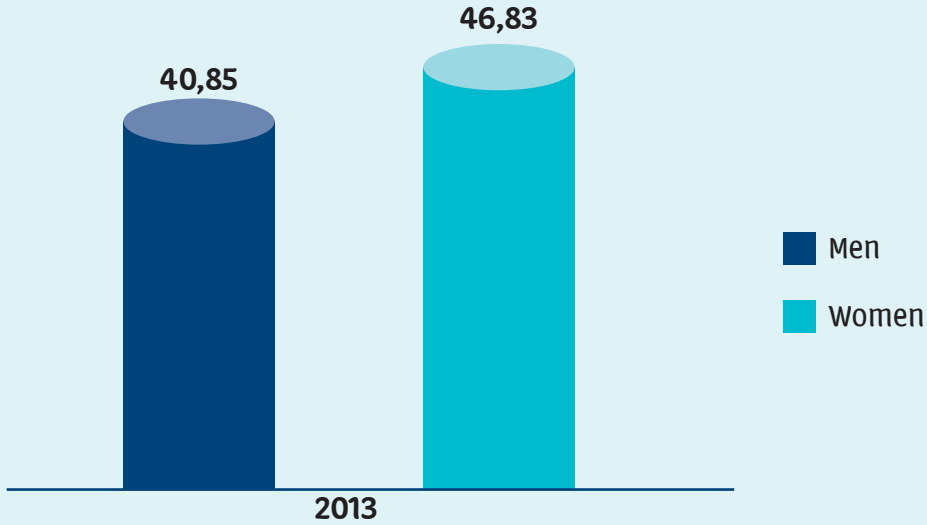
It is of utmost importance that our employees formulate a career advancement plan in which they take initiative so that they can become reliable, competent, respected specialists in their field, exhibiting success in their social and business lives and become an active part of a working force of exemplary leaders. The in-house training in technical and managerial skills, personal growth and leadership development we provide as part of the Banking Academy, as well as the Academy Seminars and E-Learning Resources we offer our employees to help them in their educational and professional progress are among the steps we take to train our staff and raise their social responsibility awareness in line with corporate goals



## Total Training Hours by Employee Categories



## Training Hours per Employee



The distance learning made available through our channels of e-learning, video and virtual classrooms and the training we offer our employees outside of Istanbul, a group that comprises about half of our working force, has reduced the number of business trips and accordingly, the greenhouse gases that used to be produced on these trips. Seventeen percent of our trainings were distance learning in 2012 and in the reporting period, this ratio increased to 18%.

Another practice taken on in order to increase the quality of our internal services is the system of internal rotations, which allows employees to better understand their roles in the bank and helps them to further their cooperative efforts. We reviewed the results of the “1 Day at the Head Office” event that we organized for branch employees and the corresponding “1 Day at the Branch” event for head office personnel, after which working plans were set up to improve the overseeing process of employees and customers.

### EMPLOYEE ENGAGEMENT AND INTERNAL COMMUNICATIONS PRACTICES

When directing corporate operations, we take care to act in accordance with the expectations and demands of our internal stakeholders. In this context, we create appropriate and effective communications channels that employees can use to transmit their suggestions, complaints and expectations, and we work continuously to develop these channels to accommodate employees’ demands. As we take the steps to increase our productivity by ensuring the satisfaction of our employees, we share common ideas to create a more productive and happier Yapi Kredi staff and we constantly strengthen our communications between divisions and our business processes by generating concrete and applicable solutions.

In order to ensure that our employees act with transparency and that they have rapid access to information about Yapi Kredi operations, we also generate a stream of announcements and a separate monthly CEO message to keep staff informed about project launchings, events, awards, social responsibility projects, special days and celebrations. In addition, the information screens in our lobby, our intranet homepage **Bizler** and our **BizTV** channel allows us to share our efforts at the bank, as well as news about events and the bank’s external communications and current events with our employees.

**The Innovation and Idea Development Center Evreka (Eureka)** was also designed as a channel to enable employees to communicate ideas, make their voices heard and keep information flowing. This is a system whereby all ideas approved by the Center are communicated to the departments concerned. Ideas that are evaluated by the departments included in the system are presented to a committee made up of high-level executives. In this context, from March 2012 up until the end of the reporting period, close to 3,000 ideas were evaluated and about 450 of these were acknowledged by the ideas committee, with 82 ideas being put into implementation. The system has been responsible for the generation of a total income/savings/productivity worth TL 5 million since it was launched.

<sup>2</sup> Figures for 2013 will be presented to our stakeholders within the next reporting period.

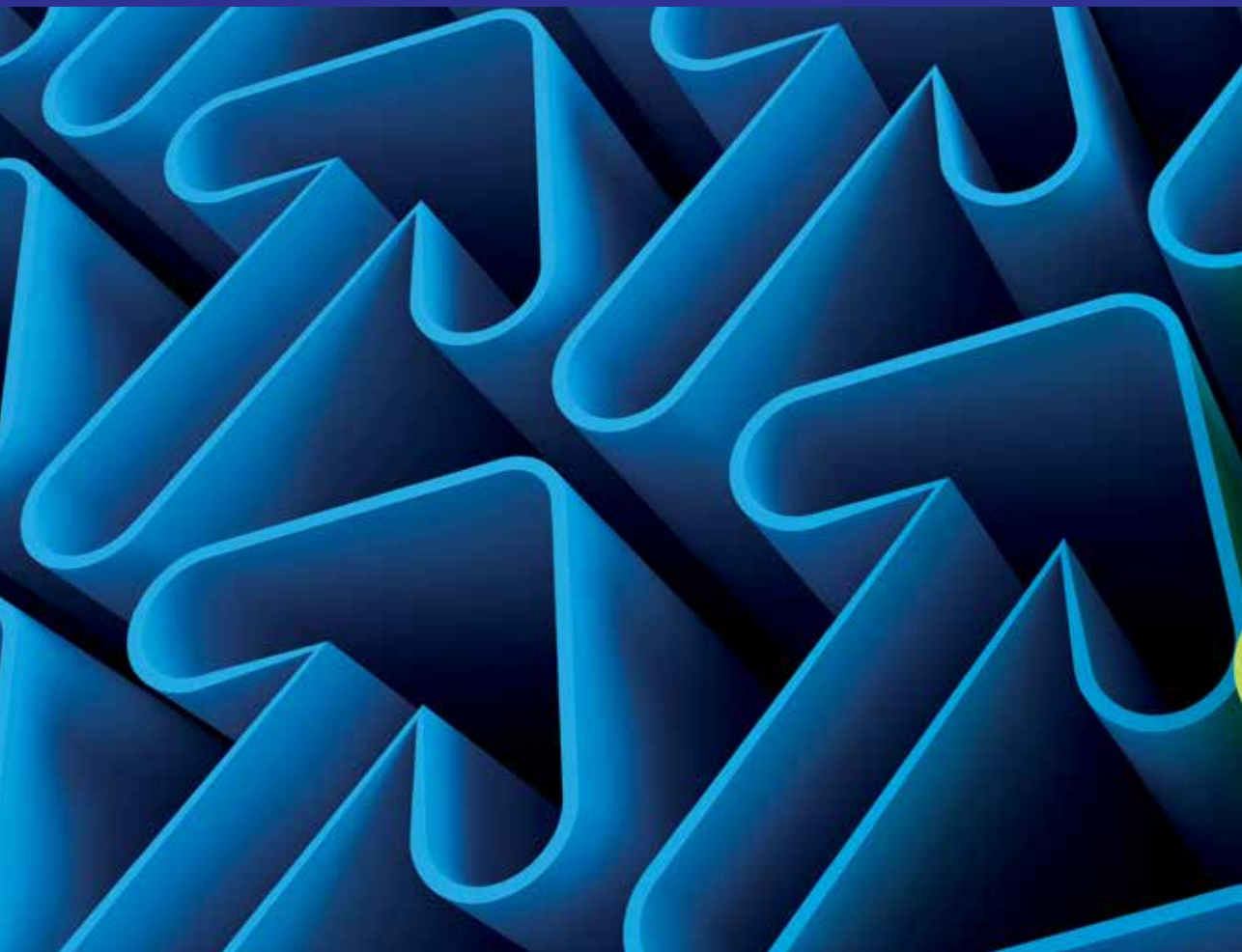
**The Employee Satisfaction Survey** that we conduct every year enables our employees to take account of their feelings of belonging and their sense of loyalty to our corporate values, a system that provides us with the means of testing the comprehensibility of our goals. The survey is one of the most important inputs of our operational improvement processes and the results of the 2011 and 2012 surveys indicated a 82% employee loyalty ratio.<sup>2</sup>

We provide an **E-mail and an Ethics Hotline** so that employees may report ethical issues and adverse events to the authorities concerned anonymously and confidentially and be assured of an objective assessment.

Among our goals for the next reporting period is the formation of a **Corporate Social Network Platform**. The pilot study for this project, which will be launched with the aim of strengthening internal communications, will involve the participation of 400 employees from the Head Office and Branches. Another proposed practice is our **Effective E-Mail Management** project, which is being designed to make processes more productive, save time and reduce stress by developing the e-mail management skills of our employees. As part of the project, employees will be trained and plug-ins will be installed in their computers to facilitate the composing and sending of e-mails.

### **Union Rights at Yapi Kredi**

Yapi Kredi respects employees' freedom of association and collective bargaining and avoid operations that may pose risks with regards to the rights and freedoms in this area. In this context, the bank has been in a fruitful collaboration with the Banking-Insurance Workers Union (BASİSEN) under the Collective Labor Agreement that was signed on April 1, 1991. The Collective Labor Agreement signed between Yapi Kredi and BASİSEN with the objective of ensuring reciprocally positive relations in the workplace, labor peace and tranquility, and occupational safety includes articles that provide employees with social security and health insurance; the ratio of our employees covered by the agreement is 62%.





