

Turkey's Finance

Türkiye Finans



2013

Sustainability Report

Contents

2	Chairman's Message	24	Stakeholders and Stakeholder Participation
4	CEO's Message	28	We Generate Value for our Customers
7	Corporate Profile, Our Vision, Our Mission, Our Corporate Values	43	We Generate Value for the Environment
8	Summary Financial Information	49	We Generate Value for our Employees
11	Türkiye Finans and Sustainability	54	We Generate Value for the Community
17	Sustainability Organization at Türkiye Finans	57	About this Report
18	Corporate Governance Organization at Türkiye Finans	58	GRI ALC Statement
23	Awards and Recognition	59	GRI Index

The miniatures in this report were made by Ferhat Akıl specially for Türkiye Finans within the scope of the project of Supporting Historical Kırkpınar Oil Wrestling Contest.

FERHAT AKIL

Born in Istanbul in 1981, Mr. Akıl continues his post-graduate education at the Department of Traditional Turkish Arts at the Faculty of Fine Arts in the Fatih Sultan Mehmet Foundation University. Mr. Akıl stepped into the world of art when he started receiving hand-carving lessons from Abdullah Oğuzhanoglu in 2004 at the Traditional Turkish Hand Arts courses opened by the Istanbul Metropolitan Municipality. Later interested to the miniature craft, Mr. Akıl began to receive miniature lessons from Dilek Yerlikaya in 2008. One of his pieces was deemed worthy of exhibition in the project entitled "Bugünün Ustaları" (Masters of Today) held by the Istanbul 2010 European Capital of Culture Agency. His other piece entitled "Üsküdar Mevlevihanesi" (Lodge for Mevlevi Dervishes in Üsküdar) was included in "İstanbul'un Yüzü" (Face of Istanbul), a project jointly organized by the Istanbul Metropolitan Municipality and the Foundation of Classical Turkish Arts in 2011. The piece also appeared in the book entitled "İstanbul'un Yüzü" (Face of Istanbul). Mr. Akıl's pieces have been exhibited in many domestic and international fairs. He continues his efforts from his workshop in Üsküdar.

while laying claim to its future...

Continuing to protect Turkey's traditional values, while laying claim to its future...

Türkiye Finans conveys its leadership in participation banking to different areas with an awareness and determination to protect Turkey's cultural heritage and to carry it to the future.

By sponsoring the historical Kırkpınar Oil Wrestling Festival, Türkiye Finans has taken on a significant task in supporting the social and cultural aspects of sustainability.

Given the Bank's objectives of carrying traditions to the future and avoiding disunity between generations by ensuring such traditions are an inseparable part of the culture and daily life, this sponsorship has gained greater meaning in terms of the contribution to the community.

With one of the longest histories of any sports event after the Olympic Games, the historical Kırkpınar Oil Wrestling Festival is not only a legendary tradition with a history of more than 650 years, but also a sporting discipline that encompasses universal values.

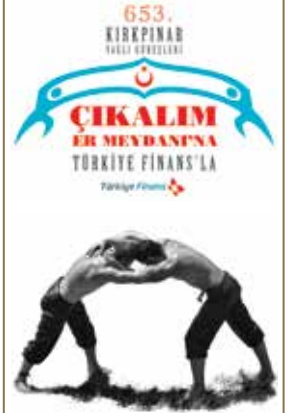
By sponsoring the historical Kırkpınar Oil Wrestling Festival, which is on UNESCO's list of Intangible World Cultural Heritage, Türkiye Finans has saved the sport of oil wrestling from sinking into oblivion, and has striven to make it a living sports branch.

Türkiye Finans is the first company to have supported this sports branch on an institutional basis. The Bank goes to great lengths to ensure that oil wrestling -known as the "ancestor sport" for centuries - passes from one generation to the next, while also raising public awareness of it.

During the 3-year sponsorship, we aim to introduce oil wrestling to an increasing number of people and to promote it as a universal value.

Türkiye Finans

With one of the longest histories of any sports event after the Olympic Games, the historical Kırkpınar Oil Wrestling Festival is not only a legendary tradition with a history of more than 650 years, but also a sporting discipline that encompasses universal values.



Chairman's Message

Sustainability is a basic concept which concerns even the smallest economic unit and will determine the conditions of tomorrow.



Challenging global circumstances require the business world to take action

A number of recently published scientific papers indicate that we are facing problems that threaten the future of our planet, of which climate change is the most prominent. Other problems such as rapid depletion of natural resources, especially water, as well as rising energy demand and environmental pollution have the potential to wreak major changes to our environment and render living more difficult. All of these serious problems have worsened in parallel with the acceleration in economic development over the last century, and have today reached a specific level at which their impact on daily life is apparent and perceivable.

The goal of increasing social welfare inevitably necessitates more industrialization, more production and more consumption. Emerging markets, including Turkey, strive to increase their per capita gross national product, to improve the welfare of individuals, to offer a better quality of life for everyone and to gain a say on a global scale. Developed countries have, on the other hand, concentrated on further building on their already good conditions.

Given that abandoning development and growth targets is not an option, the solution would be to reduce and retard the impacts of problems in question within the framework of rational and systematic approaches.

It is currently seen that many international and supranational initiatives, particularly those concerning climate change and the environment, have gained pace. Hence, it is promising to witness a rise in environmental awareness on a global scale. The currently evolving understanding shows a mentality of expecting everything from the government is giving way to a new system where civil society and the business world take initiative.

We should bear in mind that sustainability is a basic concept which concerns even the smallest economic unit and will determine the conditions of tomorrow. At this point, the most fundamental task facing each of us is to ensure that the concept of sustainability is adopted simultaneously by our personnel and our stakeholders, who make up our value chain. Each brave step we take will contribute to the future of mankind.

Türkiye Finans and Sustainability

As one of the leading actors of the participation banking industry in Turkey, Türkiye Finans has been supporting Turkey's economic development with its strong vision and conducting efforts aimed at popularizing participation banking practices with a sustainability-oriented approach since its foundation.

In this context, our Bank has successfully pursued its efforts in the social and environmental aspects of sustainability. The exemplary level of efficiency and productivity which we have reached in our service cycle means we consume less energy and are reducing our carbon footprint.

In years to come, we aim to progress in line with our sustainability strategy, to make proper use of the new business opportunities to be introduced by corporate sustainability and to increase the value that we offer to our stakeholders.

Our strategy, which is built on the two tenets of best banking practices and best corporate citizenship, will support the community and environmental efforts our Bank, which considers the provision of an increasing amount of support to the real sector through unique financial instruments and channels as its raison d'être.

We are a subsidiary of the National Commercial Bank (NCB), which is the largest bank in the Middle East in terms of capital. NCB is a successful corporation that has a deeply rooted tradition in the area of sustainability. Acting upon this fact, we believe we will carry the strong synergy which we have created in the banking sector into sustainability-related practices, and further increase our impact on the value chain. We believe we will progress in our journey of sustainability by gaining the support of our main shareholders at all times.

