

# SUSTAINABILITY REPORT

2014-2015



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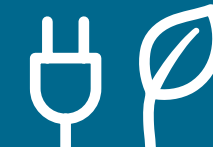
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# About the Report

The second sustainability report by Türkiye Halk Bankası A.Ş. (Halkbank) presents the sustainability performance of the Bank for the two-year period between the 1st January 2014 and 31st December 2015.

The Halkbank 2014-2015 Sustainability Report aims to provide current information to all stakeholders including but not limited to investors, shareholders, customers, employees, business partners and non-governmental organizations on the sustainability efforts of Halkbank. The report is issued against the Global Reporting Initiative (GRI) G4 Guidelines, in accordance with the option "Core". The report also includes G4 Financial Services Sector Disclosures.

It is prospectively planned that the sustainability performance and activities of Halkbank will be reported annually.



# As Halkbank

we consider sustainable economic development and sustainable profitability as important elements of development.



## Chairman's Message



### Esteemed Stakeholders,

**We have the pleasure of sharing with you our second Sustainability Report on this sustainability journey of Halkbank.**

Established as the bank of Turkish tradesmen and SMEs, Halkbank always prioritizes the idea of creating public good. We act within an awareness of the responsibility we hold towards our country, our environment, our people and our employees. To this end, we offer various services to increase the awareness of efficiency of tradesmen, SMEs and large-scale businesses in our country.

Based on this and following the publishing of our first report, we undertook numerous activities in the field of sustainability. Following the publishing of our sustainability policy, we finalised the structuring of the "Sustainability Committee" that will operate under the Board of Directors. We aim to increase and enrich our activities in the field of sustainability through our committee structure. We believe that we will once more portray that we are a Bank that looks out for the environment, the society and the economy in every aspect.

In addition to integrating the awareness of the importance of sustainability for the future of our country and of the world into our corporate structure through policies and business processes, we aim to share this awareness with our employees, customers and society. All of our work and policies will progress on the basis of these foundations.

As a Bank considering sustainable economic development and sustainable profitability as important elements of development, we maintained our position among the sector as one of the most efficient banks in terms of return on equity. We plan to retain this momentum and improve our services and market share even more during the upcoming period.

While delivering our banking operations, we also attach particular importance to creating added value for all stakeholders. We continue to support Turkey not only economically but also in terms of corporate social responsibility. In addition to our long-term traditional support, we also provide assistance to new projects which we consider to be potentially beneficial for our country. In 2014 and 2015, we delivered many social responsibility projects both in Turkey and in the other countries we operate in. In the upcoming period, we wish to maintain and diversify the social benefits we extend to the society.

We would like to thank all our stakeholders for their continuous contribution and support in Halkbank's sustainability efforts.

Sincerely,

**Recep Süleyman Özdil**

Halkbank Chairman

# General Manager's Message



**Esteemed stakeholders of Halkbank,**  
**We continue to take strong steps in our journey of sustainability in the 78<sup>th</sup> anniversary of the establishment of our Bank.**

During the two years following the publication of the previous Sustainability Report, Halkbank continued its operations by enriching the contributions it made to the environment and the society. Total loans we extended to energy efficiency and renewable energy projects through the international fund agreements signed and implemented during 2014-2015 reached EUR 650 million. In 2015, we signed new credit protocols for the financing of SMEs and

large-scale enterprises with an amount of EUR 200 million with the European Investment Bank and USD 200 million with the World Bank. Again in 2014-2015, we financed 36 renewable energy and energy efficiency projects with a total amount of EUR 30 million via the funds obtained from international financial institutions.

In our projects, we contribute to the environment not only in terms of financial support but also through the sharing of expertise and experience. We continue to provide free consultancy services to SMEs which plan to develop energy efficiency projects in addition to financing. In 2015, our Bank established and kicked off the activities of the Sustainability Committee, which has been a major step to closely follow sustainability issues and monitor the conformity of our institution's activities with our Sustainability Policy. The Committee will continue its work to adapt the economic, environmental and social factors into Halkbank's activities and decision making mechanisms in addition to our Bank's target of creating long-term added value and corporate management principles.

Following the digitization of our banking processes, we deliver services

with today's up-to-date technologies in our product range and operational procedures, thus reducing our impact on the environment. Through our internet banking channels, we develop solutions to expand the service access network of our customers and facilitate the process of obtaining information on products.

In addition to our digital banking services, we have launched paperless banking projects and we aim to significantly reduce paper waste. Built on the basis of the environmental excellence principle we observe in all our processes, Tomurcuk ('Rosebud'), our new data center, has become the first data center in Turkey to obtain the international LEED Gold certificate. We are aware of our responsibility towards the environment and we plan to maintain our objective to reduce our corporate carbon footprint in the upcoming years.

Halkbank will continue to adopt a highly sensitive approach on sustainability. I would like to thank our stakeholders who supported us in all our efforts.

Sincerely,  
**Ali Fuat Taşkesenlioğlu**  
Halkbank General Manager

# We continue to take strong steps in our journey of sustainability in the 78<sup>th</sup> anniversary of the establishment of our Bank.



# Halkbank

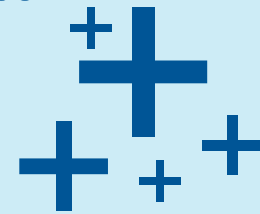
## in Figures

We continued our stable sustainable growth trend in 2014 and 2015



### Number of employees

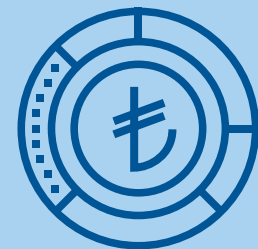
2015  
**17,104**  
2014  
**17,314**



### Total Assets

TRY Million

2015  
**187,729**  
2014  
**155,423**



### Number of Branches

2015	2014
<b>944</b> Domestic	<b>895</b> Domestic
<b>7</b> Abroad	<b>7</b> Abroad



### Loans

TRY Million

2015  
**126,745**  
2014  
**101,767**

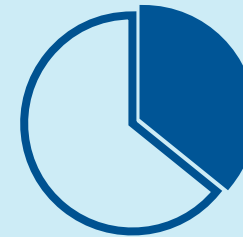
### Number of ATMs

2015  
**3,585**  
2014  
**3,388**



### The ratio of SME loans within total cash loans

2014  
**39.5%**  
2015  
**38.9%**



### Number of POS Devices

2015  
**281,877**  
2014  
**260,630**

### Number of SME Clients

2015  
**469,127**  
2014  
**396,377**



Number of Cash Loan Customers

### Number of Paraf Credit Cards

2015  
**3,793,660**  
2014  
**3,418,917**

*Paraf.*



### Credits Issued

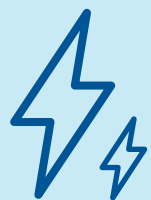
TRY Million

2015

1,563

2014

1,745



### Installed Power

MW

2015

63.4

2014

61

## Renewable Energy Financing



### Annual CO<sub>2</sub> Reduction

Ton CO<sub>2</sub>e

2015

627.4

for TRY 363.7 Million Credit

2014

673.7

for TRY 327.4 Million Credit

## Credits Issued via Resources from International Finance Institutions



Increase in Cash Loans for Corporate and Commercial Customers (2014-2015)

31.7%

Employment Created and/or Sustained via International Funds Extended in 2014-2015

TRY Million

9,000



CO<sub>2</sub> Reduction  
Ton CO<sub>2</sub>e

13.258



2015 Energy Efficiency Financing Credits

TRY Million

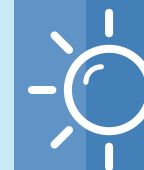
39.4



2015 Renewable Energy Financing Credits

TRY Million

50,761



Cash Loans for Corporate and Commercial Customers (2015)

TRY Million

51,000



# HALKBANK

IN SUMMARY





## Vision

To be the region's leading SME bank fulfilling all the requirements of modern banking while also asserting a strong presence in retail services.

## Mission

To continuously create added value for customers, shareholders and employees by effectively carrying out all its banking services with an awareness and understanding of its social responsibilities and duties; to contribute to the development of the banking industry and capital markets; to secure itself a respected position within the banking industry in our region and in the world.



## GOALS

1. Be the leading SME bank in the region,
2. Be the preferred business partner of SMEs and retail customers for fulfillment of their banking needs
3. Be the bank employing qualified personnel in the banking industry, and be the bank which such qualified personnel wish to be employed by
4. Ensure customer satisfaction by achieving the industry's highest quality levels in service throughout all of its business processes
5. Be a bank attaining stable growth and sustainable profit

## CORPORATE VALUES

- » Customer focus
- » Reliability
- » Integrity
- » Creativity
- » Dynamism
- » Rationalism
- » Team spirit
- » Productivity
- » Transparency
- » Sensitivity
- » Self-confidence
- » Openness change
- » Commitment to social responsibilities
- » Knowledge and experience sharing

# General and Financial Indicators

## HALKBANK SHAREHOLDER STRUCTURE

Shareholder Name	2015		2014	
	Paid Capital (TRY)	Participation (%)	Paid Capital (TRY)	Participation (%)
1-Republic of Turkey Prime Ministry's Privatization Administration*	638,825,500	51.11	638,825,500	51.11
2-Public Shares*	611,090,221	48.89	610,729,400	48.86
3-Other	84,279	0.0067423	445,100	0.0356080
<b>Total</b>	<b>1,250,000,000</b>	<b>100.0000000</b>	<b>1,250,000,000</b>	<b>100.0000000</b>

\* 549,932 TRY portion of Republic of Turkey Prime Ministry's Privatization Administration's shares are quoted on the Stock Exchange and a 48.90% portion of the Bank's capital, including these shares, are publicly traded.

## HALKBANK'S POSITION IN THE SECTOR

	Market Share (%)	
	2015	2014
Total Assets	8.0	7.8
Loans	8.4	8.0
Securities	7.8	8.1
Deposits	9.2	9.2
Equity	7.4	7.1
Profit	8.9	9.0

## ECONOMIC INDICATORS

	2015 million TRY	2014 million TRY	Change 2014-2015 %
Total Assets	187,729	155,423	20.8
Liquid Assets	25,838	21,560	19.8
Loans	126,745	101,767	24.5
Securities	28,155	26,844	4.9
Total Deposit	122,146	103,708	17.8
Equity	19,424	16,536	17.5
Net Interest Income	5,663	5,112	10.8
Net Fee and Commission Income	1,194	1,023	16.8
Gross Profit	2,856	2,727	4.7
Net Profit	2,315	2,206	5.0

Key Ratios	2015 %	2014 %
Interest Bearing Assets/Total Assets	82.9	82.5
Loans/Total Assets	67.5	65.5
Non-Performing Loans/Total Loans (Gross)	3.06	3.55
Demand Deposits/Total Deposits	16.8	20.8
Loans/Deposits	103.8	98.1
Average Return on Assets	1.3	1.5
Average Return on Equity	12.9	14.4
Capital Adequacy Ratio	13.8	13.6

# Halkbank and Corporate Governance



**In today's world, companies' sustained success not only relies on their internal performance but also depends on all external elements of their activities and decisions conducted including these impacts' assessments.** In other words, sustainable growth is possible only by integrating an institution's corporate and financial performance with environmental and social sensitivity. The most important factor influencing the power of this synergy is to internalize a management system in line with corporate governance principles.

We as Halkbank family established sustainable success targets both within our Bank and among our subsidiaries

and affiliates. We initiated actions to develop a governance structure that observes economic, social and environmental priorities in line with our Bank's corporate governance principles. We reflect the sustainable banking policy, which is in line with our Bank's vision and became a common business manner, to our activities. We will continue our work with same sensitivity for the steady growth of Turkey and our Bank in the future.

#### **Assoc. Prof. Dr. Ömer Açıkgöz**

Deputy Chairman of Sustainability Committee  
Board Member

## BOARD OF DIRECTORS

Halkbank Board of Directors has nine members. Information on the Board's role, member selection process and meetings is available in Halkbank Annual Report.

## COMMITTEES

Halkbank actively continues corporate operations via its committees. The committees operating under Halkbank are listed below:

- » Loans Committee
- » Remuneration Committee
- » Disciplinary Committee (see Halkbank and Employees, p. 115)
- » Corporate Governance Committee
- » Audit Committee
- » Operational Risks Working Committee
- » Assets - Liabilities Committee (ALCO)
- » Information Security Steering Committee (see p. 75)
- » Sustainability Committee (see Halkbank's Sustainability Approach, p.38)
- » Information Technologies Risk Management Committee
- » Information Technologies Strategy and Planning Management Committee
- » Detailed and up-to-date information on the Board of Directors, committees and the activities thereof is available in the Annual Report:

[https://www.halkbank.com.tr/images/channels/English/investor\\_relations/financial\\_info/Annual\\_reports/Annual\\_reports\\_2014.pdf](https://www.halkbank.com.tr/images/channels/English/investor_relations/financial_info/Annual_reports/Annual_reports_2014.pdf)

[https://www.halkbank.com.tr/images/channels/English/investor\\_relations/financial\\_info/Annual\\_reports/2015\\_annual\\_report.pdf](https://www.halkbank.com.tr/images/channels/English/investor_relations/financial_info/Annual_reports/2015_annual_report.pdf)

## INTERNAL CONTROL

Internal Control Department serves under the Audit Committee to carry out monitoring and evaluation activities in addition to simultaneous, impartial and objective reporting to the management through financial, operational and other control points within the framework of generally accepted professional standards in order to protect Halkbank's assets, perform operations efficiently and effectively in accordance with the law and other relevant legislation as well as the Bank's policies, rules and the banking practices, to ensure the reliability and integrity of the accounting and financial reporting system besides the timely availability of information in the system in line with the Banking Law No. 5411 and the Regulation on the Assessment of Banks' Internal Systems and Internal Capital Adequacy published by the BRSA (Banking Regulation and Supervision Agency).

Controls performed at Head Office units, Regional Coordination Offices, all domestic and international branches as well as domestic and international subsidiaries and cash operations centers are complemented by the reports produced on the central database in addition to cross-controls, thus establishing an efficient internal control infrastructure.

Efforts are made to keep control instructions and control points continuously updated in line with the legislation and the goals of the Bank. To this end, laws, regulations, BRSA regulations and the current legislation of the Bank are closely monitored, with the amendments thereto being reflected in control instructions and control points.

In addition to on-site controls, central audit work is also expanded in scope and continues to do so. Data from the central system database is analyzed and transactions that may pose a risk in view of the established criteria are reported, with their outcomes being analyzed either centrally or on-site.

Within the scope of legal compliance controls, the compliance of the actual or planned operations of the Bank as well as its new transactions and products with the Law, other relevant legislation, the Bank's policies, rules and banking practices are checked. Legislation on banking/finance sector as well as general foreign legislation is monitored to inform employees on legislative amendments as soon as possible.

The IT control group sustains its work in line with the objective of ensuring that the information obtained by the Bank is reliable, complete, traceable, consistent, caters to needs and can be accessed on time by the relevant departments and employees. In addition to the information system controls, controls for the financial reporting systems are also included within the scope of continuous control.

Inspections are performed on various matters upon demand from the Bank's Senior Management, the Internal Audit Department, Departments of the Head Office and Regional Coordination Offices as well as on outstanding points identified by Internal Controllers during control work. During inspections, information and documents on the matter under inspection are assessed in detail. Matters requiring inspection by auditors are referred to the Internal Audit Department whereas matters that could be sorted out through administrative measures are referred to the relevant departments at the Head Office.

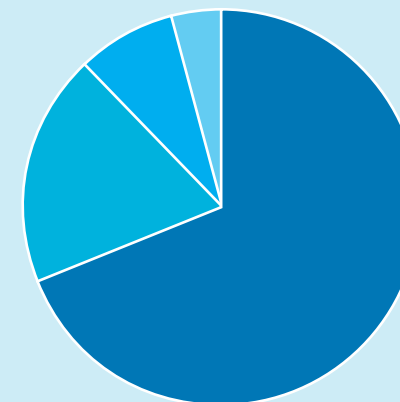
## INSPECTION COMMITTEE

The Inspection Committee serves via the Audit Committee and reports to the Board of Directors.

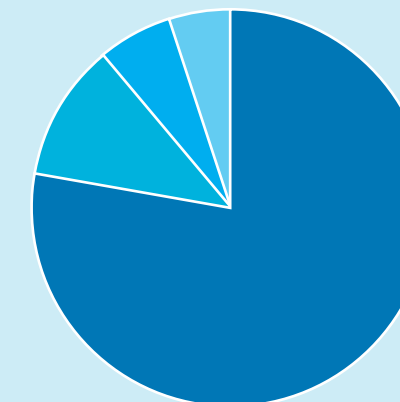
The department employs three separate methods complementing each other, namely on-site audit, central audit and information technologies audit. The department carries out its operations within the framework of ISO 9001:2008 Quality Management System Standards.

In addition to project work and other duties assigned by the department, 78% of the auditors in the department conducted On-Site Audits, 11% of them conducted Central Audit, 6% conducted Information Technologies Audit and the remaining 5% conducted inspection/investigation or duties on examination of inspection reports in 2014. In 2015, 69% conducted On-Site Audits, 19% conducted Central Audits, 8% conducted Information Technologies Audit and the remaining 4% conducted inspection/investigation or duties on examination of inspection reports.

### 2015



### 2014




Within the framework of a risk-based audit approach and in line with **the 2014 Audit Plan,**

- » 592 Branches
- » 5 Regional Coordination Offices
- » 15 Departments
- » 9 Subsidiaries
- » 1 Overseas Branch
- » 43 Information Technology audits took place.

**9**  
Subsidiary




**592**  
Branch



**5**  
Regional  
Coordination  
Office



**1**  
Overseas Branch



**15**  
Department



**43**  
Information  
Audits



In line with the **2015 Audit Plan,**

- » 621 Branches
- » 17 Regional Coordination Offices
- » 21 Departments
- » 9 Subsidiaries
- » 2 Overseas Branches
- » 63 Information Technology audits took place.

Furthermore, Central Audits and Information Technologies Audits focus on high-risk transactions to identify possible cases of corruption and operational mistakes at an early stage, audit the confidentiality and accuracy of information produced by information systems as well as the efficiency of internal controls within processes and prevent potential acts that could hinder the interests of depositors and the Bank's shareholders.