# SUSTAINABLE BANKING

Acting with the mission of becoming the first choice of customers, we uphold an enduring strategy of customer satisfaction and we are confident that we will maintain our corporate reputation and our competitive edge through adherence to this strategy. With our business branch-based service model, we respond to every need of our customers with the most effective products and services, and in the light of our goal of being the “bank that is the easy to work with,” we are constantly involved in new technological and innovative investments. Our operations are conducted in the awareness of the absolute relationship between customer-focused processes and sustainable banking, and we build our system of corporate values on the foundation of trust that we have established with our customers.

With our understanding that customers’ problems must be taken care of, we are not satisfied with simply providing customers with financial services in our processes, but at the same time, we forge the way with informative activities that lead them into living through a banking experience that is based on awareness. As a bank that listens to its customers, we create communication channels through which our stakeholders can direct us in our activities since we acknowledge that customer feedback is the most important component of corporate development. Our Enabled Banking practices, our agro-banking activities, the support we offer the SMEs and other responsible banking practices afford us the pride of being able to contribute to the wellbeing of the community in which we operate.

### CUSTOMER PROXIMITY

We consider the main measure of Yapi Kredi services to be our customers' unconditional satisfaction and we offer them services wherever and whenever they wish, with the awareness of the importance of friendly and genial communication. We listen to our customers so that we can give them better and quicker services; we create communication channels to enable them to inform us of their demands and complaints. We translate Unicredit's exclusive and international solutions into local practices. We take the steps needed to make our concept of friendly and genial banking more widespread among our employees.

All of the banking processes we conduct to make our customers' lives easier are constantly being developed in line with customer expectations. We generate solutions to meet banking and finance needs with our branches, call center, Internet Banking system, websites, and our periodic or special surveys and we do not only listen to the feedback from our customers, but we provide our corporate and commercial customers in particular with training and certification programs tailored to their own needs.

#### Academy Summit 2013

The Yapi Kredi Banking Academy has been conducting an Academy Summit since 2010. The event provides an opportunity for specialized international speakers to meet with our customers, supplying a platform where panels are organized to allow major figures from the Turkish business world to talk about and share their experiences in the sector. The keynote speaker in the 2013 summit was Prof. Richard Rumelt, known for his research on corporate diversity and advantageous sources of sustainable individual business strategies. The Strategies that Make a Difference panel enjoyed the participation of Rıza Kutlu Işık, Sina Afra, Fuat Tosyalı and Ali Kantur, members of the business community who spoke about the relationship between strategies and goals and talked about their experiences.

For videos and information on the summit please visit

<http://www.yapikredibankacilikakademisi.com.tr/gelisim-dunyasi/akademi-zirvesi.aspx>.

The “Research on Transaction Experiences at the Branch” which we carry out with our quality teams enables us to follow up on the quality of our services at the branches on a day-to-day basis and to take the necessary action on any day on which issues have to be resolved. Our customer research, which is a part of our Complaint Management processes, allow regular reporting both to higher management and to the teams responsible for sales and marketing activities. Over the reporting period, we made use of our interactive voice



response system to reach about 350,000 of our customers carrying out transactions at the branches, recording an average customer satisfaction rate of 70 percent.

Our Customer Satisfaction and Quality Department uses different data sources in their regular analysis and reporting practices. Yapi Kredi's own operational data, research results, financial indicators and customer feedback are the main components in determining the level of services provided and in setting up improvement projects in this context. Our new Service Hotline enables our customers to solve the subject of their complaints the first time around if at all possible. Statistical reports on products and services are regularly prepared by the Alternative Delivery Channel teams for each department on the basis of the concentration of complaint.

In the upcoming period, an effort will be made to carry out a regular and continuous monitoring of customer experiences and a Customer Experience Guide will be drawn up for the bank as a whole in the light of the principles that will be adopted in this context. This will make it possible to closely follow up on the experiences customers have with the services they obtain from the bank with regards to critical points of decision-making that play an important role in their relationship with the institution.



In the reporting period, surveys were conducted to cover more than 400,000 customers in an effort to measure their level of satisfaction with Yapi Kredi branches, channels and services.

## SUSTAINABLE PRODUCTS AND SERVICES

At Yapı Kredi, our wide geographical distribution and our multi-channel service network enables us to provide 8.8 million customers with high quality products and services. While our Banking Operations are conducted under the main divisions of Retail Banking, Corporate and Commercial Banking, Private Banking and Alternative Delivery Channels, we also provide products and services in our banking processes that cater to our customers' legal status, financial assets, expectations and needs; the bank's goal is to achieve balanced growth in areas that add value for our stakeholders and also the Bank itself.

In the light of changing macroeconomic conditions, competitive factors in the sector, developing technologies, new legal regulations and our customers' needs, we continuously develop our products and services and work to be the customer's first choice in banking. As part of our focus on unlimited service, we introduce innovative and pioneering practices, understand our customers, and design banking processes that are capable of renewing themselves, offering our customers products and services that provide them with maximum information security.

### Retail Banking: Card Payment Systems

As a leader in the sector since 1988, our Card Payment System operations are handled in the light of our fundamental principles of initiating innovation and achieving customer satisfaction. Despite the new laws and regulations and the intensive competition, we exhibited strong growth in 2013 and our credit card balance closed off with a 30% expansion, as opposed to the 22% average in the sector. With the innovations we brought to life in the reporting period, we exceeded the 10 million credit card mark, creating a "first" for Turkey, and our credit card program World stood out as Europe's 6th largest program, according to the 2013 Nielson Report.

**10.1 million Credit Cards**

**5.6 million Customers**

**456,000 POS Terminals**

**20.6% Credit Card Balance #1 in Market Share**

**17.7% Credit Card Turnover #1 in Market Share**

**17.8% Number of Credit Cards #1 in Market Share**

With Turkey's most dynamic member workplace network, we offer customers special campaigns and opportunities via our 456,000 POS terminals. Together with Anadolubank, TEB, Vakıfbank and Albaraka Türk, with which we maintain a long-term and sustainable brand-sharing partnership, we succeeded in expanding the number of our credit cards, including the World program, to over 14 million as of the reporting period.



We have adapted to the new regulations governing membership workplaces that were introduced in 2013 and produced new products and services that respond to customer expectations. We made the transition into a new and more user-friendly card payment system, providing our customers with more effective features and differentiated limit-setting possibilities. We see our major goals for the period ahead to be maintaining our leadership and profitability by adapting rapidly and effectually to new regulations, developing new POS sales channels in order to expand our membership workplace volume, and continuing our policy of innovation by producing competitive products and services.

### **Retail Banking: Individual and Private Banking**

In the Individual Banking services segment, we serve customers with financial assets of up to TL 500,000. We provide a wide range of products and services to the individual, private banking sub-segments and in the area of bancassurance, and with our multi-channel approach, we strive constantly to improve the customer experience. Despite the challenging market conditions during the reporting period, we generated a strong loan expansion of 18% and recorded 2% growth in our revenues from individual banking.

**8.7 million Customers**

**842 Branches**

**1,831 Portfolio Managers**

**6.3% Individual Consumer Loans Market Share**

**8.9% Housing Loan Market Share**

**14.0% Vehicle Loan Market Share**

The growth of loans in the area of Individual Banking, the segment in which we act with the strategy of offering the right products in the right channels, was particularly influenced by individual consumer loans and housing loans. Our individual consumer loan volume increased by 20%, reaching TL 8.3 billion; the volume of housing loans rose by 25%, to TL 9 billion. Expanding as well our network of branches with the addition of 21 new branch offices, our rapid loan system, Kredi Şimdi (Credit Now), with its capability of finalizing a loan application in 3 minutes, continued to serve customers as a strong sales support channel.

With our 509 specialized portfolio managers in our 405 branches, we continued to provide specialized services according to need in the Private Banking segment. We also continued to take effective advantage of our strong growth potential in the area of bancassurance, in which we maintain our leadership with a 42% market share. We agreed upon a 15-year exclusive partnership with Allianz, thereby strengthening our position in the sector. We

broke a record through the sale of 150,000 individual pension policies via our individual pension system and our online sales channels, maintaining our place as 5th in the area of home, accident and life insurance with a 7% market share.

### Retail Banking: SME Banking

While continuing to support SME Banking and the SMEs through our support of agricultural producers, we also went on with developing products and services that would make a contribution to the real economy. Our SME Banking segment, which serves enterprises with an annual turnover of less than USD 5 million, as well as our Agro-banking activities, continue to contribute to the economy, while our investments in sectors that have a high growth potential were decidedly effective in maintaining the sustainability of our business.

**711,000 Active Customers**

**842 Branches**

**1,583 Portfolio Managers**

**6.5% Commercial Loans with Decreasing Installments Market Share**

**13.27% Flexible Commercial Accounts Market Share**

### Supporting SMEs

At Yapi Kredi, we act with the awareness that the SMEs make up 99 percent of Turkey's enterprises, account for 78 percent of employment, and 56% of exports, thus constituting the life-blood of the economy. With the products and services that we differentiate according to the different needs of a wide customer mass, our segment-based service model enables us to play a leadership role in SME Banking and we serve the SMEs by providing them with the information they need to become more effective enterprises. As of the reporting period, the resources we channeled into the SMEs exceeded TL 13 billion; the number of our active customers has surpassed 700,000.

Through our cooperation with local and sectoral chambers and associations, we offer special loans and other banking products to SMEs that are members of chambers and associations, and with the objective of meeting their operating capital needs, we organize supportive cash loans at determined times of the year. Our loan programs based on resources abroad have so far provided close to 1,000 SMEs in development-priority provinces with almost TL 300 million in loans. Our advantageous SME packages of products and services have benefited close to 155,000 customers. The "My Project" service we have been offering since 2011 has enabled us to inform more than 200 SMEs about government grants and support programs.

### **Agricultural Banking**

Thanks to its agriculturally viable geographical location, its young population, climatic advantages, increasing purchasing power and an expanding domestic market, Turkey's agricultural sector has a competitive edge. The financial support channeled toward the agricultural sector not only contributes to the country's development but it is of vital and strategic importance to the bank in terms of the sustainability of our business. We provide our farmers with financing opportunities, and also support them with advisory services, assisting them in becoming more productive.