An open invitation

I would like to invite all of our stakeholders to cooperate on sustainability. We are ready to negotiate with you on the issues which we believe will contribute to the community and the environment, and to develop joint actions with yourselves. We have four groups of stakeholders (employees, customers, shareholders and the community), each of which is represented by the petals in our logo. We invite:

- our employees to adopt participation as a pattern of behavior,
- our customers to engage in synergic cooperation,
- the community to engage in amiable dialogue, and
- our shareholders to support our sustainability-related efforts.

As long as we are a corporate citizen that respects people and the community which we are a member of, we are fully confident that our journey of sustainability will be successful and our Bank would carry out exemplary practices in the Turkish banking industry.

On behalf of myself and our Board of Directors, I would like to take this opportunity to extend my gratitude to all of our stakeholders, who have contributed to our sustainability performance in 2013 and who have helped us demonstrate a strong performance in the area of sustainability.



Mustafa BOYDAK
Chairman

We are fully confident that our journey of sustainability will be successful and our Bank would carry out exemplary practices in the Turkish banking industry.

In the context of our sustainability approach, we focus on achieving successful results in our primary field of activity and for the community.



The adoption of sustainability as an all-encompassing concept has become a prerequisite of economic life.

The importance of sustainability as an indispensable concept for economic players has been increasing. Corporations that anticipate the economic, social and environmental aspects of sustainability and adopt a total performance - total benefit approach are likely to be more successful and more sustainable.

The launch of the Türkiye Finans Sustainability Strategy

I am delighted to stay that Türkiye Finans, which has recently distinguished itself in the Turkish banking industry with its sound and robust performance, not only achieves consistent financial results but also continues to get actively involved in issues that are of vital importance for Turkey's future. During this period, we have both extended an increasing volume of financial resources to the private sector in the scope of supporting economic development while also demonstrating efforts in the following areas:

- protecting the environment,
- financing renewable energy investments, and
- raising social awareness on energy efficiency.

We have also launched a series of innovative products and campaigns that have created a tremendous impression. Furthermore, we have covered significant ground in terms of the value which we generate for the community, thanks to our systematic

investments in human resources and our corporate social responsibility projects.

Always keeping an eye on developments in the markets and evaluating the level of maturity that it has reached in product and service offering, Türkiye Finans decided to create its own sustainability strategy by the end of 2013 in line with its target of preparing for the coming period in a stronger and systematic manner.

Our sustainability approach, which was shaped by taking into account our stakeholders' feedback, was launched with the full support of our shareholders. As a result, Türkiye Finans' journey of sustainability has reached a new and important stage.

Türkiye Finans has defined its sustainability strategy - which will help the Bank achieve its corporate targets - on two tenets.

In the context of our sustainability approach, we focus on achieving successful results in our primary field of activity and for the community. Our target is to increase our contributions to the community by demonstrating examples of best corporate citizenship, while implementing best banking practices. Our strategy, that is also in full harmony with the spirit of the participation banking industry, aims to integrate our best banking practices with our efforts for best corporate citizenship.

Our personnel have now begun to adopt sustainability as a part of our Bank's corporate culture. We look forward to being able to report to you - our stakeholders - a stronger and more exciting performance in the area of sustainability with each passing day.

Highlights from 2013

Türkiye Finans maintained its strong growth and its title as the most profitable participation bank in 2013. The Bank's total assets grew by 43% YoY and had climbed to over TL 25 billion by the end of 2013.

The total funds collected increased by 32% to TL 15.1 billion. The total amount of funds supplied, including leasing transactions - which indicates our support for economic development - increased by 40% to reach TL 18.3 billion.

The Bank maintained its organic growth in 2013. In line with our targets, we opened 30 new branches in 2013 and the total number of our branches reached 250 by the end of 2013. Supporting its organic growth with qualified human resources, the Bank hired new personnel and grew into a substantial team of nearly 4,000 employees at the end of 2013. The 3 percentage point increase that we have recorded in the ratio of female employees is another issue that provides us with pride in our human resources; women accounted for 29% of our personnel by the end of 2013.

Türkiye Finans adopts a pioneering and strong stance in attaching strong value to its human resources, thanks to its fair, transparent and people-oriented management approach, which is supported by the Bank's principles. It is our people that set us apart. We act upon the vision to own professional and well-equipped human resources who contribute to the sector, and attach tremendous importance to training. An average of 67 hours of training was provided per employee at Türkiye Finans in 2013. We are determined to maintain our efforts to further improve our human resources in the coming periods and to be one of the most preferred employers in the sector.

In 2013, we launched the "Customer Experience and the Multichannel Strategy Project", which aims to enhance the customer experience by carrying out deeply rooted changes to the business making style at Türkiye Finans. Within the scope of the project, we have begun to put our Customer Constitution on paper, proving once again that our raison d'être is to generate value for our customers, shareholders and employees.

Another area of strength for the Bank is its ability to effectively deploy technology in its service cycle. Our technological practices, which aim to ensure customer satisfaction, also serve environmental sustainability. Türkiye Finans was the first corporation and financial institution in Turkey to receive the Tier III Constructed Facility certification in 2013 with its datacenter, which is the most modern of its kind in Turkey. With such certification, the Bank has asserted its prominence in technology; it has also served the Bank's environment-related targets.

With its approach based on customer and employee satisfaction, the Bank was granted a total of 15 awards in 2013, including the following:

- "Turkey's Best Call Center",
- "Turkey's Best Participation Bank",
- "Respect for People",
- "Turkey's Best MASAK-Compliant Bank", and
- "Best Complaint Managing Participation Bank of the Year".

These awards demonstrate our success in terms of customer satisfaction and human resources, and confirm our superior priority in ensuring compliance with the law and regulations.

Türkiye Finans maintained its strong growth and its title as the most profitable participation bank in 2013.

We are determined to manage and improve our assets in the most proper manner and to share the value we create with all of our stakeholders by capitalizing on our strengths.

Our projections for 2014 and beyond:

- The challenging conditions and volatility in the global economy will continue to affect the whole world, and emerging markets in particular. Turkey will continue to distinguish itself and create business opportunities for everyone, thanks to its robust macroeconomic foundations, strong banking industry and accurate financial policies.
- The dynamic Turkish private sector will continue to grow and generate value for the nation with increasing business volumes both at home and abroad. At this point, the responsibility on the shoulders of the financial sector becomes evident.
- SMEs and micro-enterprises represent the most significant areas of growth for the banking industry. At this point, however, it is important that the financial sector supports economic growth with high-quality products and fulfills its consultancy mission.
- Individual banking will remain another area of growth. Individuals will prefer financial business partners who make their lives easier and play a key role in the accurate planning of the future.
- Initiatives taken to tackle climate change, support the transition to a low carbon economy, utilize domestic and renewable energy resources and promote efficiency in the use of resources - particularly energy - will continue to create new business opportunities for banks.