Using the Finding Tracking System, a dedicated team regularly monitors the updated risk status of the findings from the audits and controls the work carried out by relevant departments to eliminate the mentioned findings.

**621**  
Branch



**17**  
Regional  
Coordination  
Office



**21**  
Department



**9**  
Subsidiary



**63**  
Information  
Technology Audits



**2**  
Overseas Branch



## PUBLIC AUDIT

As a public financial institution, Halkbank is subject to not only all audits which apply to private institutions but also continuous audit by the Auditors of the Court of Accounts performing audits on behalf of the Grand National Assembly of Turkey (TBMM). Within the said audits, all relevant departments, officials and, when necessary, employees at any level are interviewed within the framework of public accountability and financial transparency principles to ensure Halkbank operates efficiently, economically, effectively and in compliance with laws. Information, documentation and business processes are also examined. Any findings are subject to regulations in line with suggestions. The Court of Accounts then issues a report every year and submits it to the State Economic Enterprises Commission of the TBMM for deliberations.

## POLICIES

Main policies of Halkbank are listed below.

- » Donations and Grants Policy
- » Disclosure Policy
- » Ethic Codes
- » Confidentiality and Website Data Security Policy
- » Halkbank's Main Policy on Information Security
- » Human Resources Policy
- » Profit Distribution Policy
- » Stakeholders Policy
- » Anti-Bribery and Anti-Corruption Policy
- » Social Responsibility and Public Relations Policy
- » Policy on Preventing the Laundering of Proceeds of Crime and the Financing of Terrorism
- » Policy on Indemnities
- » Remuneration Policy
- » Policy on Information Security in TRNC (Turkish Republic of Northern Cyprus) Branches
- » Sustainability Policy
- » Environment Policy

Detailed information on Halkbank policies is available in the 2014 and 2015 Annual Reports. The scope of Halkbank Ethic Codes and Anti-Bribery and Anti-Corruption Policy are planned to be expanded in 2016.

Halkbank 2014 Annual Report:

[https://www.halkbank.com.tr/images/channels/English/investor\\_relations/financial\\_info/Annual\\_reports/Annual\\_reports\\_2014.pdf](https://www.halkbank.com.tr/images/channels/English/investor_relations/financial_info/Annual_reports/Annual_reports_2014.pdf)

Halkbank 2015 Annual Report:

[https://www.halkbank.com.tr/images/channels/English/investor\\_relations/financial\\_info/Annual\\_reports/2015\\_annual\\_report.pdf](https://www.halkbank.com.tr/images/channels/English/investor_relations/financial_info/Annual_reports/2015_annual_report.pdf)

## Memberships

**Halkbank is a member of various national and international institutions and organizations established to operate in Bank's field of activity.** Below is a list of the main institutions and organizations Halkbank is a member of:

- » ICC (International Chamber of Commerce) Turkey
- » IIF (Institute of International Finance)
- » Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI)
- » The Banks Association of Turkey
- » Working Group of the Banks Association of Turkey on the Role of Finance Sector in Sustainable Growth
- » Kalder (Quality Association of Turkey)
- » Association of Foreign Banks

# Subsidiaries and Affiliates

Halkbank's subsidiaries and affiliates;

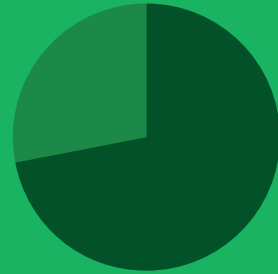
- » Create added value to diversify the product and service range that they offer to retail and corporate customers in various fields and allow for offering and cross-selling complementary products.
- » Ensure the delivery of quality services that the customers need.

The strategic aim of Halkbank is to build synergy with its subsidiaries and affiliates and thus establish a "financial supermarket".

## Türk P ve I Sigorta A.Ş.

CAPITAL TRY 6,000,000  
HALKBANK'S SHARE 16.67%

The company was established on December 31, 2013 to operate exclusively in the field of protection and indemnity insurance for vessels, a type of non-life insurance, in accordance with the Insurance Law No. 5684. On April 2, 2015, Halkbank acquired 16.6667% shares owned by Halk Sigorta A.Ş., an affiliate of the company.



## Halk Gayrimenkul Yatırım Ortaklığı A.Ş.

CAPITAL TRY 743,000,000 2014 TRY 697,900,000  
HALKBANK'S SHARE 71.96%

Established in 2010 to invest in real estate and real estate-backed assets, Halk Real Estate Investment is a pioneer in the delivery of prestigious real estate projects in Turkey.



## Halk Finansal Kiralama A.Ş.

CAPITAL TRY 272,250,000  
HALKBANK'S SHARE 99.99%

Founded in 1991, Halk Leasing acquires movable and immovable goods, machinery, equipment and tools via procurement, import and other means, and utilizes these in all kinds of leasing transactions.



## Halk Sigorta A.Ş.

CAPITAL TRY 94,000,000  
HALKBANK'S SHARE 89.18%

Starting operations in 1958 under the name Birlik Insurance and changing its trade name to Halk Sigorta A.Ş. on December 27, 2010, the company offers all types of elementary insurance services.



## Halk Hayat ve Emeklilik A.Ş.

CAPITAL TRY 183,000,000  
HALKBANK'S SHARE 100%

The company started operations in 1998 under the name Birlik Hayat Sigorta A.Ş. but changed its name to Halk Hayat ve Emeklilik A.Ş. in 2009. In addition to life services, the company has also been delivering pension services since January 2012.

## Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.

CAPITAL TRY 16,000,000 2014 TRY 14,000,000  
HALKBANK'S SHARE 100%

Operating since 2013 as a subsidiary of Halkbank, Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş. offers services on alternative delivery channels and payment systems to Halkbank and its affiliates as well as other companies.



## Halk Faktoring A.Ş.

CAPITAL TRY 46,500,000  
2014 TRY 40,000,000

HALKBANK'S SHARE 97.50%

Founded in 2012, Halk Faktoring A.Ş. offers financing, guarantee and collection products mainly to SMEs in addition to import and export companies and businesses having a widespread supplier and dealer network.

## Kredi Kayıt Bürosu A.Ş.

CAPITAL TRY 7,425,000  
HALKBANK'S SHARE 18.18%

Operating since 1995, Kredi Kayıt Bürosu A.Ş. shares information to ensure the monitoring and control of personal loans among financial institutions operating in the fields of monetary and capital markets and insurance.



## Demir-Halkbank (Nederland) N.V.

CAPITAL EUR 113,750,000  
HALKBANK'S SHARE 30%

Operating in the Netherlands since 1992, Demir-Halkbank (Nederland) N.V. offers banking services abroad to its customers in Turkey and serves customers abroad in their relations with Europe and Turkey.



## Bankalararası Kart Merkezi A.Ş.

CAPITAL TRY 14,000,000  
HALKBANK'S SHARE 18.95%

Bankalararası Kart Merkezi A.Ş. was founded in 1990. It develops and implements projects to set the rules and standards on debit cards and credit cards in Turkey.



## Halk Banka A.D. Skopje

CAPITAL MKD 82,000,000 (Macedonian Denars)  
HALKBANK'S SHARE 98.78%

Halk Banka A.D. Skopje operating in Macedonia was acquired by Halkbank in 2011 in order to strengthen its operations abroad. Halk Banka A.D. also has an office in Serbia.



## Halk Yatırım Menkul Değerler A.Ş.

CAPITAL TRY 82,000,000 2014 TRY 64,000,000  
HALKBANK'S SHARE 99.96%

Founded in 1997, Halk Investment is among the largest capital market intermediary institutions in Turkey. The company carries out the leading initial public offering operations in Turkey.



## KOBİ Girişim Sermayesi Yatırım Ortaklığı A.Ş.

CAPITAL TRY 38,000,000  
HALKBANK'S SHARE 31.47%

Founded in 1999, KOBİ Girişim Sermayesi Yatırım Ortaklığı A.Ş. provides capital and strategic support to promising SMEs that are in need of funding at the seed stage and initial stage.



## Halk Bank A.D. Beograd

CAPITAL RSD 2,421,160,000 (Serbian Denars)  
HALKBANK'S SHARE 82.47%

As a subsidiary of Halkbank, Halkbank A.D. Beograd has been offering all kinds of banking services in Serbia since 2015.

Circles are sized to represent the amount of capital. Within each circle, Halkbank's contribution is shown in dark green.



2015 Halkbank Photo Contest "Street and Life"  
2<sup>nd</sup> Place  
**Ahmet Demirhan**





# HALKBANK'S SUSTAINABILITY APPROACH





**Our esteemed stakeholders, As the leading SME Bank, Halkbank –since its foundation- continues to support Turkey's economic and social development with the financing services offered through its wide branch network and social responsibility projects it undertakes.**

Issues such as climate change and factors such as increasing consumption of natural resources are among the most important problems of today, which require the adoption of a development approach that cares for the life cycle of future generations. This approach called sustainability enables business-

es that make long-term growth plans to succeed only through adopting an environmentally and socially sensitive work culture. As a rooted institution of the Turkish banking sector, Halkbank is among the institutions that adopted the sustainability approach into its business processes. Leaving a livable world to the future generations and supporting sustainable development both became a part of our Bank's policies.

As the global practices are evolving towards sustainable business practices, we as Halkbank established the "Sustainability Committee" in 2015 with the responsibility we hold for our society and our world. We aimed to integrate the sustainability approach into all of our processes by releasing our Bank's Sustainability Policy after the establishment of our Committee. We first established the International Sustainability Practices and the Sustainability, Environment and Resource Management Departments under the Committee. Our aim is to both create the awareness of sustainability in our Bank by following international developments and undertake necessary activities to turn this awareness into corporate culture, and to

monitor our Bank's energy and resource consumption, take efficiency measures and thus become a more environmentally-sensitive bank. In short, we see our institutional practices and our role outside of the institution as an inseparable whole for sustainability.

Our corporate sensitivity for sustainability especially in the recent years is a matter handled by great care both by our Bank's management and our Bank's esteemed employees. We as a Committee aim to continue our work in the future with the same notion of responsibility and retain our position among the leading banks in Turkey in the sustainability banking field with our applications.

I am pleased to share our economic-social and environmental sustainability activities raising from the sustainability banking principle our Bank holds for the future generations to our esteemed stakeholders via our 2014-2015 Sustainability Report.

Sincerely,

**Yahya Bayraktar**

Chairman of Sustainability Committee  
Independent Board Member

## Stakeholders Analysis

Halkbank continues to offer high-quality and flawless service based on its principle of working with stakeholders through uninterrupted dialogue.

**Halkbank considers uninterrupted and sound communication with its stakeholders as a prerequisite for quality and flawless service.** The Bank continues its operations under the principle of working in close dialogue with its stakeholders, namely the customers, employees, suppliers, international financial institutions, public institutions, the press and non-governmental organizations.

The Bank considers communication with customers as an integral part of high-quality delivery of current products and services. In addition, Halkbank utilizes the output from communication channels as an important data pool to improve the existing and new products and services. Data from communication channels with the stakeholders is deemed to be one of the most important data sets to establish long-term strategies.

Halkbank maintains an active dialogue with opinion leaders, civil society leaders as well as members of the academia and experts who closely monitor the sector to feel the pulse of the geography it operates in and to observe the needs of the society it interacts with. Furthermore, the Bank continues to work in close cooperation with the global and regional international financial institutions. This allows sharing the Bank's experience in Turkey with regional and international players and managing the efforts to adapt best practices abroad into the country when needed.

Halkbank's existing channels of communication with stakeholders are summarized in the following table.



Stakeholder Group	Frequency of Contact	Communication Channels
<b>Employees</b>	Continuous (suggestion and internal communication platforms are always open and accessible)	Employee Satisfaction Survey, Performance Appraisal system, various meetings, e-bulletins, announcements and internal regulations published via e-mail, Information Technologies Announcements, Information Security Announcements, Electronic Announcements <sup>1</sup> , Bank's internal communication platforms HALKPORTAL: Halkbank's corporate portal is available for use by the Bank's employees and enables access to priority applications and documents within the Bank.
<b>Customers</b>	24 Hours / 7 Days	Halkbank branches, ATMs, call centers, Internet branch, mobile banking, various meetings, presentations, e-announcements
<b>Suppliers</b>	Continuous (According to the scope of service)	Procurement of goods and services/maintenance processes
<b>International Finance Institutions</b>	Continuous	Various meetings, visits and correspondence
<b>Media</b>	Continuous	Press bulletins, meetings, interviews
<b>Public Institutions</b>	Continuous	Meetings, visits, reports, briefings
<b>Non-Governmental Organizations</b>	Continuous	Meetings, visits, briefings
<b>Shareholders</b>	Continuous	Events targeting relevant institutions and investors, direct communication with investors via meetings, teleconferences and e-mails, relevant pages of the Bank's web site

1 There were 2945 and 2681 e-announcements issued in 2014 and 2015 respectively.

# Sustainability Priorities

Sustainability has become an integral part of Halkbank's corporate culture.

**In 2013, Halkbank conducted a survey among its customers and employees, the two main groups of stakeholders, in order to update its sustainability priorities and set its future goals and plans accordingly.**

Halkbank's customers, employees, the government and regulatory agencies constitute the main stakeholder groups. The survey was conducted in view of the GRI Materiality Disclosures Service and sought to obtain the opinions of Halkbank's internal and external stakeholders (NGOs, Public Institutions, Customers, International Financial Institutions, the Press, Employees, etc.) on the Bank's priority matters.

Sustainability priorities were identified through cross-examination of outputs from surveys for external stakeholders with the internal stakeholder inputs. The issues were used to determine the materiality aspects set by the GRI.

**For the purposes of the survey, issues of primary priority were**

- » SME Banking
- » Customer Satisfaction
- » Corporate Governance

**while issues of secondary priority were**

- » Product Diversity
- » Stakeholder Management
- » Financing of Climate Change
- » Corporate Social Responsibility
- » Environmental and Social Risk Management.

Some issues continue to be a priority for Halkbank irrespective of any time or periodical restrictions since they are closely related to aspects relevant to the Bank's main fields of activity.

In 2014 and 2015, Halkbank designed its sustainability policies and activities on the basis of these priorities to lead its operations. Communication with the stakeholders in 2014 and 2015 revealed that the same issues continue to be sustainability priorities for stakeholders as well.

# Sustainability Committee

**The Sustainability Committee was established in efforts in affiliation to the Board of Directors order to coordinate Halkbank's sustainability through a Board Resolution in the second quarter of 2015.**

The Committee monitors the "Sustainability Policy" set by the Board of Directors and ensures policy's implementation. It coordinates the Bank's work on sustainability and assesses the economic, environmental and social impact of the Bank's operations.

In this scope, the Committee:

- » establishes working groups on sustainability with attendance from relevant Departments and external technical support is sought when necessary.
- » defines the impact of the Bank's operations and seeks ways of reducing potentially negative impacts as well as setting the Bank's energy management procedures and principles.
- » analyzes the emission calculations realized by consolidating Bank's energy and water consumption data with waste data, shares them with relevant units of the Bank and makes recommendations on required measures.
- » reports to public disclosure platforms such as Carbon Disclosure Project (CDP).
- » establishes the appropriate infrastructure for the Bank in cases where sustainability obligations are required, makes the efforts necessary for being listed on Istanbul Stock Exchange's Sustainability Index as a Public Bank listed in Istanbul Stock Exchange, ensure permanent inclusion in the index and coordinates the Bank's efforts and regulations to this end.
- » submits opinions and suggestions to the Board of Directors in relation to the Bank's sustainability work and the shortcomings spotted.

The Committee has met three times in 2015.

## Members of Sustainability Committee\*

<b>Yahya Bayraktar</b>	Chairman	Independent Board Member
<b>Assoc. Prof. Dr. Ömer Açıkgöz</b>	Member (Deputy Chairman)	Board Member
<b>Ömer Faruk Şenel</b>	Member	Deputy General Manager: Support Services
<b>Mehmet Sebahattin Bulut</b>	Member	Deputy General Manager: Loan Policies and Risk Monitoring
<b>Mehmet Hakan Atilla</b>	Member	Deputy General Manager: International Banking
<b>Erdal Erdem</b>	Member	Deputy General Manager: Human Resources and Organization (Acting)
<b>Selahattin Süleymanoğlu</b>	Member	Deputy General Manager: Banking Operations
<b>Deniz Tekci</b>	Member	Head of Loan Policies and Practices Department
<b>Elvan Öztapak</b>	Member	Head of Financial Institutions and Investor Relations Department
<b>Recep Güleç</b>	Member	Head of International Banking and Structured Finance Department
<b>Ergin Kaya</b>	Member	Head of Branch Operations Department
<b>Yalçın Kaya</b>	Member	Head of Advertising and Public Relations Department
<b>Osman Bektaş</b>	Member	Head of Support Services Department

\* The current list of the Sustainability Committee Members as of the time of the issue of the report



2015 Halkbank Photo Contest "Street and Life"

3<sup>rd</sup> Place

**Mehmet Öz**



# HALKBANK

IN THE SECTOR





**At Halkbank, we have been delivering services with a focus on customer satisfaction since the day our Bank was founded.** We have a presence all around Turkey through our widespread network of branches specifically in industry-intensive and trade-intensive regions. Through our branches and representative offices in six countries, we have taken abroad the common access network and services we deliver in Turkey, thus making our 78-year experience available worldwide.

Maintaining our position as the leading SME Bank in Turkey, we continuously improve the products and services we offer to other customer groups and consider the needs of our customers and requirements of the time within a purpose of sustainable banking. For instance, we developed digital banking applications based on feedback and requests from our customers and thus took our banking services on to the web and mobile medium. The number of Halkbank customers actively using the mobile banking service increased at a significant rate, by 229% in 2014. We improved our service quality incessantly and continue to be Turkey's preferred bank in all segments. As Turkey's leading SME Bank, we are proud to maintain our strong position in the sector.

**Mehmet Sebahattin Bulut**

Member of Sustainability Committee  
Deputy General Manager: Loan Policies and Risk Monitoring

**Sustainable profitability constitutes the basis of Halkbank's customer-focused service and product understanding.** Adopting the same approach for customer groups in any market and segment it serves in, Halkbank also develops its marketing policy in line with this strategy. Customer satisfaction is ensured via the optimal offering of the right products in accordance with the identified customer needs. Getting strength from its 78-year history, Halkbank serves its customers in Turkey and abroad in the fields of corporate/commercial, tradesmen, SME and retail banking, offering them a widespread service network and a diverse range of products. In this framework, Halkbank's branch network and marketing staff are specifically located in industry-trade and tradesmen concentrated regions of Turkey. Halkbank serves with four branches in the Turkish Republic of Northern

Cyprus, one branch in Bahrain and two representative offices in the UK and Iran.