Our specialized departments provide services in agricultural banking and we shape and diversify our products and services by closely following up organizations and enterprises, which include chambers, associations and cooperatives that support agriculture. We also monitor agricultural fairs and events and with close to 250 branches in agricultural regions, we constantly strive to increase our knowledge and services in this segment. The 4,500 village visits we conducted during the reporting period allowed us the opportunity to give our farmers information about our products. Our agricultural loans are extended on the basis of the revenues producers obtain from agricultural activities and their repayment capabilities and according to type of product and harvest times.

### **Corporate and Commercial Banking**

With the Commercial Banking services, which we provide for companies with a total annual turnover of USD 5-100 million and the Corporate Banking services which we provide for companies with a total annual turnover of over USD 100 million, we continued to maintain our leadership in the reporting period in project financing, cash management and foreign trade financing endeavours. We preserved our competitive edge by focusing on technology, automatic payments, collections, and International and Multinational Corporate Banking, and in 2013, we succeeded in expanding our corporate and commercial loans by 35%, so that the volume of our loans reached TL 42.1 billion.

**49,000 Customers**

**79 Branches**

**589 Portfolio Managers**

**11.1% Check Collections and Payments Market Share**

**13% Imports Market Share**

**16% Exports Market Share**

One of our most important areas of business in terms of project financing is engaging in environment-friendly renewable energy projects. The financing we provided in this area stood at USD 2.9 billion as of the end of 2013, representing an installed power level of 4.771 MW. The number of our customers taking advantage of our products and services in cash management and foreign trade financing increased by 5%, reaching 217,000; at the same time, we maintained our leadership in check collections and payments with a share of 11.1%, in imports with a share of 13.0% and in exports with a share of 16.0%.

Thanks to the global experience and widespread network of UniCredit, particularly in Europe and in the countries of Central and Eastern Europe, Yapi Kredi continues to be the ideal bank of companies with international capital that wish to enter the Turkish market. The investments the Bank has drawn into Turkey continue to generate added value for the economy. As of the end of the reporting period, the number of the international and multinational companies the bank works with exceeded 1,000. In the period ahead, our goal is to aim for smart growth through long-term customer relations based on a 360-degree service approach and through our advisory services.

The Yapi Kredi Banking Academy achieved a “first” in Turkey by starting a certification program for Yapi Kredi Corporate and Commercial Banking customers. The training sessions continue all year round and concentrate on teaching differentiation through the use of banking products and providing information on banking processes. With most of the sessions taught by in-house educators from the Yapi Kredi Banking Academy, the subjects covered are “Financing Foreign Trade and Loans” and “Cash Management, Treasury and Derivative Products and Project Financing.” This certification program offers the employees in the finance departments of Yapi Kredi Corporate and Commercial Banking customers basic information about the services that can be expected from a bank, which we provide with a view to expanding their collaboration with Yapi Kredi.

### Private Banking and Asset Management

We maintain our leadership in the Private Banking and Asset Management segment, in which we provide services to individuals with total financial assets of over TL 500,000. We have 22 private banking centers and a broad customer base representing assets of TL 28.4 billion. As we continued to expand our range of private banking products, we also constantly sought to improve our cross-selling rates in the reporting period in order to exceed customer expectations. In this context, we received “Turkey’s Best Private Banking” award in 2013 from the Global Financial Market.

**25,000** Customers  
**22** Private Banking Service Points  
**176** Portfolio Managers  
**18.2%** Investment Funds Market Share  
**15.5%** Istanbul Stock Exchange and Derivatives Exchange Volumes Market Share#1  
**6.9%** Securities Exchange Volume Market Share

Working with the principle of always keeping a central focus on the customer and meeting customer needs with a 360-degree approach, we listen to our customers' demands and continue to develop new products and services to meet those demands. In the reporting period, our customer satisfaction survey of Private Banking customers recorded a 4% improvement, which has brought us up to the highest level of customer loyalty by world standards. We offer personal advisory services to customers in this segment on managing art, inheritance, taxes, real estate and philanthropic interests; our pioneering work in this context is constantly being extended. Our Philanthropic Advisory service is a first in Turkey and our aim in this area is to encourage our customers to be a part of effective and sustainable donation systems. The private banking customers that request this service are guided by our advisers in approaching the appropriate organizations to make donations, establish foundations or support viable projects.

### Alternative Delivery Channels

Yapı Kredi relies on Alternative Delivery Channels to provide its customers with the ability to conduct their transactions in an easy, fast and low-cost manner outside the branches in order to reduce workload in branches and to maximize customer satisfaction. Yapı Kredi strives to render services to various customer segments at the right time via the right channel. Yapı Kredi Alternative Delivery Channels has based its strategy on the principles of singularizing the digital experiences of its customers, creating value, and making their life easier.

The share of Alternative Delivery Channels in total banking transactions is constantly increasing, and has reached 82 percent during the reporting period with a 2 points increase year-over-year. ATM's and Internet Banking comprise 47 and 25 percent of total banking transactions, respectively. Yapı Kredi aims to increase these shares further to create a difference in customer experience and to reach the highest level in customer satisfaction.

**3,000** ATMs  
**42 million** call center contacts  
**7.1%** ATM Market Share  
Over **500** transaction types offered via Internet Banking  
All-platform access to **Mobile Banking**  
**4.7 million** ATM users

### Digital Banking

Constituting a major portion of Yapı Kredi's investments with a focus on creating a difference in the industry and developing new solutions for customers, Yapı Kredi Digital Banking is managed under the main categories of Internet Banking and Mobile Banking. Digital Banking applications are improved continuously in line with customer needs and

requests to enhance customer experience while creating groundbreaking processes for the industry and the digital world as a whole.

With a completely renewed interface for even simpler, more modern and easy access, the Internet Banking offers over 500 different products and services. Behind its simple design, Internet Branch features an advanced design to relay information in a most efficient manner, provide instant personal support through Online Services, and offer the most suitable products through usage analyses. The website was renewed with a built-in, smart and self-improving search function leading to a significant increase in visits, and was selected as a case study by Google as such. During the reporting period, the number of Internet Branch customers increased by 28% year-on-year, while the market share continued its upwards trend for the sixth consecutive quarter, reaching 11.6%. In terms of the number of users, Retail Internet Banking surpassed average industry growth by 60%, while the growth of Retail and Corporate Internet Banking as a whole was 63% higher than industry average.

Yapı Kredi's mobile banking applications designed according to the usage patterns of different platforms, and its mobile internet banking portal, [m.ykb.com](http://m.ykb.com), are available for its customers. With new types of transactions added constantly, the Mobile Banking application has reached a market share of 10.9%. The number of transactions increased by 213% year-over-year, and the number of customers who downloaded the application to their mobile devices reached 4 million.

Smart Assistant, an alarm and reminder service that notifies the customers with current information on their accounts, credit cards, loans, investment products, payment orders and various banking transactions via SMS, e-mail and Push messaging, saw a significant increase in its number of customers, up to 3.3 million in 2013 from 2 million in 2012. Yapı Kredi will continue its investments in digital banking in the coming years to create a difference in the industry and develop new solutions for its customers, with plans to implement new technologies such as wearable devices, location based services, mobile financial services to its Internet and Mobile Banking platforms.

### **Self Service Banking and Channel Coordination**

Yapı Kredi has the fifth largest ATM network in Turkey. Self Service Banking services continued to develop according to customer feedback during the reporting period, while a series of improvements with a focus on customer transaction security were undertaken during the same time.

Self Service Banking continued to provide a fast and reliable banking experience to



customers while reducing the workload in branches. During the reporting period, the number of Yapı Kredi ATMs deployed throughout Turkey reached 3,000 units, while the monthly average number of transactions performed via ATMs exceeded 11 million. At the same time, Self-service Banking corners with alternative delivery channels access in branches were increased to 882, and the total annual number of Self Service Banking transactions reached 133 million.

Yapı Kredi implemented new measures to increase security of ATMs in accordance with its principles of customer information security. Security measures against card copying were installed in all deployed ATMs. New protocols were added to transfer transactions made with bank cards to provide security for the transfer of large sums from customer accounts. Additional security measures were taken for money transfer orders made from ATMs.

All bank operations were continued with a focus on customer satisfaction. Additional practices such as Quick Credit Card Payment and cash withdrawals over daily limit were put in place to meet customer expectations. The “Proactive Services” model, which was put in place last year to provide the customers with prompt assistance and information via SMS in case a money jam problem is encountered at the ATMs, was continued to increase customer satisfaction. Thanks to an effective process for handling customer complaints, the number of customer requests related to cash deposits through ATMs was reduced by half in 2013, despite a 7% increase in the ATM network in the same period.

Planned projects for the next period include Recycle ATMs that ensure uninterrupted operation, thereby reducing costs and increasing customer satisfaction, and enabling cash foreign currency transactions through ATMs.

### **Call Center**

Operating in two different locations in Samsun and Istanbul, Yapı Kredi Call Center provides segment-based services in six lines with its specialized personnel, as well as after-sales support via online chat, interactive voice response, e-mail and SMS. The Call Center is constantly improved in line with customer expectations to serve more customers every year, with ever-increasing customer satisfaction rates.

The Call Center reached 42 million customer contacts in the reporting period, handling 5 million outbound calls and achieving a total sales amount of 2.9 million. It provided its services to approximately 6.5 million customers during the same period, and achieved a 39% share in total credit card sales.

Another new practice during the year was the Service Line Project. In order to provide a direct channel for customer complaints, 444 0 440 Yapı Kredi Service Line was established. 75% of the complaints were resolved at the first customer contact. Branch Call Management Project ensured that calls made to branches were handled by the Call Center, thereby creating a more efficient and effective communications experience for both the customers and branch staff.

### **Service Line Management**

Service Line Management identifies and analyses issues that cause complaints and implements required process improvements, thereby contributing to customer satisfaction and gaining more customers. Another goal for Service Line Management is to ensure that customer complaints are resolved at the first customer contact.

With the Social Media Management and Monitoring Program established in 2013, all complaints, suggestions and requests on social media are reviewed and responded to by the Digital Channels and Social Media Service Line team as soon as possible.

