



# Sustainability Report

2013

# Contents



|           |   |           |  |
|-----------|---|-----------|--|
| <b>4</b>  | <b>ABOUT THE REPORT</b>                 | <b>43</b> | <b>HALKBANK and CORPORATE GOVERNANCE</b> |
| <b>10</b> | <b>HALKBANK IN NUMBERS</b>              | <b>44</b> | <b>BOARD OF DIRECTORS</b>                |
| <b>12</b> | <b>MISSION, VISION, VALUES</b>          | <b>44</b> | <b>COMMITTEES</b>                        |
| <b>14</b> | <b>HISTORY OF HALKBANK</b>              | <b>46</b> | <b>INTERNAL AUDIT</b>                    |
| <b>20</b> | <b>MILESTONES</b>                       | <b>46</b> | <b>INSPECTION COMMITTEE</b>              |
| <b>22</b> | <b>GENERAL and FINANCIAL INDICATORS</b> | <b>47</b> | <b>POLICIES</b>                          |
| <b>22</b> | HALKBANK'S SHAREHOLDER STRUCTURE        | <b>47</b> | <b>MEMBERSHIPS</b>                       |
| <b>22</b> | HALKBANK'S POSITION IN SECTOR           | <b>49</b> | <b>HALKBANK and SUSTAINABILITY</b>       |
| <b>23</b> | HALKBANK'S ECONOMIC INDICATORS          | <b>51</b> | <b>STAKEHOLDER ANALYSIS</b>              |
| <b>24</b> | <b>PARTNERSHIPS and AFFILIATIONS</b>    | <b>53</b> | <b>HALKBANK and ENVIRONMENT</b>          |
| <b>27</b> | <b>HALKBANK IN SUMMARY</b>              | <b>60</b> | <b>HALKBANK and SOCIETY</b>              |
| <b>29</b> | CORPORATE AND COMMERCIAL BANKING        | <b>66</b> | <b>HALKBANK and EMPLOYEES</b>            |
| <b>30</b> | SME BANKING                             | <b>72</b> | <b>GRI G4 CONTENT INDEX</b>              |
| <b>40</b> | SMALL BUSINESS BANKING                  | <b>83</b> | <b>CONTACT US</b>                        |
| <b>41</b> | INDIVIDUAL BANKING                      |           |  |



# About the Report

This report – the first sustainability report of Türkiye Halk Bankası A.Ş. - presents the institution's performance on sustainability issues covering the 12 month period between January 01, 2013 – December 31, 2013.

This exercise aims to present up to date information on Halkbank sustainability practices via Halkbank 2013 Sustainability Report to all stakeholders including but not limited to investors, shareholders, clients, employees, business partners and non-governmental institutions. The Report is prepared against the Global Reporting Initiative (GRI) G4 Guidelines, in accordance with the option Core. The report also includes G4 Financial Sector – Sector Supplements.

Halkbank plans to report its performance and activities on sustainability annually in the future on 12-month periods.







# Why Sustainability?

## Because We Are Responsible...



**GROWTH, PROGRESS AND DEVELOPMENT** are three words that are most commonly used in business...

To further explain: economic growth, technological progress and humanitarian development.

These three concepts that complement each other hold great importance for the economy. And we are aware of the responsibilities that we have as the actors of the economy.

We will grow while protecting our environment, progress by making efficient use of our resources and develop all together. These three aspects summarize our approach to sustainability.

We at Halkbank make initiatives in terms of both economic and environmental aspects of sustainability to support our nation's targets.

Supporting artisans and SMEs, which is important in terms of our economic development, is the focus point of our Bank's activities. With the assistance we have been providing since our foundation, we helped tens of thousands of artisans to promote to SME status while tens of thousands of SMEs that we supported succeeded in joining Turkey's economic giants' league.

As a result of these activities, Halkbank became a bank that fulfills all the requirements of modern banking and provides appropriate solutions for the needs of clients from all segments.

Bolstering the support it provides for economy with social responsibility awareness, our Bank is aware of its responsibilities towards our nation and the world. We at Halkbank consider consuming less, protecting the environment and contributing to social development as our responsibilities.

In short, we are aware of our responsibilities towards our planet, our country, our clientele and our employees. We will continue to fulfill our responsibilities in the future just as we have been doing in the past.

We are institutionalizing our efforts in this direction for the purpose of rendering them measurable and traceable by the entire world. In this context, we are pleased to share Halkbank Sustainability Report with you.

Each year from now on, we will be sharing Halkbank Sustainability Report that includes our targets for a more sustainable world as well as the level of our success in meeting our previous targets.

We believe that all our stakeholders will support our ongoing activities towards a more sustainable world as well.

Kind Regards,  
**RECEP SÜLEYMAN ÖZDİL**  
Halkbank Chairman

# Sustainable Growth, Uninterrupted Efficiency



AS TURKEY'S SIXTH LARGEST BANK, we have been providing support to real sector and nation's economy for the last 75 years in line with our mission.

Supplementing the support it provides to the economy with a sound balance sheet structure, our Bank is among the corporations that make the most efficient use of its capital.

These achievements we have attained contribute to our financial results as well. Without compromising from profitability, our Bank maintains its leadership position in equities profitability in 2013. We will continue to support our nation's economy with our efficiency-centered strategies.

With a total asset size reaching 140 billion TRY by the end of 2013, our Bank takes steps to further strengthen its credibility in international markets as well.

As an institution that contributes to Turkey's growth simultaneously with its growth, Halkbank takes steps that will contribute in terms of both financial and social responsibility to the country. Activities carried out in the scope of sustainability are among these initiatives.

Our Bank has completed the first edition of Halkbank Sustainability Report against the GRI G4 Guidelines, in accordance with the option Core for the year 2013. From now on, we will be presenting activities carried out by our Bank in this field to our esteemed stakeholders with these reports annually.

As Halkbank, we set ourselves multiple objectives in the field of sustainability. We will tailor our policy in this field in line with the importance we attach to sustainability and we will ensure that sustainability is internalized at all levels of our Bank and integrated into all business models.

Management's acceptance of the concept is important to achieve our internal objectives at the Bank. In order to institutionalize the issue of sustainability, we therefore decided to establish a committee reporting to the Board of Directors. The committee will help us monitor the processes within the Bank while following up best practices in our country and throughout the world keeping our operations up to date.





One of the responsibilities of this committee will be having memberships to national and international sustainability initiatives. Instead of making do with mere memberships, we will carry out active roles to reflect the emphasis we place on sustainability.

However, being active within the institution and the initiatives alone is not enough. Conveying the importance of sustainability and achievements attained in this field to our stakeholders and starting new collaborations with them holds great importance as well. We will include this aspect in our business plans and see what we can do about it in the near future.

We will complement and further strengthen the activities we launch as a part of our corporate citizenship identity with social responsibility projects and develop new projects in the scope of sustainability.

We will conduct our banking activities sustainable development oriented and strive to increase the share of products such as energy efficiency, resource efficiency and renewable energy in our loan portfolio.

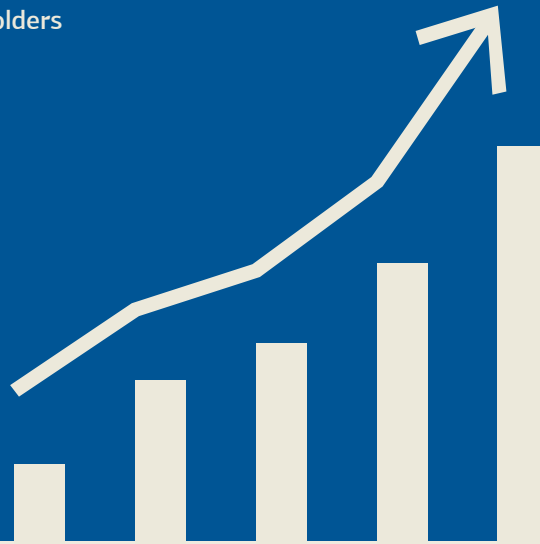
As a result of these activities, we aim to reduce our corporate carbon footprint every year.

At Halkbank, we will work with the target of sustainability in all fields that we have an impact on such as economy, environment and development. We sincerely believe from the bottoms of our hearts that all our stakeholders will walk with us towards these goals.

Kind Regards,

**ALİ FUAT TAŞKESENLIOĞLU**

General Manager, Halkbank



# Halkbank in Numbers



Total Assets

**139,944 Million TRY**



Loans

**84,848 Million TRY**

Number of ATMs

**2,961**



Number of Employees

**14,798**



Number of Branches

**872 Turkey + 5 Abroad**





Number of SME Clients

**1.2 million**



Share of SME loans in  
total cash loan portfolio

**36.8%**

*Paraf.*

Number of Paraf Credit Cards Issued

**3.2 million**

Number of POS  
Devices

**163,000**



Number of people certified in Mothers and  
Daughters at School Campaign

**2.1 million**



# Mission, Vision, Values

## OUR VISION

Be the region's leading SME bank fulfilling all the requirements of modern banking while asserting a strong presence in retail services as well.

## OUR 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 in the banking industry in our region and in the world.

## OUR GOALS

- » Be the leading SME bank in the region,
- » Be the preferred business partner of SMEs and retail customers for the fulfillment of their banking needs,
- » Be the bank employing qualified personnel in the banking industry, and be the bank which such qualified personnel wish to be employed by,
- » Ensure customer satisfaction by achieving service levels with the highest quality and speed of the sector in all business processes,
- » Be a bank attaining stable growth and sustainable profit.

## OUR CORPORATE VALUES

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





Halkbank Photo Contest "Street and Life",  
3rd Place

**FATMA SERAP KELEŞ**

# History of Halkbank

**THE IDEA OF ESTABLISHING A PEOPLE’S BANK IN TURKEY dates back to 1930s, when similar institutions prevalently provided services throughout the world (such as in Europe and Canada).** Young officials from the Ministry of Economy launched activities for establishing a bank network that is similar to that of Europe in the early 1930s.

The purpose of these activities whose pioneers included Mr. Celal Bayar was clear: During the first years of the Republic accumulated capital was not enough, fields of production were limited and private sector was too weak. Under these conditions, institutions to support small artisans and tradesmen did not have the chance to emerge and therefore such an institution was necessary.

## GOAL: SPLENDID FACTORIES INSTEAD OF SMALL STORES

Gazi Mustafa Kemal Ataturk, the founder of the Republic of Turkey, was also aware of this necessity and supported the activities. “Establishing an institution that would provide affordable loans much needed by the small artisan and larger industries, and working towards making loans more affordable overall is also highly necessary” said Mustafa Kemal Ataturk, Founding Father of the Republic, clearly revealing his support, and summarized the objective of these activities as follows:

*“My fulfillment will be at its highest level the day when I see splendid factories replace the small stores of the artisan”.*

The activities for this purpose yielded the first achievement in 1933. “Code 2284 on Halk Bankasi (People’s Bank) and People’s Funds” was passed in order to meet loan needs of

the artisan, tradesmen and small enterprises. However this arrangement providing a foundation for the establishment of Halkbank could not be put into force for a long time. Halkbank was established with Mr. Celal Bayar’s personal efforts - after a five year long cessation - in 1938 in Ankara with 1.2 million Lira founding capital.

As per the provisions of Code 2284, Halkbank would not open any branches.

Instead, loan institutions would be incorporated where necessary as joint stock companies under the name of independent People’s Funds. Halkbank would be authorized to accept saving deposits and facilitate loans to these people’s funds.

Halkbank was positioned as a “wholesale bank” that does not have authority to collect savings directly, a Hold-



People’s Fund Representative Opening the First Account, 1938.

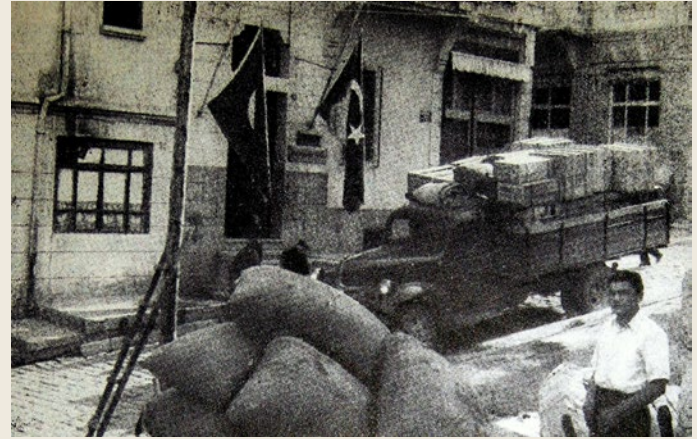
ing company and also a Central Bank for People's Funds with the model established. Each People's Funds would have their own independent board of directors.

Members of the middle class and municipalities would also contribute to People's Funds founded with local capital in the city borders. Nevertheless, if there is a deficiency of capital or shortage of resources, Halkbank would step in and facilitate loans to meet the deficiency.

This model was enforced from 1938 until 1950. Independent People's Funds were established in Ankara, Istanbul and Izmir, whose capitals consisted of local contributions. These funds opened agencies instead of branches and provided banking services within their local communities. After 1950, Halkbank was allowed to open branches in addition to People's Funds.



Halkbank Anafartalar Branch Building, 1950.



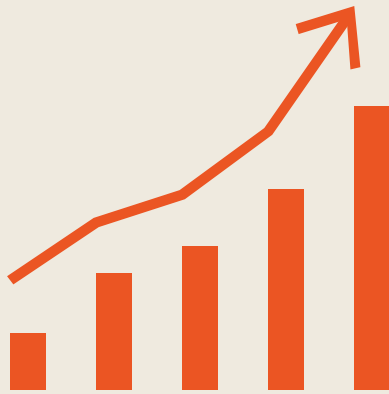
First Halkbank Head Quarters rented on Konya Street in Ulus, Ankara, 1938.

## TURKIYE WAS ADDED TO ITS NAME

With the Code 6854 of 1956, official name of Halkbank became Turkiye Halk Bankasi, connoting that the Bank would now pursue activities throughout the country. The model was changed with the Code 358 passed in 1963. With this revision, People's Funds were abolished and the Bank was granted the right to establish a wider branch network. The People's Funds, acting as local banks, became Turkiye Halk Bankasi branches. Turkiye Halk Bankasi acquired the status of a "state-owned economic enterprise" with the Code 440 passed in 1964.

Halkbank's presence and way of conducting business had important impacts on Turkey's economy in the past just as it does today. Some of these effects are still prevalent. Tradesmen surety cooperatives that were established after 1950 in order to resolve the problem of surety of the artisans, tradesmen and small businesses, including superordinate organizations of these cooperatives, is one of these impacts.

Loans facilitated by Halkbank contributed significantly to better utilization of Turkey's local potentials and transition to medium-scale, and finally large-scale industry from small scale industry. Contributions of Halkbank had greater momentum starting with 1980s, when Turkey shifted to free market economy. Establishing Turkey's very first "Entrepreneur Disclosure Center" in 1995 is another indication of Halkbank's ability in adapting to the transformation and new developments in the economy.



## GREW WITH MERGERS

Halkbank accelerated its growth with these skills during the liberalization process that started in the 1980s and continued on to 1990s. Acquisitions of other banks contributed to the Bank's rapid growth along with organic growth. Türkiye Ogretmenler Bankasi TAS (TOBANK - Turkish Teachers' Bank) in 1992, Sumerbank in 1993, and Etibank in 1998 were merged with Halkbank.

Further flourishing and getting stronger with each merger, Halkbank entered a "restructuring" process in 2000 that will focus its activities in adherence to the requirements of modern banking and international competition and preparing the bank for privatization. Halkbank welcomed mergers in this new period as well. In 2001 Em-lak Bankasi was acquired together with its 96 branches, employees and balance sheet. Pamukbank was merged with Halkbank in the second half of 2004.

This integration – which was completed in half of the nine month period envisioned - has its place in worldwide banking history as "a merger that was successfully completed in a very short time".

## RECORD BREAKER IN PUBLIC OFFERING

Halkbank continued its privatization preparations while it was growing. Public offering was the method of choice in sales of shares to private sector instead of block sales. 24.98 percent of Halkbank's shares were offered to public at 1.8 billion USD in 2007. Halkbank's public offering has its place in Borsa Istanbul (Istanbul Stock Exchange) history as the greatest public offering of Turkey until that day.

In public offerings, demand totaling to 17.3 billion TRY (12.9 billion USD) was collected from Turkey and abroad. This demand - eight times higher of the public offering - is recognized as an indication of investors' trust and confidence in Halkbank. Halkbank was awarded with "Best Public Offering" by East Capital, a leading investment company of Europe with this public offering.

Five years after its first public offering success, Halkbank offered a certain amount of shares again. Following this second public offering that took place in 2012, Bank's shares owned by private sector has reached 48.9 percent. 80 percent of shares were sold to international corporate investors abroad in the second public offering with revenue of 4.5 billion TRY. 10 percent of shares were allocated to domestic corporate investors, while another 10 percent was sold to domestic individual investors.

Halkbank's second public offering came with several successes that made in to Istanbul Stock Exchange history. This public offering was Istanbul Stock Exchange's ever largest, and Europe's third largest public offering of 2012. Another success for Halkbank was completing this second public offering with the smallest discount rate ever.

While expanding its capital base via public offering, Halkbank kept diversifying its services and product portfolio. Halkbank has a leading role in the sector as the first bank ever to have provided special loans to entrepreneur women interested in founding enterprises in Turkey under its "Women Entrepreneurship Loan" in 2007, and as the very first public bank that made use of TV banking and has an off-shore branch abroad.