The Representative Office in London started operations in 2014 to establish more efficient and sustainable business relations in global financial markets, further improve relations with the existing investors and support new investors and access to new business opportunities. The Representative Office in London is based in Dover Street, within an office with a C-class energy performance certificate.

Efforts to open a Representative Office in Singapore in order to improve relations with the international corporate investors and correspondent banks in Asia-Pacific Region started in 2015. To this end, the required permissions were obtained from relevant regulatory institutions and it is planned that the Representative Office in Singapore will start its operations in 2016.

# Corporate and Commercial Banking

**Halkbank delivers its operations at corporate and commercial branches as well as SME and MIXED branches affiliated with regional coordination offices through an employee structure and product range that cater to the customer profile in the hinterland of the units within the framework of sustainability policies.** During 2015, the Bank continued to offer high-quality banking services to its corporate and commercial customers through a network of 6 corporate and 37 commercial branches.

Halkbank attained a rapid growth rate in not only SME banking but also corporate and commercial banking in 2015. The amount of cash loans extended to corporate and commercial customers in 2015 reached TRY 51 billion with an increase of 31.7% compared to the end of 2014.

Factors contributing to this rapid growth in corporate and commercial banking were the ever-improving customer portfolio and the large-scale projects shaping the Turkish economy. Natural gas and power transmission and distribution, hydro-electricity power plants, solar and wind power plants, geothermal power plants, thermal power plants, marine ports, airports, toll highways, roads and railroads, rail systems and subway projects are just some of the large scale projects Halkbank supports on a project basis. Marketing, feasibility, technical and financial analysis work for projects such as hospitals, shopping malls, congress centers, hotels and holiday resorts with a bed capacity of 400 and over as well as projects involving operating performance such as build-operate-transfer, build and lease, and transfer of operating rights continued.



**All commercial and industrial activities have environmental and social impacts.**

The orientation towards development and growth often causes these impacts to be disregarded. Especially when we look at it from a historical perspective, we witness that environmental and social impacts have indeed reached very significant levels during times of big industrial moves. Even though it was not on the agenda during the early days of social awareness, the sensitivity of national and international public opinion has reached visible levels today. It is possible to see in various examples that projects can be cancelled due to

their negative social or environmental impacts. This shows that the world has now united around a sustainable development model without creating damage to the environment and social life.

The banking sector has started to question the benefits in the sustainability field both through its own activities and commercial activities as well as the projects it finances. Environmental impact reports are demanded for financed projects, areas that are thought to may have social impacts are evaluated more meticulously. Various institutions conducting financing activities in the international field are questioning the environmental sensitivity of the companies they invest in and the impacts of the projects they finance. Understanding of sustainability and environmental sensitivity are among the investment criteria that can impact the decision.

As a publicly-traded company our Bank continues its work to assess and minimize the potential negative environmental and social impacts it may cause during its activities. Adoption of this understanding by all staff is not only our responsibility to our country but also

to the world we live in. It may not be possible for our staff to follow these developments during their work schedules and busy programs; for this purpose it is expected for the senior management to be pioneering and guiding in this field. The Sustainability Committee was established to form corporate consciousness in our Bank, increase awareness and inform our staff. The Sustainability Committee will enable our staff to be informed of the developments while evaluating our Bank's activities from this perspective.

Our 78 year old Bank's continued operations in the coming years, accepted as a responsible institution respectful to the society by our clients, stakeholders and employees will be a bigger gain than periodic profits. Annual financial profits will not be a part of the historical development memory; however, our Bank's contribution to the society and environment will continue to be appreciated by the following generations. I believe each and every one of Halkbank family's staff has a responsibility in acquiring this gain. For this reason, adopting the work conducted in the field of sustainability,

questioning and adding value should be a notion of work we should leave for the future generations.

With this understanding, we continued the support we provide to sustainable development via new agreements we signed with international financial institutions in 2014 and 2015. We channeled the funding from such collaborations to those projects especially supporting the development of SMEs, female entrepreneurs, energy efficiency and renewable energy projects, therefore to the minimization of variations in interregional development.

The founding purpose of our Bank is to support tradesmen, artisans and small enterprises in favorable conditions in order to maintain economic development as well as social balance and we will continue to be one of the leading banks of sustainable finance.

**Mehmet Hakan Atilla**

Member of Sustainability Committee  
Deputy General Manager: International Banking



## USD 5.1 BILLION FUNDING

During the reporting period, Halkbank continued to meet the corporate financing needs of its customers for acquisitions and mergers in addition to other corporate financing requirements. The Bank emerged as an active player in the market in 2014 and 2015 through the loan relations it established with companies directly and by taking part in various consortia within the framework of structured finance opportunities under project finance. As of the end of 2015, loans in the amount of USD 1.2 billion in total were extended to 15 projects within the scope of structured finance operations. Halkbank's structured finance loans thus stood at USD 5.1 billion in total.

In 2015, Halkbank maintained its relations with international financial institutions which provided the Bank with funding on a long-term basis and on favorable conditions for the financing of both SME banking products and corporate and commercial banking products. During the reporting period, the investments by many customers were financed with such funds.

Halkbank continues to contribute to Turkey's sustainable future with to the support it extends to renewable energy projects.

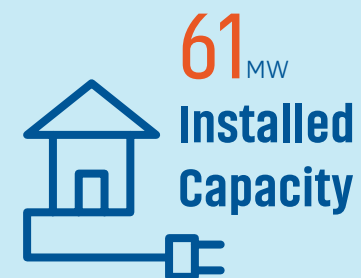
## RENEWABLE ENERGY FINANCING

In 2014 and 2015, Halkbank continued its positive contribution to the economy and environment through financing provided to renewable energy projects.

In 2014, project evaluation reports were issued for the renewable energy investments of 37 firms. The total installed capacity of the evaluated projects was 1,419 MW. Halkbank financed projects with a total installed capacity of 61 MW and a total investment value of TRY 308 million. These projects were provided with a total credit line of TRY 150 million. The current risk exposure for the mentioned projects is TRY 72.9 million.

In 2015, project evaluation reports were issued for the renewable energy investments of 79 firms. The total installed capacity of the evaluated projects was 404 MW. Halkbank financed projects with a total installed capacity of 63.4 MW and a total investment value of TRY 2,039 million. These projects were provided with a total credit line of TRY 342.7 million. The current risk exposure for the mentioned projects is TRY 189.7 million.

# 2014



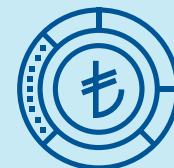
**Project**

**Capacity of the Evaluated Projects**  
**1,419**<sup>MW</sup>



TRY  
**308**<sup>Million</sup>

**Risk Exposure**

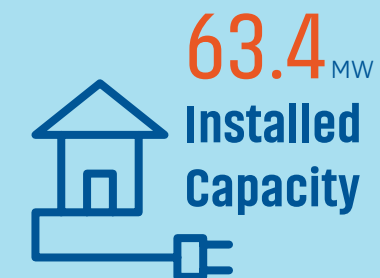


TRY  
**72.9**<sup>Million</sup>

**Credit Line**

TRY  
**150**<sup>Million</sup>

# 2015



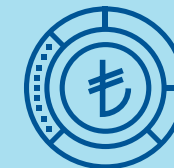
**Project**

**Capacity of the Evaluated Projects**  
**404**<sup>MW</sup>



TRY  
**2,039**<sup>Million</sup>

**Risk Exposure**



TRY  
**189.7**<sup>Million</sup>

**Credit Line**

TRY  
**342.7**<sup>Million</sup>

# Tradesmen and SME Banking

The leader SME Bank Halkbank stands in support of tradesmen and SMEs. In 2015, loans extended to SMEs constituted 38.9% of total cash loans.

## HALKBANK STANDS IN SUPPORT OF TRADESMEN AND SMEs

Thanks to its service delivery style and customer portfolio from past to present, Halkbank positions itself as Turkey's tradesmen and SME bank. The Bank adopted the mission of SME banking, displaying it in its purpose of establishment back in 1938. The same mission is now maintained under the slogan "SMEs are our business, not our hobby". Since the day it was founded, the

Bank supported tradesmen and artisans in order for them to develop their business, thus spearheading the establishment of hundreds of thousands of SMEs and opening of thousands of industrial facilities. Halkbank will continue to meet the financing needs of businesses under the most favorable conditions in the future on the basis of its inherent understanding of tradesmen banking.

This understanding proved to be a long-term one, as reflected in Halkbank's number of customers and credit line. The ratio of SME loans within total cash loans was 38.9% in 2015 and 39.5% in 2014. Total amount of interest-subsidized loans by the Treasury extended to tradesmen and artisans stood at TRY 12,520 million as of the end of 2014 and rose to TRY 16,159 million with an increase of 29% as of the end of 2015. The number of tradesmen and artisans with active loans reached 353,627 in 2015.

SME services are delivered via exclusive branches and other alternative delivery channels for SME customers. This also ensures stability and continuity for attaining a high quality standard in addressing the needs of SME customers. The number of SME customer representatives serving in a widespread network of branches is almost two thousand. Aiming at incessantly offering services on alternative channels in addition to conventional branch services under the principle of "identifying needs on site and taking the solution to the customer" as required by the dynamics of the time, Halkbank provides uninterrupted services to SMEs on a 24/7 basis via;

- » www.halkbankkobi.com.tr web site and
- » SME Dialogue, the telephone banking service.

## Hello Mr.KOBİ!

Halkbank'tan ihracatçı KOBİ'lerimize büyük destek!



**HALKBANK KOBİ**  
KOBİ'ler Hobimiz Değil, İşimiz!



For Halkbank, knowing customers is the basis for achieving success.

## TAILORED SOLUTIONS FOR EACH SME VIA THE PORTFOLIO MANAGEMENT SYSTEM

Halkbank SME Banking unit serves via a portfolio management system established under the theme "The way to success goes through knowing the customers". This system allows SME Customer Relations Representatives to analyze customers and offer each customer the financial products and services that are most appropriate for their business objectives and sectoral positioning.

Halkbank launches its products and services in consideration of the developments in Turkish economy and regularly updates them. Exclusive products and services developed in this manner, which also mark the first of their kind, allow the SMEs operating in Turkey to adapt themselves to current and future trends.

As part of exclusive SME services approach, Halkbank SME Banking unit offers exclusive service packages tailored for all sectors. These service packages are made available at very short notice to meet customer needs at a maximum.

Halkbank replicates its solution-focused SME business approach in social responsibility projects and offers emergency support loans for SMEs and tradesmen as required in regions where a disaster or emergency occurs.

Service packages developed by Halkbank are tailored in a way to cater to the special needs of SMEs and various sectors.



## SERVICES EXCLUSIVE TO TRADESMEN AND SMEs

- » **Export Support Package:** Halkbank launched the Export Support Package for SMEs to support them in all business processes from manufacturing to marketing in order for them to adapt to the global competitive environment and open up to and cement their place in foreign markets. This package also includes support loans for equipment and fairs as well as forward and option products to protect SMEs from exchange rate fluctuation plus Eximbank loans. Furthermore, Halkbank facilitates convenient access to financing for exporters within the framework of the protocol it signed with the Turkish Exporters' Assembly (TIM).
- » **Medical Loan Package:** This is an exclusive and easy-to-use loan package for medical doctors, dentists and pharmacists. The Bank provides Medical Loan Package users with discounts and fee exemption option in banking transactions in addition to periodical payment options and grace periods, depending on the customer's cash flow.
- » **Life Insurance for SMEs:** This product is developed in partnership with Halk Hayat ve Emeklilik A.Ş., a subsidiary of Halkbank, and insures SME and business owners against cases of death or permanent total disability within the pre-defined coverage and limits.
- » **Halkbank Secured Check:** Offered to SME customers, Halkbank Secured Check is a type of check that allows for the payment of the total amount written on the check leaf even if the account balance is insufficient.
- » **Support Loan for Unlicensed Power Generation:** This is a support loan available for entrepreneurs who plan to use wind, solar and hydroelectric power or co-generation systems to generate their own power.

- » **Energy Efficiency Support:** Through the support of international financial institutions, large and medium-size enterprises are provided with financing for their energy efficiency investments to control their energy expenditures. Supported by the Global Environment Fund, the Bank also offers free-of-charge energy efficiency consultancy.
- » **Franchising Loan:** Halkbank offers the Franchising Loan to entrepreneurs who plan to establish their own business within the franchising system or start operating in a new field of business in addition to their current business.
- » **Entrepreneurship Loan:** The Entrepreneurship Loan aims to encourage entrepreneurship, increase employment and support entrepreneurs to start new businesses and be a part of economic life.
- » **Zero-Interest Tradesmen Loan:** Zero-Interest Loan product is made available to support practitioners of those professions that are about to go extinct as well as entrepreneurs devoid of sufficient capital and trained tradesmen and artisans.
- » **Loan for Passenger Carrying Vehicles:** Loan for Passenger Carrying Vehicles is made available to satisfy the needs of professional drivers who would like to get a commercial license plate or a taxi stop slot or to renew their motor vehicles.
- » **Halkbank QR-Code Check:** Developed by Kredi Kayıt Bürosu A.Ş. (KKB), which Halkbank co-founded, the QR-Code Check is offered to Halkbank customers in order to render check payments more secure, and accelerate and facilitate trade.

## APPLIED ENTREPRENEURSHIP TRAININGS

The Halkbank team not only offers exclusive products and services to SMEs but also develops with its specialized staff the training and consultancy services SMEs need to run their businesses smoothly.

In order for the Turkish economy and society to develop, Halkbank considers it a responsibility to support businesses managed by women in addition to assisting women with an entrepreneur's spirit who would like to establish their own businesses.

The cooperation with national and international institutions and organizations is the basis of the diversification and development of Halkbank's support provided to all establishments, mainly SMEs.

For instance, Halkbank supports SMEs in order to develop their competitive power and facilitate their access to financing within the scope of the "Protocol on Project Financing Loan Program" it signed with KOSGEB (Small and Medium-Sized Enterprises Development and Support Agency) and the Credit Guarantee Fund. In addition, the Bank maintains close contact with chambers of industry and trade, development agencies and organized industrial zones around the country to monitor current needs and developments.

Halkbank provides both financial and technical support for energy efficiency projects.

## HALKBANK: THE RIGHT PLACE FOR ENERGY FINANCE

Halkbank offers products and services for energy efficiency and renewable energy investments in line with the importance it attaches to the environment. In order to raise awareness on energy efficiency among tradesmen, SMEs and large enterprises in our country and to promote energy efficiency investments, Halkbank launched a program to offer free-of-charge and on-demand energy efficiency consultancy service to companies. Energy audits are conducted by energy efficiency consultancy companies that Halkbank contracted.

The mentioned consultancy services delivered under the energy loan by the French Development Agency accelerated following the signing of an energy efficiency consultancy contract with the World Bank in 2015.



In addition to the services provided by the consultants, Halkbank engineers conduct audits on small-scale investments. To this end, Halkbank employs 20 engineers who are energy managers at the same time to perform energy efficiency audits regarding loan-pending investments.

In 2014 and 2015, the Bank used funding from international financial institutions to finance 36 renewable energy and energy efficiency projects with a total value of EUR 30 million. Under the energy efficiency loan, 7 firms were provided with free-of-charge energy audit services by the consultancy company whereas 11 firms were provided with free-of-charge energy audit services by Halkbank engineers.

# International Funds for Sustainable Future

Efforts to support private businesses, chiefly SMEs, through loans from international financial institutions continue.

**Halkbank believes that, long-term and relations with international financial institutions are important for sustainable development.**

Funding from such institutions is used to improve access of tradesmen and SMEs, both major players in the country's economy, to financing and thus support the country's economic welfare while contributing to efforts to improve employment. For instance, it is calculated that a total funding of EUR 650 million between 2014 and 2015 created/retained employment for about 9,000 employees.

In 2014 and 2015, under four new agreements signed with the European Investment Bank and the World Bank, a funding of approximately EUR 165 million was allocated to firms operating or investing in Turkey's priority development cities. A minimum of EUR 40 million out of the loans extended by the European Investment Bank will be allocated for the fi-

2014-2015

**Funding**

**EUR  
650  
Million**



**9,000  
Employees**



**EUR 650 MILLION  
FUNDING FROM  
INTERNATIONAL  
FINANCIAL  
INSTITUTIONS IN  
2014 AND 2015**

ancing of renewable energy or energy efficiency investments.

Private businesses, chiefly SMEs, are supported via renewable energy and energy efficiency loans allocated by international financial institutions on the basis of loan agreements signed before 2014 but still extended in 2014-2015. The Innovative Company Loan by the European Investment Bank is used for providing loans to companies making innovative investments and developing technology-based new products/processes for sustainable development.

Halkbank sets specific targets in the credit agreements signed with international financial institutions to help decrease the intraregional development difference. 12.3% of credits extended in 2014 have been allocated to companies operating in or investments done in the development-priority regions; in 2015, this ratio has increased to 23.8%

As of the end of 2015, the total amount in financing agreements signed with international financial institutions exceeded EUR 650 million. The attached table provides details on the financing agreements that were signed in 2014 and 2015 or were still in force during those years.

[See Agreements signed with International Financial Institutions](#)

# Cases of Investments Financed in 2014-2015

## OKURSOY DEMİR SANAYİ VE TİC. A.Ş.

**The company started operations of selling sheet iron and various materials in 1985 under the name ErÇelik.** In 1996, a decision was made to expand business and this was followed by the establishment of Okursoy Demir Sanayi ve Tic. A.Ş. and the launch of operations in the manufacturing industry.

Production grew in years and the company specialized in the manufacturing of aluminum and steel constructions. The company emerged as a firm much sought after in the industry thanks to its quality products. It grew through contract manufacturing at Ankara OSTIM Organized Industrial Zone and started export operations in 2009 at a factory with an indoor area of 6,500 m<sup>2</sup> and an outdoor area of 12,000 m<sup>2</sup>. The company manufactures and sells its own products under the brand Tobler.