In addition, customers can convey their complaints, suggestions and requests about Yapı Kredi products and services via the Bank's official Twitter account @YapikrediHizmet.

For detailed information on Limitless Banking products and services, please visit <http://www.yapikredi.com.tr/sinirsiz-bankacilik/Default.aspx>.

### **ENABLED BANKING**

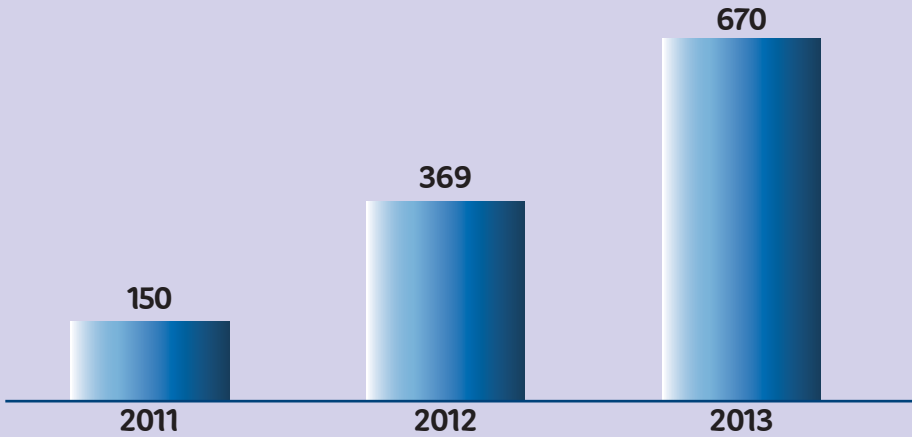
The practices and services, implemented as part of the “Enabled Banking Program” initiated in 2008 to provide disabled customers with easier and streamlined access to banking services, were continued to be developed in the reporting period. In line with its “Unlimited Service” approach, Yapı Kredi launched new processes designed for people with visual, orthopedic and hearing impairments in order facilitate their participation in social and economic life.

The Online Chat application, tailored for customers with hearing impairments, served approximately 2,000 customers throughout the year with 518,000 calls received. The number of Enabled ATMs, designed to serve orthopedically and visually impaired citizens, continued to increase, reaching 670 ATMs across 53 provinces. Yapı Kredi continued to redesign its branches into Enabled Branches for the benefit of customers with orthopedic impairments. The website [www.engelsizbankacilik.com.tr](http://www.engelsizbankacilik.com.tr), which was established in 2011, continued its operations to facilitate access of disabled individuals to the financial sector, providing them with information on developments. Internet Banking and Mobile Banking



applications were also redesigned with visually impaired customers in mind.

### Enabled ATMs with Numbers



Yapı Kredi increased the number of cities within the scope of the Enabled Banking Program to 30 in 2011, 45 in 2012 and 53 in 2013, receiving various awards from NGOs throughout the year. The Bank's efforts under the program were acknowledged with the Private Sector Award for Barrier-Free Banking award by the Turkish Barrier-Free IT Platform; Enabled Banking Program award in Disability Health category by the Public Health Association of Turkey; and Turkey's Firsts for People with Hearing Impairment award by the Turkish National Federation of the Deaf.





# PRESERVING NATURAL RESOURCES

Yapı Kredi strives to minimize the environmental impact and carbon footprint of its operations, and invests in renewable energy and similar practices to fulfill its commitment to climate change mitigation. Yapı Kredi adopts the environmental policies of its principal shareholders Koç Group and Unicredit in its business processes, and works to raise awareness on the issues of environment and climate change among all stakeholders, particularly its employees.

As a company that does not make production in the traditional sense, a significant portion of Yapı Kredi's environmental sustainability performance is based on the environmental impact of its office operations. Spread over a large geographic region, the office network and Head Offices make constant effort to reduce energy and water usage, develop measures to keep emissions within legal limits, and implement new practices to reduce the amount of waste generated.



As a responsible bank, Yapı Kredi does not consider its environmental performance based solely on the direct environmental impact of its operations, and contributes to developing environmental sustainability within its value chain by financing energy projects. Established for this purpose, the Social and Environmental Management System selects the firms to be financed, and their projects. Reporting to the Board of Directors, the System ensures communication of the Bank's performance in this area.

### FINANCING RENEWABLE ENERGY

Yapı 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. Extended for investment and business finance, this loan is granted to finance the investments of or provide business finance to firms that operate in basic agricultural production and/or food and beverage industry, after it is determined that they meet certain social and environmental requirements.

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 project areas, use child or forced labor, or create other social and environmental risks are denied financing. Firms that apply are categorized via SEMS according to risks. Firms that are approved following the evaluation period are monitored, with regular reporting to the bank management and the institution that granted the loan.

### Supporting Renewable Energy

When financing energy projects, potential environmental and social impacts are evaluated in addition to financial constraints. Environmental consultants are appointed to identify and evaluate these impacts, and determine the measures that should be taken to mitigate/eliminate them. As of the end of 2013, Yapı Kredi has underwritten renewable energy projects with a total installed capacity of 4771 MW.

These renewable energy power plants funded by Yapı Kredi serve to reduce carbon emissions. With an assumed average capacity utilization rate of 30%, this translates to approximately 7,774 tons of carbon emissions prevented each year, compared to energy production from non-renewable resources.

Project Type	Number of Projects	Installed Power (MW)	Limit (\$)	Risk (\$)
Hydroelectric Plant – River Type	76	1,618	1,049,486,557	951,985,008
Hydroelectric Plant – Dam	13	2,797	1,431,510,000	1,309,666,000
Wind	7	263	263,125,570	257,932,570
Geothermal	3	50	153,148,800	45,514,800
Biomass	3	43	11,616,700	11,616,700
Total	102	4,771	2,908,887,627	2,576,715,078

### Responsible Procurement Practices

As with all its operations, Yapi Kredi is committed to act in a responsible manner in procurement processes, and aims to include its suppliers in its audit and communications efforts in order to extend its corporate principles and business culture across its entire value chain. A new practice planned for 2014 will be to include environmental and social criteria in supplier contracts, therefore ensuring that these stakeholders fully comply with environmental and human rights obligations as well as laws and regulations.

Yapi Kredi prefers local suppliers for procurement, contributing to the development of local economies in its region of operations. During the reporting period, Yapi Kredi worked with 750 suppliers, and 95% of all procurements were made through local suppliers.

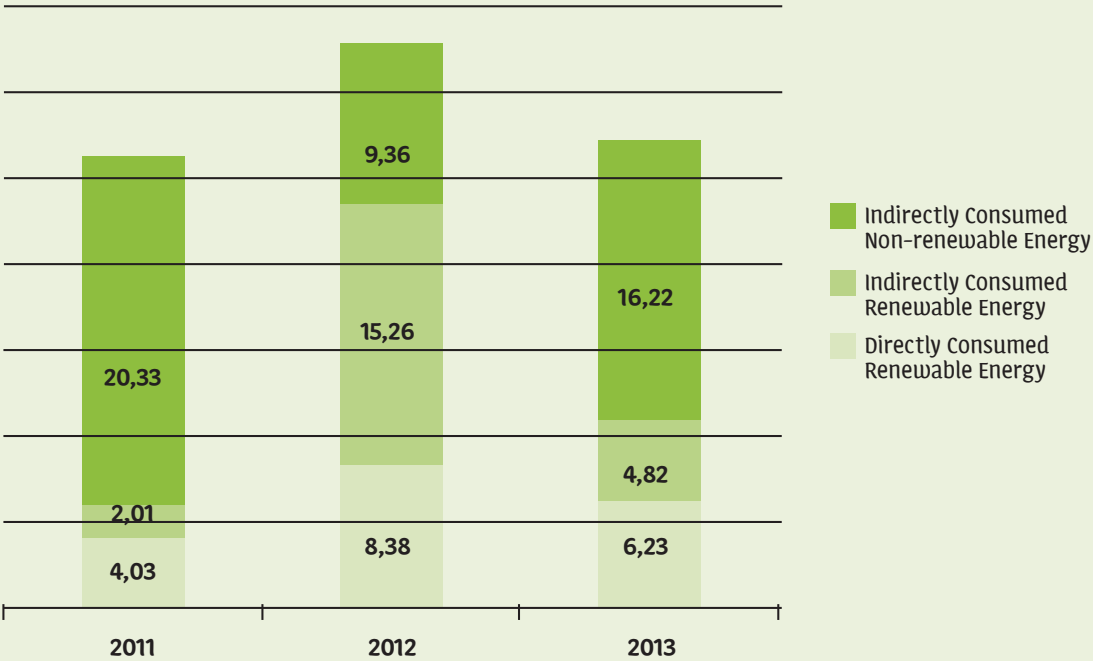
### MITIGATING ENVIRONMENTAL IMPACT

Yapi Kredi is committed to act with a principle of full compliance with environmental protection, taking all necessary steps to promote this approach among its entire value chain. Yapi Kredi takes energy saving and emission reducing measures in its offices, conducts route optimizations to reduce carbon emission arising from employee transportation and pursue various Green IT practices towards waste and emission control. All Yapi Kredi activities are conducted with the aim of saving national and global resources, and setting an example among all stakeholders in this regard.

### Climate Change Mitigation

Yapı Kredi is dedicated to reducing its energy consumption through efficient energy management and good practices while minimizing its environmental impact by increasing the share of renewable energy in its overall energy consumption. As a responsible bank, Yapı Kredi does not limit its strategy against climate change solely with its own operations, and contributes to developing common awareness among its customers by financing energy projects.

### Direct and Indirect Energy Consumption per Employee (Gj)



Yapı Kredi continued to implement energy saving projects and practices in various operating areas during the reporting period. Installation of a cascade central heating system in the Banking Base, replacement of data center infrastructure, installation of an automated lighting system, replacement of the existing lighting system at the Head Office with LED lighting are some examples of works carried out in this regard. Another practice that was put in place at the end of 2013 was a central control system for shutting down computers at branches at pre-determined hours. Fuel-oil boilers at Bayramoğlu Training Facility were replaced with natural gas boilers. Such initiatives saved a total of 6,910.53 Gj of energy throughout the reporting period.