## TREND-SETTER IN CREDIT CARDS

Without compromising its artisan and SME bank identity, Halkbank exhibited rapid growth in the field of individual banking products. The first serious step towards strengthening the Bank's position in credit cards market was with Advantage contract which enriched Halkbank credit cards with installation and cash point features.

Halkbank launched Bank24 Jet, Europe's very first prepaid non-contact debit card with the cooperation of Visa. This non-contact, small-deposit payment card served various functions including but not limited to public transport payments, Card Toll System payments, self-service payment and toll card.

Ending its contract with Advantage in 2012, Halkbank launched its own credit card platform Paraf. The platform is a trend-setter in the sector as it allows cooperation with other banks and institutions. Halkbank is the first bank to have been ISO 9001 Quality Management System Standard certified in Turkey with its project that simplified the process of collecting and processing credit card applications, and delivering credit cards to consumers.

# Paraf

Starlara layık ayrıcalıklar bu Paraf'ta!



Kurallar değişiyor.  
Artık hiçbir şey eskisi gibi olmayacak!  
Fark yaratan ayrıcalıklarıyla Paraf,  
size starlara layık bir dünyanın kapılarını açıyor.

Buyurun, ayrıcalıklar bu Paraf'ta!

 **HALKBANK**

[www.parafcard.com.tr](http://www.parafcard.com.tr) • 444 0 400 Halkbank Dialog

## FIRST STEP TOWARDS REGIONAL BANKING

Halkbank carried its successful performance abroad as well. In this scope, Halkbank took strong steps in nearby countries towards becoming a strong regional bank. Halkbank launched its activities under the name Halk Banka A.D. Skopje by purchasing shares of IK Bank, Macedonia's SME bank, in 2011. Halkbank aims to turn Halk Banka A.D. Skopje into one of the first three banks of Macedonia, and with this purpose Halk Banka A.D. Skopje acquired Ziraat Banka A.D. Skopje in the country with all of its assets, liabilities, branches and personnel in 2012.



## HEAD OFFICE MOVED TO ISTANBUL

Halkbank was not indifferent to Turkey's vision of turning Istanbul into International Finance Center. With Amended Articles of Association that was put to vote in Ordinary General Assembly Meeting dated March 29 2013, Halkbank's head office located in Ankara was moved to Istanbul.





## NEARLY 15 THOUSAND EMPLOYEES

Halkbank improved its organizational structure as well as its employee profile as a part of the restructuring activities. The Bank has 14,798 employees in 872 branches in Turkey, 5 branches abroad, as well as an international liaison office abroad as of the end of 2013. In addition to its branches and liaison offices, Halkbank provides its clients with all modern banking services with its 2,961 ATMs throughout Turkey, telephone banking, internet banking channels, and mobile banking applications.

## HALKBANK SAVING THE PUBLIC FROM HEAVY BURDEN OF INTEREST

Loan Facilitation Affairs, Halkbank and People's Funds Bill which arranges Halkbank's incorporation was passed at the Turkish National Assembly on June 8, 1933. Justification of the Code, which came into effect upon its publication in Official Gazette Edition No: 2430 Dated June 18, 1933, clearly manifests the reasons of Halkbank's incorporation as well as the circumstances of the day. First two paragraphs of the justification of the Code are as follows:

*"It is evident that our national manufacturing sector is still under a heavy burden of interest. Nevertheless, it is safe to assert that those who are wearied under the heaviest burden are those who need small amounts of loans. Excluding small loan enterprises that facilitate limited amounts of loans to merchants, tradesmen, artisans, small farmers, officers and other people, majority of which are excluded in the banks' fields of activity, these people do not have anyone to turn to other than loan sharks. And the interest rates charged by these start from five percent and range to ten percent on monthly basis. As there is not any normal profit generating activity to accommodate such high interest rates, those who get entangled with this trouble would inevitably face bankruptcy".*

*"Small artisans and various small tradesmen have a great need for loans. They are in trouble as there is no loan facility that provides affordable interest rates. The benefit of providing them, as well as to other groups of the public, the opportunity of loans is great".*

# Milestones

## 1933

Code 2284 on Halk Bankasi and People's Funds was passed.



## 1938

Halk Bankasi was established in Ankara with 3 million lira (registered) capital.

## 1956

Halk Bankasi became Turkiye Halk Bankasi.

## 1963

People's Funds were abolished while Halkbank began opening branches throughout the country.



## 1964

Halkbank established the first fund for opening small industry market places and sites.

## 1992

TOBANK was acquired by Halkbank with all its personnel, branches, assets and liabilities.

## 1993

Sumerbank merged with Halkbank with their liabilities only.

## 1995

Halkbank established Turkey's first Entrepreneur Disclosure Center.



## 2007

24.98 percent of Halkbank shares offered to public. Halkbank credit cards gained Advantage features.



 **advantage**

## 2008

Bank24 Jet - Europe's first prepaid non-contact debit card - was launched.



SME Transformation Project that aims to bring international standards to enterprises was launched.

## 2009

Halkbank had solution partnership agreements with development agencies providing contribution to regional development.



## 1940

People's Funds established in Istanbul, Izmir and Ankara began facilitating loans to tradesmen.



## 1950

Halkbank was given the authority to open branches and facilitating loans directly.



## 1975

Halkbank started funding big industries as well with industry, investment and enterprise loans.



## 1998

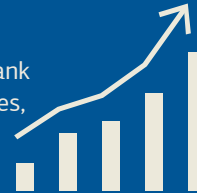
Etibank merged with Halkbank with their liabilities only.

## 2000

Code 4603 was passed, Halkbank entered the restructuring process for the purpose of privatization.

## 2001

Turkiye Emlak Bankasi was acquired by Halkbank with its 96 branches, personnel and balance sheet.



## 2004

Pamukbank's merger with Halkbank completed with all assets, liabilities, branches and personnel.

## 2011

Halk Akademi focused on personal development and social responsibility programs as well as banking.

Halkbank purchased shares of IK Banka, Macedonia's SME bank, and launched its activities under the name Halk Banka A.D. Skopje.

## 2012

Halkbank's credit card brand Paraf was launched with the slogan "Ayrıcalıklar bu Paraf'ta" (privileges are under these initials).

With the secondary public offering, Halkbank's 48.9 percent is now owned by private sector investors.

*Paraf.*

## 2013

Bank's head office was moved from Ankara to Istanbul.



# General and Financial Indicators

## HALKBANK'S SHAREHOLDER STRUCTURE

| Shareholder Name  | Paid Capital<br>(TRY) | Participation<br>(%) |
|---|-----------------------|----------------------|
| 1- Republic of Turkey Prime Ministry's Privatization Administration * | 638,825,500           | 51.1060400           |
| 2-Public Shares*  | 610,722,650           | 48.8578120           |
| 3-Other**   | 451,850               | 0.0361480            |
| <b>TOTAL</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 to Stock Exchange and 48.90% portion of the Bank's capital, including these shares, is publicly traded.

\*\* Shares of 14,691 shareholders are shown.

## HALKBANK'S POSITION IN SECTOR

| Market Share (%) | 2012 | 2013 |
|------------------|------|------|
| Total Assets     | 7.9  | 8.1  |
| Loans            | 8.2  | 8.0  |
| Securities       | 7.9  | 9.4  |
| Deposits         | 10.3 | 10.6 |
| Equity           | 6.8  | 7.3  |
| Profit           | 11.0 | 11.1 |



**28.8%**  
Loans

## HALKBANK'S ECONOMIC INDICATORS

| (million TRY)                 | 2012    | 2013    | Change (%) |
|-------------------------------|---------|---------|------------|
| Total Assets                  | 108,282 | 139,944 | 29.2       |
| Liquid Assets                 | 15,120  | 21,825  | 44.3       |
| Loans                         | 65,894  | 84,848  | 28.8       |
| Securities                    | 22,954  | 28,559  | 24.4       |
| Total Deposit                 | 79,974  | 100,756 | 26.0       |
| Equity                        | 12,323  | 14,146  | 14.8       |
| Net Interest Income           | 4,476   | 4,829   | 7.9        |
| Net Fee and Commission Income | 858     | 930     | 8.3        |
| Gross Profit                  | 3,329   | 3,365   | 1.1        |
| Net Profit                    | 2,595   | 2,751   | 6.0        |

### KEY RATIOS (%)

|  |      |      |
|--|------|------|
| Interest Bearing Assets/Total Assets     | 83.2 | 81.4 |
| Loans/Total Assets                       | 60.9 | 60.6 |
| Non-Performing Loans/Total Loans (Gross) | 2.9  | 2.6  |
| Demand Deposits/Total Deposits           | 20.1 | 18.6 |
| Loans/Deposits                           | 82.4 | 84.2 |
| Average Return on Assets                 | 2.6  | 2.2  |
| Average Return on Equity                 | 24.8 | 20.8 |
| Capital Adequacy Ratio                   | 16.2 | 13.9 |

Net Profit  **6.0%**

# Partnerships and Affiliations

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



## Halk Sigorta A.Ş.

CAPITAL 70,000,000 TRY

HALKBANK'S CAPITAL CONTRIBUTION 89.18%

Incorporated in 1958 under the company name Birlik Sigorta and later changed its company name to Halk Sigorta A.S. (Halk Insurance) on December 27, 2010, the company provides insurance services of all kinds in elementary branches.



## Bankalararası Kart Merkezi A.Ş.

CAPITAL 14,000,000 TRY

HALKBANK'S CAPITAL CONTRIBUTION 18.95%

Bankalararası Kart Merkezi (Interbank Card Center) develops and implements projects in order to improve rules and standards applicable to bank cards and credit cards in Turkey.

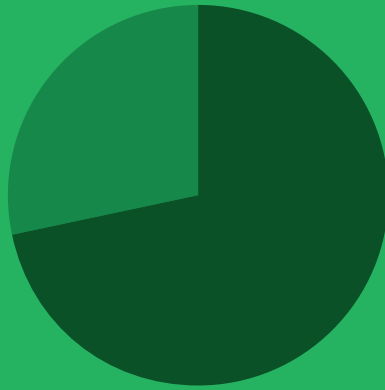


## Halk Hayat ve Emeklilik A.Ş.

CAPITAL 113,000,000 TRY

HALKBANK'S CAPITAL CONTRIBUTION 94.40%

Incorporated in 1998 under the company name Birlik Hayat Sigorta A.S. and changed its company name to Halk Hayat ve Emeklilik Sigorta A.S. (Halk Life and Retirement Insurance) in 2009, the company pursues activities in the field of retirement insurance as well.



## Halk Gayrimenkul Yatırım Ortaklığı A.Ş.

CAPITAL 673,638,704 TRY

HALKBANK'S CAPITAL CONTRIBUTION 71.89%

Halk Gayrimenkul Y.O. (Halk Real Estate Investment), established in 2010 for investing in real estate and real-estate-based securities, leads the way for the implementation of Turkey's prestigious real estate projects.

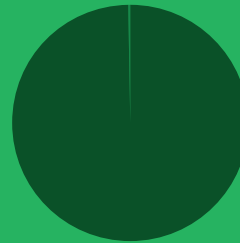


## Halk Portföy Yönetimi A.Ş.

CAPITAL 5,000,000 TRY

HALKBANK'S CAPITAL CONTRIBUTION 55.99%

Halk Portföy Yönetimi (Halk Portfolio Management) is committed to manage security portfolios of small to medium scale investors, in addition to providing portfolio services to large scale investors.



## Halk Finansal Kiralama A.Ş.

CAPITAL 259,162,047 TRY

HALKBANK'S CAPITAL CONTRIBUTION 99.99%

Halk Finansal Kiralama (Halk Financial Leasing) acquires moveable and immoveable properties and estates including but not limited to commodities, machinery, vehicles and equipments via purchases, imports etc. and uses the same for its financial leasing activities of all kinds.



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

CAPITAL **1,000,000 TRY**

HALKBANK'S CAPITAL CONTRIBUTION **100%**

Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri (Bileşim Alternative Distribution Channels and Payment Systems) provides services to all companies, as well as Halkbank and its affiliates, in the field of distribution channels and payment systems.



## Halk Faktoring A.Ş.

CAPITAL **40,000,000 TRY**

HALKBANK'S CAPITAL CONTRIBUTION **95.00%**

Halk Faktoring (Halk Factoring) provides combination of financing, warranty and payment collection services to organizations that have prevalent supplier and vendor networks, especially to SMEs, exporters and importers.

## Demir-Halk Bank (Nederland) N.V.

CAPITAL **113,750,000 EUR**

HALKBANK'S CAPITAL CONTRIBUTION **30%**

Based in the Netherlands, Demir-Halk Bank (Nederland) N.V. offers banking services to Turkish clientele abroad as well as foreign clientele with their business affairs with Europe and Turkey.



## Halk Banka A.D., Skopje

CAPITAL **2,893,690,000 MKD (Macedonian Denar)**

HALKBANK'S CAPITAL CONTRIBUTION **98.78%**

Acquired by Halkbank for the purpose of expanding Bank's activities abroad, Halk Banka A.D. Skopje has a liaison office in Serbia.



## Halk Yatırım Menkul Değerler A.Ş.

CAPITAL **55,000,000 TRY**

HALKBANK'S CAPITAL CONTRIBUTION **99.94%**

Halk Yatırım (Halk Investment) is among the largest capital markets brokers of Turkey. The Company has led some prominent public offering operations of Turkey.



## KOBİ Girişim Sermayesi Yatırım Ortaklığı A.Ş.

CAPITAL **38,000,000 TRY**

HALKBANK'S CAPITAL CONTRIBUTION **31.47%**

KOBİ Girişim Sermayesi Yatırım Ortaklığı (SME Entrepreneurship Capital Investment Partnership) provides capital funding and strategic support to SMEs that are in start-up phase and have high potential for growth coupled with need for resources.



## Kredi Kayıt Bürosu A.Ş.

CAPITAL **7,425,000 TRY**

HALKBANK'S CAPITAL CONTRIBUTION **18.18%**

Kredi Kayıt Bürosu (Loan Registry) provides information exchange among financial institutions whose main activities are money, capital markets and insurance in order to facilitate following up and controlling individual loans.





2014 Halkbank Photo Contest "Street and Life",  
2nd Place  
**EMRE AKYÜZ**



# Halkbank in Summary

## PINNACLE OF SME BANKING IN TURKEY: HALKBANK

Halkbank's strategy is based upon regarding every tradesman, small, medium or large scale enterprise owner that produces and provides employment opportunities as its business partner.

Halkbank's basic principle and approach is to support its business partners not only during growth periods when everyone has a positive outlook, but also when things start to change for the worst.

This approach and principle that remained since the Bank's first incorporation over 75 years ago has a clear reflection in Halkbank's loan data. 36.8 percent of total loans facilitated by the Bank is transferred to small to medium scale enterprises (SMEs) that manufacture goods, provide services and create employment opportunities.

With its vision, business strategy and principles defined during its incorporation, Halkbank continued to provide high quality services in 2013 as well. Born and grown up in Turkey's economy, Halkbank has a sound structure that is capable of providing services at an international level with a global vision.

From General Management to the lowest level service units, Halkbank has an organizational structure coherent with its current vision and strategy. The Bank has 25 regional offices and 872 branches in Turkey, 5 branches and a liaison office abroad. 2,961 ATMs, telephone and internet banking channels, and mobile banking applications are all parts of Halkbank's dedication to being with its clients on every platform.

With 48.9 percent of its shares publicly traded, Halkbank stands out with its capital efficiency. Halkbank has the highest return on equity among competitor banks in its segment. Halkbank continues its journey with dedication to maintain its position as one of the well-established, leading and respectable brands of Turkey, which is among the fastest growing countries of the world.

# Corporate and Commercial Banking

## CONTRIBUTION TO TURKEY'S MEGA-PROJECTS

Halkbank aims to achieve sustainable profitability while ensuring uninterrupted client satisfaction with its client-oriented service approach. In line with this approach that is the cornerstone of its marketing policy, the very first thing that comes during customer interaction is to determine their needs. In turn, client satisfaction is ensured by providing the right products in the most efficient way based on the needs determined.

In line with this policy, Halkbank's activities are pursued via corporate and commercial branches as well as via SME and COMBINED branches affiliated with regional offices, with staff and product range that are appropriate for the client portfolio in the hinterland of these units. The Bank continued to provide high quality banking services to its clients operating in corporate and commercial segments with 6 corporate and 37 commercial branches in 2013.

Halkbank achieved a rapid growth in corporate and commercial banking activities in 2013 in addition to SME banking. Total of cash loans facilitated to clients defined under corporate and commercial segments in 2013 was 32.4 billion TRY, which represents a 25.7% increase in comparison to the end of 2012.

Such rapid growth achieved in corporate and commercial banking segments was realized partly with newly acquired clients and partly with large scale projects that will shape Turkey's future. Projects Halkbank provided support to or worked on a project-basis included natural gas and electricity transmission and distribution, hydroelectric, solar and wind power plants, geothermal power plants, thermal power plants, harbor, airport, toll road, road and railroad, rail system and metro projects. Moreover, marketing and feasibility operations as well as technical and financial analysis of projects such as hospital, shopping center, convention centers, hotels with 400 or more beds, holiday villages, and projects of build-operate-transfer, build-lease, and operating rights also continued.