Improving its trade volume each passing day, Okursoy A.Ş. noticed that sustainable development and profitability during rapid growth were impossible

without efficiency. The company decided that investments in energy efficient equipment reducing energy consumption were indispensable for long-term benefit and thus knocked on Halkbank's door.

Energy efficient robots reducing power consumption during manufacturing were purchased using the loans extended by Halkbank within the scope of the World Bank's Energy Efficiency Program. The robot technology enabled the company to reduce energy consumption and improve the efficiency of the process, thus accelerating manufacturing.

Halkbank is the first bank to extend financing to Okursoy A.Ş. Long-term relations with Halkbank are among the reason of preference by the company.

The funding required for export operations not only improved the company's operating volume but also boosted its impact on the society. At its current capacity, Okursoy A.Ş. provides employment to approximately 100 people each month. The company also encourages

equal opportunities in manufacturing industry through the employment of handicapped employees and women.

The company is also attentive enough to propagate the efficiency and responsibility it created to the people of the region it operates in. The company produces almost zero waste during manufacturing, as 99% of the materials used are recyclable. Support to the local community through various projects such as covering the treatment expenses of 5 patients with celiac disease and assisting 2 handicapped citizens who are unable to work is an indicator of socially responsible behavior.

The company plans to maintain its current growth rate stably in the future. Okursoy is fully cognizant of the fact that Halkbank always stands by the company when necessary.

Interviewee:  
**İzzet Okursoy**  
Chairman of the Board of Directors



**“The EIB Group has now been working with Halkbank for more than 15 years in order to ensure the hugely needed financial support to small and medium size enterprises in Turkey.**

Halkbank is a key partner for EIB activity in Turkey; through its large branch network across the country, Halkbank has contributed to establish the EIB loan to SMEs as a well-known lending product in the Turkish market with advantageous conditions enabling the entrepreneurs to finance the balanced growth of their businesses.

Recently, Halkbank has also been successful in supporting smaller family businesses and consequently reaching a higher number of final beneficiaries across a broad range of sectors and regions.

Halkbank is also focusing on Renewable Energy and Energy Efficiency projects of SMEs and Mid-Caps and has been able to develop a remarkable portfolio of new operations in this field.

The EIB Group's action is aimed at improving resource efficiency, environmental protection and long-term sustainable development for the Turkish economy. In partnership with Halkbank, we have achieved outstanding results and our wish is to reinforce this excellent cooperation in the years to come.”

**Massimo d'Eufemia**

Representative of the EIB Group to Turkey

## OTO IRMAK MOTORLU ARAÇLAR SAN. TIC. A.Ş.

**OTO Irmak A.Ş. was established in Izmir in 1982 to engage in gross and retail sales of automotive spare parts.**

Through a successful business strategy, the area of the company's plant grew from 100 m<sup>2</sup> to 1000 m<sup>2</sup> within ten years and the company started to import from various countries. Initially covering only Izmir and the Aegean Region, the marketing network of the company expanded in a short amount of time to cover the whole of Anatolia. This regional growth encouraged the company to make a second growth leap. The growing trade volume enabled the company to construct its own headquarters in 2009. With an indoor area of 3,500 m<sup>2</sup> and modern technological infrastructure, the new headquarters accelerated the business operations of the company.

The company decided to make further efforts to grow while retaining its position within the country's developing economy and thus launched operations in a new sector in 2015. It switched to orcharding and cold storage logistics sectors to ensure profitable growth and support regional economy at the same time.

Orchards are the main source of subsistence for the people living in surrounding districts and villages of Izmir. The company launched this initiative

with the consideration that a project to be developed to this end would both contribute to the employment of people in the region and support the development of regional economy. Oto Irmak reviewed what it could do to serve this purpose and identified its objectives. It sought solutions to protect producers, increase the value of products, and encourage and expand orcharding among local people. It also worked to ensure that fruits harvested in the region are stored under modern and healthy conditions at the fresh fruit sorting, packaging and cold storage plant equipped with the latest technology. The new plants to be established are projected to provide employment and new business opportunities, use an environmentally friendly working system to improve environmental awareness and product quality, and thus enable the region to contribute to the country's economy consequently.

During establishment efforts for the plant, the company noticed that the main item of consumption would be electricity. In this sense, Oto Irmak considered that it could use solar energy to generate its own power and that such a project could also support regional investment. This was how the solar power plant project was launched. Oto Irmak was determined to employ the most advanced technologies and equipment

in the project. It initially kicked off the project using Japanese-made panels but decided that it needed financing due to the extremely high investment costs. The company shared its project with Halkbank, the bank it felt closest to and always felt the support of. Company officials say "Halkbank's brand equity and favorable lending options made us feel safe and allowed us to act more comfortably."

Utilizing KOSGEB and Halkbank's support at various periods, the company built cold storage warehouses with a total indoor area of 20,000 m<sup>2</sup> in Izmir Kemalpaşa region within the framework of a sectoral breakthrough project. It is planned to generate an approximate annual power of 3,478,238 kWh via panels with a capacity of 2.2 MW to be installed on the 20,000-m<sup>2</sup> roof of the plant. This renewable energy project will also make a significant contribution to the nature and the country's ecosystem in terms of carbon emissions.

The company plans to improve this project further in the upcoming years as well as its storage warehouses and the relevant solar power plant to establish a logistics village at its current location having an approximate total area of 100,000 m<sup>2</sup>.

Interviewee:

**Nezih Mehmet Irmak**  
Company Partner



**"AFD and Halkbank have been working together for 10 years with the common objective of contributing to a sustainable development in Turkey.**

As the Bank of SMEs, Halkbank has long been a leading partner for AFD in order to foster awareness-raising among Turkish SMEs for adopting Environmental and Social sustainable practices. The Corporate Social Responsibility (CSR) program launched by Halkbank in 2008 enabled more than 150 companies to benefit from free consultancy and training services in order to cover their deficiencies in terms of environmental and occupational health and safety standards according to international practices. During this 3-year program, more than 1,200 Halkbank employees have assisted to CSR trainings and more than 3,500 SMEs have participated to CSR conferences that took part all around the country.

Our partnership for a more sustainable development also allowed our two institutions to contribute to Turkey's objectives of diversifying its energy mix and reducing its energy consumption by adding more than 65 MW of renewable energy and help 72 companies improve their energy efficiency. This project had a concrete impact on Halkbank's itself as well. Not only did this project lead to an increase of Halkbank's sustainable energy portfolio but it also allowed the bank to design its own energy efficiency program that should allow the bank to further reduce its carbon footprint."

**Bertrand Willocquet**

Director of the French Development Agency Group to Turkey

## BKY 2 GÜNEŞ ENERJİSİ SANAYİ VE TİCARET LTD. ŞTİ. and VDT TARIM İŞL. VE ENERJİ SAN. TİC. A.Ş.

**Born in Kayseri in 1962, Hasan Hüseyin İpek started his business life at the supermarket he operated in Kayseri, his hometown, in 1985.** In 1988, he switched to the furniture industry and launched operations in Mersin. As a businessman, Mr. İpek cordially makes efforts to contribute to the society he lives in and to be a leader in the business world. He tries to make this contribution through his membership in various organizations such as Greenpeace and Mersin Industrialists and Businesspeople Association (MESIAD). Having graduated from a vocational high school, Mr. İpek delivers speeches in seminars for students of vocational high schools, telling them his own story and trying to set an example in the eyes of students. Mr. İpek says, "What I want to do is to contribute to the creation of a qualified workforce." Some pieces fell into place in Mr.

İpek's mind during his visit to Egypt in 2003. He noticed that totems were illuminated at nighttime using solar panels installed on them, decided to use this technology in his own country and made some research on the feasibility of the system in Turkey. Initially, he considered to install the solar panel system in his own furniture building and even contacted TUBITAK (The Scientific and Technological Research Council of Turkey) but had to shelve the idea since the investment cost was not favorable back then.

Mr. İpek's dream of a solar power plant was reinvigorated in 2012 when the Renewable Energy Law was enacted. Following the enactment of the law, he met members of the academia and decided to invest in a solar power plant. At that point, he decided to work with Halkbank as he had a history of busi-

ness relations with the Bank and since Halkbank was a state bank. "I would still have worked with Halkbank if the other banks had offered me better maturity or price options because we know and trust each other from previous business relations. Halkbank is also a state bank, a fact that gives me confidence."

Mr. İpek explains the reason why he made a renewable energy investment by saying that he wanted to "contribute to the country's economy through an investment to reduce the high energy bill the country pays due to being an energy importer". He also reminded the ancient city of Soli, named after the sun, which was founded in today's Mersin around 700 BC. Mr. İpek says, "It would be a pity not to make use of solar power in this city which is named after the sun and has the second best sunshine duration in Turkey."



In 2015, three projects, each with a capacity of 1 MW, were financed via GES KUR, under which Mr. İpek's companies also take place. The investment received a loan within the scope of the Renewable Energy Loan Program by the French Development Agency and one of the plants with 1 MW capacity started operations while the other projects are still being constructed. Mr. İpek's investment is not only beneficial in terms of renewable energy. The

land on which the project is located is a non-arable land. However, the work done on the land for the establishment of solar power plants also included the leveling of the surrounding land owned by local people, thus increasing the value of villagers' land. Furthermore, 40 people were provided with employment opportunities through the investments made via GES KUR.

Mr. İpek thinks this is not the end of his solar entrepreneurship adventure.

He plans to install rooftop solar panels on all operational buildings to enable the buildings to generate their own power.

Interviewee:

**Hasan Hüseyin İpek**  
Chairman of Board of Directors



## YEL TENEKE KUTU SANAYİ VE TİCARET A.Ş.

**Its past rooted in 1945, the company collected its activities under Yel Teneke Kutu Sanayi ve Ticaret A.Ş. in 1981.** The company manufactures tin cans in various forms and dimensions for aerosol, food, cosmetics, automotive, chemistry and construction industries as well as printing on tinplates and exports about 70% of its products.

In 1985, the company decided to gather all its plants operating in various locations under one single roof at Istanbul Beylikdüzü. However, the need to move to a new plant arose when Beylikdüzü became a residential neighborhood with lots of housing projects and the existing plant was used up.

Technological infrastructure and efficiency at the new plant to be constructed in Çorlu were the top priorities for company officials. Lending by Halkbank via the Energy Efficiency

Loans of the World Bank and the French Development Agency enabled the company to do insulation work, install a new generation lighting system and invest in printing materials equipped with the cutting-edge technology, all to increase energy efficiency during plant retrofit. Efforts conducted via the Halkbank loan significantly increased the efficiency of the plant. Only the investment in new machinery brought along 50% energy efficiency in comparison to the existing, old machinery. Company officials commented on the updated status of the plant saying, "Investment in new machinery decreased our energy costs remarkably, thus increasing our gross profitability indirectly."

The purchasing of new machinery is expected to give rise to the need for complementary machinery and additional equipment, which will create the



need for additional employment. In this context the company will employ additional staff and thus support developing regional employment capacity.

Investments will not only contribute to the economic profitability of the company but also improve employee motivation. "Although our new plant in Çorlu is not located close to the city center, we observed no decrease in our employees' motivation. To the contrary, we can see an improvement in the performance and engagement of our

employees following the commissioning of new, energy efficient machinery. This makes us happy. If our employees are happy, then we are also happy."

For Yel Teneke, career development of its employees is an integral part of employee satisfaction. The company makes efforts ceaselessly for the training and development of the recruited employees. Investing in employees allows for the long-term employment of highly motivated employees.

"We improved efficiency with our new infrastructure thanks to Halkbank. In the future, we will knock on Halkbank's door for new investments since we consider Halkbank our home. We know Halkbank will always be on our side to support us. We would like to thank the Halkbank family for all their work, and wish them all the success."

Interviewee:  
**Buşrak Yeşilel**  
CEO

# Retail Banking

## Halkbank for Retail Banking!

Halkbank adopts a strategy to offer tailored products for different groups of needs, which is also evident in the Bank's personal banking approach. Starting from the second half of 2015, it has become possible to apply for personal loans via SMS, Halkbank Internet Branch, Halkbank Dialogue and Halkbank website.

The retail banking segment grew by 7.34% in 2015. Corresponding to 22.2% of the total loans the Bank extended, the total amount of personal loans reached TRY 27.5 billion. For 2016, it is planned to improve personal loans further by extending personal loans via digital channels.

Halkbank has a product to cater to anyone!

## RETAIL BANKING SERVICES

### Branded Housing Projects

Offering a wide range of products as well as customized and flexible repayment options, Halkbank is a much-preferred bank for mortgage loans. The Bank took part in about 150 branded housing projects in large cities, mainly in Istanbul, and is among the banks extending the highest amount of mortgage and workplace loans. The personal loan portfolio of the Bank comprising of general purpose loans, car loans and mortgage loans rose to TRY 24 billion with an increase of 9.6% in 2015.

### General Purpose Loans

Closely monitoring customers' needs and expectations and launching new cash loan products on that basis, Halkbank offers general purpose loan options with zero-interest, low-interest, no-fee and installment-postponed loans. General purpose loans increased by 1.2% to reach TRY 11.7 billion on a year-on-year basis.

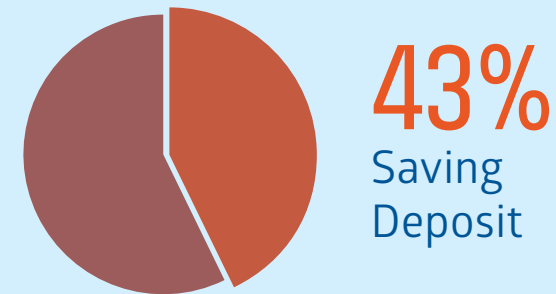
### Retail Deposits and Investment Funds

In 2015, Halkbank outperformed the industry and raised its retail customer deposits to TRY 52.7 billion. The increase in retail deposit balance allowed the share of savings deposit within total deposits to grow to 43%.

Focusing on small savings of retail customers, Halkbank succeeded in achieving a stable growth in the number and balance of broad-based deposit customers.

Furthermore, Halkbank created a difference through the long-term customer relations based on mutual trust, thus attaining a growth of 16% in TRY deposits, 25% in foreign currency deposits and 19% in total deposits. This enabled the Bank to increase its market share in savings deposit to 7.1%.

Halkbank also concentrated its attention on marketing operations for investment funds in order to diversify financing structure and improve customer loyalty. The size of investment funds managed by Halk Portföy A.Ş. increased by 34% to TRY 2.3 million and the market share rose from 5.3% to 6.3%.



### Insurance

In parallel to the growth it targeted in retail loans, Halkbank offers all customers - chiefly Bordro24 customers and retired customers - private pensions, life insurance and non-life insurance that contribute to an increase in non-interest income in order to boost penetration in the insurance market.

Such efforts enabled the Bank to attain a growth of 18% in non-life insurance premium production, which is parallel to the growth in premium production in the market while recording a growth of 35% in life insurances to outgrow the industry by more than two folds.

### Preferred Bank for Salary Payments

As of the end of 2015, the Bank mediated the salary payments of 13,363 major institutions and paid the salaries of 1.17 million employees. Halkbank also paid the salaries of about 1,837 million retired employees.

### ATMs without Disabilities Now in Service

In 2015, the number of Halkbank ATMs increased to 3,585 and 343 of these ATMs are specially designed to serve the disabled citizens. The total annual number of transactions completed on ATMs increased by 9% to 300 million while the transaction volume rose by 14% to TRY 67 million. ATMs were installed for service at 41 taxi stops. Bank's Mobile Tellers for Collection and Payment, which are practically buses and minibuses, continued their services.

Banking without Disabilities: The number of ATMs rose to 3,585 and 343 of them are accessible ATMs.



### Cards Facilitating Life: Paraf and Parafly

Paraf and Parafly, Halkbank's credit cards, continued to offer great advantages to customers and have been their preferred credit cards in 2014 and 2015. Advantages offered by Paraf Card include discounts on exclusive campaign days selected by each card holder as well as additional installments, extra ParafPara (ParafMoney), transaction postponement, discounts at all restaurants in Turkey and abroad on Saturdays and free car parking service by ISPARK, an affiliate of Istanbul Metropolitan Municipality. Parafly, a sub-brand of Paraf, offers additional privileges to facilitate life in addition to a discount

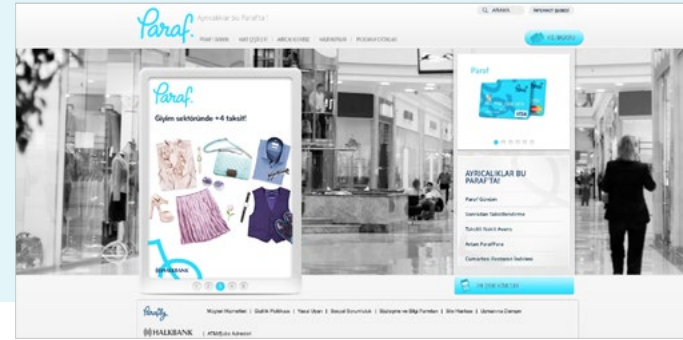


of TRY 25 for restaurant expenditures via Her Yer Lounge (Anywhere is a Lounge) and my Paraf Day, opportunity to use ParafPara exponentially for national and international airline tickets, hotel reservations, cruise and car rental services via Parafly Travel Line and to use Advance ParafPara when ParafPara balance is insufficient; International Travel Insurance as well as Discount Shuttle, Assistance and Concierge services.

# Digital Banking

Halkbank reinforces its sustainable service approach with digitization processes.

Digital banking is an important corporate goal for Halkbank. Through improved technological infrastructure and digital interfaces, Halkbank reinforces its ambitious sustainable service approach.



## OUR WEB PORTALS

The Bank promotes products and services over a total of 10 portals, mainly [www.halkbank.com.tr](http://www.halkbank.com.tr), and ensures that up-to-date information and services are provided by various departments on these portals within the scope of a single strategy.

Halkbank web portals are exclusively designed to meet varying needs in accordance with customer and product segmentation. The corporate web site, [www.halkbank.com.tr](http://www.halkbank.com.tr), provides information on products and services and allows for loan and credit card applications while the SME portal, addressing the needs of SMEs and tradesmen allows customers to apply for loans, POS devices, SME cards and various products. Web portals meeting the needs of credit card customers, namely [www.parafcard.com.tr](http://www.parafcard.com.tr) and [www.parafly.com.tr](http://www.parafly.com.tr), ensure access to all current campaigns and news on Paraf.