Yapı Kredi also implemented various practices aimed at reducing its carbon footprint, including infrastructure replacements and route optimizations to reduce emission arising from employee transportation. Employee transportation was handled with the goal of reducing fuel consumption without compromising safety and comfort, while fuel consumption and emissions arising from business trips were mitigated through teleconferences and intranet communications.

During the reporting period, the new “Telepresence Rooms” facilities installed in Plaza D Block and Banking Base made a significant contribution to reducing greenhouse gas emissions arising from business trips with an average of 160 hours of teleconference per month. At the same time, reorganizing and updating shuttle routes to utilize main arteries resulted in a 920 km decrease in overall daily trip length and a 4% reduction in fuel consumption, reducing carbon emissions by 76 tons annually. For the next period, Yapı Kredi plans to implement a vehicle monitoring program for shuttle service vehicles, with an expected route optimization of 200,000 km and fuel saving of 5 to 10% annually.

Yapı Kredi continues its annual forestation efforts. Since 2008, Yapı Kredi planted 286,000 saplings in various regions throughout Turkey in association with TEMA Foundation. According to TEMA’s 2013 Report on our forestation activities, sapling survival rate is at 85%. A new practice developed during the reporting period for “Green Mortgage” customers has led to 250 saplings planted so far.

### **Supporting Earth Hour**

Yapı Kredi supports World Wildlife Fund’s annual “Earth Hour” event, which aims to raise awareness on global climate change. As part of the event, all lights at Head Office and branches, other than those necessary for security, are switched off for one hour.

As part of its Energy and Emission Management practices, Yapı Kredi continued the ISO 14064 Greenhouse Gas Emission certification process it had initiated in 2011. The standards, providing a guideline on designing, developing, managing, and reporting greenhouse gas inventories at organizational level, resulted in reducing greenhouse gas emissions by 689,07 CO<sub>2</sub>e throughout the reporting period.

Greenhouse Emissions per Employee (CO<sub>2</sub>e)



Waste and Water Management

As a bank with a widespread branch network, paper, plastic, glass and metal wastes consist a significant portion of Yapi Kredi’s environmental impact. In order to manage such office wastes effectively, Yapi Kredi carries out awareness raising activities to change the consumption habits of employees and other stakeholders, and takes necessary steps to minimize waste generation in its offices through various Green IT practices.

As part of these initiatives, employees at Head Office, Banking Base and branches are reminded through various channels to reduce paper usage, while customers are encouraged to use e-bill to save paper. At the same time, Internet Banking and Telephone Banking enable fast and reliable banking services, further reducing paper usage arising from documentation.

Electronic equipment used in company operations that past their redemption period are collected by expert firms for recycling. Another waste management practice is the installation of waste oil collectors in Head Office kitchen, saving approximately 80 kilograms of waste oil for recycling.

As an organization that does not carry out manufacturing or water-intensive operations, the primary focus of Yapi Kredi’s water management efforts is the water used by employees throughout the day and during operational processes. A biological water treatment plant in Banking Base recycles used water, while the quality of discharged



wastewater is kept within legal limits. Yapi Kredi also conducts awareness raising activities to change water consumption habits of employees and internal stakeholders in order to promote a more conscious way of using water in their business and personal lives. Information on conscious water consumption is displayed through periodically updated notice boards located at Head Office and branches, as well as through regular internal communication reminders.

### **Recycling Project**

Yapi Kredi continued its recycling project that had been started in 2011 with the aim of 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. Employees were informed of material usage and recycling through notice boards located at branches and the communications portal, and resulting recycling figures were communicated to employees through the same channels.

In 2013;

- 970,380 kilograms of paper waste was recycled, which prevented the release of 34,934 tons of greenhouse gasses into the atmosphere, and helped save 16,500 trees and 25,230 m<sup>3</sup> of water.
- 17,791 kilograms of plastic waste was recycled, which saved 294,074 kw/h of energy, equivalent to 78 tons of crude oil.
- 1,459 kilograms of glass waste was recycled, which saved approximately 150 liters of gasoline.
- 3,363 kilograms of metal waste was recycled, which saved 53,808 liters of water, and prevented the release of 6,726 tons of greenhouse gasses.

In addition, Yapi Kredi participated in the plastic bottle cap collecting campaign organized by the Spinal Cord Paralytics Association of Turkey, collecting a total of 2,200 kilograms of plastic in 2013, which was turned into wheelchairs.





## SOCIETY

In Yapı Kredi, we adhere to the principle of acting within a corporate citizenship approach. Based on this principle, we believe that it is important to not only target being a Pioneer in financial development in the society but also offer maximum benefit for social life. Since our inception, we have developed social responsibility projects in line with the prioritized needs of all stakeholders in society, and implemented practices that would encourage voluntary participation of all components of our network of stakeholders. In addition to our economic and environmental responsibilities, we believe in the transformative power of our projects in the fields of education, culture and arts, and work towards facilitating access by all.

Through our foremost social responsibility project, namely Yapı Kredi Cultural Activities, Arts and Publishing, we continue to provide countless books for our readers and support artists and projects from all disciplines of art. As a token of our appreciation for theater professionals, we organize the Afife Jale Theater Awards Program. Moreover, we continue to support the Çatalhöyük excavations as the main sponsor, carry out the “I Read, I Play” education project with Education Volunteers Foundation of Turkey (TEGV), and continue sponsoring sports events.

In addition to programs carried out during the reporting period, Yapı Kredi has continued its activities in education, culture and art areas via affiliate institutions.

### **Education**

Yapı Kredi Girls' Technical and Vocational High School (2008)

### **Culture-Arts**

Yapı Kredi Publishing House (1945)

Yapı Kredi Kâzım Taşkent Art Gallery (1964)

Yapı Kredi Cultural Center (1992)

Sermet Çifter Research Library (1978)

Doğan Kardeş Library (1992)

Yapı Kredi Vedat Nedim Tör Museum (1992)

We accompany our customers as they take steps in the name of social responsibility, and we create channels for institutions operating in this field to participate. Yapı Kredi customers who would like to donate to foundations and associations engaged in social responsibility projects can carry out free-of-charge transactions through Internet Banking, Telephone Banking, ATM's, and Yapı Kredi branches. You may reach the list of institutions for donations at <http://www.yapikredi.com.tr/bireysel-bankacilik/odemeler-ve-hizmetler/bagislar.aspx>.



Alnının Çizgilerindesin Memleketim - Nâzım Hikmet'in Yolculuk Fotoğrafları Sergisi

### **Yapı Kredi Cultural Activities, Arts and Publishing Co.**

Through our subsidiary Yapı Kredi Cultural Activities, Arts and Publishing Co., which has been operating successfully for the last 20 years, we aim to enrich the culture and arts life in Turkey at a national and global level and disseminate it to a broader audience. We have been pursuing our activities under the roof of Yapı Kredi Publications and Yapı Kredi Cultural Center. We continue to offer exquisite examples of art productions and organize activities and publish works that aim to create an interaction between the traditional and modern cultural heritage of Turkey.

### Yapi Kredi Publications (YKY)

Yapi Kredi Publications, which has adhered to its principles and pursued effective publishing practices in order to secure a lasting presence, is one of the largest and most rooted publishing houses in Turkey with a prestigious position in the world of literature, philosophy, history, and art. Having commenced its publishing journey with Doğan Kardeş in 1945, YKY has continued to offer its users the most esteemed works under the most reasonable conditions. YKY, which has reached a total of 4,011 books by December 2013, celebrated its 4,000th book by Yaşar Kemal's "Çocuklar İnsandır" (Children are Human).



During the reporting period, YKY offered 2.18 million books under 821 titles to its readers. We also paid visits to approximately 200 schools and made library presentations, bringing together 40,000 students, teachers, librarians, authors, and Yapi Kredi Cultural Activities, Arts, and Publishing editors.

Furthermore, YKY proceeded with the Audio Book Project in partnership with Assistive Technology and Education Laboratory for Individuals with Visual Disabilities (GETEM) and SESTEK. Within the framework of the project that transfers all new books by YKY to the digital setting and to a special telephone line for people with visual impairments, a total of 65 books have been digitalized as per the end of 2013.



### **Yapı Kredi Cultural Center**

Each month, Yapı Kredi Cultural Center welcomes events in different disciplines of culture and arts; primarily music, archeology, theater, photography, literature, history. During the reporting period, the Center held 11 exhibitions, and 180 artistic events viewed by 35,000 people. One of the most important exhibitions of 2013 was the “Transition Project” that addressed the comprehensive renovation process of the Yapı Kredi Cultural Center building in Beyoğlu. Yapı Kredi Cultural Center, which sees the renovation process as a transition and would like to realize the transition through a project, has hosted various live performances and spectacles in 3 different parts of the project and created a platform that enables discussion and experimentation of the venue dynamics.

Organized with a view to celebrate the 111th birthday anniversary of Nazım Hikmet, the “Alnımın Çizgilerindesin Memleketim (You Exist In the Lines of My Forehead, My Homeland) – Photographs from Nazım Hikmet’s Journeys” exhibition has reached hundreds of visitors, achieving an outstanding success.





### Yapı Kredi Afife Theater Awards

The most prestigious and longest running theater award program in Turkey, Yapı Kredi Afife Theater Awards are organized annually since 1997 upon incessant support of Yapı Kredi and consultancy support by Haldun Dormen. The program was held for the 17<sup>th</sup> time at Haliç Congress Center in the evening of Monday, April 29, 2013. In the ceremony, which hosted prominent names of arts and business world, awards were distributed to the winners in 15 categories. This year's Yapı Kredi Special Award went to Adalet Ağaoğlu.

## Çatalhöyük Excavations

Yapı Kredi, which has been the main sponsor of the Çatalhöyük Archaeological Excavations since 1997, sustained its support to this date. In 2012, Çatalhöyük Neolithic city was included in the “World Cultural Heritage” list by UNESCO. The excavations were held from June to August with a team of 120 experts from various corners of the world such as UK, USA, France, Canada, Italy, Australia and Poland, unearthing important archeological findings.