To sum up, in the coming period, financial service providers, which will also carry more responsibility, will focus on comprehensive opportunities for growth. The value offered through financial products and services, as well as the extent to which environmental and social risks are dealt with will determine how financial service providers fare in the competition and shape their financial success.

In the light of such projections:

- As "Turkey's Finans" we will continue to support individuals, entrepreneurs and corporations with competitive solutions with a strong value proposition.
- We plan to further improve our Environment Policy. In this context, we believe we will manage both our direct and indirect impacts in a sounder manner and meet the targets stipulated by global initiatives.
- We plan to implement social responsibility projects that will create a greater social impact. Through our sponsorship of the historical Kırkpınar Oil Wrestling Festival for a period of 3 years starting from 2013, we have taken a major step towards our target of carrying our traditional values to future generations. In this context, we carry out various new and exciting projects.
- We aim to maintain our strong governance structure in full compliance with the legislation at all times and, in particular, to completely fulfill the current requirements of risk management.

We are determined to manage and improve our assets in the most proper manner and to share the value we create with all of our stakeholders by capitalizing on our strengths.

I would like to extend my sincerest thanks to all of our stakeholders - who have brought the "Türkiye Finans" brand to the present - for their contributions, their trust and their preference.

Yours sincerely,



Derya GÜNERK
CEO

Corporate Profile, Our Vision, Our Mission, Our Corporate Values

Corporate Profile

A power grounded on the deeply rooted knowledge and experience of participation banking

Türkiye Finans is a joint venture between the Boydak Group, the Ülker Group and The National Commercial Bank (Saudi Arabia).

As of the end of 2013, Türkiye Finans commanded a strong service platform of

3,990 employees

250 branches

supported by effective alternative delivery channels

As one of the most powerful players in the Turkish participation banking industry, the Bank offers an extensive range of innovative products, services and solutions of high added value to a broad customer mass in the commercial/corporate banking, enterprise banking and retail/personal banking segments.

In previous years, Türkiye Finans had laid out a five-year plan under which it redefined its goals and set out a growth roadmap. As called for in the plan, the Bank is currently undertaking a variety of projects with a customer-oriented approach and has achieved notable progress aimed at further developing its technological infrastructure, business processes and service approach.

Starting from a benchmark of providing a flawless customer experience, Türkiye Finans launched a new initiative entitled "Customer Experience and the Multichannel Strategy Project" in 2013 in order to implement a series of modifications and improvements in its business making styles and processes.

During this period, the Bank has adopted a stronger growth roadmap by pooling together its experience, technological capability and vision.

The total assets of Türkiye Finans amounted to TL 25.1 billion at the end of 2013.

Our Vision

To be recognized as the premier source of principles-based banking and investment for individuals and business owners in Turkey.

Our Mission

In line with the principles of Participation Banking, our mission is to foster value-creation rather than consumption and to share the value that is generated from these activities with our owners of the participation fund, our Employees and our Shareholders in a fair and transparent way.

We believe in the Service Value Creation Chain whereby value is the outcome of effective employee interactions with our customers, where we are providing the right products and services, when and where the customer wants it, in the right way all the time. We also believe that, as our reputation is our most important asset, it is also the hardest to replace.

Our Corporate Values

- **Productive Sharing**
We share in order to be productive; and the more that we share, the more productive we are.
- **Customer-Focused Service**
We supply products and services that satisfy our customers' expectations, whenever and wherever they need them.
- **Satisfaction**
We give importance to the satisfaction of our customers, our employees, our shareholders, and our community.
- **Superior Service Quality**
We constantly improve our service quality by paying heed to our employees' and customers' suggestions.
- **Contributing to the National Economy**
We marshal our resources so as to contribute to the development of the national economy. We support local development by preferentially lending such resources back to the places where we have gathered them.
- **Constant Renewal**
We keep a close watch in developments taking place in Turkey and around the world. We provide our employees with current technological and informational support.
- **Respect for Shared Values**
We are respectful of society's shared values in the conduct of all of our activities.

Summary Financial Information

42.63%

The increase in total assets as of year-end

Direct economic value produced and shared by Türkiye Finans in 2013¹ (in TL thousand)

Value Produced / Sum of Operating Incomes	Value Shared	
1,182,266	Operating costs	567,004
	Personnel expenses	287,003
	Provisions for severance pay	1,534
	Fiscal charges	83,235
	Dividends ²	-
	Donations:	
	- Nonprofit organizations	61
	- To natural and legal persons	53

¹ Non-consolidated data as of December 31st, 2013

² No dividend was distributed to shareholders during the reporting period.

Summary financial information for the period ended 31.12.2013 (thousand TL)

	2012	2013	Change %
Total assets	17,616,504	25,126,629	42.63
Loans	12,763,400	17,447,961	36.70
Funds collected	11,429,536	15,141,718	32.48
Shareholders' equity	2,125,162	2,522,381	18.69
Net profit share income	792,111	874,083	10.35
Net fee and commission income	108,231	128,272	18.52
Net period profit	283,573	329,277	16.12
Capital adequacy ratio	14.76%	12.81%	

	2012	2013	Change %	
In 2013, Türkiye Finans achieved:	Total Number of Its Branches	220	250	13.64
	Total Number of Employees	3,595	3,990	10.99

For the Summary Financial Information about the Operating Results of Türkiye Finans in 2013, please refer to pages 10 and 11 of the Bank's Annual Report 2013, which is available on the following website: http://www.turkiyefinans.com.tr/en/about_us/annual_reports.aspx

Türkiye Finans is the highest taxpayer among participation banks.

Having paid TL 78,7 million in corporation tax in 2012, Türkiye Finans is the highest taxpayer among participation banks.

Türkiye Finans ranked 32nd among the Revenue Administration's top 100 taxpayers list in the Corporation Tax category in 2012. With this result, Türkiye Finans has become the highest corporate taxpayer among participation banks.

Türkiye Finans' contributions to the national economy increase in parallel with its steady growth performance. The Bank has been among the top 100 taxpayers for a sustained time, climbing higher in the ranking with each passing year with the pride of fulfilling this holy duty.