## INTERNET BRANCH

The number of Halkbank customers actively using the Internet branch increased by 14% in 2014 and 10% in 2015. Offering more than 400 transaction sets, the Internet branch allows customers to complete banking transactions. Internet banking services are available via links on various portals, creating convenience for the users.

The Internet branch is constantly updated and improved in order to address the needs and expectations of customers. Such improvement work is based on the feedback and suggestions that customers submit via "Contact us" and "Have Your Say" sections as well as those submitted over the Bank's Quality Suggestion System.

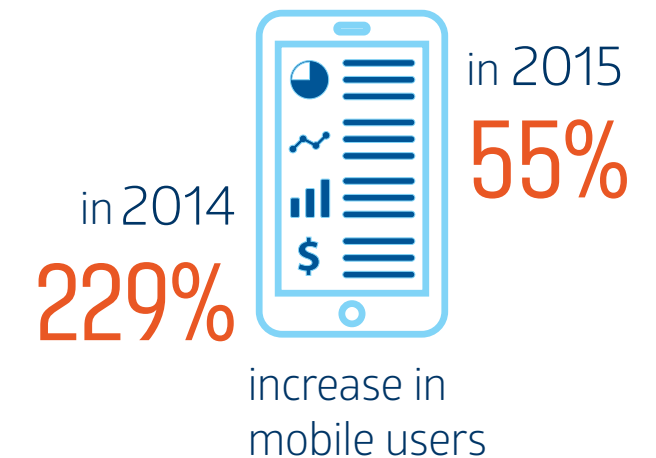
In 2015, a huge step was taken in terms of digitization and a project was started on renewing the Internet branch. The project aims at equipping the Internet branch with a user-friendly interface to improve transaction volume and make sure the Internet branch functions smoothly on mobile devices as well.

### PLEASE VISIT US:

[www.halkbank.com.tr](http://www.halkbank.com.tr)  
[www.parafcard.com.tr](http://www.parafcard.com.tr)  
[www.parafly.com.tr](http://www.parafly.com.tr)  
[www.halkbankkobi.com.tr](http://www.halkbankkobi.com.tr)  
[www.halkbankevim.com.tr](http://www.halkbankevim.com.tr)  
<http://kultursanat.halkbank.com.tr>  
[www.halkbankgayrimenkul.com.tr](http://www.halkbankgayrimenkul.com.tr)  
[www.halkbankspor.org.tr](http://www.halkbankspor.org.tr)  
<http://mobil.halkbank.com.tr>  
<http://www.halkbank.com.tr/en>  
[www.paraflytravel.com](http://www.paraflytravel.com)

## MOBILE BANKING

Halkbank enables its customers to complete banking transactions on mobile devices as well. The number of Halkbank customers actively using the mobile banking application increased by 229% in 2014 and 55% in 2015. The mobile banking application is planned to be renewed in 2016.



## SMS BANKING

Halkbank also enables its customers to carry out banking transactions via SMS banking. In 2014, the SMS banking infrastructure was renewed and rendered more adaptable to improvement and compliant with new technologies. Through SMS banking, customers are informed on cash inflows and outflows via e-mails or SMS in line with their preferences. They can also access information whenever they want via SMS queries on banking transactions. Customers may also place an on-line instruction and opt for receiving e-mails or SMS bearing information on foreign exchange rates and stocks depending on price or time. Over the SME portal, it is possible to create reminders for fairs and tax payments as well as personal reminders, with the reminders being submitted on the set date via e-mail or SMS as preferred by the customers. In addition, queries on the rates and prices of the Bank's products can be made via SMS without placing an instruction.

For 2016, there are plans to improve access to Bank's products and services as well as enhancing the added value services offered through SMS banking.

## BANKING PROCESSES GOING DIGITAL

While diversifying the digital product range on one hand, Halkbank delivers efforts to digitize banking processes within the Bank as required by technology on the other.

In 2015, Halkbank took new digitization initiatives. In 2016, digitization efforts are planned to be accelerated.

Leading digitization projects developed in 2014 and 2015 are provided below:

- » Kanuni Project: Risk and Compliance Management, Strategy, Policy and Process Documentation Management, Continuity and Security Management operations are designed in a way to ensure efficient functioning and governance on a common database in a central platform, followed by the automation of all these operations.
- » Mail Archive Project: The project aims at establishing an integrated mail archive structure, benefiting technological innovation on e-mails to provide users with a more convenient e-mail environment, ensuring redundancy and continuity, and minimizing users' problems with quotas.
- » Project on Transition to Internet Protocol (IP) Telephone System: The project included the Head Office, Regional Directorates, branches and locations within the IP telephone system, leaving out no department that is not integrated to the system. The system led to savings in telephone calls within the Bank.
- » Secure Print Project: The system allows for a secure scanning of printouts sent to the printer as well as printing over e-mails. Information Technologies and Technical



Service Group started to use the system initially, with other units at the Head Office pending for the future rollout of the technology.

- » 12 Giant Steps Project: Existing credit card screens were renewed and new functionalities were added within the scope of efforts to Improve User Experience, which were started in order to improve screen designs and performance of ATMs.
- » Flash Forward Project: New structures were launched to identify and prevent cases of corruption and fraud.
- » Prestige Project: Fast and easily accessible screens and applications appealing to customers were developed, focusing on customer needs and experience in the light of the cutting-edge technology and trends in the mobile world with a view to offering mobile banking services on more platforms via a greater number of transaction sets.
- » Project on Protection against Internet Fraud: The project ensured proactive protection without the need to install a software against cases of fraud via malware causing harm to Internet branch customers and enabled the use of the alarm mechanism. The project was then integrated with the Halkbank Fraud System.
- » Electronic Books and Registered Electronic Mail (REM):

Efforts to add hardware-based modules to infrastructure were completed in order to make fast and safe use of the financial seals and qualified electronic certificates (QES) during the appending of electronic signatures collectively. The use of hardware-based safety modules allowed the safekeeping of financial seals and electronic certificates.

- » Work on Halk Pension: The work established integration between Internet branch and Dialog, enabling customers to monitor their private pension and life insurance policies via the Internet branch and telephone banking and make changes in relation to contributions.
- » Kakule (Cardamom) Project: In the survey demand and monitoring system, general file procedures as well as arrangements in Mistral link and GPS and map display procedures were carried out. Moreover, queries were made for information on limitations in the title deed via the Land Registry and Cadastre Information System (TAKBIS) link.
- » Lync Federation Project between Affiliates and Halkbank: A Lync federation was set up between the consolidated affiliate structure and Halkbank, ensuring the use of instant messaging service between Halkbank and Halk REIT/Halk Factoring.

## FUTURE PROJECTS

- » Geographical Information Systems Project: This is a product developed following the analysis of Geographical Information Systems (GIS) and Smart Mapping products and technologies in order to ensure more efficient feasibility work in determining the locations of branches and ATMs Halkbank will establish. The product is planned for commissioning during 2016.
- » Income Estimation Model Project: The Retail Customer Income Estimation Models to be developed during the project will help make decisions on loan applications automatically at any time of the day, set loan limits and ensure limit optimization, attain an opportunity to work more actively and faster with new customers, increase automation in legal compliance, loan application, income verification, allocation, marketing, monitoring and collection processes via automated income estimation, reduce operating costs and decrease operational risks. The project started in 2015 and is planned for completion in 2016.
- » Automated File Transfer Project: The priority goal is to make the Bank's collective EFT/remittance, Bordro24 salary and withholding payments as well as election, disaster and assistance payments, conduct file transfer procedures and work flows via an automated system rather than a manual one. This will reduce the operational burden on branches, save time, money and prevent any manual intervention on files.
- » Augmented Reality Project: This project will help display the information (address, telephone, location, etc.) regarding the nearest ATM/branch on mobile application via the augmented reality technology.
- » Auto-Read Project: The Bank aims to create savings on time and labor and reduce operational risks associated with manual entry of data by enabling automatic reading and use of data from the financial data sheets of companies with establishing the required infrastructure for employing Optical Character Recognition Technology (reading a text in image format and transforming it into data).



## INFORMATION SECURITY STEERING COMMITTEE

As Halkbank digitizes banking services, it takes and oversees all measures in order for customers to complete banking transactions securely on any medium. Established with a view to protect information security, which has increased importance today, the Information Security Steering Committee operates to:

- » Oversee the implementation of the information security system in all processes and technologies of the Bank as well as by employees,
- » Make final decisions on information security,
- » Make sure information security is in accordance with business needs and strategies, managers of business units efficiently participate in the process and the process is adopted throughout the Bank.



# HALKBANK

FOR THE ENVIRONMENT



# Environmental and Social Impacts of Operational Activities

**The importance Halkbank attaches to the environment is reflected both in the Bank's products and services and in its corporate operations and efforts.**

On one hand, Halkbank issues long-term plans to reduce environmental impact while making efforts to establish an Environment Policy on the other. The Environment Policy is pending for finalization in 2016.

Halkbank's direct environmental impact arising from its operations is comprised of emissions mainly from energy use, employee transportation and travels and waste. Halkbank's main impact on the environment stems from energy use in the Bank's buildings, specifically from the use of electricity and natural gas, as well as the consumption of resources such as paper and water. To reduce such impact, LED technology is employed for lighting systems in new branches.

In all operations it conducts with customers and other stakeholders, Halkbank pays great attention to fulfilling local environmental and social responsibilities as a principle. Practices required by national legislation as well as additional requirements and legislation prescribed by international organizations are closely observed and implemented during projects run specifically in cooperation with



G4-EN7, G4-DMA Materials G4-DMA Energy, G4-DMA Emissions, G4-DMA Effluents and Waste, G4-DMA Products and Services, G4-DMA Compliance, G4-DMA Overall, G4-DMA Product Portfolio, G4-DMA Active Ownership, G4-EN33 G4-EN29, G4-FS10, G4-FS11

Halkbank acts within environmental awareness and responsibility in all of its operations.

multinational financial institutions. For instance, investments that will be financed with credits of World Bank origin need to comply with the [World Bank Environment Assessment Procedures](#). Halkbank was not involved in any environmental breach in 2014 and 2015 in terms of the laws and relevant regulations it is bound by.

The Bank has continuous dialogue with its stakeholders on environment and climate change, listening to the demands of stakeholders and evaluating its operations in the light of demands received. Furthermore, Halkbank offers its experience in the field to stakeholders through regional events to maintain its goal to lead the industry. As part of the risk management system, Halkbank evaluates risks and opportunities relevant to climate change in its regular processes.



## TOMURCUK (ROSEBUD): THE NEW DATA CENTER

Through "Tomurcuk Data Center Program", which is comprised of 35 projects, Halkbank has attained significant improvements in the last 10 years in terms of diversity of financial products and use of technology in such products. Investments in technology continuously help improve and diversify the qualities and quantities of channels such as the number of customers, number of employees, branches and ATMs.

Recently, technology and information have gained importance and digital transactions have been on the rise, thus increasing the critical importance of information and setting the basis for the introduction of relevant regulations. Coupled with such changes, the concern that the data center commissioned at the Head Office for more than 25 years could prove to be insufficient in terms of capacity, security, health, process efficiency and dynamism led to the idea of establishing a new data center. Based on this need, the Bank decided to construct

a new data center. Construction is currently under way. The new data center is planned to serve for a minimum of 15 years, have the most advanced technologies and conform to the global standards available (such as Uptime Tier III, LEED Gold, ISO 27001, ISO 22301).

Analysis for the new data center took into consideration the criteria for data centers and consequently a site that sufficiently responded to energy needs was selected. To embalm the memory of the roses on the land, both the project and the data center were named "Tomurcuk". The project was completed in 2.5 years in collaboration with Halk Real Estate Investment and other stakeholders. The initial move to the new data center took place on the 17<sup>th</sup> April 2015 and the data center then started operations. The move was completed smoothly, with all systems having been moved to the new data center without any interruptions.



## “The First Data Center in Turkey to Receive LEED Gold Certificate”

Tomurcuk Data Center has been the first data center in Turkey to receive LEED Gold Certificate and the project was published on the web site of the US Green Building Council (<http://www.usgbc.org/projects/rosebud>). The data center also received Uptime Tier III Design certificate.

There are plans to continue with work regarding ISO 27001, ISO 22301 and Uptime Tier III Facility certificates at Tomurcuk Data Center in 2016.



As the "Bank of Future", Halkbank delivers various efforts for efficient use of resources in order to leave future generations a livable world.



# Paperless Banking

**As the "Bank of Future", Halkbank adopts paperless banking both in its operations and via digital banking products, thus minimizing its impact on the environment and emerging as an industry leader in paperless banking.** The amount of paper consumed for office work was reduced through activity implementation projects within the Bank in 2014 and 2015.

- » E-Fax Project: The analog fax processes at branches were centralized and significant savings were attained in terms of integrated structure, security and cost. The process is integrated with the Corporate Content Management structure, allowing the transfer of all incoming/outgoing fax messages on to electronic medium and their automatic inclusion in workflow processes. It is also possible to report all fax data as stipulated by legal obligations. Transfer of incoming/outgoing faxes on to electronic medium allowed for;
  1. the minimization of use of consumables such as paper, toner and cartridge,
  2. the elimination of maintenance and operating expenses for fax machines,
  3. cost control thanks to centralized fax transmission.
 The project was launched in October 2015 and 1,027 fax devices were decommissioned. It is estimated that annual paper consumption will be reduced by 444,420 pages.



Saving  
**200,000**  
Paper Rolls  
Annually

- » Automated Monitoring of ATM Records: ATM records kept on paper are completely transferred on to electronic medium. This prevented the consumption of approximately 200,000 paper rolls annually used for printing ATM records. In addition, the need for physical space to store rolls was removed and the loss of workforce arising from the challenge of controlling records was eliminated.
- » Sihar (Magic) Project: Human resources processes of transfer/changing locations, position change due to permanent assignment and position change due to secondment can now be run on paperless banking workflow system.
- » Kâtip (Clerk) Project: Paperless banking products were amended and updated, which enabled an improvement in service continuity and performance regarding document scanning, monitoring and central operation process management infrastructures.

# Efficiency Activities

## HALKBANK'S CARBON FOOTPRINT

Halkbank publishes a CDP report annually to share information on its carbon footprint publicly and with all stakeholders. In 2014 and 2015, the Bank spent TRY 500,000 on energy monitoring and management, creating a positive environmental impact.

In line with the objective of reducing carbon footprint, Halkbank rendered 2014 and 2015 Executives Meetings carbon neutral in accordance with the requirements of PAS 2060 standard. Furthermore, in 2014 and 2015, the Bank participated in the Earth Hour event held by the World Wildlife Foundation (WWF) all around the world to attract attention to climate change.

[See Environmental Data](#)

### Electronic Waste Management

Electronic waste management is an issue that Halkbank handles very sensitively. There is a dedicated procedure on the matter. Procedure on disposal of electronic assets requires that decommissioned hardware be notified to the Support Services Department for disposal as donation or scraps, followed by the delivery of such hardware to waste management companies having an elevated sense of environmental awareness. Hardware eligible for reuse is processed at the information technologies workshop. Hardware is not subject to chemical or physical changes. For ensuring information security, items involving information are formatted to remove all information or processed in the disposal device, destroying all information magnetically.

For the purposes of electronic waste management, a total of 7,116 equipment including 4,061 pieces of IT equipment were listed and duly disposed of in 2014 and 2015.

### Centralization of Operations

Centralization of operational procedures decreased the workload of branches and increased employee efficiency. As a result, customers can be provided with higher quality and standardized services.

# Halkbank for the Environment

Coal  
Consumption  
**52%**  
Decrease



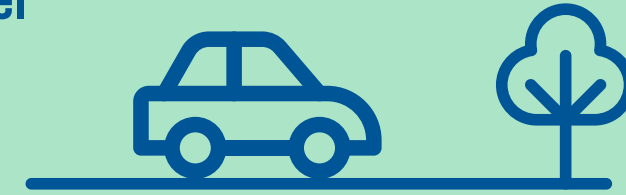
Branches Heated  
With Fuel Oil

**14%**  
Decrease



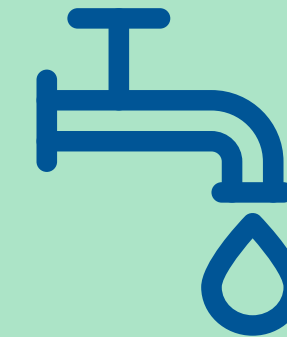
## Transportation Fuel Consumption

2014  
**1,505.00**  
2015  
**1,557.00**



## Paper Consumption

2014  
**1,860.00** tons  
2015  
**1,900.00** tons



## Water Consumption (Total)

2014  
**381,394.00** m<sup>3</sup>  
2015  
**448,269.00** m<sup>3</sup>

# Environmental and Social Impact in Credit Processes

Halkbank has a dedicated and specialized energy efficiency team.

## EVALUATING ENVIRONMENTAL AND SOCIAL IMPACTS OF PROJECTS

Environmental and social impacts of the financed projects bear significance in terms of the social responsibility Halkbank has assumed. Halkbank requires the Environmental Impact Assessment procedure for the investment projects it finances to be completed. In the analysis of investment loans that might have an environmental impact, such environmental impact of the investment is analyzed by Halkbank technical team. Halkbank has 20 technical employees who received the required trainings on energy efficiency and are authorized by the Ministry of Energy through Energy Manager Certificates. These technical employees take part in credit and project evaluation processes. Halkbank is among the banks with the most highly-qualified energy efficiency teams.

In addition, the scorecards that are integrated into some of the rating-based credit evaluation modules, whom also have an impact on the rating score compliant to ISO 26000, also take into consideration environmental and social matters. The financed projects are evaluated in a way to include environmental and social aspects. Criteria with environmental impact are scored to affect the final decision during the evaluation process. The impacts of projects are evaluated in terms of biodiversity. Local people are contacted when necessary and are included in the impact assessment work.

### Project Evaluation Report

Projects financed by Halkbank are evaluated via scoring part of the project evaluation reports (PER) which involves sections

on Environmental Impact and Corporate Social Responsibility. The PER evaluates environmental aspects and classifies the project into one of three rating groups, namely low risk, medium risk and high risk.