### I Read, I Play

"I Read, I Play" Project, which has been in place since 2006 upon collaboration of Yapı Kredi and Educational Volunteers Foundation of Turkey (TEGV), continued during the reporting period. Designed with a motive to enhance children's reading skills, the Project proceeded in 11 Education Parks and 55 Learning Units across Turkey upon support of TEGV. A total of 107,000 children were reached since the beginning of the Project that involved more than 3,300 volunteers and some 50,000 books.

### **Yapı Kredi Finance Chairmanship Founded at Koç University**

Yapı Kredi opened a Finance Chairmanship at Koç University to support scientific research in finance in Turkey and to strengthen the relations between the banking industry and the academic world. Assoc. Prof. Oğuzhan Kocabaş, who has given finance lectures to MBA and doctorate students at the University of Southern California, was appointed as Yapı Kredi Professor of Finance. The Department also aims at enabling exchange of information between the sector and the university regarding scientific developments in the field of finance as well as updated practices. Internationally acclaimed scientists who have proven themselves in their respective areas will contribute to the studies conducted by Yapı Kredi Finance Department, which will support educational processes through various analyses, case studies and theoretical resources so as to equip students with important experiences by building business strategies using financial instruments.

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

Another important educational initiative by Yapı Kredi is Yapı Kredi Girls' Technical and Vocational High School, which has been in service since the 2008-2009 academic year in Çayırova, Kocaeli. A total of 450 students are enrolled in the Catering Services, Graphics and Photography, IT, Child Development and Education departments at the school. In the 2012-2013 academic year, we initiated a scholarship program in order to support the education of successful students of the school. There are currently 20 students funded by the scholarship program.

### **Anatolian Scholars Program**

Founded by Koç University in 2011 in pursuit of the mission of providing the best educational opportunities for top achieving university students with limited financial availability, "Anatolian Scholars" program is also supported by Yapı Kredi.

Yapı Kredi continues to assume full educational expenses of 3 students for the 2013-2014 academic year.



### Yapı Kredi Volunteers Platform

Yapı Kredi Volunteers Platform was created to ensure our employees adopt our corporate social responsibility culture, and continued working within the framework of 11 main projects in collaboration with various NGO's during the reporting period. Throughout the year, volunteers set up libraries in different schools and supplied them with computers and other technological materials. They read books for people with visual impairment and paid visits to elderly houses. Yapı Kredi Volunteers have also worked at NGOs' booths to help them generate extra income. As of the end of 2013, 2,602 Yapı Kredi employees supported projects on voluntary basis in the Yapı Kredi Volunteers Platform.



### Yapı Kredi Collaborates with AÇEV (Mother Child Education Foundation) to Open the Doors of Social Life for Women

During the reporting period, we started a new campaign upon collaboration of Yapı Kredi Banking Academy and Mother Child Education Foundation (AÇEV). Within the scope of the campaign, we initiated a literacy program to ensure active social participation of women in Diyarbakır who were unable to complete their basic education. 300 women of different educational levels will be offered programs in 4 different categories; namely, basic literacy, advanced literacy and access to information, easy computer use, and financial literacy. In the project, which started in November and is planned to last for 6 months, education

specialists will work hand in hand with volunteer Yapı Kredi staff in Diyarbakır and surrounding regions.



### **Sports Sponsorships**

In 2012, Yapı Kredi took pride in being the first Turkish brand to support the prestigious sports event UEFA Champions League, as the Official Sponsor Bank in Turkey. Yapı Kredi sponsorship for the event continued in 2013. Additionally, the traditional Golf Tournament held by Yapı Kredi Private Banking annually was held for the 4th time from May 25 to May 29, 2013.

Please visit <http://www.yapikredi.com.en/about-yapi-kredi/corporate-social-responsibility/Default.aspx> for further information on our Social Responsibility policies and practices and our sponsorships.



### **“For My Country: Barrier-Free Life”**

Yapı Kredi supports For My Country Project that was initiated by Koç Holding with a view to disseminate individual entrepreneurship practices in tandem with a responsible citizenship awareness. Within the framework of the project, the “For My Country: Barrier-Free Life” initiative was put to life for the 2012-2015 period, upon collaboration with Alternative Life Association (AYDER) and United Nations Development Programme (UNDP). The initiative aims at setting a model for practices to create a positive and lasting impact in the lives of people with disabilities, and creating social awareness around the issue.

Yapı Kredi began to transform its products and service points as of 2008 in order to enable access of people with disabilities, and expanded the scope of this initiative within the framework of For My Country Project. While expanding the network of enabling ATM's and branches with ramp-access, it provided access to YKY books for people with visual impairments. Volunteers trained by AYDER offered awareness training to all Yapı Kredi employees, and the training was also launched in the online setting thanks to distance education videos.

Co-produced with Yapı Kredi Banking Academy in 2012, and in partnership with the Turkish National Federation of the Deaf, “Speaking is in Our Hands” Project provided sign language training to 179 volunteer branch employees until the end of 2013. The practice, which will enable our employees to speak the same language with our customers with disabilities for



better and faster services, will continue in 2014 as well.

The advertisement features a close-up of a young child's face, smiling and looking upwards. The child has dark hair and eyes. In the top left corner, the logos for 'Vehbi Koç Vakfı' and 'Kaç' are visible. In the top right corner, the 'GENİ GE' logo is present. The main text in the center reads: 'Bazı yatırımların karşılığını anında alırsınız.' (You can receive the return of some investments immediately). Below this, a white arrow points upwards. Further down, the text reads: 'YAPI KREDİ ÜLKEM İÇİN FONU' (Yapi Kredi Our Country Fund). Below this, a smaller text block explains: 'Yaptığınız yatırımın bir çocuğu gülmeyeceğini bilmek sizin de mutlu etmez mi? Ülke İçin Fonu'na yaptığınız yatırımla okullarda engelli öğrencilere uygun koşullar sağlanıyor, verdiğiniz destekle eğitime engel kalmıyor.' (Knowing that your investment won't make a child stop smiling, doesn't that make you happy too? Won't your investment in the Our Country Fund help create suitable conditions in schools for disabled students, so that your support doesn't become an obstacle to education?). At the bottom, there is a blue banner with the website 'yapikredi.com.tr', the phone number '444 0 444', social media icons for Facebook and Twitter, and the 'YapiKredi' logo.

Within the scope of the For My Country: Barrier-Free Life Project, Yapı Kredi started selling “My Country Fund.” Approximately 70% of the revenues from the sales of the mutual funds are directly allocated to the amelioration of access in schools for students with disabilities. Thus investors add a new product to their fund basket while supporting a very valuable project. The fund, which was launched by Yapı Kredi in cooperation with Vehbi Koç Foundation, represents a translation of the Bank’s social responsibility awareness to its financial activities. Following a successful graph from day one, the Fund, though launched in the second half of the year, provided enough revenues to realize the physical improvement in two schools in İstanbul and Samsun for enabling transportation of students with disabilities.





# PERFORMANCE INDICATORS

## FINANCIAL PERFORMANCE INDICATORS<sup>4</sup>

		2012	2013	2012-2013 changes
Growth	Assets (billion TL)	131.5	160.3	%22
	Loans (billion TL)	77.8	99.4	%28
	Deposits (billion TL)	71.1	88.5	%24

Profitability	Operational Expenses (billion TL)	7.1	8.1	%13
	Other Operational Expenses (billion TL)	3.2	3.5	%12
	Net Profit (billion TL)	2.1	3.7	%74
	Return on Average Tangible Equity	17,5%	17%	-80bpsp
	Return on Assets	1,6%	2,3%	69bps
	Cost/Income Ratio	44,2%	44%	-22bps

Liquidity and capital	Bank Capital Adequacy Ratio	16.3%	16.0%	-32 bps
	Leverage (3)	6.2x	7.6x	1.4x
	Loan / DepositRatio	110%	110%	fixed

Asset Quality	Non-Performing Loan Ratio	3.2%	3.5%	32 bp
	Total Coverage Ratio	111%	107%	-4bps
	Risk Cost	1.35%	1.27%	-8bps

## HUMAN RESOURCES PERFORMANCE INDICATORS

### Breakdown of Employees by Contract Type and Gender

	2010		2011		2012		2013	
	Contracted	Permanent	Contracted	Permanent	Contracted	Permanent	Contracted	Permanent
FEMALE	82	9,266	118	9,490	84	9,419	217	10,011
MALE	22	5,726	57	5,912	127	6,031	123	6,331

<sup>4</sup> P.S.: p(point) and bp(base point) indicate the change in percentage rates.