Total Assets
(TL million)



Funds Collected
(TL million)



Shareholders' Equity
(TL million)



**TL 329
million**

*2013 Net Period
Profit*

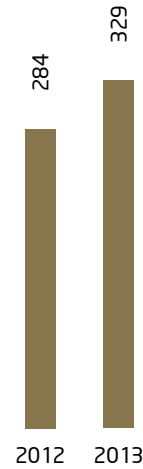
Net Profit Share Income
(TL million)

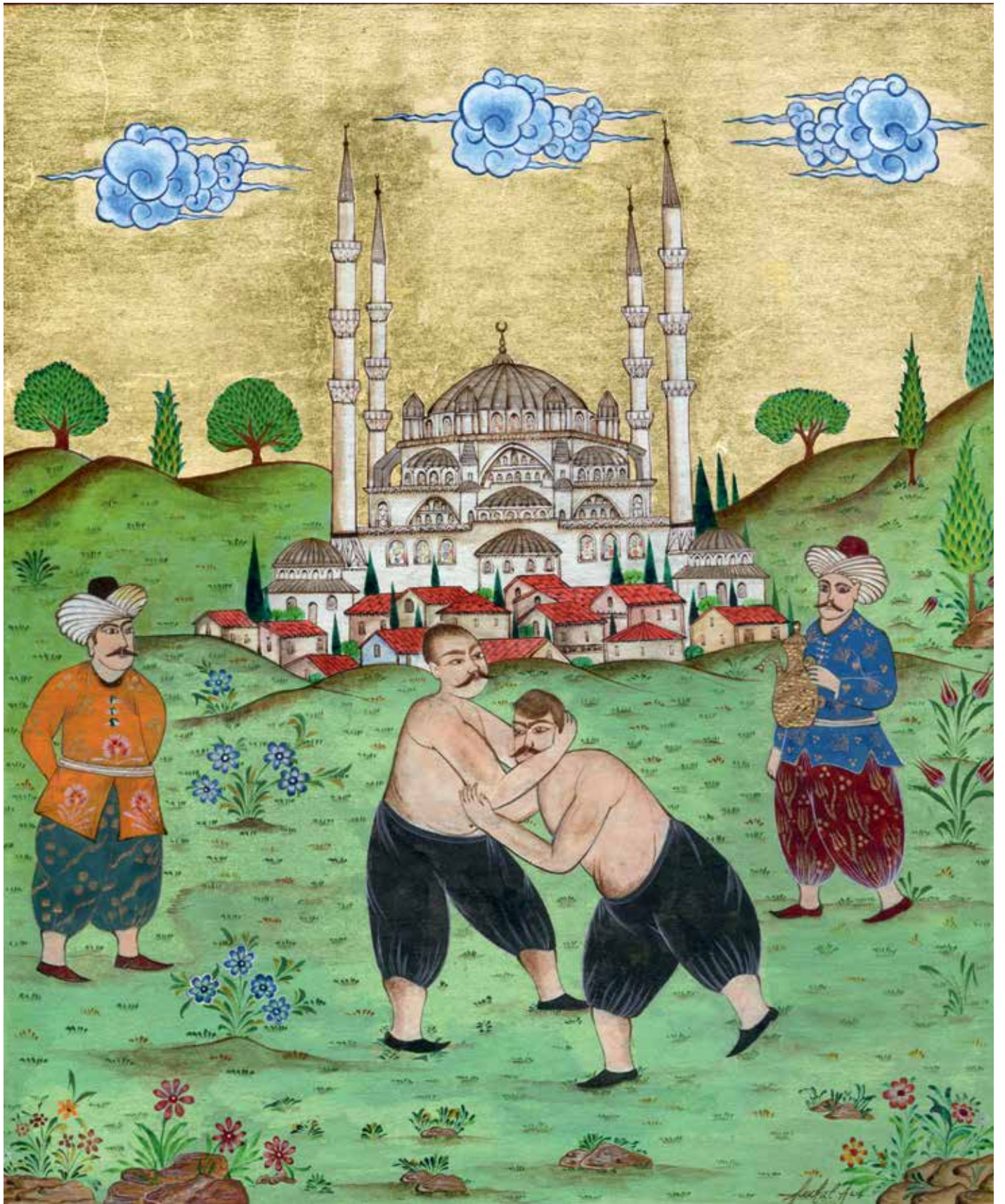


**Net Fee and Commission
Income** (TL million)



Net Period Profit
(TL million)





Türkiye Finans and Sustainability

Why?

Sustainability is one of the most important topics on the agenda concerning our planet and mankind.

Climate change, a rapidly growing population and the depletion of natural resources - especially clean water - are among the basic problems that must be resolved by humanity in the medium and long term. Other key priorities are increasing the level of global welfare and ensuring the continuity of global development.

A number of international and supranational initiatives, mainly undertaken by the United Nations (UN) and local networks, continue their efforts with the active participation of representatives from the business world to resolve these problems.

As announced by the UN General Secretary in September 2013, the global architecture in 2015 and beyond further increases the responsibilities of the business world, a situation that calls for interactive cooperation.

As a responsible corporate citizen, Türkiye Finans keeps abreast of sustainability-related initiatives in Turkey and in the world, shares its opinions and

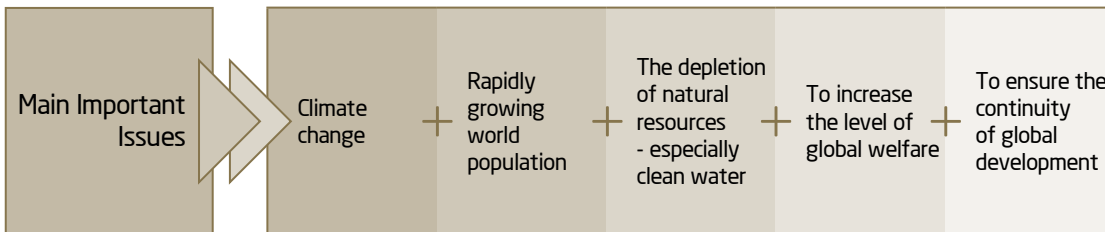
implements the necessary measures in its service cycle, particularly for its stakeholders. The aim of the Bank is that every decision and every action it takes serves the purpose of creating a sustainable future.

Sustainability is a concept which is not only observed in the economic sphere at Türkiye Finans, but also in the social and environmental area as well, as supported by the Bank's Board of Directors. This general approach has been adopted as a part of the Bank's corporate culture; all of the Bank's core business units maintain their efforts to ensure that sustainability is thoroughly adopted by all employees, while producing value in this direction.

As a dynamic and young member of the Turkish banking industry and participation banking, Türkiye Finans is focused on making a difference by conducting activities which will have an impression on the sector in areas where it believes it will affect its corporate presence and its sustainability. By this means alone, Türkiye Finans may place its corporate future under guarantee and continue to contribute to the sustainability of humanity as a responsible economic actor.

September 2013

As announced by the UN General Secretary, the global architecture in 2015 and beyond further increases the responsibilities of the business world, a situation that calls for interactive cooperation.



good corporate citizenship

Just as we abide by good banking practices so too do we serve as an example of a good corporate citizen, thereby redoubling our contributions to society in both domains.