## 3.3 BILLION DOLLARS STRUCTURED FINANCE

Halkbank continued to meet acquisition, merger, transfer and other corporate financing needs of its clients. In line with structured financing capabilities in the scope of project financing, the Bank has been an active participant of the market in 2013 in forms of both loan relationships established with companies on one-on-one basis, and participating in consortiums. As of end of 2013, 1.8 billion USD financing was provided as loans to 13 projects in the scope of structured financing activities. Thus, Halkbank's total structured financing loans portfolio has reached 3.3 billion USD.

## LONG-TERM RESOURCE

Halkbank continued its relationships with international financing institutions such as the European Investment Bank, the World Bank and the French Development Agency, which have been providing long term resources at affordable costs for many years for the purpose of financing SME banking and corporate and commercial banking products. In the period subject to this report, investments of many clients were financed using these resources.

# SME Banking

*SMEs are our business, not our hobby*

With its service style as well as client portfolio, Halkbank deems itself as the SME bank of Turkey. The Bank continues its SME banking mission established in 1938 today as well with the slogan of “SMEs are our business, not our hobby”.

Efficiency and quality of services targeting SMEs are ensured by means of special branches and other alternative distribution channels serving clients in this segment.

Halkbank offers services specially tailored for SMEs with its wide branch network and nearly two thousand SME customer representatives. The Bank also provides 24-hour uninterrupted service to its SME clients via [www.halkbankkobi.com.tr](http://www.halkbankkobi.com.tr) website and KOBİ Dialog (SME Dialogue) telephone banking service.

## WHEREVER THERE IS AN SME, HALKBANK WILL BE THERE

These special branches and alternative channels are also well aligned with Halkbank’s principle of “detecting the need on the spot and bringing the solution to the client’s doorstep”. Halkbank builds its dynamic marketing approach on the foundation of this mission and principles. In this context, Halkbank’s branch network and marketing staff is especially deployed in Turkey’s dense industry, commerce as well as artisans and tradesmen intense regions.

Halkbank’s experienced and dynamic staff is constantly mobilized and works in close contact with companies. Halkbank’s teams not only offer special products and services that SMEs need the most, but they also provide training and consultancy services to SMEs that are much needed for healthy management.



## APPLIED ENTREPRENEURSHIP TRAININGS

Halkbank prioritizes supporting potential women entrepreneurs willing to launch their own business as well as helping enterprises managed or owned by women to further develop and become stronger. Sustaining the support provided to women entrepreneurs since 1994 in this context, the Bank helped approximately 800 entrepreneurs with trainings conducted in 17 provinces in 2013 with the cooperation of KOSGEB.

## CUSTOM SOLUTIONS FOR EACH SME

Halkbank’s SME Banking unit provides services with a portfolio management system based on the motto “path to success is to know the customer”. SME Client Relations representatives first analyze the clients based on this system. As a result of this study, Halkbank team gets to know the client better and by holding a mirror to the client, the team helps the client to get to know themselves better. Each client afterwards is offered with the financial products and solutions that are most appropriate for the client’s own business objectives and sector positioning.



## RAPID AND HIGH QUALITY SERVICE

Halkbank's SME Banking Unit also compiles special service packages for individual sectors. With these special packages as an extension of the Bank's approach of special service for SMEs, SME clients are able to find solutions appropriate for their needs without having to wait for days, or in some cases, hours.



## SCRUPULOUS WORK BRINGS SUCCESS

Halkbank stood by SMEs in 2013 and kept meeting their needs with rapid, efficient and high quality solutions. The approach of "SMEs are our business, not our hobby" reflects on the number of Halkbank's clients in 2013 as well as on loan figures.

By the end of 2013, the number of Halkbank's SME clients reached 1.2 million. 36.8 percent of total cash loans facilitated by the Bank in 2013 consisted of funds transferred to these clients.



## CUSTOM TAILORED SUPPORT FOR SMES

Halkbank prepares and constantly updates its products and services based on the developments and events in the Turkish economy. Changes and transformation that take place in the economy and business life have reflections on Halkbank's support and service packages custom tailored for SMEs. Special products and services developed for this purpose, including many ground breaking products, allow SMEs of Turkey to comply with current and future trends.

### EXPORT SUPPORT PACKAGE

Halkbank designed Export Support Package that will support SMEs in all business processes ranging from production to marketing, in order for them to adapt to global competitive environment, open to foreign markets, and to promote their products. This package includes technology and machinery/equipment and exhibition support loan, as well as forward and options products that provide protection against foreign exchange rate fluctuations, and Eximbank loans. Moreover, Halkbank helps exporters access financing at more favorable conditions in the scope of the memorandum of understanding signed with the Turkish Exporters Assembly.

### **MEDICAL LOAN PACKAGE**

This is an easy to use loan package tailored for doctors, dentists and pharmacists. Clients making use of Medical Loan Package are offered special advantages such as discounts in banking transactions and exemption from bank fees. Depending on the client’s cash flow, package includes seasonal payment options and non-payment periods.

### **LIFE INSURANCE FOR SMES**

This is a product designed together with Halkbank’s affiliate Halk Hayat ve Emeklilik A.S. With this product, SME-Artisan company owners are insured against decease and permanent disablement subject to determined limits and collaterals.

### **SME ARTISAN RETIREMENT PLAN**

This is a product designed in cooperation with Halkbank’s affiliate Halk Hayat ve Emeklilik A.S. The retirement plan provided aims to ensure that clients in SME segment are able to securely transform their savings into investment.

### **HALKBANK GUARANTEED CHECK**

Launched in 2013 for use by SME clients, Halkbank Guaranteed Check is a type of bank check that guarantees payment of the sum written on the check even if the account balance is not sufficient.

### **LICENSE-FREE ELECTRICITY GENERATION SUPPORT LOAN**

Halkbank leads the way in the sector in developing the most needed and most suitable solutions for newly emerging activity types and fields for SMEs. License-Free Electricity Generation Support Loan, targeting SMEs’ projects for generating their own electricity, is a good example of this. This loan is available to those who are willing to generate their own electricity from renewable resources such as wind, solar and water, as well as to those who are willing to generate electricity based on cogeneration systems.

### **ENERGY EFFICIENCY SUPPORTS**

Halkbank considers energy efficiency projects aiming to mitigate greenhouse gas emissions and the effects of the climate change as social responsibility projects. With the support of the World Bank and the French Development Agency, the Bank provides resources to medium to large scale enterprises for their energy efficiency investments to control their energy costs. In cooperation with the Global Environment Facility, the Bank provides Energy Efficiency solutions to SMEs for the implementation of projects aiming to increase the production and commercial productivity by means of efficient energy use and conservation. In addition, free of charge consultancy services are provided to companies in this scope.

## **EVERYTHING IS FOR SMES: NATIONAL AND INTERNATIONAL COLLABORATIONS**

Halkbank gives great importance to its collaboration with national and international bodies and institutions to further develop its support to SMEs.

International financing institutions such as the European Investment Bank, the World Bank, and the French Development Agency are some of the bodies and organizations Halkbank cooperates with in this context. Halkbank obtains long-term resources from these organizations in order to provide financing needs of SMEs.

Halkbank provides support to SMEs in order to help them improve their competitive edge and facilitate their access to financing in the scope of “Memorandum of Understanding for Project Financing Loan Program” signed with KOSGEB and Loan Guarantee Fund. In this context, SMEs acting together for the purposes of common supply, common production and common marketing are supported.



Halkbank designs and offers products and service packages, including some that are applicable on a national scale, with memorandums of understanding signed with chambers of commerce and industry, development agencies and organized industrial zones throughout the country.

Halkbank carries its solution-centered approach for SMEs to its responsibility projects as well. In this context, the Bank goes to rescue SMEs and artisans in areas of disaster immediately. KOSGEB Reyhanli Emergency Support Loan, whose interest was fully paid by KOSGEB, is one of such products designed with this approach.

Positive discrimination practices targeting women entrepreneurs have a special place in Halkbank's activities for SMEs. Halkbank both provides support and participates in many events and organizations, national and international, for the purpose of encouraging women entrepreneurs. First Step Loan for Women Entrepreneurs is one of the examples of this approach reflected on the products and services.

## BRINGING INTERNATIONAL FUNDS TO OUR COUNTRY

### **SUPPORTS OF FOREIGN ORIGIN TO SUSTAINABLE BANKING**

Halkbank's cooperation with international financial institutions yields important opportunities for the nation's sustainable economic development. In this scope, cooperation and collaboration is maintained with many organizations including but not limited to the World Bank (WB), the European Investment Bank (EIB), the French Development Agency (FDA) and the Council of Europe Development Bank (CEB).

The purpose of the cooperation is to achieve improvement, not merely economical but also in social and environmental aspects, and to help Artisans and SMEs operating especially in economically disadvantaged areas in their

investments, thereby creating employment opportunities. In short, the purpose is to achieve sustainable development and provide contribution to economic growth.

For instance, FDA's energy efficiency and renewable energy loan program aims to contribute to the mitigation of greenhouse gas emissions, thereby mitigating the effects of the climate change. Total amount of carbon dioxide emissions, prevented thanks to 85 investments, financed in the scope of the program totaling to 65.7 million EUR was 148,643 tonnes in total for the years of 2011, 2012 and 2013.

In the scope of the same program, Halkbank also provides complimentary energy survey services to SMEs applying for financing of their energy efficiency projects. Energy surveys are conducted by an Energy Efficiency Consultancy Firm that Halkbank contracted with. Surveys of small-scale investments are conducted by Halkbank's engineers. For this purpose, approximately 20 Halkbank engineers were sent to energy management training and they received proficiency certificates.

In 2012 and 2013, energy survey services were provided to 31 companies by the aforementioned consultancy firm, to 68 companies by Halkbank's engineers – all free of charge.

As per the reports Halkbank submitted for the European Investment Bank, the French Development Agency and the World Bank loans, and in accordance with the information received from SMEs, every 65,000 USD loan facilitated resulted in one employment opportunity.

### **2 BILLION \$ FUND FROM INTERNATIONAL ORGANIZATIONS**

Total resources transferred from international financial institutions to Halkbank by the end of 2013 have exceeded 2 billion USD. Details of resource agreements that we signed in the period of 2009-2013 are given in the following table.

# Bringing International Funds to Our Country

## 2 BILLION \$ FUND FROM INTERNATIONAL ORGANIZATIONS

| Name of The Fund  | Signed Amount | Currency | Date of Signature | Maturity (Year) |
|---|---------------|----------|-------------------|-----------------|
| EIB SMALL ENTERPRISES GLOBAL CREDIT (EIB SME-1)                     | 150,000,000   | EUR      | 08.06.09          | 12              |
| DB SME ACCESS TO FINANCING PROJECT – SUPPLEMENTAL LOAN 2 (DB SME-3) | 101,100,000   | EUR      | 17.12.09          | 14              |
| DB SME ACCESS TO FINANCING PROJECT – SUPPLEMENTAL LOAN 2 (DB SME-3) | 100,000,000   | USD      | 17.12.09          | 14              |
| ECOBANK ENTERPRISE LOAN   | 15,000,000    | USD      | 11.02.09          | 4               |
| EIB GROWING ANATOLIA SME LOAN                                       | 50,000,000    | EUR      | 22.10.10          | 5               |
| EIB SME SUPPORT LOAN  | 74,820,000    | EUR      | 26.07.10          | 5               |
| EIB SMALL ENTERPRISES GLOBAL LOAN/B (EIB SME-2)                     | 150,000,000   | EUR      | 13.05.10          | 12              |
| CEB SME INVESTMENT LOAN   | 100,000,000   | EUR      | 31.10.11          | 8               |
| FDA RENEWABLE ENERGY AND ENERGY EFFICIENCY LOAN                     | 100,000,000   | EUR      | 24.03.11          | 12              |
| CEB SME INVESTMENT LOAN (CEB LEASING LOAN)                          | 50,000,000    | EUR      | 29.05.12          | 8               |
| EIB SME AND BIG ENTERPRISES LOAN (EIB SME-3)                        | 150,000,000   | EUR      | 28.06.12          | 8               |
| WORLD BANK SME ENERGY EFFICIENCY LOAN                               | 67,000,000    | USD      | 06.05.13          | 30              |
| EIB INNOVATIVE SME AND BIG ENTERPRISES FINANCING                    | 100,000,000   | EUR      | 16.09.13          | 8               |
| EIB GROWING ANATOLIA SME LOAN -2                                    | 50,000,000    | EUR      | 06.12.13          | 5               |

## Scope: Operating In Turkey

## Details

|   |  |
|---|--|
| Companies with Number of Employees up to 250  | Financing of Operation And Investment Needs of SMEs  |
| Companies with Number of Employees up to 250  | Financing of Operation And Investment Needs of SMEs  |
| Companies with Number of Employees up to 250  | Financing of Operation And Investment Needs of SMEs  |
| Companies with Number of Employees up to 250  | Financing of Operation And Investment Needs of SMEs  |
| Companies with Number of Employees up to 250  | Financing of Operation And Investment Needs of SMEs In the Regions Determined As Development Priority by the EIB |
| Companies with Number of Employees up to 250  | Financing of Operation And Investment Needs of SMEs  |
| Companies with Number of Employees up to 250  | Financing of Operation And Investment Needs of SMEs  |
| Companies with Number of Employees up to 250  | Financing of Investment Needs of SMEs  |
| Companies with Number of Employees up to 250  | Financing of SME Investments of Renewable Energy And Investments With Energy Efficiency Potential                |
| Companies with Number of Employees up to 250  | Financing of Investment Needs of SMEs  |
| Companies with Number of Employees up to 1500 | Financing of Operation And Investment Needs of SMEs and MEs  |
| Companies with Number of Employees up to 1500 | Financing of Energy Efficiency Investment of SMEs  |
| Companies with Number of Employees up to 500  | Financing of R&D And Innovative Investment Needs of SMEs and MEs   |
| Companies with Number of Employees up to 250  | Financing Operation And Investment Needs of SMEs Designated by the EIB As Per Agreement                          |

## LASPAR BURSA

### **LASPAR IS AN 11-MILLION-DOLAR COMPANY THAT EXPORTS 80% OF ITS PRODUCTION**

Many success stories you would hear in business life from apprentice to being a boss, from lathe operator to a distinguished brand of Europe is actually Halkbank's contribution to our nation's economy at its best. In fact, Saim Tosun is the main character of one of such success stories.

His father sends him to Mudanya Apprentice School at an age as early as 12. He seeks employment and works at lathe tables and in press workshops. His apprenticeship is followed by days of skilled workman, and finally master workman.

### **HE WAITED 4 MONTHS TO TELL HIS FATHER**

Upon returning from his military service, he rolls up his sleeves to make his dreams a reality. However, convincing his father would not be easy. Let us hear from him:

*“I couldn't tell him that we were to get a loan and embark upon these things. Because my father, may he rest in peace, used to be really scared of indebtedness. If you said such a thing to someone who worked hard, trying to make ends meet in his village, you would probably give him a heart attack. Thus, four of us, all friends, got together and opened the store, and I waited a full 4 months before I told my father that we opened a business. In fact, I only mentioned one fourth of our debt. In other words, if we had 100 lira debt, I told him that we had 25. So that he wouldn't be worried or concerned. Those days we didn't have any income, we were working in factory for pay check”.*

### **THEY LAUNCHED PRODUCTION IN A PRISTINE FIELD**

When four friends, each master of their own trade, joined forces and decided to establish this business, the year was 1981. They set to road believing that they

could succeed in molding, pressing and rubber business. Saim Tosun says: “We started production in a field that was yet pristine in Turkey. We were manufacturing sealants. We achieved rapid growth. We expanded easily because the market was far from saturated. We reached out of Bursa, namely to Adana, Ankara, Istanbul, and soon found ourselves manufacturing parts for entire Turkey”.

### **TRANSITION FROM WORKSHOP TO FACTORY**

They made much progress in such a short time frame, the point they arrived was far beyond their dreams. But since they started selling their products throughout Turkey, “why not expand the business further and accelerate production” they thought. That would mean a promotion from the workshop to factory. It was at this stage, they met with Halkbank. Let us again hear from Saim Tosun:

*“Branch manager really helped us out. He facilitated a loan. The first thing we did was to purchase a land. We later added one or two machines too. But the land alone is not enough; we would have to have a building there too... Once again we applied to Halkbank. They gave us the loan, so we constructed the building...”*

### **BANK PROVIDED COURAGE AND STRENGTH**

Business keeps expanding even after the production is launched at factory scale. Meanwhile however, four friends decide to part ways. Each chose to follow their own destiny. Thus, Saim Tosun would walk the road along thereafter, but he thinks big once again:

“Come year 2000, we decided to have greater emphasis in automotive business. Or rather, I wanted to think a little bigger. There were risks but because we raised ourselves to be practical, I ventured anyway. Halkbank, who gave us strength and courage in the first place, did not withhold their support... They provided me-

dium term loans for us to buy the land of our new place and have the factory building constructed”.

### **BECAME A SOUGHT-AFTER COMPANY IN EUROPE**

He names the company LASPAR. Initially established to supply the national market, realizing a market niche the Company expands to international markets and now manufactures parts for automotive giants such as Audi, BMW, Ford and Volkswagen. Summarizing their 22-year relationship with Halkbank as “we became a family so to speak”, Saim Tosun adds: “We trust them and I know that they have infinite trust for us too”. Most likely, my children will work with Halkbank too because Halkbank has great contributions to foundations and history of LASPAR. But I am sure that we are a matter of proud for them too. Because we became a group of companies that employ 400 people. Our exports reach 80% and we became a sought-after brand of Europe”.