Halkbank assigns negative ratings during credit decision processes to projects in activities which international literature considers to be relevant to a very high-risk field listed below.

- » Commercial transactions involving wildlife and wildlife products prohibited under CITES convention
- » Release of genetically modified organisms into wildlife,
- » Manufacturing, distribution and sales of prohibited insecticides and pesticides,
- » Trawling,
- » Radioactive products,
- » Storing, processing and disposal of hazardous wastes,
- » Manufacturing of equipment and materials involving CFC, halon and other substances as regulated under the Montreal Protocol,
- » Manufacturing of electrical equipment involving PCB (polychlorinated biphenyls) with a weight of more than 0.005%,
- » Manufacturing of products involving asbestos,
- » Nuclear reactors and parts,
- » Processed or unprocessed tobacco,
- » Tobacco processing machinery.

## SUSTAINABILITY AND ENVIRONMENTAL ASSESSMENT

In addition to the previously mentioned environmental assessment, Halkbank conducts a corporate social responsibility assessment on customers applying for loans and their projects. When the investing firm has a current operation, its final net sales of the period is over 10 Million USD and has more than 50 employees, the firm is considered within the scope of "Corporate Social Responsibility" and is scored according to this criteria.

Main headings subject to evaluation are provided below:

- » Corporate Management
- » Human Rights Policy
- » Labor Practices
- » Occupational Health and Safety
- » Environmental Awareness
- » Fair Operating Practices
- » Consumer Rights
- » Social and Economic Development of the Society

It is planned that operations and investments will be scored according to criteria to be developed under the heading of sustainability during credit and project assessment, and the scope of these criteria are to be developed in 2016.



2015 Halkbank Photo Contest "Street and Life"  
1<sup>st</sup> Place  
Merve Aslan



# HALKBANK

FOR THE SOCIETY



# Halkbank and Its Customers

We continue to develop tailored services to address the society's needs.



**Ensuring customer satisfaction is of primary importance to us while improving our products and services.** We know that it is not possible to offer sustainable services without establishing a sound communication with customers. That is exactly why we have always considered throughout our 78-year banking journey that customers have priority. The long-term relations we have with our customers allow us to understand their needs before they even tell and take necessary measures. Communication with customers takes place via communication channels called Happy

Customer Center on a 24/7 basis without interruptions and all feedback from customers is taken into consideration. We serve anywhere in the country without interruptions through accessible ATMs for disabled citizens as well as mobile practices in order to enhance customers' access to our services. In the future, we will continue to prioritize our customers while delivering our operations.

**Selahattin Süleymanoğlu**  
Member of Sustainability Committee  
Deputy General Manager:  
Banking Operations

## HALKBANK IS BY YOUR SIDE AT TIMES OF HARDSHIP! YOUR SECURITY, OUR PRIORITY...

Halkbank develops tailored products and exclusive services for regions where hardships and natural disasters are encountered. A new product that refugees can use for shopping and cash transactions at camps has been created within the framework of Turkish Red Crescent Card Project. The card will be distributed by the Turkish Red Crescent and it will be possible to deposit cash aid into the card.

### ATM MANAGEMENT FOR DISABLED

Visually and physically handicapped customers can receive service at the Bank's ATMs since May 2011. The service allows physically handicapped individuals to make all transactions available on ATMs via Accessible Bank24. ATMs are easily accessible by ramps. Visually handicapped individuals can use the ATMs to check their balance and withdraw cash by dimming the screen to the extent they prefer and then by using earphones and using a special program transforming the text on the active screen into audio. Halkbank serves its disabled customers with a total of 343 Accessible Bank24 ATMs.

Halkbank always prioritizes the security of its customers and has launched various projects to maximize their security.

Tracking system for misuse of information or fraudulent transactions transformed the investigation of such crimes into a more systematic effort.

Following the establishment of a recording and tracking structure for fraud information in 2015, all notifications are recorded in one single location. On average, 500 logs are created daily. This allows for revealing the association among all cases of fraud and establishing a more efficient anti-fraud infrastructure.

Security caps are installed on cash dispenser units to prevent fraud by 'cash claws' trapping money in ATMs. In addition, devices to prevent card skimming are installed on ATMs.

### MOBILE TELLER

In order to enable customers to benefit from Halkbank's diverse range of products and services under any circumstances, the use of new technologies is always highlighted. To this end, Halkbank has been offering services since 2012 at a total of 3 mobile teller vehicles comprised of a bus and 2 panel vans.

Mobile teller vehicles promote and sell Bank's products and services at residential areas, mainly at tourism zones, where Halkbank does not have a branch, at shopping malls, fairs, university events, concerts, festivals etc. as collection and payment tellers on week days and only for marketing operations on weekends, and at eligible Bordro24 institutions as well as delivering fast and reliable service in cases of emergency such as disasters, fires and bomb attacks.

## WE LISTEN TO YOU!

The number of customers actively using the Halkbank Call Center increased by 73% in total in 2014 and 2015, with the number of incoming calls rising by 88% in the same period. Number of transactions also rose by 70%. In order to offer proactive services and improve outgoing call capability, 2.9 million calls were made in 2014 and 13.8 million calls were made in 2015 via 'Automated Outgoing Call Platform' and human customer service representatives. Resources within and outside the Bank were used for information, collection, sales and marketing operations on the Bank's products and services to make outgoing calls to approximately 54 million customers. In parallel with the number of incoming and outgoing calls, the number of employees at Halkbank Call Center increased by 5% in 2014 and by 23% in 2015.

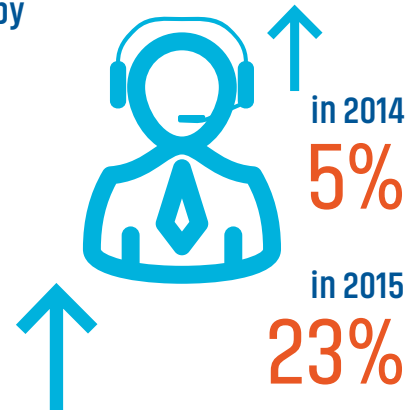
In 2014 and 2015, more than 250 efforts were completed to improve customer experience, security, marketing capability and efficiency. In this framework, the Call Center infrastructure was renewed in the first month of 2014, rendering it more stable, open to improvement, responsive to growth needs

and integrated with new technologies. In 2015, Interactive Voice Response System was renewed in consideration of customer experience. To this end, existing and new self-service transactions were improved to reduce customer effort, and menus were renewed in a way to minimize possible errors and ensure convenient access.

201 employees were recruited in 2014 and 320 employees were recruited in 2015 to work at the Call Center Management Department.

Human capital investments are delivered through a continuous training approach. All call center employees attend continuous training and get support for specialization. Training events on Basic Banking Services, Diction, Efficient Phone Communication and Telemarketing Techniques are supported by a training policy in favor of certification. Customer representatives switch to other units of the Bank pursuant to the fields of specialization supported in line with their skills and interests. Employee motivation is closely monitored and dynamic programs are applied for motivational management.

Employees at call center increased by



## HAPPY CUSTOMER CENTER

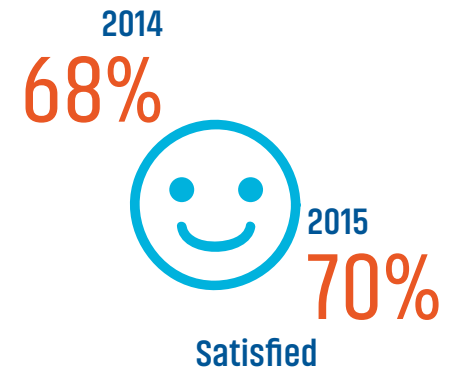
In an effort to maximize customer satisfaction, Halkbank has established many channels for customers to easily submit their issues, requests, opinions, suggestions and complaints on the Bank's products and services. Customers can access the Happy Customer Center 24/7 via phone, fax, mail, branches, e-mail and social media.

All customer issues, requests, opinions, suggestions and complaints the Bank receives are evaluated within the issue management system. Following evaluation, relevant customers are provided with a feedback via their preferred channel within the time periods set. Average duration of settling issues is 24 hours but there are plans to reduce this duration for feedback.

The Happy Customer Center received a monthly average of 87,000 issues, complaints, requests and so on in 2014 while the same number increased to a monthly average of 99,000 in 2015. Customers are informed via SMS and e-mail when their issues, requests, opinions, suggestions and complaints are recorded and when the procedure is completed. Service quality is measured for customer satisfaction via Happy Customer Center survey. Surveys revealed that 68% of customers were satisfied

with services in 2014 while 70% of customers were satisfied in 2015.

Halkbank emerged as the industry leader in customer satisfaction among public banks in the fourth quarter of 2015 in the ranking of şikâyet-endex (Complaint-index), an index serving as a significant indicator in the industry in terms of measuring customer satisfaction.





# 2014-2015 Corporate Social Responsibility Projects



**To us, actively taking part in social responsibility projects and participating in social activities are as important as financing projects.** Halkbank considers that it is essentially important to provide social support as well as economic support for the development of our country.

Long-term corporate social responsibility work is a basic component of our sustainability understanding. We support social responsibility projects through our corporate social responsibility understanding that adopts contribu-

tion to reducing intraregional development difference and to social solidarity as principles. Halkbank is always involved with the society through efforts in various fields such as art, training and education and entrepreneurship.

#### **Ömer Faruk Şenel**

Member of Sustainability Committee  
Deputy General Manager:  
Support Services



#### **Gazi University Gazi Teknopark Business Idea Contest Sponsorship**

In 2014 and 2015, Halkbank sponsored the 'From Idea to Action - Business Idea Contest' organized by Gazi University in order to encourage technological innovation and entrepreneurship among academic staff and students and reinforce the entrepreneurial university approach.

#### **Project on 'Reviving Traditional Turkish Handicrafts in Balkans'**

In 2014, expert trainers delivered training in cooperation with Yunus Emre Institute at vocational courses held on various arts in order to revive and further develop traditional Turkish handicrafts that were about to go extinct or forgotten in the Balkans. Course attendants received training in various subjects such as calligraphy, paper marbling, filigree, glassware production, illumination, hand weaving, engraving, woodwork, glazed tiles and mother-of-pearl work at Yunus Emre Institute Cultural Centers in Fojnica, Skopje, Tirana, Shkodër, Bucharest, Sarajevo, Constanta, Pristina and Prizren. The Bank sponsors ongoing efforts to prepare a documentary, trailer and project album for promoting the project.

#### **9<sup>th</sup> International Dadaş Film Festival**

In 2014, Halkbank sponsored the 9<sup>th</sup> International Dadaş Film Festival, which is quite popular among the film lovers in Erzurum. Sponsored by the Bank, the festival was held between the 2<sup>nd</sup> and 7<sup>th</sup> May 2014.

#### **Support to Week of Love, Friendship and Peace at Barış Manço Museum**

Events organized in collaboration with Kadıköy Municipality on the occasion of Love and Peace Week between the 28<sup>th</sup> January and 15<sup>th</sup> February 2014 were held at Barış Manço House which is transformed into a Museum with support from Halkbank. 150 orphans cared by Social Services and Child Protection Agency attended a rhythm workshop during the events. Such activities continued in 2015. Furthermore, Barış Manço was commemorated through a night event attended by 500 guests, with the Bank supporting the event.

#### **Ankara Accessible Film Festival**

In 2014 and 2015, Halkbank was the main sponsor for the highly participated Ankara Accessible Film Festival, which provided the opportunity to watch all festival films with narration, detailed subtitles and sign language as well as hosting interviews and workshops.

**Ankara International Film Festival**

In 2014, Halkbank sponsored the 9<sup>th</sup> International Dadaş Film Festival, which is quite popular among the film lovers in Erzurum. Sponsored by the Bank, the festival was held between the 2<sup>nd</sup> and 7<sup>th</sup> May 2014.

**Exhibition of Gifts for the 25th Year of Enthronement of Abdul Hamid II**

Sponsored by Halkbank, the Exhibition of Enthronement Gifts, which showcases 18 valuable gifts sent to Sultan Abdul Hamid II by foreign heads of state in 1901 to mark the 25th anniversary of his enthronement, was opened in 2014.

**Merter Fashion**

The Bank supported Merter 2014-International Merter Fashion event organized by Merter Industrialists and Businessmen Association to promote Merter as a global fashion brand.

**SME and Entrepreneurship Awards**

In 2014 and 2015, Halkbank supported the KOSGEB SME and Entrepreneurship Awards delivered in order to promote successful SMEs and entrepreneurs publicly, indicate their contribution to the country's economy, reward them for encouragement and reveal their potentials.

**10 International Mardin Theater Festival for Children and Youth**

Sponsored by Halkbank in 2014 and 2015, the 5<sup>th</sup> and 6<sup>th</sup> International Mardin Theater Festivals for Children and Youth were organized in order to support the Turkish art of drama and produce quality works.

**Entrepreneurial Businessmen Foundation Award Sponsorship**

Halkbank was the main sponsor of 2015 Hayati Üstün Entrepreneurship Awards organized by the Entrepreneurial Businessmen Foundation under the theme 'Let Entrepreneurial Ideas Win'.

**IIF Meeting Sponsorship**

Halkbank was the main sponsor of the 2015 G20 meeting, which Turkey was the term president of, held by the Institute of International Finance (IIF).

**Movie 'The Last Letter from Gallipoli' Sponsorship**

The movie 'The Last Letter from Gallipoli' dealing with the Gallipoli War was sponsored.

**Stars of Technology Award Ceremony**

Halkbank sponsored the 2015 Stars of Technology Awards delivered to R&D and innovation companies selected through the votes of academic staff and students at Yıldız Technical University and the evaluation of the jury.

**2<sup>nd</sup> International Family Conference**

Halkbank sponsored the 2<sup>nd</sup> International Family Conference organized in 2015 by the Union of NGOs of the Islamic World in collaboration with the Turkish Ministry of Family and Social Policies to identify family-related issues in a changing world and produce applicable solutions to such issues.

**Extinct Jobs Photography Exhibition**

In 2015, Halkbank sponsored the Extinct Jobs Photography Exhibition held by Artisans and Craftsmen Association.

**2<sup>nd</sup> Istanbul Carbon Summit**

In 2015, Halkbank sponsored the 2<sup>nd</sup> Istanbul Carbon Summit organized by the Sustainable Consumption and Production Association and the Energy Efficiency Association to discuss issues bearing an impact on the entire world and future generations such as how to reduce carbon emissions in houses, in the industry and in transportation sector through energy efficiency.

**6<sup>th</sup> World Forum on Energy Regulation**

In 2015, Halkbank sponsored the forum that brought together energy regulators and market stakeholders to exchange information and experience.

**Celebration of Ahi Week**

As it had been the case in previous years, Halkbank sponsored celebrations for 2014 and 2015 Ahi Weeks in Kırşehir organized by the Directorate of Artisans and Craftsmen of the Ministry of Customs and Trade General, which supports the promotion of ahi and yaren (friend) culture, both indicators of strong moral values, integrity, brotherhood and philanthropy. The celebration event aimed at establishing cultural bridges among Turkey and the Balkan countries.

**International FoneFilm Festival**

Organized for a third time by Radio - TV and Film Department of Eastern Mediterranean University, the festival was sponsored by Halkbank in 2015. The festival welcomed all amateur and semi-professional video and film producers. Works selected by the jury were awarded.

### 'Halkbank Memorial Forest' Project

The project was launched in order to improve afforestation and thus contribute to anti-erosion efforts, increase carbon sequestration and raise public awareness on the significance of afforestation with an emphasis on the increase in fires and deforestation. To this end, Halkbank had 20,000 saplings planted, one for each employee, at a plantation in Ankara in 2015 and sent named certificates to its employees.

The project was a social responsibility project and the involvement of employees in planting the saplings served to the development of a sense of belonging.

### Entrepreneurship Camp for Women

Halkbank sponsored the Entrepreneurship Camp for Women organized by TUBITAK Martek (Marmara Technopolis) and KADEM (Women and Democracy Association) in 2015 in order to improve women's entrepreneurial skills and transform women's enterprises into businesses with a high potential for creating qualified employment.

### Wind Turbines at Istanbul Courthouse

Halkbank sponsored and covered the travel, transportation, accommodation and other expenditures of officials going abroad for observation, research and survey work under the project in order to develop and construct the wind turbines installed on the roof of Istanbul Courthouse to generate renewable energy.

### "Bonds, Loans & Sukuk Middle East Turkey" Conference

As a sponsor, Halkbank supported Turkey's largest international finance conference held on the 11<sup>th</sup> and 12<sup>th</sup> November 2015.



### International Flamenco Festival

Halkbank sponsored the 8th and 9th International Flamenco Festivals in 2014 and 2015. The festival brought together guitar virtuosos and world dancing champions and provided an opportunity to be trained by such important people during workshops.

### Supporting Children of Martyrs

Halkbank supported the effort by The Turkish Ministry of Family and Social Policies to present tablet computers to the children of martyrs as a social responsibility project in 2015.



### General Assembly and Global Conference

Halkbank sponsored the 2015 General Assembly and Global Conference held on the 10<sup>th</sup>-13<sup>th</sup> November 2015 by the International Co-operative Alliance and the Turkish Ministry of Customs and Trade.

### Symposium on Improving Relations between Turkey and Pakistan

Halkbank was the gold sponsor for the Symposium on Improving Relations between Turkey and Pakistan held on the 7<sup>th</sup> December 2015 under coordination of the Economic Research Foundation.

### Main Sponsorship at the Atlantic Council Energy and Economy Summit

Halkbank was the main sponsor to the 7th and 8th Atlantic Council Energy and Economy Summits in 2014 and 2015. The summit set the scene for discussions on the economic and energy policies of the Middle East, Balkan and European countries and facilitated meetings with global leaders and businessmen to elaborate on energy-related developments and political issues.