How?

THE SUSTAINABILITY STRATEGY OF TÜRKİYE FİNANS

The global financial crisis of 2007-2008 and its aftermath have been the source of important object lessons for economic actors all over the world. Throughout this process, Türkiye Finans continued to stand by its customers and to support them with financial products and services of every kind while maintaining its own financial strength through attentive and prudent lending and risk-management policies.

Türkiye Finans remains resolutely on course thanks both to the strong confidence of its customers and to the correctness of its corporate strategies. For the foreseeable future, our goal will be to make an ever-increasing contribution to Turkey’s development and to the financial stability of its markets.

At the same time however, a variety of environmental, social, and economic trends continue to have in impact on our bank and its stakeholders. We intend to correctly and proactively perceive, respond to, and internalize these trends in a timely fashion. Only by doing so will it be possible for Türkiye Finans to distinguish itself from its competitors, to motivate and improve its human resources, and to ensure the durability of the value that it creates for its stakeholders.

In the context of this background, Türkiye Finans has formulated a double-pronged sustainability strategy capable of supporting the realization of its corporate goals.

Our sustainability strategy is focused on achieving successful results not just in our core business activity but-and to the same degree-on the social plane as well. Just as we abide by good banking practices so too do we serve as an example of a good corporate citizen, thereby redoubling our contributions to society in both domains.

Our sustainability strategy and priorities are summarized below:



TÜRKİYE FİNANS' CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Scope and objective

Türkiye Finans' Corporate Social Responsibility Policy sets forth the Bank's values and the basic principles of its corporate social responsibility approach, which is in line with its corporate strategy. Based on these principles, the Bank focuses on priority topics, and accordingly, designates its roadmap and takes all required emergency actions.

This policy covers the Bank's Corporate Social Responsibility Strategy, which is a 3- or 5-year roadmap that sets forth the systematic actions to be taken and the long-term route of the corporate social responsibility projects and activities to be conducted by the Bank.

Determination of the CSR policy

In setting up its corporate social responsibility project, Türkiye Finans applied AA1000SES, the first and only international standard which was developed to help companies execute stakeholder participation processes in a proper manner. According to this standard, Türkiye Finans set up a CSR Workshop Team from among its managers and employees and determined its Stakeholder Roadmap and CSR-related priority areas that must be focused on, depending on their impact on the Bank.

Requirements of corporate social responsibility

The importance that Turkish banks stick to the principles of transparency and carry out their activities with an awareness of their corporate social responsibilities and for the sake of the community was clearly expressed in the Article 75, entitled "Ethics" of the Banking Law; in Article 7, entitled "Transparency in Corporate Governance" of the Communiqué on the Banks' Corporate Governance Principles; Article 3, entitled "General Principles"; and Article 20, entitled "Ethics" of the decision "Banking Ethics" of the Participation Banks Association of Turkey.

Closely following the provisions set forth in the legislation in effect in its Corporate Governance Policy and Ethics Policy, Türkiye Finans has adopted and accepted these as a part of its corporate governance principles.

Türkiye Finans' approach to corporate social responsibility

Türkiye Finans' approach to corporate social responsibility is one of the elements forming the basis of the Bank's corporate strategy.

In this context, the Bank's economic, social, environmental and ethical responsibilities to its stakeholders and its corporate strategy are in continuous interaction and are shaped according to the expectations of its stakeholders and the needs of the community it serves.

Türkiye Finans is aware that transparency and responsibility are the critical elements of steady economic development and sustainable growth and that it can only be successful through the development of the community which it serves.

Aiming to be successful in its main field of activity, Türkiye Finans' mission, in line with the principles of participation banking, is to share the added value that it generates through its activities with its stakeholders in a fair and transparent manner, instead of promoting unlimited consumption.

Türkiye Finans enjoys a sustainable competitive edge by virtue of its activities which support value creation which are undertaken under an approach that sets the Bank apart from its current and future rivals.

Türkiye Finans' Corporate Social Responsibility Vision is to become a pioneering corporation that guides its rivals and all of its stakeholders through CSR activities for sustainable economic growth and social development.

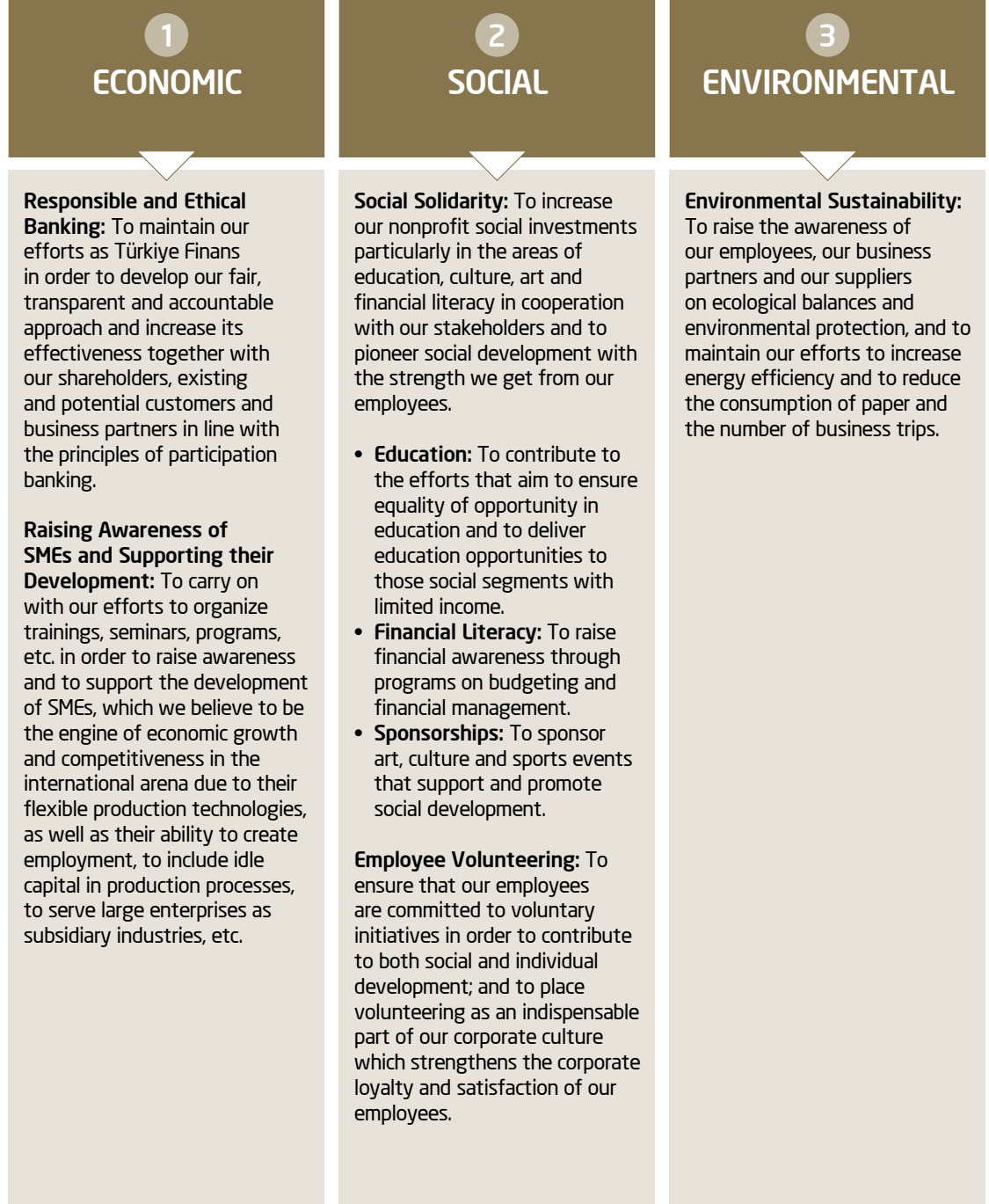
As a fair, transparent, accountable and reliable bank which essentially operates on the basis of basic banking ethics, Türkiye Finans' **Corporate Social Responsibility Strategy** is to offer high-quality and diverse products and services that meet the expectations of its shareholders, customers, employees, business partners, suppliers and the community and support economic growth and social development; and to contribute to Turkey's sustainable development through nonprofit social investments.