### **HALKBANK MADE A VERY RIGHT DECISION**

Having reached from point zero to export revenues of 11 million dollars a year, Saim Tosun explains further how Halkbank had a crucial role in his success: “The loan facilitated by Halkbank back then was most likely threefold my father’s net worth. Halkbank has seen our entrepreneur dedication and the fact that we had chosen a field that would create employment opportunities and therefore granted the loan. Looking back today, I say ‘they made a very right decision’. And we made a right decision too. Because working with Halkbank always contributed to our success”.

### **“CONTROLLED LOAN PROTECTED US”**

Saim Tosun says: “had the Bank granted us excessive loans to begin with, we could have made wrong investments. But Halkbank saw us as one of theirs and safeguarded us against failure. Therefore, they facilitated a controlled loan”.

## ÇAYCUMA SÜT ÜRÜNLERİ (CAYCUMA DAIRY PRODUCTS)

***They grew rapidly in 20 years with Halkbank's support***

### **FROM “MILKMAN” TO DAIRY PRODUCTS FACTORY**

Year 1981. Having graduated from business management, Husnu Sami Alpan is serving his mandatory military service. His target is to go back to his hometown Caycuma and expand the little workshop that he inherited from his father. His purpose is to put what he learned in school in Istanbul into practice there.

In fact, he is so dedicated that he stipulates one condition for his marriage with Nilufer, whom he had met in Istanbul: “I will not stay in Istanbul... I will return to my homeland Caycuma. If you will come with me, we can get married”. Nilufer accepts the proposal and they get married even before his military service is complete.

The enterprise where Sami Alpan had chosen to build upon his future was none other than 100-square-meter place under his father Osman Alpan, known as “Osman the Milkman” in Caycuma. Osman the Milkman had been processing the milk he collected from nearby villages, earning his livelihood from yogurt, cheese and butter that he produced.

### **WORKED WITHOUT A VACATION FOR MANY YEARS**

However, Alpan's task was not a simple one either. Let us hear from him:

*“Upon returning to Caycuma from Istanbul, I saw that our enterprise was in a condition that was much worse than I had anticipated. And I told my wife, word for word: ‘Good thing that we went on that honeymoon because we will not have any other chance to go to a vacation for a very long time’. Our business was in very bad condition. Workshop was in dire straits in economic terms.”*

Husband and wife set to work. Two years later, their first child was born, and four years later, the second... Workshop on one hand, the burden of having children around on the other, their task is not an easy one. They don't go on any vacation, constantly working, until such time when their children reach 4-5 years of age. Eventually, they start to reap the benefits of their hard work. They manage to finally get things square. However, making the ends meet is not enough for the Alpan couple, who believed that they had to grow the business.

### **FIRST FACTORY IN CAYCUMA ORGANIZED INDUSTRIAL ZONE**

Husnu Saim Alpan wanted to expand the business at the workshop where he used to help his father in summer holidays during his childhood, while establishing an economic entity that would provide economic input to the region and villagers of the area. In fact, he covered a lot of ground for this purpose. He created projects and managed to organize 90 villages of Caycuma under Agricultural Development Cooperatives, as a result of which, animal husbandry in Caycuma improved to a fairly high level.

But now, the burden on his shoulders was too heavy that he could no longer withstand alone. But he wouldn't give up! There comes Halkbank to rescue. He makes his first investment in Caycuma Organized Industrial Zone with the Bank's support. Let us hear the rest of the story from him:

### **HALKBANK STOOD BY ME, EVEN IN THE MOST DIFFICULT TIMES**

"Caycuma Sut Urunleri (Caycuma Dairy Products) is the very first investment of Caycuma Organized Industrial Zone. When we started the construction, water buffaloes of the adjacent village would lay right where we have the factory now. This place was muddy and infertile. When we started the construction of the factory, organized industrial zone's infrastructure studies were not complete yet. We had very difficult times. And it was none other than Halkbank that came to visit us and stood by us. They always supported us".

### **FROM 250 LITERS TO 150 THOUSAND LITERS**

And Husnu Sami Alpan, having set to his journey with nothing but a 100-square-meter workshop, came a very long way with Halkbank's support. Let us again hear from him:

*"In 1983 when we first started, we would process 250 liters of milk per day. In 2008, in our 25th anniversary, we are now processing 150 thousand liters of milk per day. We market our products to major centers of Turkey. We compete, in terms of both product quality and product quantity, with leading companies of Turkey. Our current factory in Caycuma has 7 thousand 500 square meter indoor area. In addition, we have an investment in the Mediterranean Region, which accounts for a significant portion of Turkey's dairy production".*

### **THE BANK SAFEGUARDED HIM AGAINST RISKS**

Surely, growth process wasn't always a bed of roses. Husnu Sami Alpan had his share of economic crises and dire straits. But Halkbank always stood by him and his cooperation with the Bank safeguarded him against risks:

"I believe that conveying confidence to other party is the most important aspect. In the crisis period of 1994, I utilized SME loan from Halkbank. During the 1996-1999 period, I once again utilized a loan from Halkbank. Halkbank employees went out of their way to help us. I have many friends at the organized industrial zone that work with Halkbank and I never heard any of them having any problem. Machines that we purchased with Halkbank's loan still make great contribution to our production. We will grow further in the future and the first bank we will turn to will definitely be Halkbank".

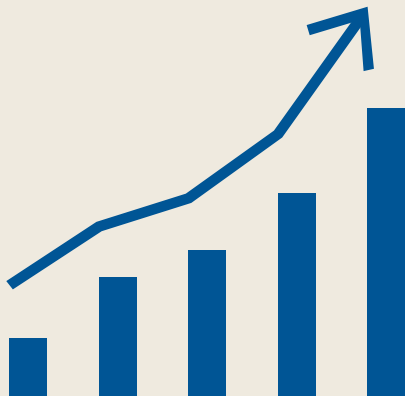
### **ALPAN: HALKBANK NEVER TURNED US DOWN**

Having been working with Halkbank since 1983, Husnu Sami Alpan says: "Halkbank never turned us down. I always tell people that Halkbank had an important role in our success so far. I am happy to say this".

# TRADESMAN BANKING

## *Helping tradesman is in Halkbank's nature*

With the support provided to tradesmen and artisans for growing their business since its incorporation, Halkbank helped foundation of hundreds of thousands of SMEs and thousands of industrial facilities. Regardless, the Bank continues to meet financing needs of enterprises with affordable terms as tradesman banking is in Halkbank's very nature.



## LOANS WITH TREASURY INTEREST SUPPORT

Loans with treasury interest support facilitated by Halkbank to artisans and tradesmen have affordable interest rates and installment terms, and are conveyed via 963 Artisans and Tradesmen Loan and Surety Cooperatives (ESKKK). In areas that do not have an active cooperative, this service is offered to the tradesmen directly by the Bank.

Scope of the loans with treasury interest support includes working capital loans with repayment terms up to five years. The products offered also include investment loans with repayment terms up to five years for the purposes of workplace, commercial vehicle, machinery/equipment and inventory purchases along with letter of guarantee loans.

Loans with treasury interest support come with 8 percent interest for loans up to one year repayment period, and with 10 percent interest for loans over one year repayment period. Interest payable by tradesman is around 4-5 percent in these loans that come with BITT (Banking and Insurance Transactions Tax) and RUSF (Resource Utilization Support Fund) exemption.

Number of artisans and tradesmen made use of loans facilitated by Halkbank saw a considerable increase in 2013 thanks to these advantages. Total loans with treasury interest support facilitated to artisans and tradesmen by the end of 2012 was 6,926 million TRY and increased by 38.9% to 9,617 million TRY by the end of 2013. Number of artisans and tradesmen with active loans increased to 286 thousand 123.

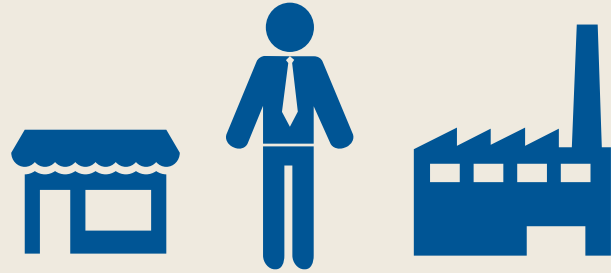
As of 2013 EOY, total amount of loans with treasury interest support facilitated by Halkbank directly without the surety of ESkkk was 282.3 million TRY, while investment loans totaled to 105 million TRY.



# RETAIL BANKING

## *Ability to touch everyone!*

In addition to its expertise in SME banking and tradesman banking, Halkbank has an undisputed position in the field of retail banking. Standing out with creative marketing approaches targeting various groups of needs, Halkbank achieved a growth rate of 31.3 percent in 2013. Total loans granted to retail segment clients reached 23.2 billion TRY level. This corresponds to 27.4 percent of total loans.



## BRANDED HOUSING PROJECTS

With diversified product portfolio and custom tailored repayment options, Halkbank is among the most preferred banks in the housing loans segment. Having active role in nearly 80 branded housing projects in major cities, especially in Istanbul, Halkbank is among the banks that facilitated the highest amounts of housing and workplace loans. The Bank's consumer loans portfolio consisting of personal loans, automobile loans and housing loans reached 20.8 billion TRY in 2013 with a 27.6 percent increase.

## THERE IS A LOAN FOR EVERY NEED

Following up the clients' needs and expectations closely and accordingly tailoring new products in the field of cash loans, Halkbank provides various options for consumer loans, including but not limited to interest-free and low interest loans, loans without application fees, and loans with deferred installment. Halkbank targets those clients who are willing to purchase a home with Canim Evim (Home Sweet Home) concept, and provides diverse options to accommodate every budget in the segment of automobile loans. Consumer loans increased by 20.1 percent, reaching a volume of 11.6 billion TRY.

## SPECIAL PRODUCTS FOR VOCATION GROUPS

Carrying out instant loan operations with its campaign management system, the Bank has a proactive approach in terms of developing special products for various vocation groups. Halkbank had special campaigns targeting certain vocation groups in 2013. "Tip Bayrami" (Medicine Holiday) for medical sector and "Kredi 155" (Loan 155) are to name a few.

## CONTRIBUTION TO URBAN TRANSFORMATION

Halkbank designed Urban Transformation Housing and Workplace Construction Loan product for financing of housing units and workplaces that will be built to replace buildings to be demolished in the scope of urban transformation projects. Halkbank offered housing loans to owners or tenants of buildings of high risk groups so they can buy new homes.

## NEW ROLES TO CALL CENTER

In 2013, number of clients actively using Halkbank's Call Center increased by 38 percent, number of incoming calls by 60 percent and number of transactions increased by 58 percent. In addition, number of employees working at Halkbank Call Center increased by 66 percent in 2013.

## INTERNET BANKING IN ENGLISH

Active clients of Halkbank's internet banking channel increased by 27 percent to 750 thousand.

Internet banking branch began offering services in English.

## ACCESSIBLE ATMS ARE ONLINE

Number of Halkbank's ATMs reached 2,961 in 2013. 184 of these ATMs were specially designed to accommodate the needs of citizens with disabilities. Total number of annual transactions carried out at an ATM increased by 17% to 252 million transactions, while total transaction volume increased by 31% to 55 billion TRY. 37 taxi pools were equipped with ATMs. The Bank's Mobile Collection and Payment Cashiers service, consisting of buses and minibuses, was launched.

## SALARIES ARE PAID AT THIS BANK!

By the end of 2013, contracted institutions whose salaries and pensions are paid via the Bank was 13,514, and number of people receiving their salary or pension via Halkbank was 1 million 176 thousand. Number of Pension Fund retirees receiving their pension via Halkbank increased from 234 thousand 659 to 239 thousand 481. And total number of retirees receiving their pension via Halkbank reached 1 million 957 thousand.

## MORE THAN A CREDIT CARD: PARAF

*Most advantageous credit card is at this Paraf!*



Halkbank made new breakthroughs in the field of credit cards as well. The Bank's new brand Paraf aiming to strengthen its position in credit cards market was launched in December 2012 with the slogan "Ayrıcalıklar bu Paraf'ta" (privileges under these initials). Paraf brought many innovations to the market. Ability of card holders to pick one day of the month as their campaign day and make use of additional discounts, installation, point and payment deferment options, and a special discount on Saturdays at all restaurants in Turkey and abroad are to name a few of those innovations. Moreover, additional discounts for every single day of early payment until the payment due date is another innovation Paraf brought to the sector.

## CARDS THAT MAKE LIFE EASIER

Free of charge parking, provided by Istanbul Metropolitan Municipality affiliate ISPARK, is another advantage that Paraf offers to our clients. Paraf also introduced subordinate brands targeting various needs. Parafly, launched with the slogan "Uç uçabildiğin kadar" (Fly all you can), is one of these brands. Parafly offered card holders many advantages with the innovations it brought to credit cards sector. Privileges including Her Yer Lounge (Everywhere is Lounge), 50 TRY discount in restaurant payments, Paraf Günüm (My Paraf Day), and advantages such as Overseas Travel and Personal Accident Insurance, Discounted Shuttle, Assistance and Concierge are to name a few.



# Halkbank and Corporate Governance

## BOARD OF DIRECTORS

Halkbank is managed and represented by the Board of Directors in line with the provisions of Turkish Commerce Code, Banking Legislation, Capital Markets Legislation, as well as those of other relevant legislation and the Bank's Articles of Association. The Board of Directors consists of 9 members and they are elected by the General Assembly. Board of Directors is chaired by the Board of Directors Chairperson, or by the Deputy Chairperson in cases where Chairperson is not available. Independent members of the Board of Directors are appointed as per the provisions of the Capital Markets Legislation and Banking Legislation. Halkbank's Board of Directors has gathered 43 times, passing 705 decisions in 2013.

## COMMITTEES

Halkbank has an Audit Committee, Corporate Governance Committee, Remuneration Committee and Loans Committee consisting of members of the Board of Directors. There are additional committees and councils with guidance and/or qualities, in which Members of the Board do not participate.

### **LOANS COMMITTEE**

Bank's Loans Committee consists of two Board Members and the General Manager. The General Manager chairs the Committee. In cases where the General Manager is absent, one of other primary members chairs the Loans Committee. Chairperson is responsible for coordinating the efficient and healthy functioning of the Loans Committee's activities.

The Loans Committee takes decisions of restructuring aspect issues such as new allocations, extension of payment terms, savings, change of conditions, interest discounts and the like in relation to loans within the Committee's jurisdiction, subject to authorities given by the

Board of Directors. It also determines obligatory rules and principles to be adhered to in relation to loans.

The Loans Committee consists of at least two members to be selected among the members of the Board of Directors that satisfy all the criteria typically sought for General Manager appointment (except the seniority), and Bank's General Manager in order to carry out the duties the Board of Directors will give regarding the loans. Two replacement members are appointed among the members of the Board of Directors that satisfy all the criteria typically sought for the General Manager appointment (except the seniority) to replace any Loans Committee member that cannot attend a meeting. Endorsements of at least three fourth of the Board of Directors members is sought for the election of Loans Committee's primary and replacement members.

Members of the Loans Committee have participated regularly in 51 meetings held in 2013 and passed 864 decisions.

### **REMUNERATION COMMITTEE**

The Remuneration Committee consists of at least two members of the Board of Directors that do not have an executive function. The Remuneration Committee was formed in order to monitor and supervise, for and on behalf of the Board of Directors, the remuneration practices of the Bank upon the Board of Directors' decision with Decision No: 41-32 dated December 27, 2011. The Remuneration Committee gathered once in 2013 with the participation of all its members.

### **CORPORATE GOVERNANCE COMMITTEE**

Halkbank's Corporate Governance Committee consists of Assistant General Manager of Human Resources and Organization, Assistant General Manager of Financial Management and Planning, Assistant General Manager of International Banking and Human Resources Department Head in addition to four members of the Board of Directors. The

Corporate Governance Committee is chaired by an Independent Board of Directors Member, and the Committee's four members from the Board of Directors should not have executive functions. Implementation and enforcement of Corporate Governance Principles is the responsibility of this Committee. Corporate Governance Committee is responsible for monitoring the compliance of the Bank to Corporate Governance Principles, identifying potential conflicts of interest that might emerge in relation to the foregoing, and carrying out improvements accordingly. Committee's Chairperson is an Independent Board of Directors member that does not have any executive function, and is appointed by the Board of Directors. Corporate Governance Committee gathers at the place and on the date set by the Committee's Chairperson. Other officials invited by the Committee's Chairperson may also participate in Committee's meetings in order to have a briefing and/or express opinions. The Corporate Governance Committee has gathered four times in 2013.

### **AUDIT COMMITTEE**

Halkbank's Audit Committee is responsible for overseeing the efficiency and sufficiency of the Bank's internal systems as well as functioning of these internal systems, integrity of the information produced by the accounting and reporting systems with the applicable laws and regulations, carrying out relevant preliminary assessments for the Board of Directors in selection of independent audit companies and valuation and support service providers, periodically monitoring the activities of these firms that are selected and contracted by the Board of Directors, and ensuring that the internal audit activities are performed in a coordinated and consolidated manner to the partners subject to consolidation as per the provisions of the regulations adopted in accordance with the Code and on behalf of the Board of Directors. The Audit Committee is further responsible for identifying the potential risks that jeopardize the presence, development and sustainability of the Bank. The Commit-

tee makes recommendations to the Board of Directors in relation to the measures to be taken and remedies to be introduced for the risks they had identified. In line with the mission defined above, the Committee carries out relevant activities with Bank's relevant units and presents its assessment, along with any recommendations, as a report to the Board of Directors.