### Sponsorship for the 4<sup>th</sup> KOSGEB SME and Entrepreneurship Award Ceremony

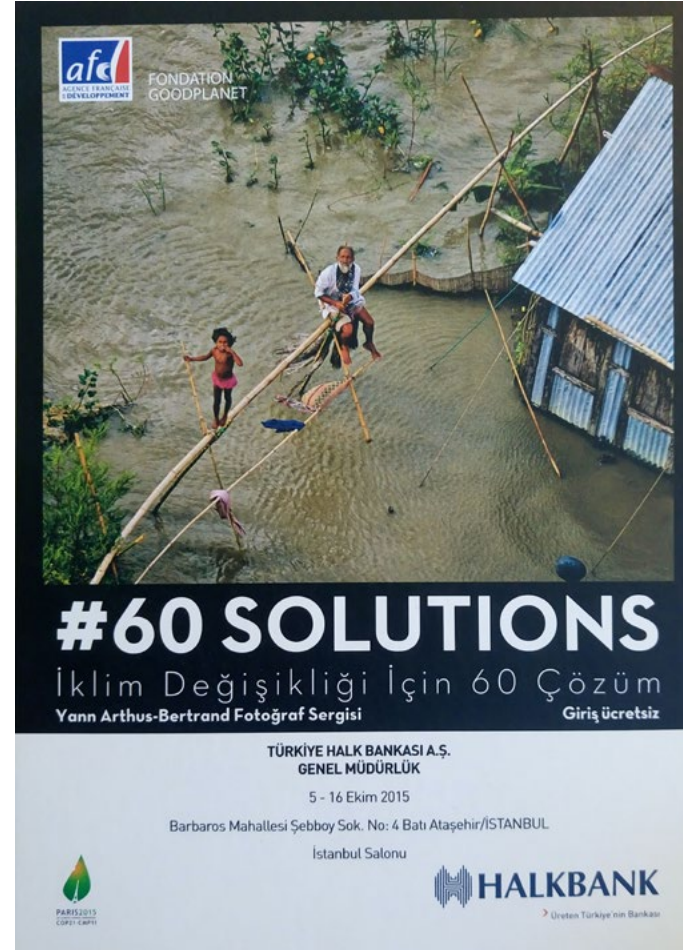
Halkbank sponsored the 4th KOSGEB SME and Entrepreneurship Award Ceremony organized by KOSGEB. During the now-traditional award ceremony encouraging new entrepreneurs, winners among thousands of applicants were presented their awards in 9 different categories.

## PHOTOGRAPHY EXHIBITION - 60 SOLUTIONS FOR CLIMATE CHANGE

In 2015, Halkbank sponsored the Photography Exhibition called '**60 Solutions for Climate Change**' comprised of 21 photos and launched under the cooperation of the French Development Agency and Yann Arthus Bertrand, a photographer.

The French Development Agency has organized the "**10 years – 33 photos**" photography exhibition in 2015 for its 10th year in Turkey, comprised of the projects it financed in the areas of energy, sustainable urban development and forestry. Photos from three projects financed with energy efficiency and renewable energy credits through Halkbank also took place in the exhibition.

- » **Ner Enerji Yatırım Bilişim Teknolojileri San. ve Tic. Ltd. Şti** (Solar Power) – Denizli
- » **Tuncer Hakan Çakaloğlu (Poultry Farm)** (Solar Panel) – Aydın
- » **Senkron Grup İnş. Mak. Müh. Proje. Elk. Ür. Ltd. Şti.** (Biogas) – Aydın



Denizli hills has the same ideal sunshine receiving rate. These hills hosted Turkey's first solar panels installed on the grounds in 2013. It provides power to approximately 150 houses with 500KW production capacity. © Mathias Depardon pour l'Agence Française de Développement.



A poultry farm in Aydin, installed 2,000 solar panels on the roof of the poultry house, reaching a capacity of 500 KW. © Mathias Depardon pour l'Agence Française de Développement.



Biogas plant employees get ready for a new work day at the facility. © Mathias Depardon pour l'Agence Française de Développement.



Biogas plant is developed on a field of 34,000 m<sup>2</sup> and has multiple fermentation tanks. The photo shows a close-up on the sludge in the pools. © Mathias Depardon pour l'Agence Française de Développement



Biogas is produced by the natural fermentation of 450 tonnes of animal manure each day and covers the needs of 5,500 people with 2,4 MW daily electricity production. © Mathias Depardon pour l'Agence Française de Développement



A big Turkish group in the Aegean region has invested in the development of a biogas plant next to the farm they developed in Aydin. © Mathias Depardon pour l'Agence Française de Développement



Portrait of an employee working in a poultry farm. © Mathias Depardon pour l'Agence Française de Développement



# HALKBANK AND EMPLOYEES





Prioritizing employee satisfaction, Halkbank retains its qualities of being a bank where qualified employees work and would like to work.



**Employee base is the most valuable building block for Halkbank.** Each employee has an indispensable place in our valuable human resources infrastructure.

It is the basis of Halkbank's human resources philosophy to support employees in their career development and ensure workforce sustainability through increased employee motivation and efficiency. Continuous training opportunities offered at Halkakademi serve to support the personal and professional development of our employees.

In line with our sustainable profitability strategy, we consider sustainability to be a goal to adopt and implement in every sphere of life. The new training programs developed in parallel to this perspective ensure that the concept of sustainability is well integrated into our human resources structure.

**Erdal Erdem**

Member of Sustainability Committee  
Deputy General Manager: Human Resources and Organization (Acting)

G4-DMA Employment, G4-DMA Occupational Health and Safety, G4-DMA Diversity and Equal Opportunity, G4-DMA Equal Remuneration for Women and Men, G4-DMA Labor/Management Relations, G4-DMA Labor Practices Grievance Mechanisms, G4-DMA Investment, G4-DMA Non-discrimination, G4-DMA Freedom of Association and Collective Bargaining, G4-DMA Security Practices, G4-DMA Assessment, G4-DMA Human Rights Grievance Mechanisms, G4-10, G4-11, G4-EC6, G4-EC5, G4-LA4, G4-LA6, G4-LA7, G4-LA8, G4-LA10, G4-LA11, G4-LA16, G4-HR3, G4-HR4, G4-HR9, G4-HR12

**Employee satisfaction, a peaceful working environment as well as occupational health and safety are indispensable criteria for Halkbank in attaining its sustainability goals.** The Bank delivers various training opportunities to its employees to support their career development and ensure sustainability through increased employee motivation and efficiency. Furthermore, the working environment is updated in consideration of employee requests and comments to create an optimal working environment.

Halkbank's main approaches on human resources are as follows:

- » To deliver operations with an optimal number of employees
- » To select and appoint the staff having the right competence
- » To value and respect employees' personalities and make sure their rights are protected
- » To establish and provide a safe working environment conforming to the requirements of duty
- » To ensure an environment nurturing work and social relations in a way to increase employees' willingness to work
- » To provide fair and equal opportunities to employees in terms of work and self-improvement
- » To vest employees with compensation and personal rights that encourage them to continue working efficiently
- » To offer employees the opportunity to improve their knowledge and experience, to reward successful staff
- » To inform employees on time, to make sure they can conveniently submit their opinions and ideas to the management
- » To ensure employees work cost-consciously in accordance with the principles of efficiency, productivity and profitability
- » To encourage employees to think creatively and produce new ideas
- » To make appointments to vacancies primarily from among the Bank employees in order to protect and improve corporate culture and identity
- » To promote employees in consideration of their skills, achievements, education and tenure
- » To conduct employee appraisals on the basis of objective criteria and the principle of equity

Halkbank follows a human resources policy that respects the fundamental human rights of its employees as well as the principles of the International Labour Organization on non-discrimination, not employing child workers and freedom of collective bargaining and association. Halkbank does not have any employees with a high risk of occupational accidents or high likelihood of getting an occupational disease. No occupational injuries, accidents, occupational diseases, lost days, absenteeism or cases of death were observed during the reporting period.

## EMPLOYEE REMUNERATION AND REWARD SYSTEM

Remuneration of Halkbank employees is set by the Board of Directors in consideration of the overall economic situation of the country, remuneration levels in the banking sector and the Bank's situation. Furthermore, employees are given bonuses four times a year, each equal to one month's gross salary. In addition, scores achieved in TOEFL and YDS exams are taken into consideration and employees with foreign language knowledge above certain levels are paid foreign language compensation.

The Bank's branches apply an efficient performance appraisal process based on a quantitative and competence-based assessment. All performance measurements are conducted over the banking system and thus, employees have the opportunity to monitor their individual performance development on a daily basis. Those employees the appraisal results of whom are above a certain threshold are rewarded quarterly within the framework of the performance bonus system.

Employees working under gravely problematic conditions at branches in the Eastern and Southeastern provinces and districts where terrorist acts are committed and curfews are announced from time to time due to conflicts and where some branches were set on fire and damaged were paid a Workplace Compensation for six months in 2015.

## BLUE STAR FOR EFFICIENCY

Halkbank rewards distinctively successful branches with a Blue Star certificate. Launched in 2007 and registered under a trademark, the Blue Star for Efficiency practice aims at ensuring conformity of operational processes with the principles of functional separation of duties and the work flows determined, improving customer satisfaction and making sure branch employees engage in team work to attain the objective on quality.

## EMPLOYEE SUGGESTION SYSTEM

Halkbank always relies on the opinions and suggestions of its employees in improving the Bank's services. In 2014 and 2015, employees submitted 2,969 and 3,134 suggestions to the Quality Suggestion System respectively. All suggestions were evaluated mechanisms and feasible suggestions were implemented. The rate of successful suggestions was 3.13% in 2014 and 3.92% in 2015.

## DISCIPLINARY ACTION IN THE BANK'S INTERNAL PROCESSES ON EMPLOYEES: DISCIPLINARY COMMITTEE

The Disciplinary Committee is responsible for imposing sanctions on employees in accordance with the nature and gravity of their misconduct or negligent acts and attitudes when they fail to deliver the Bank's operations in line with the principles and rules prescribed in laws, decrees, by-laws, regulations, circulars and other legislative provisions. The Committee is comprised of the Deputy General Manager for Human Resources, Deputy General Manager for Law and Legal Proceedings, Deputy General Manager for Banking Operations, Head of Internal Audit Department and other relevant Deputy General Manager(s).

The committee is chaired by the Deputy General Manager for Human Resources. Duties and authorities of the Disciplinary Committee are specified in the 'Internal Management Regulations of Türkiye Halk Bankası A.Ş.'. The Committee members make their decisions after examining and evaluating the submitted investigation files together with their annexes.

[See Human Resources Structure at Halkbank - Main Indicators](#)

## SUPPLIER RELATIONS

In its relations with suppliers, Halkbank acts in line with the relevant laws and legislation. A selection of the Bank suppliers are evaluated by considering environmental, social and human rights practices of the firms.

In 2014 and 2015, all expenditures (100%) of the Bank were made in transactions with local suppliers.

G4-DMA Procurement Practices, G4-DMA Supplier Environmental Assessment, G4-DMA Supplier Assessment for Labor Practices, G4-12, G4-EN32, G4-LA14, G4-LA15, G4-EC9

## NEW GENERATION OF TRAINING SOLUTIONS: INFORMATION SECURITY AWARENESS TRAINING

Accurate management and use of information are among the most valuable assets of organizations. To ensure this, the Training Department assigned all employees to Awareness Raising Trainings and monitors the completion of the training in order to eliminate the risks associated with legal compliance, costs and loss of reputation. Trainings include topics on information security policies. The parts of the policy to be implemented by employees are summarized by the Department of Human Resources in the Information Security Covenant signed by each employee.

[See Training Data](#)

## EXAMS ON TABLETS

Thanks to the tablets used during exams, it is now possible to conduct formal exams online just like surveys.

## SUSTAINABLE TRAINING PROGRAMS AS AN INDISPENSABLE ELEMENT OF SUSTAINABILITY PROGRAMS

Career development of employees is supported through trainings on their technical, personal and professional development. Efforts on such matters are updated periodically. Training events on development are delivered at Halkakademi Ankara, Halkakademi Sefaköy, Halkakademi Silivri and Halkakademi Izmir centers.

Halkbank places great importance on the development of its employees and is aware that success comes via staff who are well-equipped in terms of technical knowledge and skills, have a strong professional stance and good communication skills. The Bank adds new training programs to its training catalog every year in line with the arising needs, thus attaining sustainable success in terms of training. Training programs for employees include the subjects of anti-bribery and anti-corruption.

New training programs are developed in parallel with the 'sustainable profitability' strategy adopted in 2015 and they not only ensure the development of employees in line with this strategy but also position sustainability as a goal to adopt and implement in every sphere of life.

In line with their needs, employees can attend national and international training programs to gain knowledge and experience. Halkbank monitors training programs, seminars and conferences that would optimally meet employees' needs and ensure that employees attend such events.



As of the end of 2014, the average classroom and on-the-job training days per employee was 5.22. As of the end of 2015, the average classroom and on-the-job training days per employee was calculated to be 4.79.

In 2014, Halkakademi e-training catalog served under 300 headings comprised of podcasts, videos, articles, book abstracts and interactive e-trainings. In 2015, the content of the catalog was enriched through the bank practices trainings that Halkakademi developed on its own, increasing the number of headings to 1,400 in total. As e-learning trends shift towards video learning, the production of video content has emerged as the main goal. In 2015, the mobile access system was launched and a pilot work on a social platform to enhance social learning was initiated. All these efforts increased distant learning activities by 100% when compared to previous years. It is observed that an employee attends an average of eight trainings.

# Tables

**Table 1.**  
**Agreements Signed with International Financial Institutions**

**Agreements Signed in 2014-2015**

Name of Agreement	Signed Amount	Currency	Date Signed	Period (Years)	Scope: Operation in Turkey	Details
European Investment Bank Loan For SMEs And Midcaps II	200,000,000	EUR	07/11/2014	8	SMEs and midcaps having up to 1,500 employees	Financing the investment and working capital needs of SMEs and midcaps
European Investment Bank Loan For SMEs And Midcaps III - Energy	200,000,000	EUR	06/11/2015	12	SMEs and midcaps having up to 1,500 employees	Financing the investment and working capital needs of SMEs and midcaps as well as energy efficiency and renewable energy investments through a minimum of 20% of the loan extended
European Investment Bank Loan For Greater Anatolia	75,000,000	EUR	22/12/2015	5	SMEs	Financing the investment and working capital needs of SMEs in priority development provinces identified by the agreement
World Bank Micro Small And Medium Enterprise And Large Enterprise Supply Chain Finance	200,000,000	USD	28/12/2015	20	SMEs and midcaps having up to 1,000 employees	Financing the investment and working capital needs of SMEs and midcaps doing business with SMEs

**Loan Agreements Signed Before 2014 but Still Extended in 2014-2015**

Name of Agreement	Signed Amount	Currency	Date Signed	Period (Years)	Scope: Operation in Turkey	Details
French Development Agency Energy Loan	200,000,000	EUR	24/03/2011	12	Private companies having up to 500 employees	Financing of energy efficiency and renewable energy investments
World Bank Loan For Energy Efficiency Projects	67,000,000	USD	06/05/2013	30	SMEs	Financing energy efficiency projects
European Investment Bank Loan For Innovative Enterprises	100,000,000	EUR	16/09/2013	8	Private companies having up to 500 employees	Financing R&D activities and innovative investments of enterprises

**Table 2.**  
**Environmental Data**

Consumption	2013	2014	2015
Total Electricity Consumption (kWh)	63,509,228.17	61,511,243.77	64,189,784.00
Natural Gas Consumption (m³)	2,530,937.21	2,553,002.00	3,632,819.00
Fuel-Oil Consumption (tons) (All consumption took place at branches)	150.69	150.00	122.00
Coal Consumption (tonnes) (All consumption took place at branches)	282.83	454.00	220.00
Diesel Consumption (Liters) - Heating) (All consumption took place at branches)	391,951.20	340,902.00	363,931.00
Diesel Consumption (Liters) - Generator	88,353.95	96,707.00	125,501.00
Water Consumption (m³)	278,442.40	381,394.00	448,269.00
tCO <sub>2</sub> e Emissions	68,138.77	67,639.52	71,072.00

Indicator	2014	2015
Number of Employees. Annual Average (Bank+Company Employees Included)	20,367.00	20,290.00
Head Office+Branches Total m <sup>2</sup>	610,208.00	645,363.00
Head Office Buildings. Total m <sup>2</sup>	166,531.00	179,531.00
Total Number of Employees. Head Office Buildings	5,475.00	5,923.00
Branches Total. m <sup>2</sup>	443,677.00	465,832.00
Total Number of Employees. Branches	14,892.00	14,367.00
Head Office and Branches Heated with Natural Gas. Total m <sup>2</sup>	395,621.00	387,381.00
Total Number of Employees. Head Office and Branches Heated with Natural Gas	10,781.00	12,586.00
Branches Heated with Fuel-Oil. Total m <sup>2</sup>	10,310.00	8,885.00
Total Number of Employees. Branches Heated with Fuel-Oil	206.00	218.00
Branches Heated with Diesel Oil. Total m <sup>2</sup>	85,361.00	86,359.00
Total Number of Employees. Branches Heated with Diesel Oil	2,165.00	2,475.00
Branches Heated with Coal. Total m <sup>2</sup>	8,881.00	8,254.00
Total Number of Employees. Branches Heated with Coal	276.00	291.00
Branches Heated with Geothermal. Total m <sup>2</sup>	2,582.00	2,835.00
Total Number of Employees. Branches Heated with Geothermal	53.00	83.00

Electricity Consumption	2014	2015
TOTAL (kWh)	61,511,243.77	64,189,784.00
Head Office	14,577,646.00	22,581,650.00
Branches	40,796,987.77	37,517,561.00
Off-Site ATMs	6,136,610.00	4,090,574.00
Branches / Branch m <sup>2</sup>	443,677.00	465,832.00
Branches / No. of Employees	14,892.00	14,367.00
Electricity Consumption / m <sup>2</sup>	138.64	137.80
Electricity Consumption / Employee	3,020.14	3,163.62

Natural Gas Consumption	2014	2015
TOTAL (m <sup>3</sup> )	2,553,002.00	3,632,819.00
Head Office	809,671.00	986,119.00
Branches	1,743,331.00	2,646,700.00
Natural Gas Consumption / m <sup>2</sup>	6.45	9.38
Natural Gas Consumption / Employee	236.81	288.64

Fuel-Oil Consumption (tons)	2014	2015
TOTAL (tons)	150.00	122.00
Fuel-Oil Consumption / (m <sup>2</sup> )	0.01	0.01
Fuel-Oil Consumption / Employee	0.73	0.56