### Breakdown by Type of Employment and Gender

	2010		2011		2012		2013	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Part-Time	Part-Time
FEMALE	9,155	193	9,413	195	9,355	148	10,047	181
MALE	5,719	29	5,923	46	6,141	17	6,417	37

### Breakdown by Age Group and Gender

	2010				2011			
	18-25	26-35	36-45	46+	18-25	26-35	36-45	46+
FEMALE	932	5,756	2,503	157	1,070	5,661	2,669	208
MALE	310	2,857	2,056	525	381	2,929	2,095	564
	2012				2013			
	18-25	26-35	36-45	46+	18-25	26-35	36-45	46+
FEMALE	1,050	5,306	2,920	227	1,657	5,157	3,166	248
MALE	503	2,911	2,151	593	681	2,977	2,215	581

### Breakdown by Educational Status and Gender

	2010		2011		2012		2013	
	Two-year degree and below	Undergraduate and above	Two-year degree and below	Undergraduate and above	Two-year degree and below	Undergraduate and above	Two-year degree and below	Undergraduate and above
FEMALE	2,882	6,466	3,008	6,600	2,880	6,623	2,927	7,301
MALE	1,731	4,017	1,763	4,206	1,736	4,422	1,691	4,763

### Number of Staff with Disabilities

	2010	2011	2012	2013
FEMALE	62	60	59	60
MALE	232	238	237	248

## Total Number of Recruited Staff by Age Group

2010				2011			
18-25	26-35	36-45	46+	18-25	26-35	36-45	46+
781	710	42	1	1,085	948	55	5
2012				2013			
18-25	26-35	36-45	46+	18-25	26-35	36-45	46+
1,213	875	72	9	1,951	1,284	121	12

## Total Number of Recruited Staff by Age Group

2010				2011			
18-25	26-35	36-45	46+	18-25	26-35	36-45	46+
383	711	265	105	357	793	339	123
2012				2013			
18-25	26-35	36-45	46+	18-25	26-35	36-45	46+
583	967	391	144	551	1,178	429	188

## Total Number of Recruited Staff by Gender

	2010	2011	2012	2013
FEMALE	849	1,218	1,168	2,055
MALE	685	875	1,001	1,313

## Total Number of Staff Leaving Employment by Gender

	2010	2011	2012	2013
FEMALE	846	660	1,269	1,018
MALE	618	952	816	1,328

## Average Seniority (years)

	2010	2011	2012	2013
FEMALE	8.93	8.99	9.24	8.66
MALE	9.24	9.12	9.08	8.67

Senior Managers<sup>5</sup>

	2010	2011	2012	2013
Total Number of Senior Managers	50	53	48	47
Total Number of Female Senior Managers	16	16	11	9
Total Number of Local Senior Managers	43	47	42	42

Breakdown of Senior Managers by Age Group

2010			2011			2012			2013		
26-35	36-45	46+	26-35	36-45	46+	26-35	36-45	46+	26-35	36-45	46+
1	35	14	3	36	14	2	30	16	0	26	21

Number and Percentage Breakdown of Employees under Collective Bargaining

2010	2011	2012	2013
9,576	9,661	9,395	9,788
%66	%65	%63	%62

Occupational Health and Safety Data

	2013
Injury Rate (IR)	0.01
Absence Rate (AR)	347.80

Number of Training Hours per Employee

2010	2011	2012	2013
52.78	48.39	49.00	47.20

<sup>5</sup> Employees with the title Group Director and above are defined as Senior Management.



## Energy Consumption (GJ)

	2011	2012	2013
Total Amount of Direct, Renewable Energy	0	0	0
Total Amount of Direct, Non-Renewable Energy	62,766.83	131,218	103,966
Total Amount of Indirect, Renewable Energy	31,315.17	239,061	80,387.83
Total Amount of Indirect, Non-Renewable Energy	316,631.36	146,521.30	270,630.98

## Emissions (CO<sub>2</sub>e) <sup>6</sup>

	2011	2012	2013
Direct greenhouse emissions	7,265.00	13,162.40	12,018.26
Indirect greenhouse emissions	49,391.00	49,808.16	52,104.26
Other indirect greenhouse emissions	14,304.00	8,898.23	9,820.83
Total Amount of Indirect, Non-Renewable Energy	316,631.36	146,521.30	270,630.98

## Water Consumption (m<sup>3</sup>) <sup>7</sup>

Source	2012	2013
Surface Water	0	0
Well Water	1,533	1,046
Rain Water	0	0
City Water	366,276	429,603
Other Sources	0	0
Total	367,809	435,797

## Reused Water-Amount and Percentage (m<sup>3</sup>,%) <sup>8</sup>

	2013
Total Amount of Recycled / Reused Water (m <sup>3</sup> )	5,606.00
Total Amount of Recycled / Reused Water (%)	0,06

## Water Discharge (m<sup>3</sup>) <sup>9</sup>

	2011	2012	2013
Total Waste Water Discharge	28,694.00	80,039.00	89,731.00

## Waste Water Discharge Quality

Information Processing Center	2010	2011	2012	2013
BOD (mg/l)	31.10	20.40	19.80	31.15
COD (mg/l)	61.70	61.50	56.80	87.70
TSS (mg/l)	31.30	23.20	22.30	11.67
pH	7.05	6.83	7.06	6.97
<b>ACCR- Academy Building</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
BOD (mg/l)	35.20	26.10	34.80	22.73
COD (mg/l)	66.20	77.10	121.20	64.95
TSS (mg/l)	36.50	30.20	32.40	7.80
pH	7.35	7.14	7.05	7.39

## Waste Collected for Recycling (kg) <sup>10</sup>

	2011	2012	2013
Paper	282,360	888,750	970,380
Glass	744	950	1,459
Metal	281	1,478	3,363
Plastic	783	13,955	17,791
Total	284,168	905,133	992,993

<sup>6</sup> The upward trend in total greenhouse gas values stems from the increase in the number of facilities and staff. The number of facilities, which used to be 810 in 2011, increased to 935 and 955 in 2012 and 2013 respectively.

<sup>7</sup> Figures valid for Bank Operations Center. The upward trend in total water consumption stems from the increase in the number of facilities and staff.

<sup>8</sup> Figures valid for Bank Operations Center.

<sup>9</sup> Figures valid for Bank Operations Center. The upward trend in water discharge stems from the increase in the number of facilities and staff in 2012.

<sup>10</sup> Yapı Kredi operations do not cause any hazardous waste. Since the Recycling Movement has been in operation as of the second half of 2011, the values regarding the relevant year are at a lower level. Waste disposal activities are carried out by municipalities and authorized recycling companies.

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## GRI APPLICATION LEVEL CHECK



## Statement GRI Application Level Check

GRI hereby states that **Yapı ve Kredi Bankası A.Ş.** has presented its report "Yapı Kredi Sustainability Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 25 June 2014

Ásthildur Hjaltadóttir  
Director Services  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 June 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

Profile Disclosures				
Indicator	Location of disclosure	Page	Notes	Level of Reporting
<b>1. Strategy and Analysis</b>				
1.1	Message from the CEO	6-7		Fully
1.2	Message from the CEO	6-7		Fully
<b>2. Organizational Profile</b>				
2.1	Contact	Back Cover		Fully
2.2	Corporate Website	-	<a href="http://www.yapikredi.com.tr/bireysel-bankacilik">http://www.yapikredi.com.tr/bireysel-bankacilik</a> ; <a href="http://www.yapikredi.com.tr/kobi">http://www.yapikredi.com.tr/kobi</a> ; <a href="http://www.yapikredi.com.tr/ticari">http://www.yapikredi.com.tr/ticari</a> ; <a href="http://www.yapikredi.com.tr/kurumsal">http://www.yapikredi.com.tr/kurumsal</a> ; <a href="http://www.ykprivate.com.tr/">http://www.ykprivate.com.tr/</a>	Fully
2.3	Corporate Governance	22-24		Fully
	Subsidiaries	12-15		
	Annual Report	22, 23, 26, 27, 32	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf</a>	
2.4	Contact	Back Cover		Fully
2.5	About the Report	5		Fully
	Subsidiaries	12-15		
	Annual Report	22, 23, 26, 27, 32	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf</a>	
2.6	Shareholding Structure	17		Fully
2.7	About Yapı Kredi	9-11		Fully
	Sustainable Products and Services	48-56		
2.8	About Yapı Kredi	9-11		Fully
	Financial Performance Indicators	76		
2.9	Shareholding Structure	17		Fully
	Subsidiaries	12-15		
	GRI Indicators Table	91	Yapı Kredi B Type Investment Trust was established in 1995 and 95.36% owned by Yapı Kredi. The company is being liquidated based on the decision of the Board of Directors dated 27 December 2013.	
2.10	Awards Received during the Reporting Period	18-19		Fully
<b>3. Report Parameters</b>				
3.1	About the Report	5		Fully
3.2	About the Report	5		Fully
	GRI Indicators Table	91	Date of most recent previous report is May 2013.	
3.3	About the Report	5		Fully
3.4	Contact	Back Cover		Fully
3.5	About the Report	5		Fully
	Sustainability Management	24-25		
3.6	About the Report	5		Fully
3.7	About the Report	5		Fully
3.8	About the Report	5		Fully
3.9	About the Report	5		Fully
3.10	About the Report	5		Fully
3.11	About the Report	5		Fully
3.12	GRI Indicators Table	88-97		Fully
3.13	GRI Indicators Table	91	"The content of this report is not subjected to independent external assurance."	Fully

4. Governance, Commitments, and Engagement				
4.1	Corporate Governance	22-24		Fully
4.2	Corporate Governance	22-24		Fully
4.3	Corporate Governance	22-24		Fully
4.4	Dialog with Stakeholders	27-29		Fully
4.5	Corporate Governance	22-24		Fully
	Annual Report	41,45, 46	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf</a>	
4.6	Corporate Governance	22-24		Fully
	Code of Ethics and Business Conduct	3	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/governance/corporate-governance/Code-of-Ethics.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/governance/corporate-governance/Code-of-Ethics.pdf</a>	
4.7	Corporate Governance	22-24		Fully
	Annual Report	46	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf</a>	
4.8	About Yapı Kredi	9-11		Fully
4.9	Governance	21-27		Fully
4.10	Corporate Governance	22-24		Fully
4.11	Governance	21-27		Fully
4.12	About the Report	5		Fully
	Yapı Kredi's Voluntary Affiliations	29		
4.13	Yapı Kredi's Voluntary Affiliations	29		Fully
4.14	Dialog with Stakeholders	27-29		Fully
4.15	Dialog with Stakeholders	27-29		Fully
	GRI Indicators Table	92	Yapı Kredi regards all individuals and legal entities, institutions and organizations directly or indirectly affected by or affecting on our business activities as stakeholders and we endeavor to establish efficient, transparent, cordial and interactive channels of communication with them.	
4.16	Dialog with Stakeholders	27-29		Fully
	GRI Indicators Table	92	We realize various stakeholder engagement activities the frequency of which vary with regards to their types.	
4.17	Dialog with Stakeholders	27-29		Fully
	Employee Engagement and Internal Communication Practices	41-42		
	Alternative Delivery Channels	53-56		