In 12 Audit Committee meetings conducted in 2013, issues discussed have focused on Bank's potential risks, stress tests and scenario analysis, as well as risk management policies and execution methods.

#### **OPERATIONAL RISKS TASK COMMITTEE**

This is a committee formed for the purposes of identifying Bank transactions causing operational loss and thereby preventing operational losses. Operational Risks Task Committee gathers once a month regularly. In 12 meetings held in 2013, decisions were taken to identify and prevent operational loss causing transactions. Committee members participated in the meetings regularly.

#### **ASSETS AND LIABILITIES COMMITTEE (ALCO)**

This committee was formed for the purposes of managing Bank's assets and liabilities, identifying policies regarding fund movements in this scope, making and executing the decisions to be carried out by relevant units in order to manage Bank's balance sheet.

## **INTERNAL AUDIT**

Banks are obligated to establish a sufficient and efficient internal controlling, risk management and internal audit system that is coherent with the scope and structure of their activities and compliant with the changing conditions, that covers all the branches and affiliates that are subject to consolidation in order to monitor and control the risks that they are exposed to. It is in this context that Halkbank's Risk Management, Internal Controlling and Internal Audit units carry out their activities. Internal Controlling

and Risk Management Departments carry out their activities reporting to the Assistant General Manager of Internal Controlling and Risk Management, while the Inspection Committee Department carries out audit and supervision activities for and on behalf of the Board of Directors and reports to the Audit Committee that was formed to assist the Board of Directors in this matter.

The Inspection Committee inspects, audits and ensures that the Bank's activities are carried out in strict adherence to provisions of the Code and relevant legislation as well as those of Bank's internal strategies, policies, principles and objectives, and that risk management and internal controlling systems are functioning sufficiently and efficiently. Risk measurement and prevention activities and findings of the units within the internal systems are assessed by Audit Committee once in every six months and reported to the Bank's senior management to ensure that the Bank can carry out its activities in a safe manner. Further, the Audit Committee gathers regularly during the year with the units within the Internal Systems to analyze and assess the Bank's risks.

## **INSPECTION COMMITTEE**

Turkiye Halk Bankasi A.S. Inspection Committee consists of a Chairperson, who in turn ultimately reports to Board of Directors via the Audit Committee, five Deputy Chairpersons, as well as Chief Inspector, Senior Inspectors, Inspectors and Assistant Inspectors. Activities of the Inspection Committee are carried out in three distinct methods that complement each other: On the Spot Inspection, Central Inspection and Information Technologies Inspection. 79% of the inspectors of the Committee focus on Spot Inspection, 9% on Central Inspection, 7% Information Technologies Inspection, while the remaining 5% are responsible for examining/auditing or inspection/interrogation of audit reports, project activities and other tasks that may be assigned by the Chairperson.

In the scope of risk-oriented audit approach and 2013

Audit Plan, there have been inspections at the Branch (539), Regional Coordination Office (20), Department (9), Affiliate (8), Branches Abroad (4) and (28) Information Technologies levels. In addition, Central Inspection and Information Technologies Inspection activities focus on transactions of high-risk classification aiming early detection of potential irregularities and operational mistakes, ensuring the confidentiality and accuracy of the information generated using information technology systems and efficiency of the internal inspections of the processes, thereby preventing potential events that would damage the interests of Bank's shareholders.

Up-to-date risk standings of the findings resulting from these audit operations and activities carried out by the relevant departments in order to eliminate the aforementioned findings are periodically followed up by a designated team via a Finding Follow-up System.

On the other hand, there have been audit and interrogation activities in 2013 under the authority of the Chairperson.

This Commission's activity processes are carried out in compliance with the requirements of ISO 9001:2008 Quality Management System. Certification was obtained from the relevant accreditation body in 2013.

## **PUBLIC AUDIT**

Because Halkbank is a financial institution that is partially funded by the public, in addition to all other audits that private sector finance institutions are subjected to, it is also periodically subjected to audits carried out by the Court of Auditors acting for and on behalf of the Turkish National Assembly.

In the scope of these audits, face to face meetings are held with all units, officers and personnel at all levels as necessary and information, documentation and business processes are scrutinized in the framework of public accountability and financial transparency principles in the context of ensuring Halkbank's efficient, economic, effective and legal operation. Whenever there is a finding, measures

are introduced in line with the recommendations. In this context, a report is prepared by the Court of Auditors to be discussed at Turkish National Assembly's Public Economic Enterprise Commission.

## **POLICIES**

Halkbank's primary policies are as follows:

- » Donations and Grants Policy
- » Disclosure Policy
- » Confidentiality and Website Data Security Policy
- » Human Resources Policy
- » Profit Distribution Policy
- » Stakeholders Policy
- » Policy Against Bribery and Corruption
- » Social Responsibility and Public Relations Policy
- » Policy for Prevention of Laundering of Criminal Income and Financing of Terrorism
- » Compensation Policy
- » Remuneration Policy

**To see our Bank's Ethic Codes, please visit**

<http://goo.gl/fDRpV8>

## **MEMBERSHIPS**

Halkbank is a member of various organizations and associations established in Turkey and/or abroad to carry out activities in line with Halkbank's field of activity. Some of the organizations and associations Halkbank is a member of are as follows:

- » ICC (International Chamber of Commerce) Turkey
- » IIF (Institute of International Finance)
- » Development Finance Institutions Association in Countries Subscribing to Islam Development Bank (ADFIMI)
- » The Banks Association of Turkey
- » The Banks Association of Turkey's Task Group on the Role of Finance Sector in Sustainable Growth



2014 Halkbank Photo Contest "Street and Life",  
1st Place  
**EMRE AKYÜZ**



# Halkbank and Sustainability



**HALKBANK MADE GREAT CONTRIBUTIONS TO TURKEY'S ECONOMY** with financing opportunities it provided since the early days of its incorporation. Support provided by Halkbank helped many organizations and corporations that have a respectable place in the nation's economy today, both from the private sector and the public sector.

However, Halkbank's contribution to Turkey's economic development is not limited to loans only. While providing the players of the economy with much needed modern financing capabilities, the Bank also oversees humanitarian development, social development and restriction of the impacts of the global climate change.

In this perspective, Halkbank greatly prioritizes that small to medium scale enterprises maintain their growth based on sustainable business models. With special support to women entrepreneurs, the Bank helps increase women's participation in the workforce.

Halkbank also assumes an active role in financing activities for investments on environmental protection and climate change prevention, which is of much importance in recent years in Turkey and worldwide. In this context, the Bank provides financing solutions that are most suitable for investments of persons and corporations in the fields of energy efficiency, energy savings and renewable energy.

In delivery of all its financial products and services of all kinds, Halkbank acts with taking into consideration the sustainable development of its stakeholders, clients, employees, and therefore the country in addition to its own sustainable growth. In this context, Halkbank takes every step in its activity cycle in accordance with the general legislation, sector legislation and codes of conduct. Ensuring the confidentiality of trade secrets while prioritizing transparency is another important component of Halkbank's attitude.



# Stakeholder Analysis

## DIALOGUES WITH STAKEHOLDERS

Halkbank regards uninterrupted and healthy communication with its stakeholders as one of the key requirements of high quality and flawless service. The Bank adopts the general approach of having a dialogue with its clients, employees, suppliers, international financial institutions, public agencies, media and nongovernmental organizations, and acts accordingly.

Communication with the clients in particular is regarded by the Bank as a prerequisite for the provision in the most efficient manner of the current products and services. Halkbank at the same time makes use of the output of its communication channels as a valuable data pool to be used for improving current products and services as well as designing new products and services.

It is also important for Halkbank to maintain dialogues with leaders of influence, nongovernmental organization leaders, academicians and experts that closely follow the sector, in its hinterland or otherwise. The Bank thus aims to foresee the needs and requirements of its geographic region as well as those of the community that it interacts with.

Moreover, the Bank maintains close contact with international financial institutions of global and regional scale. This way, the Bank carries out operations to share Turkey's experience with regional and international actors while conducting activities to adopt international practices at home if need be.

Data received from channels of communication with stakeholders is regarded a valuable data set for the purpose of designing long-term strategies.

| Stakeholder Group                    | Frequency of Communication  | Channels of Communication  |
|--------------------------------------|---|--|
| Employees                            | Continuous, platforms for suggestions and internal communication are always open. | Employee satisfaction survey, performance evaluation system, various meetings, e-newsletters, announcements and notices circulated via e-mail, internal Bank communication platforms |
| Clients                              | 7 Days, 24 Hours  | Halkbank branches, ATMs, call centers, internet banking, mobile banking, various meetings, presentations   |
| Suppliers                            | Continuous, based on the scope of the service                                     | Procurement process  |
| International Financial Institutions | Continuous  | Various meetings and visits  |
| Media                                | Continuous  | Press releases, meetings, interviews   |
| Public Institutions                  | Continuous  | Reports prepared for regulation requirements, various meetings   |
| NGOs                                 | Continuous  | Various meetings and appointments  |
| Shareholders                         | Continuous  | Events organized with relevant institutions for investors, direct communication via meeting, teleconference and e-mail, relevant pages of the Bank website                           |

## SUSTAINABILITY PRIORITIES

For the purpose of updating its sustainability priorities and defining its objectives and plans for the future accordingly, Halkbank carried out a survey in 2013 with its clients and employees, which are Bank’s main stakeholder groups.

Halkbank’s fundamental stakeholder groups are its clients, employees, and government agencies and regulative bodies. Although there are many environmental and social aspects that are of concern and followed by the Bank, Halkbank mainly focuses on or prioritizes aspects that directly concern its core business, subjects prioritized by its basic stakeholder groups, and areas that it does and can change and/or create a difference.

Prioritization process was carried out in line with the GRI Technical Protocol. As some of the issues are related to the very foundation of the Bank’s core business, they will always remain Halkbank’s priority.

In the survey carried out, Halkbank’s internal and external stakeholders (NGOs, Public Institutions, Clients,

International Financial Institutions, Media, Employees and the like) are asked regarding the issues they prioritize.

Sustainability priorities were identified by cross examination of external stakeholders’ survey results with internal stakeholders’ inputs. These issues were used to identify factors determined by the GRI.

Primarily important issues during the study were as follows:

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

Issues of secondary importance were as follows:

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



■ Halkbank's priority  
■ Stakeholder's priority

Issues are listed according to the sum of the two values, from top to bottom.

# Halkbank and Environment

**SYSTEMATICALLY MONITORING ITS INFLUENCES ON THE ENVIRONMENT, Halkbank meticulously carries out its administrative work. The Bank, which has been conducting planning work to reduce environmental impacts, continues its works for the formation of an environmental policy.**

Halkbank is attentive to fulfilling local environmental liabilities in all of its activities carried out with its clients and other stakeholders. Especially for the projects carried out with multinational financial institutions, it observes internationally accepted regulations and implementations in addition to domestic regulatory requirements.

Being aware of climate change and environmental-ly-conscious activities, Halkbank aims to be a pioneer in the sector in terms of contributing to the prevention of climate change.

Halkbank engages in continuous dialogue with its stakeholders regarding environment related issues and listens to the demands reflected by its stakeholders. The Bank also takes it as its duty to offer its stakeholders the know-how it acquired in this area via regional events.

Halkbank offers products and services for energy efficiency and renewable energy investments within the framework of importance it attributes to environment. It also carries out its informative activities on the environment on general and the contribution of its products. Within this context, Halkbank provides free energy studies at company facilities for its customers so they could reduce carbon emissions and perform energy management.

Halkbank's activities do not generate direct emissions or waste as industrial plants do. But harmful gas emissions generated due to staff travels and company vehicles associated with business activities, paper consumption due to documentation and electricity use needed for office works are the primary areas of impact on the environment.

Halkbank has not committed any environmental violations in 2013 in terms of laws and regulations it is subject to.

The bank extended about 61 million EUR worth loans until 2013 to support energy efficiency and use of renewable energy resources. In addition to the energy studies and similar requirements, an additional 500,000 EUR has been spent with regards to these loans.

## ASSESSMENT OF ENVIRONMENTAL AND SOCIAL IMPACTS OF THE PROJECTS

Halkbank assesses the projects it finances through the Project Assessment Report (PAR), which also includes Environmental Impact and Corporate Social Responsibility issues.

### ENVIRONMENTAL IMPACT ASSESSMENT

Halkbank demands the completed required Environmental Impact Assessment procedure for the financed investment projects.

For the investment loan analyses that might have an environmental impact, the environmental impact of the investments is reviewed by Halkbank's technical team. Scorecards that affect rating are integrated into a part of Halkbank's rating-based loan assessment modules. This module, which is in compliance with the ISO 26000, is not limited to environment only but also includes other social issues.

Furthermore, 23 technical personnel of Halkbank who work in the processes of loan and project assessment took the necessary trainings for energy efficiency and have been authorized with the Energy Administrator certificate by the Ministry of Energy.

During the review of the PAR on environmental issues, risk ratings are given as low, medium or high based on the results.

Projects in the Very High Risk Group: The projects that are considered to be in the very high risk group and prohibited in the international literature cannot be credited in any way. Within this context, the projects of certain type and scope included in the following list are not allocated any credit.

- » Commercial activities related to wildlife and its products that are prohibited in the framework of the CITES convention,
- » Release of genetically modified organisms to nature,
- » Manufacture, distribution and sale of banned insecticides and pesticides,
- » Trawl Fishing,
- » Radioactive products,
- » Hazardous waste storage, treatment and disposal,
- » Manufacture of equipment and materials that contain CFC, halon and other substances regulated under the Montreal Protocol,
- » Manufacture of electrical equipment whose weight exceeding 0.005% of PCB (polychlorinated biphenyls),
- » Manufacture of asbestos products,
- » Nuclear reactors and their parts,
- » Processed or unprocessed tobacco,
- » Tobacco processing machine.

## CORPORATE SOCIAL RESPONSIBILITY EVALUATION

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;

- » 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

## HALKBANK'S CARBON FOOTPRINT

Halkbank's energy and water consumption and waste and emission information are disclosed to public. Energy monitoring over intranet, establishment of management and performance system, conducting energy efficiency research for the buildings of the Bank, establishment of ATM system working with solar energy are among the Sustainable Banking and Energy Management activities performed within the Bank in 2013.

The bank projects to make a 500,000 TL worth expenditure for the energy monitoring and management issues with positive environmental impact it is planning to conduct in 2014.

| <b>Indicator</b>  | <b>2012</b> | <b>2013</b> |
|---|-------------|-------------|
| Number of Employees, Annual Average (bank + company employees included)     | 18,161.0    | 18,519.0    |
| Head Office + Branches, Total m <sup>2</sup>                                | 564,311.0   | 596,534.0   |
| Head Office Buildings, Total m <sup>2</sup>                                 | 173,256.0   | 164,731.0   |
| Total Number of Employees, Head Office Buildings                            | 4,443.0     | 4,142.0     |
| Branches Total, m <sup>2</sup>  | 391,055.0   | 431,803.0   |
| Total Number of Employees, Branches   | 11,911.0    | 14,377.0    |
| Head Office and Branches Heated with Natural Gas, Total m <sup>2</sup>      | 325,704.0   | 370,226.0   |
| Total Number of Employees, Head Office and Branches Heated with Natural Gas | 10,036.0    | 10,528.0    |
| Branches Heated with Fuel-oil, Total m <sup>2</sup>                         | 68,303.0    | 19,866.0    |
| Total Number of Employees, Branches Heated with Fuel-oil                    | 1,788.0     | 491.0       |
| Branches Heated with Diesel Oil, Total m <sup>2</sup>                       | 20,534.0    | 90,679.0    |
| Total Number of Employees, Branches Heated with Diesel Oil                  | 628.0       | 2,271.0     |
| Branches Heated with Coal, Total m <sup>2</sup>                             | 8,779.0     | 9,227.0     |
| Total Number of Employees, Branches Heated with Coal                        | 273.0       | 286.0       |
| Branches Heated with Geothermal, Total m <sup>2</sup>                       | 2,125.0     | 2,125.0     |
| Total Number of Employees, Branches Heated with Geothermal                  | 61.0        | 61.0        |

| <b>Electricity Consumption (kWh)</b>     | <b>2012</b>  | <b>2013</b>  |
|--|--------------|--------------|
| <b>TOTAL</b>                             | 58,018,851.5 | 63,509,228.2 |
| Head Office                              | 15,704,883.3 | 20,563,977.8 |
| Branches                                 | 41,258,958.8 | 40,054,157.4 |
| Branches / Branch m <sup>2</sup>         | 105.5        | 92.8         |
| Branches/ No. of Employees               | 3,463.9      | 2,786.0      |
| Electricity Consumption / m <sup>2</sup> | 100.9        | 101.6        |
| Electricity Consumption / Employee       | 3,483.2      | 3,641.8      |

| <b>Natural Gas Consumption (m<sup>3</sup>)</b> | <b>2012</b> | <b>2013</b> |
|--|-------------|-------------|
| <b>TOTAL</b>                                   | 2,423,240.3 | 2,530,937.2 |
| Head Office                                    | 887,495.9   | 967,054.6   |
| Branches                                       | 1,535,744.3 | 1,563,882.6 |
| Natural Gas Consumption / (m <sup>2</sup> )    | 7.4         | 6.8         |
| Natural Gas Consumption / Employee             | 241.5       | 240.4       |

| <b>Fuel-Oil Consumption (tons)</b>                        | <b>2012</b> | <b>2013</b> |
|---|-------------|-------------|
| <b>TOTAL (All Consumption Took Place at the Branches)</b> | 421.2       | 150.7       |
| Fuel-Oil Consumption / (m <sup>2</sup> )                  | 0.01        | 0.01        |
| Fuel-Oil Consumption / Employee                           | 0.24        | 0.31        |

| <b>Coal Consumption (tonnes)</b>                          | <b>2012</b> | <b>2013</b> |
|---|-------------|-------------|
| <b>TOTAL (All Consumption Took Place at the Branches)</b> | 17.0        | 282.8       |
| Coal Consumption / (m <sup>2</sup> )                      | 0.0         | 0.0         |
| Coal Consumption / Employee                               | 0.1         | 1.0         |