As a fair, transparent, accountable and reliable bank which essentially operates on the basis of basic banking ethics, Türkiye Finans' Corporate Social Responsibility Strategy is to contribute to Turkey's sustainable development.

economic priority

As Türkiye Finans, to increase our effectiveness together with our shareholders, existing and potential customers and business partners in line with the principles of participation banking.

The priority topics and the targets determined by Türkiye Finans within the framework of its corporate social responsibility policy and strategy are set out below:



TÜRKİYE FİNANS' SUSTAINABILITY PRIORITIES

Within the scope of its efforts for the preparation of its sustainability report of 2013, Türkiye Finans evaluated stakeholder feedback submitted to the Bank through various channels and determined its priorities according to this feedback.

The Bank keeps a close watch on a number of economic, environmental and social issues that directly or indirectly affect the Bank' activities. In addition to these, the Bank has attached priority and importance to issues which:

- directly concern the Bank's core business lines;
- have been prioritized by the Bank's basic stakeholder groups; or
- may be influenced by Türkiye Finans, or in which the Bank can make a difference.

The prioritization process was carried out by the Bank based on the GRI Technical Protocol.

The findings achieved during prioritization will provide key information to Türkiye Finans in the coming period for

- development of services and processes,
- design and development of new products, and
- identification of strategies and policies to be pursued in the future.

Issues prioritized by Türkiye Finans under main sections in the Bank's Sustainability Report of 2013 are summarized as follows:

environmental priority

To raise the awareness of our employees, our business partners and our suppliers on ecological balances and environmental protection.

Our Sustainability Priorities

Corporate Governance

Corporate governance organization, legal compliance, loyalty to ethics, effective risk management, reputation management, improvement of shareholder value

Customers

Global crisis, Turkish economy, compliance with the principles of participation banking, responsible banking practices, innovative products and services, financial literacy, value proposition offered to customers, broad access to financial services, IT

Employees

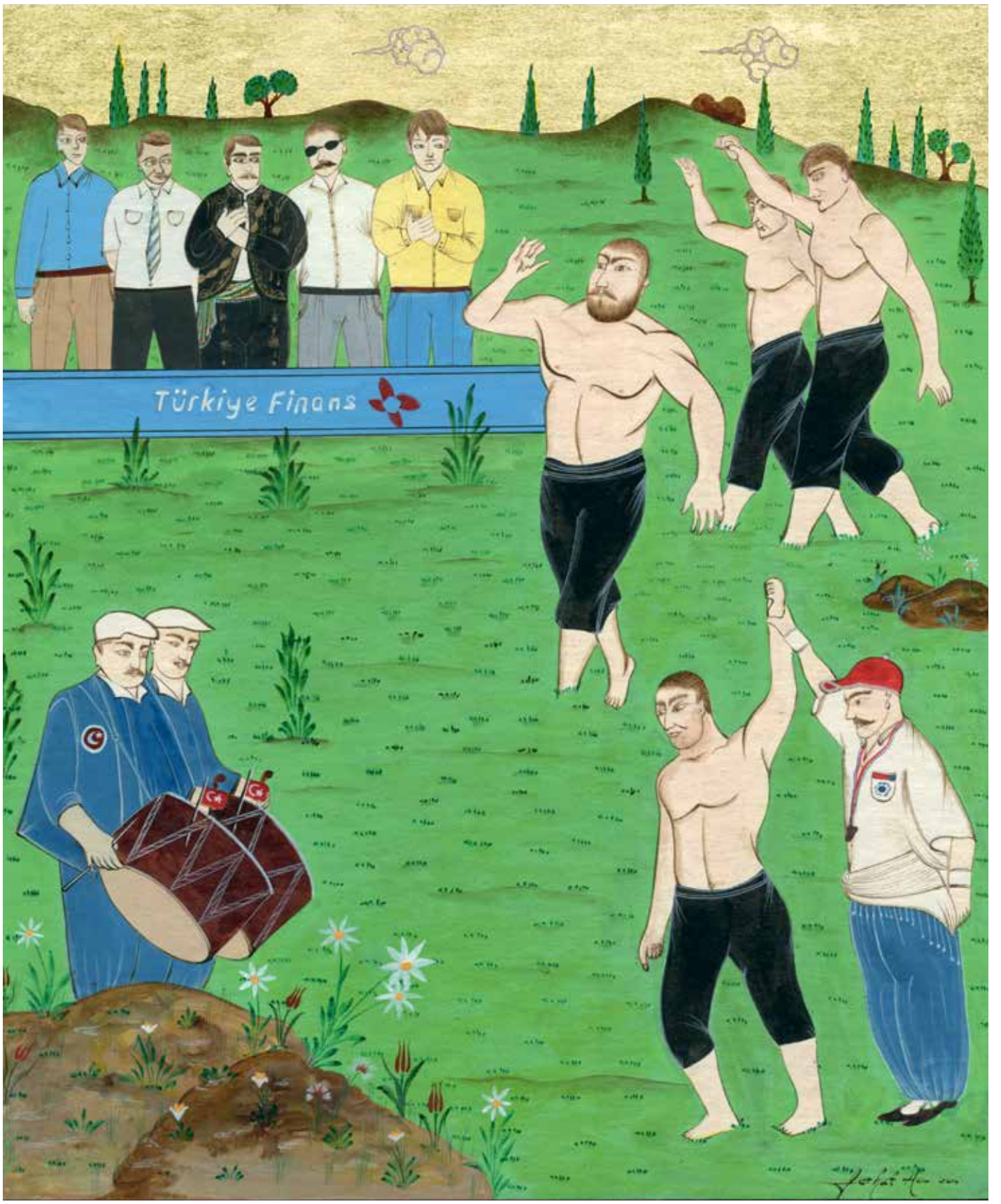
Performance and career management, strengthening the performance-oriented corporate culture, integration of corporate responsibility awareness into corporate culture and popularization of volunteering activities, training in human rights and social rights