<b>Coal Consumption (tonnes)</b>	<b>2014</b>	<b>2015</b>
<b>TOTAL (All consumption took place at the branches)</b>	454.00	220.00
<b>Coal Consumption / m<sup>2</sup></b>	0.05	0.03
<b>Coal Consumption / Employee</b>	1.64	0.76

<b>Diesel Oil Consumption - Heating (Liters)</b>	<b>2014</b>	<b>2015</b>
<b>TOTAL (All consumption took place at the branches)</b>	340,902.00	363,931.00
<b>Diesel Oil Consumption / m<sup>2</sup></b>	3.99	4.21
<b>Diesel Oil Consumption /Employee</b>	157.46	147.04
<b>Diesel Oil Consumption - Generator (Liters)</b>	2014	2015
<b>TOTAL (As generator fuel)</b>	96,707.00	125,501.00
<b>Head Office</b>	9,900.00	21,427.00
<b>Branches</b>	86,807.00	104,074.00
<b>Diesel Oil Consumption / m<sup>2</sup></b>	0.16	0.19
<b>Diesel Oil Consumption / Employee</b>	4.75	6.19

<b>Water Consumption (m<sup>3</sup>)</b>	<b>2014</b>	<b>2015</b>
<b>TOTAL</b>	381,394.00	448,269.00
<b>Head Office</b>	44,127.00	71,485.00
<b>Branches</b>	337,267.00	376,784.00
<b>Water Consumption / m<sup>2</sup></b>	0.63	0.69
<b>Water Consumption /Employee</b>	18.73	22.09

<b>Transportation Fuel Consumption</b>	<b>2014</b>	<b>2015</b>
<b>Company Vehicles Diesel (lt)</b>	2,472,569.10	2,633,815.00
<b>Company Vehicles Petrol (lt)</b>	164,271.00	90,682.00
<b>Number of Vehicles Operating with Diesel (no,)</b>	1,505.00	1,557.00
<b>Number of Vehicles Operating with Petrol (no,)</b>	23.00	17.00
<b>Diesel Consumption for the Employee Shuttles (lt)</b>	1,030,575.00	1,225,199.00
<b>Number of Employee Shuttles (no,)</b>	441.00	641.00

<b>Paper Consumption (tons)</b>	<b>2014</b>	<b>2015</b>
<b>TOTAL</b>	1,860.00	1,900.00

Waste (tonnes)	2014	2015
Domestic waste	970,248.00	721,446.00
Recycle Waste (Glass, Plastic, Paper)	179,742.00	131,781.00
Waste Paper Sent to Pulping	56,270.00	34,272.00

tCO <sub>2</sub> e Emissions	2014	2015
TOTAL	67,640	71,737
Scope 1	15,451	17,247
Scope 2	29,033	29,812
Scope 3	23,155	24,678

Number of Branches	2014	2015
Branches	902.00	944.00

ATM	2014	2015
ATM - Branch	1,624.00	1,736.00
ATM - OffSite	1,760.00	1,849.00
ATM - Branch + Offsite	3,384.00	3,585.00

**Table 3.**  
**Human Resources Structure at Halkbank - Main Indicators**

	2015		2014	
Senior Management – Gender Distribution	Female	Male	Female	Male
General Manager		1		1
Deputy General Manager		12		14
Head of Inspection		1		1
Head of Department	2	41	3	41

	2015		2014	
Bank Personnel	Number at EOY	Average Number	Number at EOY	Average Number
Female	7,421	7,416	7,411	6,913
Male	9,683	9,793	9,903	9,144
Total	17,104	17,209	17,314	16,056

	2015		2014	
Board of Directors – Gender Distribution	Female	Male	Female	Male
Chairman		1		1
Vice Chairman		1		1
Board Members		7		7
Supervisory Board		2		2

	2015		2014	
Inspection Committee – Gender Distribution	Female	Male	Female	Male
Member		6	1	5

Education Level of Bank Personnel	2015			2014		
	Female	Male	Total	Female	Male	Total
PhD	5	8	13	5	8	13
Graduate	516	558	1,074	498	514	1,012
Undergraduate	5,286	6,411	11,697	5,309	6,547	11,856
Vocational School	821	545	1,366	775	561	1,336
High School	792	2,094	2,886	822	2,196	3,018
Primary Education	1	67	68	2	77	79

Age Gap	2015			2014		
	Bank Personnel	Company Personnel	Total	Bank Personnel	Company Personnel	Total
<18	0	0	0	0	0	0
18-20	11	27	38	4	29	33
21-30	6,722	1,452	8,174	7,813	1,296	9,109
31-40	6,901	891	7,792	6,013	762	6,775
41-50	2,836	622	3,458	2,745	574	3,319
51-55	587	133	720	632	145	777
>55	47	28	75	107	49	156

Number of Personnel Took Parental Leave	2015			2014		
	Started Working	Has Not Started Working	Total	Started Working	Has Not Started Working	Total
	525	148	673	521	45	566

**Table 4.  
Education Data**

	Senior Management Training Duration / person (hours) BoD, GM, Dept. GM, HoD	Management Training Duration /person (hours) Manager	Specialist Training Duration / person (hours) Director, Asst. Director, Specialist, Asst. Specialist	Specialist Training Duration / person (hours) Service Executive, Service Personnel, Service Assistant	Administrative Personnel Duration / person (hours)
2015 Classroom Training	0.07	0.71	8.6	19.31	0.05
2015 e-Learning Training		1.87	6.9	35.34	4.19
<b>TOTAL</b>	<b>0.07</b>	<b>2.58</b>	<b>15.5</b>	<b>54.65</b>	<b>4.24</b>

	Senior Management Training Duration / person (hours) BoD, GM, Dept. GM, HoD	Management Training Duration /person (hours) Manager	Specialist Training Duration / person (hours) Director, Asst. Director, Specialist, Asst. Specialist	Specialist Training Duration / person (hours) Service Executive, Service Personnel, Service Assistant	Administrative Personnel Duration / person (hours)
2015 Classroom Training	0.13	1.04	10.11	17.78	2.32
2015 e-Learning Training		1.08	7.8	10.44	3
<b>TOTAL</b>	<b>0.13</b>	<b>2.12</b>	<b>17.91</b>	<b>28.22</b>	<b>5.32</b>

	Number of Employees	Total Training Duration Excluding Administrative Personnel / person (hours)	Administrative Personnel Total Training Duration / person (hours)	All Personnel Average Training Duration / person (hours)	Average Female Employee Training Duration / person (hours)	Average Male Employee Training Duration / person (hours)
2015	17,314	72.8	4.24	77.04	31.87	45.17
2014	17,104	48.38	5.32	53.7	24.21	29.49

Training Duration (Average Training Duration / person - hour)	2015	2014
Total Technical and Personal Development Training	77.04	53.7
Technical Training	40.72	41.78
Personal Development Training	36.32	11.92



## GENERAL STANDARD DISCLOSURES

General Standard Disclosures Page Number (or Link) External Assurance

### STRATEGY AND ANALYSIS

G4-1	Chairman's Message, p. 6 Message from the CEO, p. 8	No
G4-2	Message from the CEO, p. 8 Halkbank in Summary, p. 15 Halkbank in the Sector, p.43 Corporate and Commercial Banking, p. 46 Tradesmen and SME Banking, p. 50	No

### ORGANIZATIONAL PROFILE

G4-3	Türkiye Halk Bankası A.Ş., About the Report, p.4	No
G4-4	Halkbank in Summary, p. 15	No
G4-5	Barbaros Mahallesi, Şebboy Sokak No:4 34746 Batı Ataşehir-İstanbul	No
G4-6	Halkbank continues its operations in Turkey and has an affiliate partner in the Netherlands. Subsidiaries and Affiliates, p. 28 Halkbank in the Sector, p. 43 Corporate and Commercial Banking, p. 46 Tradesmen and SME Banking, p. 50 For more information please visit website: <a href="https://www.halkbank.com.tr/en/international-banking/95/halkbank-in-brief">https://www.halkbank.com.tr/en/international-banking/95/halkbank-in-brief</a>	No
G4-7	Türkiye Halk Bankası is founded in 1933 according to the Code 2284 on Halk Bankası (Public Bank) and Public Funds. Halkbank in Summary, p. 15 General and Financial Indicators, p. 18 For more information please visit website: <a href="https://www.halkbank.com.tr/en/international-banking/95/halkbank-in-brief">https://www.halkbank.com.tr/en/international-banking/95/halkbank-in-brief</a>	No
G4-8	Halkbank in Summary, p.15 Halkbank in the Sector, p. 43 Corporate and Commercial Banking, p. 46 Tradesmen and SME Banking, p. 50 For more information please visit website: <a href="https://www.halkbank.com.tr/en/international-banking/95/halkbank-in-brief">https://www.halkbank.com.tr/en/international-banking/95/halkbank-in-brief</a>	No

### ORGANIZATIONAL PROFILE

G4-9	Halkbank in Figures, p. 10 General and Financial Indicators, p. 18 Human Resources Structure at Halkbank - Main Indicators, p. 125	No
G4-10	Halkbank and Employees, p. 111 Human Resources Structure at Halkbank - Main Indicators, p. 125	No
G4-11	Halkbank respects the constitutional right of unionization and labor agreement. Halkbank and Employees, p. 111	No
G4-12	Supplier Relations, p. 115	No
G4-13	General and Financial Indicators, p. 18 Subsidiaries and Affiliates, p. 28	No
G4-14	Halkbank Corporate Governance, p. 20 Internal Control, p. 21	No
G4-15	Memberships, p. 27	No
G4-16	Memberships, p. 27	No

### IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	All data included in this report is inclusive for Türkiye Halk Bankası A.Ş., unless otherwise noted. About the Report. p.4	No
G4-18	Chairman's Message, p. 6 Stakeholder Analysis, p. 35 Sustainability Priorities, p. 37	No
G4-19	Stakeholder Analysis, p. 35 Sustainability Priorities, p. 37	No
G4-20	Stakeholder Analysis, p. 35 Sustainability Priorities, p. 37	No
G4-21	Stakeholder Analysis, p. 35	No
G4-22	General and Financial Indicators, p. 18 Subsidiaries and Affiliates, p. 28	No
G4-23	General and Financial Indicators, p. 18 Subsidiaries and Affiliates, p. 28	No

General Standard Disclosures	Page Number (or Link)	External Assurance
<b>STAKEHOLDER ENGAGEMENT</b>		
G4-24	Stakeholder Analysis, p. 35 Sustainability Priorities, p. 37	No
G4-25	Stakeholder Analysis, p. 35 Sustainability Priorities, p. 37	No
G4-26	Stakeholder Analysis, p. 35 Sustainability Priorities, p. 37	No
G4-27	Stakeholder Analysis, p. 35 Sustainability Priorities, p. 37	No
<b>REPORT PROFILE</b>		
G4-28	This report covers the period between January 1 2014-December 31 2015, About the Report, p.4	No
G4-29	About the Report, p.4	No
G4-30	About the Report, p.4	No
G4-31	Contact Us, p.139	No
G4-32	In accordance with the GRI G4 Core Option- About the Report, p.4	No
G4-33	Halkbank 2013 Sustainability Report has not gone through an external assurance process. The environmental data has been verified for the CDP reporting process. Financial Information in the annual report has been externally assured. Public Audit, p. 26	No
<b>GOVERNANCE</b>		
G4-34	Board of Directors, p. 21	No
G4-48	Sustainability Committee, p. 38	No
G4-49	Sustainability Committee, p. 38	No
G4-50	Sustainability Committee, p. 38	No
<b>ETHICS AND INTEGRITY</b>		
G4-56	Board of Directors, p. 21 Committees, p. 21 Internal Control, p. 21 Inspection Committee, p. 22	No

## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
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### CATEGORY: ECONOMIC

#### MATERIAL ASPECT: ECONOMIC PERFORMANCE

G4-DMA	Corporate and Commercial Banking, p. 35 Tradesmen and SME Banking, p. 50				No
G4-EC1 (FS Supplement)	Halkbank in Figures, p.10 2014 Halkbank Annual Report (p.3, <a href="https://www.halkbank.com.tr/images/misc/yatirimciliskileri/mali_tablo/faaliyet_raporlari/2014/2014_yillik_faaliyet_raporu.pdf">https://www.halkbank.com.tr/images/misc/yatirimciliskileri/mali_tablo/faaliyet_raporlari/2014/2014_yillik_faaliyet_raporu.pdf</a> )				No
G4-EC2	Halkbank's Sustainability Approach, p. 33 International Funds for Sustainable Future, p. 56				No
G4-EC3	Public Audit, p. 26				No

#### MATERIAL ASPECT: MARKET PRESENCE

G4-DMA	Corporate and Commercial Banking, p. 35 Tradesmen and SME Banking, p. 50				No
G4-EC5	Halkbank pays all its personnel salaries higher than the determined minimum wage. Halkbank and Employees, p. 111				No
G4-EC6	All Halkbank members of senior management are Turkish citizens. Halkbank and Employees, p. 111				No

#### MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS

G4-DMA	Corporate and Commercial Banking, p. 35 Tradesmen and SME Banking, p. 50				No
G4-EC7	Halkbank's Sustainability Approach, p. 33 International Funds for Sustainable Future, p. 56				No
G4-EC8	Halkbank's Sustainability Approach, p. 33 International Funds for Sustainable Future, p. 56				No

#### MATERIAL ASPECT: PROCUREMENT PRACTICES

G4-DMA	Supplier Relations, p. 115				No
G4-EC9	Supplier Relations, p. 115				No

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
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## CATEGORY: ENVIRONMENTAL

### MATERIAL ASPECT: MATERIALS

G4-DMA	Halkbank for the Environment, p. 77				No
G4-EN1	Halkbank's Carbon Footprint, p. 83				No
G4-EN2	Halkbank's Carbon Footprint, p. 83				No

### MATERIAL ASPECT: ENERGY

G4-DMA	Halkbank for the Environment, p. 77				No
G4-EN3	Environmental Data, p. 119				No
G4-EN4	Environmental Data, p. 119				No
G4-EN5	Environmental Data, p. 119				No
G4-EN6	Efficiency Activities, p. 83 Environmental Data, p. 119				No
G4-EN7	Halkbank for the Environment, p. 77				No

### MATERIAL ASPECT: EMISSIONS

G4-DMA	Halkbank for the Environment, p. 77				No
G4-EN15 (FS Supplement)	Halkbank's Carbon Footprint, p. 83 Environmental Data, p. 119				No
G4-EN16 (FS Supplement)	Halkbank's Carbon Footprint, p. 83 Environmental Data, p. 119				No
G4-EN17 (FS Supplement)	Halkbank's Carbon Footprint, p. 83 Environmental Data, p. 119				No
G4-EN18	Halkbank's Carbon Footprint, p. 83 Environmental Data, p. 119				No
G4-EN19	Halkbank's Carbon Footprint, p. 83 Environmental Data, p. 119				No

### MATERIAL ASPECT: EFFLUENTS AND WASTE

G4-DMA	Halkbank for the Environment, p.77				No
G4-EN22	Halkbank's Carbon Footprint, p. 83 Environmental Data, p. 119				No
G4-EN23 (FS Supplement)	Halkbank's Carbon Footprint, p. 83 Environmental Data, p. 119				No

### MATERIAL ASPECT: PRODUCTS AND SERVICES

G4-DMA	Halkbank for the Environment, p.77				No
G4-EN27	Evaluating Environmental and Social Impacts of Projects, p. 86				No

### MATERIAL ASPECT: COMPLIANCE

G4-DMA	Halkbank's Sustainability Approach, p. 33 Halkbank in the Sector, p. 43 Halkbank for the Environment, p. 77				No
G4-EN29	No fines or incidents due to uncompliance with the environmental law or regulations during the reporting period. Environmental and Social Impacts of Operational Activities, p. 78				No

### MATERIAL ASPECT: OVERALL

G4-DMA	Halkbank for the Environment, p. 77				No
G4-EN31	Evaluating Environmental and Social Impacts of Projects, p. 86				No

### MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

G4-DMA	Supplier Relations, p. 115				No
G4-EN32	Supplier Relations, p. 115				No
G4-EN33	Halkbank for the Environment, p.77				No

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
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## CATEGORY: SOCIAL

### SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

#### MATERIAL ASPECT: EMPLOYMENT

G4-DMA (FS Supplement)	Halkbank and Employees, p. 111				No
G4-LA1	Table 3 - Human Resources Structure at Halkbank - Main Indicators, p. 125				No
G4-LA2	Employee Remuneration and Reward System, p. 114				No
G4-LA3	Table 3 - Human Resources Structure at Halkbank - Main Indicators, p. 125				No

#### MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS

G4-DMA	Halkbank and Employees, p. 111				No
G4-LA4	Halkbank and Employees, p. 111				No

#### MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY

G4-DMA	Halkbank and Employees, p. 111				No
G4-LA5	Committees, p. 21				No
G4-LA6	There has been no injury, occupational diseases, lost days, absenteeism or work related fatalities during the reporting period. Halkbank and Employees, p. 111				No
G4-LA7	Halkbank and Employees, p. 111				No
G4-LA8	Halkbank and Employees, p. 111				No

#### MATERIAL ASPECT: TRAINING AND EDUCATION

G4-DMA	Sustainable Training Programs as an Indispensable Element of Sustainability Programs, p. 116				No
G4-LA9	Sustainable Training Programs as an Indispensable Element of Sustainability Programs, p. 116 Table 4 - Education Data, p. 127				No
G4-LA10	Halkbank and Employees, p. 111 Sustainable Training Programs as an Indispensable Element of Sustainability Programs, p. 116 Table 4 - Education Data, p. 127				No
G4-LA11	Halkbank and Employees, p. 111 Employee Remuneration and Reward System, p. 114				No

#### MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

G4-DMA	Halkbank and Employees, p. 111				No
G4-LA12	Table 3. Human Resources Structure at Halkbank - Main Indicators, p. 125				No

#### MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN

G4-DMA	Halkbank and Employees, p. 111				No
G4-LA13	Table 3. Human Resources Structure at Halkbank - Main Indicators, p. 125 Employee Remuneration and Reward System, p. 114				No

#### MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

G4-DMA	Supplier Relations, p. 115				No
G4-LA14	Supplier Relations, p. 115				No
G4-LA15	Supplier Relations, p. 115				No

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