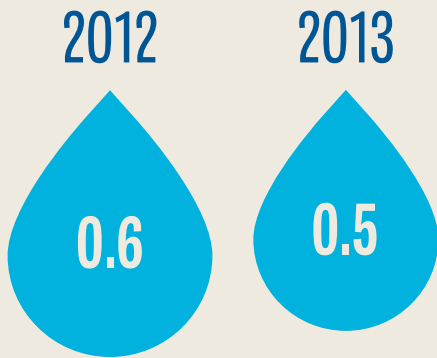
| <b>Diesel Oil Consumption – Heating (Liter)</b>           | <b>2012</b> | <b>2013</b> |
|---|-------------|-------------|
| <b>TOTAL (All Consumption Took Place at the Branches)</b> | 149,490.0   | 391,951.2   |
| Diesel Oil Consumption / (m <sup>2</sup> )                | 7.3         | 4.3         |
| Diesel Oil Consumption / Employee                         | 238.0       | 172.6       |

| <b>Diesel Oil Consumption – Generator (Liter)</b> | <b>2012</b> | <b>2013</b> |
|---|-------------|-------------|
| <b>TOTAL (as Generator Fuel)</b>                  | 74,737.2    | 88,354.0    |
| Head Office                                       | 1,136.4     | 14,562.0    |
| Branches  | 73,600.8    | 73,792.0    |
| Diesel Oil Consumption / (m <sup>2</sup> )        | 0.1         | 0.2         |
| Diesel Oil Consumption / Employee                 | 4.6         | 5.3         |



| Water Consumption (m <sup>3</sup> ) | 2012      | 2013      |
|-------------------------------------|-----------|-----------|
| <b>TOTAL</b>                        | 351,923.4 | 278,442.4 |
| Head Office                         | 94,611.6  | 75,801.9  |
| Branches                            | 257,311.8 | 202,640.5 |
| Water Consumption / m <sup>2</sup>  | 0.6       | 0.5       |
| Water Consumption / Employee        | 21.5      | 16.7      |

### Water consumption per square meter (m<sup>3</sup>)



2012

2013

### Water Consumption



351,923 m<sup>3</sup>

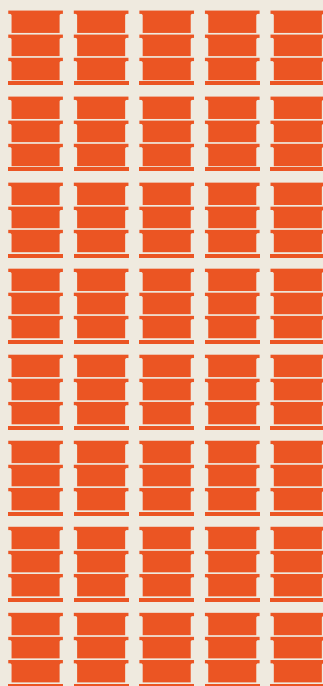
278,442 m<sup>3</sup>

| Transportation Fuel Consumption                   | 2012        | 2013        |
|---|-------------|-------------|
| Diesel (lt)                                       | 2,115,453.2 | 2,317,342.0 |
| Petrol (lt)                                       | 395,558.3   | 277,896.2   |
| Number of Vehicles Operating with Diesel (no.)    | 1,323.0     | 1,349.0     |
| Number of Vehicles Operating with Petrol (no.)    | 127.0       | 128.0       |
| Diesel consumption for the employee shuttles (lt) | 918,260.8   | 1,149,908.6 |
| Number of Employee Shuttles (Number)              | 519.0       | 553.0       |

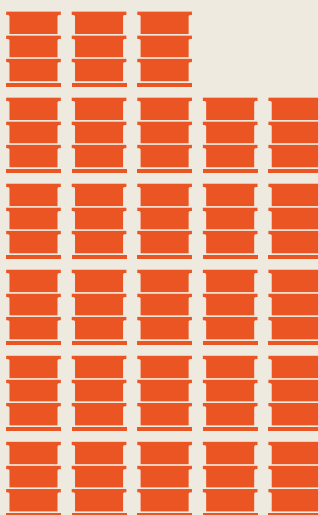
| tCO2e Emissions | 2012      | 2013      |
|-----------------|-----------|-----------|
| <b>TOTAL</b>    | 66,454.57 | 69,138.77 |
| Scope 1         | 13,334.59 | 14,663.77 |
| Scope 2         | 28,768.65 | 29,188.84 |
| Scope 3         | 24,351.33 | 25,286.16 |

Petrol Consumption

2012  
395,558 lt



2013  
277,896 lt



| Paper Consumption (tons) | 2012     | 2013     |
|--------------------------|----------|----------|
| <b>TOTAL</b>             | 1,807.32 | 1,965.47 |

| Waste (tonnes)                                 | 2012     | 2013     |
|--|----------|----------|
| Domestic Waste (tonnes)                        | 1,228.79 | 1,307.86 |
| Recycle Waste (tonnes) (Glass, Plastic, Paper) | 163.61   | 175.24   |
| Waste Paper Sent to Pulping (tonnes)           | 139.29   | 71.58    |

| Number of Branches | 2012 | 2013 |
|--------------------|------|------|
| <b>TOTAL</b>       | 816  | 872  |

| ATM                    | 2012     | 2013     |
|------------------------|----------|----------|
| ATM - Branch           | 1,385.00 | 1,465.00 |
| ATM - Offsite          | 1,169.00 | 1,496.00 |
| ATM - Branch + Offsite | 2,554.00 | 2,961.00 |

2012  
139.29  
tonnes

2013  
71.58  
tonnes

## Waste Paper Sent to Pulping

# Halkbank and Society



## We add value to life

Every contribution to economy and society is an indispensable part of the sustainability approach for Halkbank. We add value to society and life with social responsibility projects in many fields from education to tourism, from art to nature protection.

## Support to the SMEs, contribution to the country

As a leading bank of the SMEs, we support entrepreneurs and business owners that reduce import dependence and increase employment opportunities in the country.

## Social solidarity

Its sensitivity for social cohesion and solidarity is also the basis of Halkbank's approach towards its employees: equal opportunity, justice, solidarity and co-development.



## We eliminate regional developmental disparity

Halkbank develops and implements new projects to reduce interregional developmental disparities.

## We widely open windows of opportunity

Halkbank provides opportunities for SMEs to learn about the developments in Turkey and abroad and to make use of these opportunities.

## Branding, certification support

We provide support to SMEs on issues such as manufacturing, foreign trade, branding, certification, documentation, marketing, and domestic and foreign investment opportunities.

## No more analphabets

We bring together the analphabet population with education to increase the literacy rate and to eliminate the existing interregional literacy inequalities.

## Accessible life for everybody

Halkbank takes part in projects for the disabled and contributes to social cohesion.

## Resources for cultural development

We generate financial resources for the projects supporting the development of tourism, culture, art and sports in Turkey.

## We are on the side of solution seekers

Supporting national and international conferences where economy and industry solution suggestions are discussed is also one of our fundamental duties.



## Halkbank is with you 24/7

Halkbank answers its customers' questions regarding its products and services 24 hours 7 days and provides uninterrupted banking services.

## Communication everywhere!



Halkbank contributes to the personal development of its employees as well as to strengthening of its corporate identity via information sharing through strong internal communication channels.

## ATM Management for the disabled

Our Bank has been providing services from its ATMs to its visually and physically handicapped customers since May 2011. Physically handicapped individuals can make any type of transactions that can be performed through ATMs with this system via Accessible Bank24. Visually impaired individuals wear a headphone and can perform account balance inquiries and withdrawals as they prefer by means of a special program that dims out the screen and converts active screen writings into sound. We provide services from 184 Accessible Bank24s.



## Roaming Cashier

Halkbank gives importance to using new technologies for their customers to benefit Halkbank's products and service range under any condition. Within this framework, Halkbank put into use 3 Roaming Cashier vehicles, consisting of 1 bus and 1 panel van on 27 November 2012 and 1 additional panel van on 6 May 2013.

The Roaming Cashiers have so far provided the following services:

- » Provided fast and secure services primarily in extraordinary situations such as disaster, fire, bombing etc.
- » Acted as collection and payment cashier during week days - limited to marketing activities only on weekends - in residential areas with no Halkbank branches, mainly in regions with intense tourism activities, in shopping malls, fairs, universities, events, concerts, music festivals etc. and
- » Promoted and helped sale of our Bank's products and services in corporations gained in the scope of Bordro24.

Roaming Cashiers work as Collection and Payment cashier. Within this scope,

Roaming Cashier – 1 (Autobus) provides the following services;

- » All transactions that are performed at the collection and payment desks via counter,
- » ATM transactions via Bank 24s,
- » Internet banking transactions via internet corners,
- » All mobile banking transactions can be done via tablet computers.

Roaming Cashier – 2 and 3 (Panel van) provide the following services;

- » All transactions that are performed at the collection and payment desks via counter,
- » ATM transactions via Bank 24s.

# Corporate Social Responsibility Projects



## TURKISH VOLLEYBALL IS AT THE SUMMIT WITH HALKBANK

Halkbank pays great attention to sports. The Halkbank Sports Club, founded in 1983, is one of the best indicators of this. Halkbank Men's Volleyball Team became the European champion in 2013, on the 30th anniversary of Bank's foundation, by winning the European CEV Cup. Having the title as the first team bringing the most prestigious trophy to the country, Halkbank carried Turkish volleyball to the summit of Europe. Halkbank Women's Volleyball Team is also in pursuit of great goals both at home and abroad.





## SME TRANSFORMATION

Halkbank carried out the Corporate Social Responsibility (CSR) technical counseling program between the years of 2008-2011 to contribute to social and sustainable development by increasing CSR awareness among both its own employees and the SME staff. 144 SMEs in Turkey benefited from the environmental-occupational health and safety service. These services carried firms to a better position in national and international markets. The sector and the SME conference participants, whose number exceeds 3500, made it possible for the CSR and sustainability messages to reach wide audiences. More than 1200 Halkbank employees including senior managers participated in the corporate social responsibility trainings in 15 cities with high SME presence.

A book titled “Corporate Social Responsibility and SMEs: The Best Practices”, which presents some of the best CSR practices in Turkey and Europe, was published. This work was delivered to Bank staff, clients and business associates in the country and in Europe.

The main positive impacts of the CSR programs are as follows:

1. For the first time, the CSR was brought into agenda in Halkbank in a comprehensive manner and it helped develop deeper insight for the subject and deductions for Halkbank’s activities.
2. It helped create awareness and impact among the people who participated in the CSR trainings or conferences. Same results were observed during the trainings provided to the Halkbank staff as well.
3. Consulting services for SMEs had a positive impact – directly and indirectly – on the social and environmental performance of SMEs.

## LITERACY CAMPAIGN ‘MOTHER & DAUGHTER AT SCHOOL’

Halkbank supported ‘Mother&Daughter at School’ project initiated by the Ministry of Education. The project, which was started to make at least 3 million illiterate women literate, aimed to make children personally teach their mothers how to read and write. About 2.1 million out of 2.5 million people who attended the courses during the period between 8 September 2008 - 8 September 2012 received their literacy certificates.

## AHI WEEK

Halkbank supported the activities of Ahi Week which points out the importance of unity, solidarity and brotherhood among artisans. Supporting the promotion of Ahi community culture, which is a part of trades’ organizations, the Bank also took an important step to maintain this culture influential in various areas from music to oral tradition, from food culture to manners, customs and architecture.

## FIFA U-20 WORLD CUP

The Bank extended the support it provided to volleyball to football through Halkbank Sports Club. Halkbank became a domestic sponsor of the FIFA U-20 World Cup organization, the second largest organization of FIFA following the World Cup. The aim is to support the development of under-20 football in Turkey and to carry young football players to international arena.

## PROJECT OF THE REVIVAL OF TRADITIONAL TURKISH HANDICRAFTS IN THE BALKANS

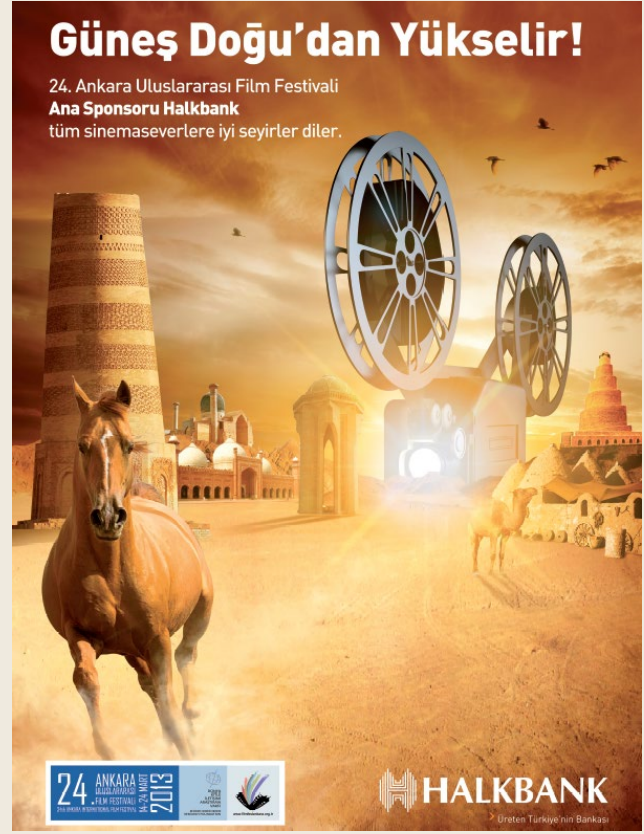
For Halkbank, it is possible to support artisans and craftsmen not only through economic ways but also through social and cultural ways. Within this context, it offered support to the Project of the Revival of Traditional Turkish Handicrafts in the Balkans, organized in collaboration with the Yunus Emre Institute. Within the scope of activities aimed at reviving and developing traditional Turkish handicrafts in the Balkans and passing them to future generations, trainings are offered in many fields such as calligraphy, water marbling, miniature, batik and filigree. The activity also aims to supporting vocational training of the Balkan people.

## ANKARA CALLIGRAPHY EXHIBITION

With this important exhibition bringing the most important calligraphy artists of the Ottoman and Republican eras together, Halkbank aimed to support wide recognition of traditional Turkish handicraft calligraphy.

## THIS COUNTRY IS OURS PROJECT, THE BALKANS YOUTH TRAIN

Halkbank also undertook the sponsorship of the Balkans Youth Train project realized by the Ministry of Youth and Sports. The project aims to help the youth see the Ottoman heritage on site and know the Balkan culture closely.



## ANKARA INTERNATIONAL FILM FESTIVAL

Believing in the importance of being a good corporate citizen as a requirement of its social responsibility policies, the Bank considers promoting valuable projects especially in the areas of culture and arts and sports and generating social added value through them important. Halkbank was the main sponsor of the 24th Ankara International Film Festival for the 4th time in 2013.

## INTERNATIONAL WOMEN ENTREPRENEURS FORUM

Halkbank, offering the first loan for women entrepreneurs in 1994, aims to provide opportunities for their career development by teaching them ways of personal development. The Bank undertook sponsorship of the International Women Entrepreneurs Forum which unites successful women entrepreneurs from 81 countries in Turkey.



## LOST PROFESSIONS PHOTO CONTEST

Halkbank provided support to the Lost Professions Photo Contest organized by the Tradesmen and Artisans Association with the aim of keeping those occupations on the verge of disappearance alive and passing them to future generations. The competition aims to contribute to remembrance and revival of these professions.

## GO FROM IDEA INTO ACTION – BUSINESS IDEA COMPETITION

Halkbank makes it easier for entrepreneurs to put their ideas into reality. Halkbank thinks that offering this support does not solely consist of providing financial support for entrepreneurs, it considers the spread of entrepreneurial culture also an important part of this. The aim of the ‘Go from Idea into Action – Business Idea Competition’ organized with this perspective is to help students get to know the business life closer, produce new business ideas and have courage to actualize these ideas.

## “TURKEY IN THE WORLD”

METU International Relations Conference, one of the most important conferences organized in Turkey in the international relations field, was also supported by Halkbank. Turkey’s place in the world was discussed at the conference.

## ISTANBUL FINANCE SUMMIT

The 4th Istanbul Finance Summit, which brought major figures of the financial world together, took place with Halkbank’s main sponsorship. Financial stability, growth and monetary policies, infrastructure and development finance and asset management during unsteady times were discussed during the “Finance of Permanent Growth” themed summit.