Environment

Reducing the depletion of natural resources, keeping the carbon footprint in check, monitoring the environmental impacts of loan supply activities, environmentally friendly products

Community

Contribution to the cultural richness of society, supporting efforts to protect values



Sustainability Organization at Türkiye Finans

Actively operating within the organizational structure of Türkiye Finans, the Strategy Committee works on behalf of the Board of Directors to fulfill the decision-making, implementation and process management tasks regarding CSR activities. Meanwhile, the Corporate Management Committee audits all decisions and efforts of the Strategy Committee for compliance with the internal procedures and the law and legislation, and the Bank's CSR Policy.

In this context;

- **The Strategy Committee** is responsible for the evaluation of ideas related to social participation projects and social responsibility based sponsorship proposals; the monitoring and evaluation of all CSR activities.
- **The Strategy and Business Development Unit** is responsible for the execution of all CSR activities in parallel with the Bank's general strategy.
- **The Human Resources Department** is responsible for employee satisfaction; development and training of employees; working standards and human rights; training and coordination of employees regarding volunteering and implementation of related projects; identification and announcement of success stories in terms of employee volunteering; integration of employee volunteering into social participation projects; internal communication of corporate social responsibility projects; and measuring and monitoring achievements in its area of responsibility.
- **The Corporate Communication Department** is responsible for the execution of social participation projects; establishment of the necessary collaborations with stakeholders for projects and execution of communication among stakeholders; use of stakeholder dialogue platforms to inform other stakeholders; measuring and monitoring the social impacts of projects; preparation of evaluation reports; conducting CSR (general and project-based) communication activities; and the preparation, approval and yearly review of the Bank's CSR policy.
- **The SME Banking Department** is responsible for developing and monitoring trainings, seminars and programs held for SMEs and also for the evaluation of the feedback from SMEs.

Actively operating within the organizational structure of Türkiye Finans, the Strategy Committee works on behalf of the Board of Directors to fulfill the decision-making, implementation and process management tasks regarding CSR activities.

Corporate Governance Organization at Türkiye Finans

Türkiye Finans accepts corporate governance and full compliance with the law as an essential factor in achieving its "best banking" target within the scope of its sustainability strategy.

For Türkiye Finans, corporate governance and full compliance with the law form:

- the basis of sustainable economic performance,
- the framework of ethical and honest competition, and
- the primary element of balancing and observing stakeholder benefits.

Türkiye Finans accepts corporate governance and full compliance with the law as an essential factor in achieving its "best banking" target within the scope of its sustainability strategy. Türkiye Finans' corporate target is to improve its reputation and brand strength in the market through best banking practices. This can only be achieved through full compliance with the law and legislation, as well as ethical values. Best corporate citizenship practices that include contributions to the community, the environment and the social life are other key factors for success.

Türkiye Finans has policies, procedures and risk management principles which are clearly defined for the Bank's business lines, services and products. Thanks to its robust IT infrastructure, the Bank:

- rapidly and effectively adopts policies, procedures and systems into its service cycle;
- fulfills all management reporting functions in the most efficient manner; and
- completely fulfills all internal and external audit functions.

Corporate Governance Structure

Türkiye Finans is a privately-owned corporation whose shares are not publicly held.

Türkiye Finans is not subject to the provisions of the CMB's communiqué in issues regarding corporate governance. However, the Board of Directors of Türkiye Finans ensures compliance with the BRSA's regulations and has adopted and applies, whenever possible, those practices that are defined by CMB for publicly-held companies.

Shareholders may obtain information about Türkiye Finans directly from the Bank or its Board of Directors or through Annual General Meetings. Furthermore, the Bank's audited annual financial statements are published on its corporate website. The Bank's corporate governance organization comprises of the following bodies:

Board of Directors

Türkiye Finans' Board of Directors consists of 6 non-executive members and the CEO. This number enables the board to effectively organize all of its activities.

The Chairman of the Board and the CEO are two different persons. The Chairman is a non-executive member of the Board. There are no independent members on the Board.

For information about the Board members of Türkiye Finans, please refer to page 46 of the Bank's 2013 Annual Report, which is available from the following website: http://www.turkiyefinans.com.tr/en/about_us/annual_reports.aspx

Board Level Committees

Türkiye Finans Board has established an,

- Audit Committee,
 - Credit Committee,
 - Corporate Governance Committee,
 - Compensation and Nomination Committee
- which are required by the related banking regulation.

The Board has also established an Executive Committee to closely monitor strategy execution and performance management.

The authorities and responsibilities of each committee are prepared under the supervision of the Corporate Governance Committee and submitted to the Board for discussion and approval. The approved form constitutes the charter of the related committee.

Basic information regarding the committees at Türkiye Finans and their activities during the reporting period is available on page 52 of the Bank's 2013 Annual Report, which is available from the following website:
http://www.turkiyefinans.com.tr/en/about_us/annual_reports.aspx

Senior Management

As defined in the BRSA regulation, the Senior Management refers to members of the Board and members of the high level management team. Appointments to Senior Management positions fully comply with the qualifications required by the regulation and by considering their suitability for the role and the Bank.

The Senior Management includes the CEO, Deputy CEOs, employees who directly report to the CEO and the managers of internal system functions.

For information concerning Türkiye Finans' senior management, please refer to pages 48-50 of the Bank's 2013 Annual Report, which is available from the following website:
http://www.turkiyefinans.com.tr/en/about_us/annual_reports.aspx

Türkiye Finans' Code of Conducts Policy (Ethical Rules)

The Türkiye Finans Board approved the Code of Conduct Policy in 2010. This policy covers all ethical rules and processes to ensure compliance with the Code of Conduct. Necessary training is organized and conducted by the Compliance Department and the Product and Services Compliance Control Service. An ethics notification hotline is set up and the process is designed to analyze and report the outcome any infringements.