Disclosures on Management Approach (DMAs)				
Indicator	Location of disclosure	Page	Notes	Level of Reporting
DMA EC				
Economic performance	GRI Indicators Table	95		Fully
	Annual Report, pp.	5, 60, 73, 123, 137, 138		
	Message from the CEO	6-7		
	Financing Renewable Energy	60-61		
	Climate Change Mitigation	62-64		
	Fair Workplace	35-37		
Market presence	Fair Workplace	35-37		Fully
	Responsible Procurement Practices	61		
Indirect economic impacts	Human Resources Performance Indicators	67-73		Fully
	Society	46-47		
	Customer Proximity	50-51		
	Supporting SMEs	51		
DMA EN				
Materials	Sustainability Management	24-25		Fully
	Preserving Natural Resources	59-60		
Energy	Sustainability Management	24-25		Fully
	Climate Change Mitigation	62-64		
	Environmental Performance Indicators	80		
	Financing Renewable Energy	60-61		
Water	Environmental Performance Indicators	80		Fully
	Waste and Water Management	64-65		
	GRI Indicators Table	95		
Biodiversity	Preserving Natural Resources	59-60		Fully
	GRI Indicators Table	96		
Emissions, effluents and waste	Sustainability Management	24-25		Fully
	Climate Change Mitigation	62-64		
	Environmental Performance Indicators	81		
	Recycling Project	65		
	GRI Indicators Table	96		
Products and services	Recycling Project	65		Fully
	Waste and Water Management	64-65		
Compliance	Annual Report	52		Fully
Transport	Climate Change Mitigation	62-64		Fully
Overall	Financing Renewable Energy	60-61		Fully
DMA LA				
Employment	Sustainability Management	24-25		Fully
	Our Employees	35		
	GRI Indicators Table	96		
	Human Resources Performance Indicators	77-78		
	Fair Workplace	35-37		

Labor/ management relations	Union Rights at Yapı Kredi	42		Fully
	Human Resources Performance Indicators	78		
	GRI Indicators Table	96		
Occupational health and safety	Occupational Health and Safety	37		Fully
	Human Resources Performance Indicators	79		
	GRI Indicators Table	96		
	Fair Workplace	35-37		
	Union Rights at Yapı Kredi	42		
Training and education	Performance Evaluation and Career Management	38-40		Fully
	Human Resources Performance Indicators	79		
	GRI Indicators Table	96		
Diversity and equal opportunity	Sustainability Management	24-25		Fully
	Fair Workplace	35-37		
	Human Resources Performance Indicators	79		
Equal remuneration for women and men	Fair Workplace	35-37		Fully
DMA HR				
Investment and procurement practices	Financing Renewable Energy	60-61		Fully
	GRI Indicators Table	97		
Non- discrimination	Fair Workplace	35-37		Fully
Freedom of association and collective bargaining	Union Rights at Yapı Kredi	42		Fully
Child labor	Fair Workplace	35-37		Fully
Prevention of forced and compulsory labor	Fair Workplace	35-37		Fully
Security practices	GRI Indicators Table	97		Fully
Indigenous rights	GRI Indicators Table	97		Fully
Assessment	Financing Renewable Energy	60-61		Fully
Remediation	Fair Workplace	35-37		Fully
DMA SO				
Local communities	Financing Renewable Energy	60-61		Fully
Corruption	Corporate Governance	22-24		Fully
	Anti Corruption Policy	6		
Public policy	GRI Indicators Table	97		Fully
	Code of Ethics and Business Conduct	7		
	Anti Corruption Policy	6		
Anti-competitive behavior	Annual Report	52		Fully
Compliance	GRI Indicators Table	97		Fully
	Annual Report	52		

DMA PR				
Customer health and safety	Customer Proximity	46-47		Fully
Product and service labelling	Customer Proximity	46-47		Fully
Marketing communications	Annual Report	52		Fully
Customer privacy	Annual Report	52		Fully
Compliance	GRI Indicators Table	97		Fully
	Annual Report	52		
Performance Indicators				
Indicator	Location of disclosure	Page	Notes	Level of Reporting
Economic				
EC1	GRI Indicators Table	95	Total corporate tax value directly paid in 2013 was 192,427,980.20 TL. Within the same period, the balance of indirect tax, cost of which was undertaken by the bank was 154,500,844.09. The value of the tax, mediated as tax responsible, was TL 2,356,631,054.43 .	Fully
	Annual Report	5, 60, 73, 123, 138	http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf	
EC2	Message from the CEO	6-7		Fully
	Financing Renewable Energy	60-61		
	Climate Change Mitigation	62-64		
EC3	Fair Workplace	33-43		Fully
	Annual Report	137	http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf	
EC4	Annual Report	73	http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf	Fully
EC5	Fair Workplace	35		Fully
EC6	Responsible Procurement Practices	61		Partially
EC8	Society	67-73		Fully
EC9	Customer Proximity	46-47		Fully
	Supporting SMEs	50-51		
	Agricultural Banking	51		
Environmental				
EN3	Environmental Performance Indicators	86		Partially
EN4	Environmental Performance Indicators	86		Partially
EN5	Climate Change Mitigation	62-64		Fully
EN6	Financing Renewable Energy	60-61		Fully
EN7	Climate Change Mitigation	62-64		Fully
EN8	Environmental Performance Indicators	86		Fully
EN9	GRI Indicators Table	95	As the water used by Yapı Kredi is withdrawn from municipal water system, no water sources are significantly affected.	Fully
EN10	Environmental Performance Indicators	86		Fully
EN13	GRI Indicators Table	95	Yenikoy Grove: YKB A.Ş. owns 17.29 acre green area, protected by Bosphorus Law. The trees in this area are under protection. Relievo studies are conducted for the trees in the grove.	Fully
EN16	Environmental Performance Indicators	86		Fully

EN17	Climate Change Mitigation	62-64		Fully
	Environmental Performance Indicators	80		
EN18	Climate Change Mitigation	62-64		Fully
EN21	Environmental Performance Indicators	87		Partially
EN22	Environmental Performance Indicators	81		Partially
	Recycling Project	65		
EN23	GRI Indicators Table	96	During the reporting period there have not been any spill cases within our operations.	Fully
EN25	GRI Indicators Table	96	There are no water bodies or related habitats significantly affected by our water discharge.	Fully
EN26	Recycling Project	65		Partially
	Waste and Water Management	64-65		
EN29	Climate Change Mitigation, pp. 30-31	62-64		Partially
<b>Social: Labor Practices and Decent Work</b>				
LA1	Human Resources Performance Indicators	82-85		Fully
	GRI Indicators Table	96	There are no blue collar employees in Yapı Kredi.	
LA2	Human Resources Performance Indicators	84		Fully
LA3	Fair Workplace	32-43		Fully
LA15	Fair Workplace	38		Fully
LA4	Union Rights at Yapı Kredi	43		Fully
	Human Resources Performance Indicators	85		
LA5	GRI Indicators Table	96	Provisions of labor law are applied in cases of repeals and organizational changes that necessitates changes in working conditions.	Fully
LA6	Occupational Health and Safety	38		Fully
LA7	Human Resources Performance Indicators	85		Fully
	GRI Indicators Table	96	There have been no work-related fatalities or occupational disease incidents within the reporting period.	
LA8	Fair Workplace	35-37		Fully
LA9	Union Rights at Yapı Kredi	43		Fully
LA10	Performance Evaluation and Career Management	41		Fully
	Human Resources Performance Indicators	85		
	GRI Indicators Table	96	There are no blue collar employees in Yapı Kredi.	
LA11	Performance Evaluation and Career Management	39-40		Fully
LA12	Performance Evaluation and Career Management	39-40		Fully
LA13	Human Resources Performance Indicators	82-85		Fully
LA14	Fair Workplace	35-37		Fully
<b>Social: Human Rights</b>				
HR1	Financing Renewable Energy	60-61		Partially
HR2	GRI Indicators Table	97	We plan to start these studies as of 2014.	Fully
HR4	Fair Workplace	35		Fully
HR5	Union Rights at Yapı Kredi	43		Fully
HR6	Fair Workplace	35		Fully

HR7	Fair Workplace	35		Fully
HR8	GRI Indicators Table	97	In line with legal regulations, all security personnel receive trainings, which also include aspects of human rights.	Fully
HR9	GRI Indicators Table	97	Yapi Kredi does not pursue operations with significant negative impacts on local communities.	Fully
Social: Society				
S01	Financing Renewable Energy	60-61		Partially
S09	Financing Renewable Energy	60-61		Partially
S010	Financing Renewable Energy	60-61		Partially
S02	Corporate Governance	22-25		Partially
S04	Anti Corruption Policy	6	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/governance/corporate-governance/anti_corruption_policy_new.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/governance/corporate-governance/anti_corruption_policy_new.pdf</a>	Fully
S05	GRI Indicators Table	97	Yapi Kredi does not carry out lobbying activities.	Fully
S06	GRI Indicators Table	97	Yapi Kredi does not donate or make contributions to political parties	Fully
	Code of Ethics and Business Conduct	7	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/governance/corporate-governance/Code-of-Ethics.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/governance/corporate-governance/Code-of-Ethics.pdf</a>	
	Anti Corruption Policy	6	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/governance/corporate-governance/anti_corruption_policy_new.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/governance/corporate-governance/anti_corruption_policy_new.pdf</a>	
S07	Annual Report	52	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf</a>	Fully
S08	GRI Indicators Table	97	There have been no significant fines for noncompliance with laws and regulations during the reporting period	Fully
	Annual Report	52	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf</a>	
Social: Product Responsibility				
PR5	Customer Proximity	46-47		Fully
PR7	Annual Report	52	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf</a>	Fully
PR8	Annual Report	52	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf</a>	Fully
PR9	GRI Indicators Table	97	There have been no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully
	Annual Report	52	<a href="http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf">http://www.yapikredi.com.tr/_assets/pdf/en/investor-relations/2013-YKB-Annual-Report.pdf</a>	

### DISCLAIMER

This Corporate Social Responsibility Report has been prepared by Yapı ve Kredi Bankası A.Ş. in the context of United Nations Global Compact Initiative. All information and opinions contained in this Report which does not purport to be comprehensive, have been provided to by Yapı ve Kredi Bankası A.Ş. and have not been independently verified for this purposes.

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