# Halkbank and Employees

## A JOB SUITABLE TO YOUR CAPABILITIES AND PROMOTION OPPORTUNITIES

Halkbank sees employee satisfaction essential in terms of realizing its sustainability goals. The company continuously offers its employees trainings, broad career opportunities and contemporary work spaces. When the human resources policies implemented in the Bank were revised, implementation procedures were also systematized. The fundamental human resources approaches of Halkbank are as follows:

- » Fulfilling operations with optimum number of personnel
- » Selecting and appointing personnel with competence suitable to the nature of the job
- » Giving importance to personnel's personality and respecting them, and protecting their rights
- » Ensuring a safe working environment suitable to the nature of the job
- » Providing a business and social relationship environment which enhances personnel's willingness to work
- » Providing personnel with fair opportunities in terms of working, growth and development
- » Providing personnel with salaries and employee rights to encourage them to keep working efficiently
- » Providing personnel with opportunities to improve their knowledge and experience, rewarding successful personnel
- » Informing personnel in time, enabling them to submit their views and ideas to management easily
- » Ensuring that personnel work in cost-conscious manner, sticking to the principles of efficiency and profitability

G4-DMA Material Aspect: Employment, G4-DMA Material Aspect: Occupational Health and Safety, G4-DMA Material Aspect: Diversity and Equal Opportunity, G4-DMA Material Aspect: Equal Remuneration for Women and Men, G4-DMA Material Aspect: Labor Practices Grievance Mechanisms, G4-DMA Material Aspect: Investment, G4-DMA Material Aspect: Non-Discrimination, G4-DMA Material Aspect: Freedom of Association and Collective Bargaining, G4-DMA Material Aspect: Security Practices, G4-DMA Material Aspect: Assessment, G4-DMA Material Aspect: Human Rights Grievance Mechanisms, G4-10, G4-11, G4-EC6, G4-LA6, G4-LA7, G4-LA8, G4-LA10, G4-LA11, G4-LA16, G4-HR3, G4-HR4, G4-HR9, G4-HR12, G4-LA1, G4-LA13, G4-9, G4-EC5, G4-LA12

- » Encouraging personnel to think creatively and produce new ideas
- » For the purpose of maintaining corporate culture and identity, making appointments to vacant positions primarily from within the bank
- » Promoting the employees according to their skills, achievements, education and term of employment
- » Evaluating personnel according to objective criteria and on equitable basis

## HALKBANK HUMAN RESOURCES STRUCTURE – KEY INDICATORS

Total number of employees reached 14,798 as 787 people joined the Halkbank family in 2013. As of end of 2013, personnel's average term of employment was 10.4 years and average age was 34.2. 80.7% of the personnel hold higher education degree while 19.3% has secondary education degree.

Distribution of the age segments of Bank's employees results in a map that should be observed at an efficient business. While the number of personnel who are under 20 is limited to 6, there are 88 personnel working above the age of 55. The most crowded segment consists of employees who are 21-30 years old.

Number of female employees with master's degree is above the number of males in the same group.

| <b>Higher Management – Gender Distribution</b> | <b>Female</b> | <b>Male</b> |
|--|---------------|-------------|
| General Manager                                |               | 1           |
| Assistant General Manager                      | 1             | 12          |
| Head of Inspection                             |               | 1           |
| Head of Department                             | 4             | 44          |

| <b>Bank Personnel</b> | <b>Number at EOY</b> | <b>Average Number</b> |
|-----------------------|----------------------|-----------------------|
| Female                | 6,414                | 6,358                 |
| Male                  | 8,384                | 8,333                 |
| <b>TOTAL</b>          | <b>14,798</b>        | <b>14,691</b>         |

| <b>Board of Directors – Gender Distribution</b> | <b>Female</b> | <b>Male</b> |
|---|---------------|-------------|
| Chairman  |               | 1           |
| Vice Chairman                                   |               | 1           |
| Board Members                                   |               | 6           |
| Supervisory Board                               |               | 2           |

| <b>Inspection Committee – Gender Distribution</b> | <b>Female</b> | <b>Male</b> |
|---|---------------|-------------|
| Member  | 41            | 215         |

| Education Level of Bank Personnel | Female | Male  | Total |
|-----------------------------------|--------|-------|-------|
| PhD                               | 4      | 9     | 13    |
| Graduate                          | 477    | 464   | 941   |
| Undergraduate                     | 4,309  | 5,413 | 9,722 |
| Vocational School                 | 740    | 524   | 1,264 |
| High School                       | 881    | 1,915 | 2,796 |
| Primary Education                 | 3      | 59    | 62    |

| Education Level of Company Personnel | Female | Male  | Total |
|--------------------------------------|--------|-------|-------|
| PhD                                  |        |       |       |
| Graduate                             | 3      | 4     | 7     |
| Undergraduate                        | 159    | 154   | 313   |
| Vocational School                    | 156    | 138   | 294   |
| High School                          | 650    | 1,346 | 1,996 |
| Primary Education                    | 747    | 364   | 1,111 |

| Age Gap as of End of 2013 | Bank Personnel | Company Personnel | Total |
|---------------------------|----------------|-------------------|-------|
| < 18                      |                |                   |       |
| 18-20                     | 6              | 65                | 71    |
| 21-30                     | 6,442          | 1,873             | 8,315 |
| 31-40                     | 4,982          | 1,063             | 6,045 |
| 41-50                     | 2,595          | 597               | 3,192 |
| 51-55                     | 685            | 74                | 759   |
| >55                       | 88             | 49                | 137   |

## FOR PRODUCTIVITY OF EMPLOYEES AND SUCCESS

### REMUNERATION AND REWARD SYSTEM

Halkbank employee wages are determined by the Board of Directors, considering general economic situation of the country, wage levels of the banking sector and situation of the Bank. Employees are also paid bonuses amounting to one gross wage four times a year. In addition, considering TOEFL and YDS results, those personnel with foreign language competency above a certain level are paid foreign language compensation.

An effective performance evaluation procedure based on numerical and competence assessment is carried out at Bank's branches. All performance measurements are made through the banking system. Personnel can monitor their individual performance improvement on a daily basis. Those personnel whose evaluation results are above a certain level are awarded financially once every three months in the framework of a performance bonus system.

The processes and steps that each employed personnel needs to go through in order to achieve the goals they want in their career path are clearly defined and they are available to all staff. The main determining factor here is employee's performance and competencies. In addition, depending on the nature of the title and the job, results of promotion exams and training programs are other determining factors.

### BLUE STAR: THOSE PEOPLE SHOULDERING SUCCESS

Halkbank gives Blue Star certificate to its branches with outstanding achievements. The aim of this application which started in 2007 and obtained brand registration is to ensure that operational procedures are executed in compliance with principles of functional segregation of duties and defined workflows, customer satisfaction is improved, and branch employees act with team spirit in line with the quality goals... Ensuring high standards in its branches' cleanliness and order is another goal.

## INTEGRATED SERVICE MANAGEMENT: OFF-ROAD

The "Integrated Service Management" Platform "OFF-ROAD", which was formed with the purpose of effective management of the Bank's support systems, was put into practice in May 2013. With this platform, procurement, vehicle/fleet management, personnel services' management, technical services, electronic security, physical security, cleaning services, breakdown/maintenance services, material/equipment procurement, blue-collar staff performance evaluation processes began to be carried out through a workflow system. This way, Halkbank has acquired a reporting and monitoring infrastructure that enables the follow-up of performance indicators (KPI) and service level agreements (SLA) for each support process included in the system scope.

The bank procured all (100%) of its expenses in 2013 from local suppliers.



## Employees suggested, the bank did it

### EMPLOYEE SUGGESTION SYSTEM

Halkbank benefits from its employees' ideas and suggestions to improve its services. A total of 2183 suggestions were made by the employees in 2013; about 3 percent of them were taken into consideration by management.

## CONTINUOUS TRAINING FOR CONTINUOUS DEVELOPMENT

According to Halkbank, the most valuable resource of any enterprise that adopted Continuous Development as a principle is its employees. Because it is the employees who will ensure continuous development. Therefore, Halkbank keeps knowledge and skill levels of its employees at the highest level and thus supports their career development. For this purpose, it regularly organizes training programs in the fields of occupational/technical and personal development as required by banking profession. These trainings are organized in our Halkakademi Ankara, Halkakademi Sefaköy, Halkakademi Silivri and Halkakademi İzmir training centers. The Bank also encourages the participation of its personnel in training programs at home and abroad. External trainings consist of those trainings that are not included in the training catalogue of Halkbank. Such trainings are mostly provided for the participation of those personnel whose job descriptions include specialized and specific tasks in order to meet Bank's current and potential needs that might arise in the future.

Trainings organized by the Education Department under the Deputy General Management of Human Resources and Organization are given by Bank personnel working in various departments of the Bank (internal trainers), and by people and agencies hired externally who are well known in the industry and experts in their field.

In addition, a comprehensive Learning Management System (LMS) for distance learning that supports and complements classroom trainings is in use. Success and satisfaction of employees are measured with e-exam and e-survey modules, which are used in other measurements of the training process and available online.

|                          | Higher Management Training Duration / person (hours)<br>BoD, GM, Asst. GM, HoD | Management Training Duration / person (hours)<br>Manager | Specialist Training Duration / person (hours)<br>Director, Asst. Director, Specialist, Asst. Specialist | Specialist Training Duration / person (hours)<br>Service Executive, Service Personnel, Service Assistant | Administrative Personnel Training Duration / person (hours) |
|--------------------------|--|--|---|--|---|
| 2013 classroom training  | 0.42   | 1.49   | 8.98  | 12.33  | 23.22   |
| 2013 e-learning training |  | 3.44   | 4.17  | 16.8   | 24.41   |
| <b>TOTAL</b>             | 0.42   | 4.93   | 13.15   | 29.13  | 47.63   |

### 2013

|                                 |     |
|---------------------------------|-----|
| Personnel Taking Parental Leave | 400 |
| Started Working                 | 387 |
| Has Not Started Working         | 13  |

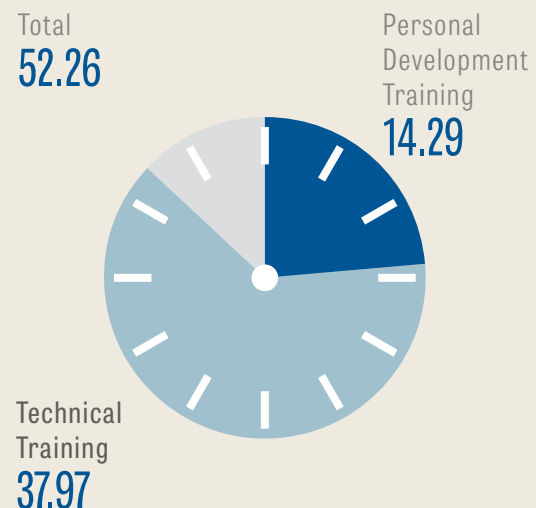
| Number of Employees | Total Training Duration Excluding Administrative Personnel / person (hours) | Administrative Personnel Total Training Duration / person (hours) | All Personnel Average Training Duration / person (hours) | Average Female Employee Training Duration / person (hours) | Average Male Employee Training Duration / person (hours) |
|---------------------|---|---|--|--|--|
| 14,798              | 4.63  | 47.63   | 52.26  | 23.95  | 28.31  |

## 99 out of 100 female employees participated in the trainings

The total number of Halkbank's personnel as of end of 2013 is 14,798, with 6,414 women and 8,384 men. 99% of female employees and 86% of male employees contributed to their career development by participating in vocational trainings.

## Training Duration 2013

### Average Training Duration / person - hour



# GRI G4 Content Index



## GENERAL STANDARD DISCLOSURES

| General Standard Disclosures  | Page  | External Assurance |
|-------------------------------|---|--------------------|
| <b>STRATEGY AND ANALYSIS</b>  |   |                    |
| G4-1                          | Chairman's Message, p. 7<br>General Manager's Message, p. 8   | No                 |
| G4-2                          | General Manager's Message, p. 8<br>Halkbank in Summary, p. 28<br>Corporate and Commercial Banking, p.29<br>SME Banking, p.30<br>Small Business Banking, p.40  | No                 |
| <b>ORGANIZATIONAL PROFILE</b> |   |                    |
| G4-3                          | About the Report p.4<br>Türkiye Halk Bankası A.Ş.   | No                 |
| G4-4                          | Partnership and Affiliations, p.25  | No                 |
| G4-5                          | History of Halkbank - p.12, 16, 18, 19<br>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.<br>History of Halkbank - p.12, 16, 18, 19<br>Partnership and Affiliations, p.25<br>Halkbank in Summary, p. 28<br>Corporate and Commercial Banking, p.29<br>SME Banking, p.30<br>Small Business Banking, p.40<br>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                          | History of Halkbank - p. 12, 16, 18, 19<br>Milestones, p.20<br>General and Financial Indicators, p. 22<br>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                          | History of Halkbank - p. 12, 16, 18, 19<br>Halkbank in Summary, p. 28<br>Corporate and Commercial Banking, p.29<br>SME Banking, p.30<br>Small Business Banking, p.40<br>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 Numbers, p. 10<br>General and Financial Indicators, p. 22<br>Halkbank and Employees, p. 66   | No |
| G4-10 | Halkbank in Numbers, p. 10<br>Halkbank and Employees - Halkbank Human Resources Structure – Key Indicators, p. 66, 67  | No |
| G4-11 | Halkbank respects the constitutional right of unionization and labor agreement. Halkbank and Employees p. 66   | No |
| G4-12 | Integrated Service Management: Off-Road, p.69  | No |
| G4-13 | There has been no change in size, structure, ownership, or supply chain during the reporting period. Halkbank Corporate Governance, p. 44  | No |
| G4-14 | Halkbank Corporate Governance, p. 44<br>Halkbank Corporate Governance – Internal Audit, p. 46<br>Halkbank Corporate Governance – Audit Committee, p. 45<br>Halkbank Corporate Governance – Operational Risk Tasks Committee, p. 46 | No |
| G4-15 | Halkbank Corporate Governance - Memberships, p. 47   | No |
| G4-16 | Halkbank Corporate Governance - Memberships, p. 47   | 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. p. 4   | No |
| G4-18 | Chairman's Message, p. 7<br>Halkbank and Sustainability - Stakeholder Analysis, p. 51<br>Halkbank and Sustainability Prioritization Survey, p. 52 | No |
| G4-19 | Halkbank and Sustainability - Stakeholder Analysis, p. 51<br>Halkbank and Sustainability Prioritization Survey, p.52                              | No |
| G4-20 | Halkbank and Sustainability - Stakeholder Analysis, p. 51<br>Halkbank and Sustainability Prioritization Survey, p. 52                             | No |
| G4-21 | Halkbank and Sustainability - Stakeholder Analysis, p. 51   | No |
| G4-22 | This is the first sustainability report of Halkbank. About The Report p.4   | No |
| G4-23 | This is the first sustainability report of Halkbank. About The Report p. 4  | No |

## STAKEHOLDER ENGAGEMENT

|       |   |    |
|-------|---|----|
| G4-24 | Halkbank and Sustainability - Stakeholder Analysis, p. 51<br>Halkbank and Sustainability Prioritization Survey, p. 52 | No |
| G4-25 | Halkbank and Sustainability - Stakeholder Analysis, p. 51<br>Halkbank and Sustainability Prioritization Survey, p. 52 | No |
| G4-26 | Halkbank and Sustainability - Stakeholder Analysis, p. 51<br>Halkbank and Sustainability Prioritization Survey, p. 52 | No |
| G4-27 | Halkbank and Sustainability - Stakeholder Analysis, p. 51<br>Halkbank and Sustainability Prioritization Survey, p. 52 | No |

## REPORT PROFILE

|       |  |    |
|-------|--|----|
| G4-28 | About The Report p. 4<br>This report covers the period between January 1 2013-December 31 2013.                | No |
| G4-29 | About The Report p. 4<br>This is the first sustainability report of Halkbank.                                  | No |
| G4-30 | About The Report p. 4<br>Halkbank plans to publish sustainability reports in 12 month periods (annual).        | No |
| G4-31 | Contact Us, p. 83  | 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.<br>Public Audit, p. 47 | No |

## GOVERNANCE

|       |                                       |    |
|-------|---------------------------------------|----|
| G4-34 | Halkbank Corporate Governance - p. 44 | No |
|-------|---------------------------------------|----|

## ETHICS AND INTEGRITY

|       |   |    |
|-------|---|----|
| G4-56 | Halkbank Corporate Governance - Board of Directors, p. 44<br>Halkbank Corporate Governance - Committees, p. 44<br>Halkbank Corporate Governance - Internal Audit , p. 46<br>Halkbank Corporate Governance - Inspection Committee, p. 46<br>Ethic's code, p.47 | No |
|-------|---|----|

# SPECIFIC STANDARD DISCLOSURES

| DMA and Indicators | Page | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|--------------------|------|------------------------|---------------------------|-----------------------------|--------------------|
|--------------------|------|------------------------|---------------------------|-----------------------------|--------------------|

## CATEGORY: ECONOMIC

### MATERIAL ASPECT: ECONOMIC PERFORMANCE

|                      |   |  |  |  |    |
|----------------------|---|--|--|--|----|
| G4-DMA               | Corporate and Commercial Banking, p. 29<br>SME Banking, p. 30<br>Small Business Banking, p.35   |  |  |  | No |
| G4-EC1 (FS Guidance) | p. 10.<br>2013 Halkbank Annual Report (p.6-8)   |  |  |  | No |
| G4-EC2               | Halkbank and Sustainability, p. 61<br>Bringing International Funds to Our Country, p. 33  |  |  |  | No |
| G4-EC3               | During the reporting period, the amount allocated for benefits to Bank personnel is 355,257,149 TL, and to the subcontractors is 9,124,786.<br>p. 47<br>For more information, please see Halkbank 2013 annual report. (p.6-8) |  |  |  | No |

### MATERIAL ASPECT: MARKET PRESENCE

|        |  |  |  |  |    |
|--------|--|--|--|--|----|
| G4-DMA | Corporate and Commercial Banking, p. 29<br>SME Banking, p. 30<br>Small Business Banking, p. 40 |  |  |  | No |
| G4-EC5 | Halkbank pays all its personnel salaries higher than the determined minimum wage. p. 66        |  |  |  | No |
| G4-EC6 | All Halkbank members of senior management are Turkish citizens. p. 66                          |  |  |  | No |

### MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS

|        |  |  |  |  |    |
|--------|--|--|--|--|----|
| G4-DMA | Corporate and Commercial Banking, p. 29<br>SME Banking, p. 30<br>Small Business Banking, p. 40 |  |  |  | No |
| G4-EC7 | Halkbank and Sustainability, p. 51<br>Bringing International Funds to Our Country, p. 33       |  |  |  | No |
| G4-EC8 | Halkbank and Sustainability, p. 51<br>Bringing International Funds to Our Country, p. 33       |  |  |  | No |

### MATERIAL ASPECT: PROCUREMENT PRACTICES

|        |  |  |  |  |    |
|--------|--|--|--|--|----|
| G4-DMA | Integrated Service Management: Off-Road, p. 69             |  |  |  | No |
| G4-EC9 | 100% local, Integrated Service Management: Off-Road, p. 69 |  |  |  | No |

| DMA and Indicators | Page | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|--------------------|------|------------------------|---------------------------|-----------------------------|--------------------|
|--------------------|------|------------------------|---------------------------|-----------------------------|--------------------|

## CATEGORY: ENVIRONMENTAL

### MATERIAL ASPECT: MATERIALS

|        |   |  |  |  |    |
|--------|---|--|--|--|----|
| G4-DMA | Halkbank and Environment - p. 53                                  |  |  |  | No |
| G4-EN1 | Halkbank and Environment - Halkbank's Carbon Footprint, p. 54, 59 |  |  |  | No |
| G4-EN2 | Halkbank and Environment - Halkbank's Carbon Footprint, p. 59     |  |  |  | No |

### MATERIAL ASPECT: ENERGY

|        |   |  |  |  |    |
|--------|---|--|--|--|----|
| G4-DMA | Halkbank and Environment - p. 53, 59                          |  |  |  | No |
| G4-EN3 | Halkbank and Environment - p. 59                              |  |  |  | No |
| G4-EN4 | Halkbank and Environment - Halkbank's Carbon Footprint, p. 59 |  |  |  | No |
| G4-EN5 | Halkbank and Environment - Halkbank's Carbon Footprint, p. 55 |  |  |  | No |
| G4-EN6 | Halkbank and Environment - Halkbank's Carbon Footprint, p. 56 |  |  |  | No |
| G4-EN7 | Halkbank and Environment, p. 53                               |  |  |  | No |

### MATERIAL ASPECT: EMISSIONS

|                       |   |  |  |  |    |
|-----------------------|---|--|--|--|----|
| G4-DMA                | Halkbank and Environment - p. 53                                  |  |  |  | No |
| G4-EN15 (FS Guidance) | Halkbank and Environment - Halkbank's Carbon Footprint, p. 54, 58 |  |  |  | No |
| G4-EN16 (FS Guidance) | Halkbank and Environment - Halkbank's Carbon Footprint, p. 54, 58 |  |  |  | No |
| G4-EN17 (FS Guidance) | Halkbank and Environment - Halkbank's Carbon Footprint, p. 54, 58 |  |  |  | No |
| G4-EN18               | Halkbank and Environment - Halkbank's Carbon Footprint, p. 54, 58 |  |  |  | No |
| G4-EN19               | Halkbank and Environment - Halkbank's Carbon Footprint, p. 54, 58 |  |  |  | No |

### MATERIAL ASPECT: EFFLUENTS AND WASTE

|                       |   |  |  |  |    |
|-----------------------|---|--|--|--|----|
| G4-DMA                | Halkbank and Environment - p. 53                                  |  |  |  | No |
| G4-EN22               | Halkbank and Environment - Halkbank's Carbon Footprint, p. 54, 57 |  |  |  | No |
| G4-EN23 (FS Guidance) | Halkbank and Environment - Halkbank's Carbon Footprint, p. 54, 59 |  |  |  | No |



## MATERIAL ASPECT: PRODUCTS AND SERVICES

|         |  |    |
|---------|--|----|
| G4-DMA  | Halkbank and Environment - p.53  | No |
| G4-EN27 | Halkbank and Environment - Project Assessment Report, p. 53<br>Environmental Impact Assessment, p.53 | No |

## MATERIAL ASPECT: COMPLIANCE

|         |   |    |
|---------|---|----|
| G4-DMA  | Halkbank and Environment - p.53   | No |
| G4-EN29 | No fines or incidents due to non-compliance with the environmental law or regulations during the reporting period. Halkbank and Environment, p.53 | No |

## MATERIAL ASPECT: OVERALL

|         |  |    |
|---------|--|----|
| G4-DMA  | Halkbank and Environment - p.53        | No |
| G4-EN31 | Environmental Impact Assessment, p. 53 | No |

## MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

|         |   |    |
|---------|---|----|
| G4-DMA  | Integrated Service Management: Off-Road, p.69 | No |
| G4-EN32 | Integrated Service Management: Off-Road, p.69 | No |
| G4-EN33 | Integrated Service Management: Off-Road, p.69 | No |

## CATEGORY: SOCIAL

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

## MATERIAL ASPECT: EMPLOYMENT

|                      |   |    |
|----------------------|---|----|
| G4-DMA (FS Guidance) | Halkbank and Employees, p.66  | No |
| G4-LA1               | Halkbank and Employees - Halkbank Human Resources Structure – Key Indicators, p.66, p. 67 | No |
| G4-LA2               | Halkbank and Employees - For Productivity of Employees and Success, p. 69                 | No |
| G4-LA3               | Continuous Training for Continuous Development, p. 71                                     | No |

## MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY

|        |  |    |
|--------|--|----|
| G4-DMA | Halkbank and Employees, p.66   | No |
| G4-LA5 | Committees, p.44   | No |
| G4-LA6 | There has been no injury, occupational diseases, lost days, absenteeism or work related fatalities during the reporting period. p.66 | No |
| G4-LA7 | There has been no injury, occupational diseases, lost days, absenteeism or work related fatalities during the reporting period. p.66 | No |
| G4-LA8 | There has been no injury, occupational diseases, lost days, absenteeism or work related fatalities during the reporting period. p.66 | No |

| DMA and Indicators | Page | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|--------------------|------|------------------------|---------------------------|-----------------------------|--------------------|
|--------------------|------|------------------------|---------------------------|-----------------------------|--------------------|

### MATERIAL ASPECT: TRAINING AND EDUCATION

|         |   |  |  |  |    |
|---------|---|--|--|--|----|
| G4-DMA  | Continuous Training for Continuous Development, p. 70     |  |  |  | No |
| G4-LA9  | Continuous Training for Continuous Development, p. 70, 71 |  |  |  | No |
| G4-LA10 | Halkbank and Employees, p. 66, p. 70, 71                  |  |  |  | No |
| G4-LA11 | Halkbank and Employees, p.66, 69                          |  |  |  | No |

### MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

|         |  |  |  |  |    |
|---------|--|--|--|--|----|
| G4-DMA  | Halkbank and Employees, p.66   |  |  |  | No |
| G4-LA12 | Halkbank and Employees - Halkbank Human Resources Structure – Key Indicators, p.66, p.77 |  |  |  | No |

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

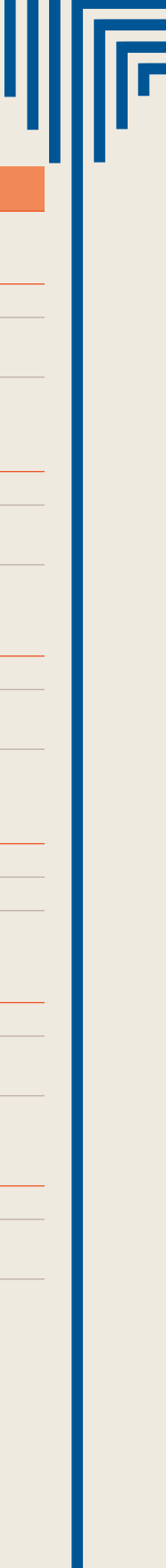
|         |  |  |  |  |    |
|---------|--|--|--|--|----|
| G4-DMA  | Halkbank and Employees, p.66   |  |  |  | No |
| G4-LA13 | Halkbank and Employees - Halkbank Human Resources Structure – Key Indicators, p.66, 69. Employee wages are determined regardless of gender and based on performance. |  |  |  | No |

### MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

|         |   |  |  |  |    |
|---------|---|--|--|--|----|
| G4-DMA  | Integrated Service Management: Off-Road, p.69 |  |  |  | No |
| G4-LA14 | Integrated Service Management: Off-Road, p.69 |  |  |  | No |
| G4-LA15 | Integrated Service Management: Off-Road, p.69 |  |  |  | No |

### MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS

|         |  |  |  |  |    |
|---------|--|--|--|--|----|
| G4-DMA  | Halkbank and Employees, p.66   |  |  |  | No |
| G4-LA16 | No grievances about labor practices filed or addressed through formal grievance mechanisms during the reporting period. p.66 |  |  |  | No |



## SUB-CATEGORY: HUMAN RIGHTS

### MATERIAL ASPECT: INVESTMENT

|        |   |    |
|--------|---|----|
| G4-DMA | Halkbank and Employees, p.66  | No |
| G4-HR2 | Continuous Training for Continuous Development, p.71. General trainings include topics on Human Rights. | No |

### MATERIAL ASPECT: NON-DISCRIMINATION

|        |  |    |
|--------|--|----|
| G4-DMA | Halkbank and Employees, p.66   | No |
| G4-HR3 | There have been no incidents of discrimination during the reporting period. p.66 | No |

### MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

|        |  |    |
|--------|--|----|
| G4-DMA | Halkbank and Employees, p.66   | No |
| G4-HR4 | There has been no violation of contracts during the reporting period. p.66 | No |

### MATERIAL ASPECT: SECURITY PRACTICES

|        |  |    |
|--------|--|----|
| G4-DMA | Halkbank and Employees, p.66                         | No |
| G4-HR7 | Continuous Training for Continuous Development, p.71 | No |

### MATERIAL ASPECT: ASSESSMENT

|        |  |    |
|--------|--|----|
| G4-DMA | Halkbank and Employees, p.66   | No |
| G4-HR9 | There have been no operations subject to human rights reviews or human rights impact assessments during the reporting period. p.66 | No |

### MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS

|         |   |    |
|---------|---|----|
| G4-DMA  | Halkbank and Employees, p.66  | No |
| G4-HR12 | There have been no grievances about human rights impacts filed, addressed during the reporting period. p.66 | No |

| DMA and Indicators | Page | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|--------------------|------|------------------------|---------------------------|-----------------------------|--------------------|
|--------------------|------|------------------------|---------------------------|-----------------------------|--------------------|

## SUB-CATEGORY: SOCIETY

### MATERIAL ASPECT: LOCAL COMMUNITIES

|        |  |  |  |  |    |
|--------|--|--|--|--|----|
| G4-DMA | Halkbank and Society, p.60   |  |  |  | No |
| G4-S01 | Numerous operations are being operated under Corporate Social Responsibility Activities. Corporate Social Responsibility Projects, p. 62           |  |  |  | No |
| G4-S02 | There have been no operations with negative impacts on local communities during reporting period. Corporate Social Responsibility Evaluation, p.54 |  |  |  | No |

### MATERIAL ASPECT: ANTI-CORRUPTION

|        |  |  |  |  |    |
|--------|--|--|--|--|----|
| G4-DMA | Halkbank Corporate Governance, p.44  |  |  |  | No |
| G4-S03 | Halkbank is in compliance with the regulations and laws on anti-corruption. Halkbank Corporate Governance - Policies, p.47 |  |  |  | No |
| G4-S04 | Halkbank Corporate Governance - Policies, p.47   |  |  |  | No |
| G4-S05 | There have been no confirmed incidents of corruption during the reporting period. Halkbank Corporate Governance, p. 46     |  |  |  | No |

### MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR

|        |                                     |  |  |  |    |
|--------|-------------------------------------|--|--|--|----|
| G4-DMA | Halkbank Corporate Governance, p.44 |  |  |  | No |
| G4-S07 | Policies, p.47                      |  |  |  | No |





## SUB-CATEGORY: PRODUCT RESPONSIBILITY

### MATERIAL ASPECT: PRODUCT AND SERVICE LABELING

|        |   |   |                             |   |    |
|--------|---|---|-----------------------------|---|----|
| G4-DMA | Halkbank in Summary, p. 28<br>Halkbank and Sustainability, p.51   |   |                             |   | No |
| G4-PR3 | Halkbank's procedures for product and service information and labeling are in compliance with the relevant law and regulations. p.28  |   |                             |   | No |
| G4-PR4 | There have been no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling during the reporting period. p.28 |   |                             |   | No |
| G4-PR5 |   | Halkbank conducts customer satisfaction surveys periodically but the results of the surveys are not publicly available. | Confidentiality Constraints | Due to customer data confidentiality, results of the customer satisfaction surveys are omitted. | No |

### MATERIAL ASPECT: MARKETING COMMUNICATIONS

|        |   |  |  |  |    |
|--------|---|--|--|--|----|
| G4-DMA | Halkbank in Summary, p. 28<br>Halkbank and Sustainability, p.51   |  |  |  | No |
| G4-PR6 | The procedure for the selling of banned or disputed products are in line with the relevant laws and regulations. p.28   |  |  |  | No |
| G4-PR7 | There has been no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship during the reporting period. p.28 |  |  |  | No |

### MATERIAL ASPECT: CUSTOMER PRIVACY

|        |   |  |  |  |    |
|--------|---|--|--|--|----|
| G4-DMA | Halkbank in Summary, p. 28<br>Halkbank and Sustainability, p.51   |  |  |  | No |
| G4-PR8 | There have been no complaints received regarding breaches of customer privacy and losses of customer data during the reporting period. p.28 |  |  |  | No |

### MATERIAL ASPECT: COMPLIANCE

|        |   |  |  |  |    |
|--------|---|--|--|--|----|
| G4-DMA | Halkbank in Summary, p. 28<br>Halkbank and Sustainability, p.51   |  |  |  | No |
| G4-PR9 | There have been no fines of monetary value for non-compliance with laws and regulations concerning the provision and use of products and services during the reporting period. p.28 |  |  |  | No |

| DMA and Indicators | Page | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|--------------------|------|------------------------|---------------------------|-----------------------------|--------------------|
|--------------------|------|------------------------|---------------------------|-----------------------------|--------------------|

## FS SUPPLEMENT

|         |   |  |  |  |    |
|---------|---|--|--|--|----|
| G4-FS13 | Individual Banking, p. 41<br>Roaming Cashier, p. 61 |  |  |  | No |
| G4-FS14 | Halkbank and Society p. 61                          |  |  |  | No |

## MATERIAL ASPECT: PRODUCT PORTFOLIO

|        |  |  |  |  |    |
|--------|--|--|--|--|----|
| G4-DMA | Halkbank in Summary, p. 28 (Corporate and Commercial Banking, SME Banking, Small Business Banking, Individual Banking).<br>Halkbank and Environment, p. 53 |  |  |  | No |
| G4-FS6 | Halkbank in Summary, p. 28<br>Corporate and Commercial Banking, p.29, SME Banking, p. 30<br>Small Business Banking, p. 40                                  |  |  |  | No |
| G4-FS7 | Halkbank in Summary, p. 28<br>Corporate and Commercial Banking, p.29, SME Banking, p. 30<br>Small Business Banking, p. 40                                  |  |  |  | No |
| G4-FS8 | Bringing International Funds to Our Country, p.33<br>Halkbank and Environment, p. 53   |  |  |  | No |

## MATERIAL ASPECT: ACTIVE OWNERSHIP

|         |  |  |  |  |    |
|---------|--|--|--|--|----|
| G4-DMA  | Assessment of Environmental and Social Impacts of the Projects , p. 53<br>Halkbank and Environment, p. 53  |  |  |  | No |
| G4-FS10 | Halkbank and Environment, p. 53<br>Environmental Impact Assessment, p. 53  |  |  |  | No |
| G4-FS11 | Assessment of Environmental and Social Impacts of the Projects , p. 53<br>Halkbank and Environment, p. 53<br>Corporate Social Responsibility Evaluation, p. 54 |  |  |  | No |



## CONTACT US

### **Türkiye Halk Bankası A.Ş.**

Barbaros Mahallesi, Şebboy Sokak No:4 34746 Batı Ataşehir, İstanbul

### **Türkiye Halk Bankası A.Ş.** CONTACT INFORMATION

Yaşar BİLGİNTURAN

T 00 90 216 503 71 04

F 00 90 212 340 93 99

### **Reporting Consultant**

Escarus – Sürdürülebilir Danışmanlık A.Ş.

T 00 90 212 334 54 60

[www.escarus.com](http://www.escarus.com)