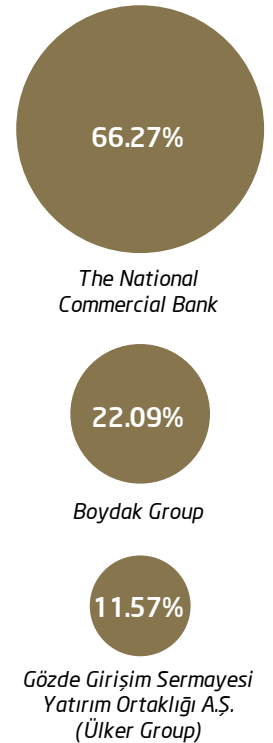
Information concerning the Board members and their shares in the Bank is available on page 13 of the Bank's 2013 Annual Report, which is available from the following website:
http://www.turkiyefinans.com.tr/en/about_us/annual_reports.aspx

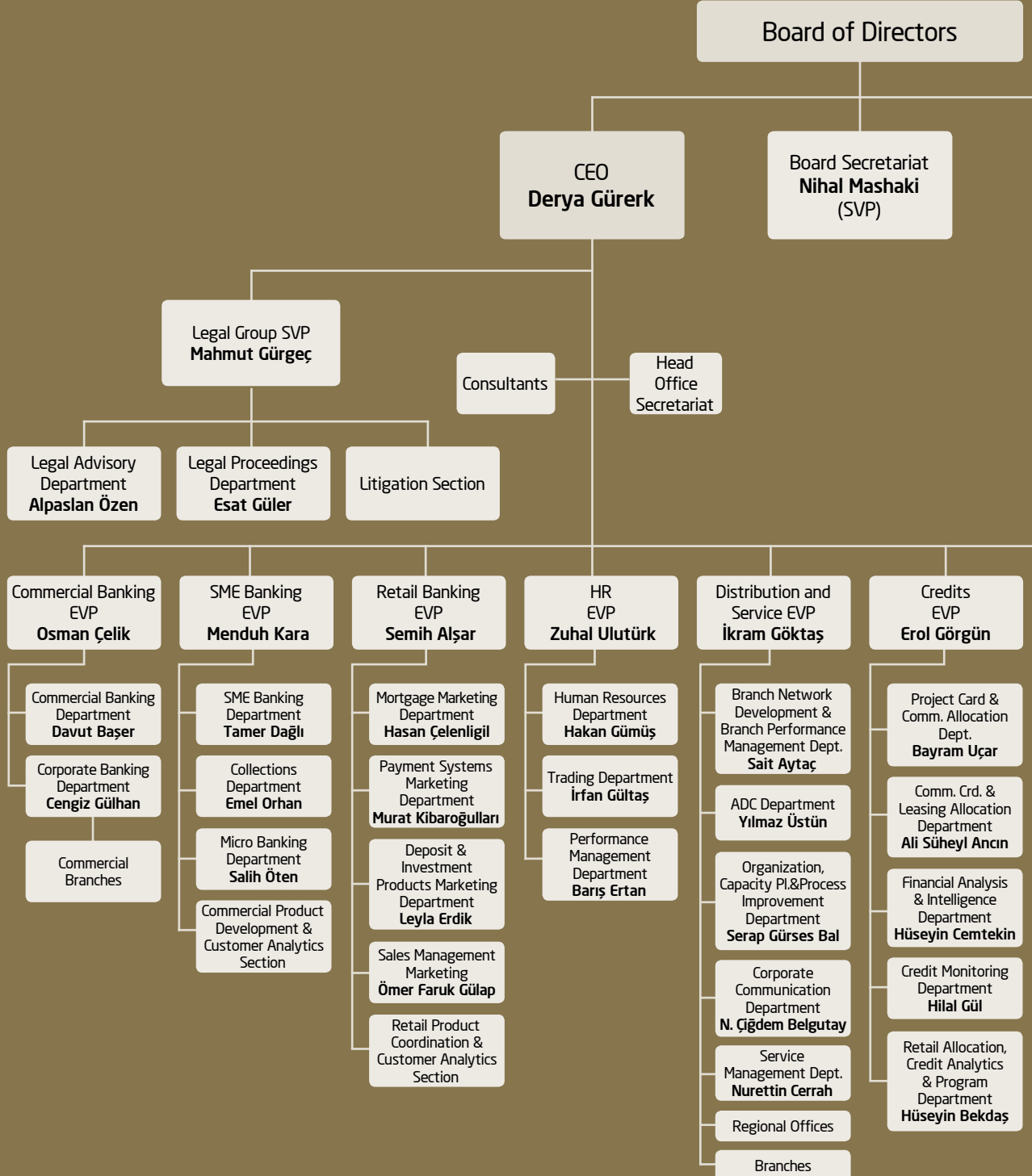
Türkiye Finans has policies, procedures and risk management principles which are clearly defined for the Bank's business lines, services and products.

Capital and Shareholder Structure (*)

Shareholder	Share Amount (TL thousand)	Share Ratio (%)
NATIONAL COMMERCIAL BANK	1,176,369	66.27
GÖZDE GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. (ÜLKER GROUP)	205,405	11.57
(HACI) MUSTAFA BOYDAK (1934)	41,173	2.32
BOYDAK HOLDİNG A.Ş.	39,213	2.21
BEKİR BOYDAK	33,269	1.87
MEMDUH BOYDAK	33,269	1.87
MUSTAFA BOYDAK (1963 SON OF SAMİ)	33,250	1.87
YUSUF BOYDAK	31,309	1.76
ŞÜKRÜ BOYDAK	27,730	1.56
HACI BOYDAK	26,678	1.50
Total	1,775,000	100.00

(*) Shareholders holding 1% or more interest in Türkiye Finans are shown in the table above. 130 shareholders, which have interest below 1% in the Bank represent a total of 7.2% share.





Audit Committee
Oğuz Kayhan
Brian K. Belcher

Operations and
Strategy EVP
Dursun Arslan

Credit Operations
Department
Levent Yenikaya

Commercial Credit
Control Department
Nesibe Nur Poyraz

Foreign Transactions
Operations Dept.
Nesibe Nur Poyraz

Payment Systems
Operations Dept.
Ahmet Yıldırım

General Banking
Operations Dept.
Hanefi Atalay

Treasury
Operations Dept.
Fahrettin Canbaş

Strategy & Business
Development Dept.
Özge Çebi

IT
EVP
Fahri Öbek

IT Coordination
Department
Mehmet Said Gül

Software
Development Dept.
Mustafa Bezeklioğlu

IT Operations
Department
Metin Karabiber

IT Analysis &
Quality Assurance
Department

ADC & Payment
Systems
Development Dept.
Selma Alp

Business Continuity
Department
İ. Özey Çuhadar

Finance
EVP
Abdüllatif Öz kaynak

Accounting & Tax
Department
Davut Yücel

Budget, MIS &
Corporate Perf.
Department
Taner Yavuz

Legal Reporting &
Financial Control
Department
Mete M. Kanat

Procurement
Construction &
Administrative
Affairs Department
İsmail Baran

Treasury
EVP
Ali Güney

Treasury
Department
Hakan Uzun

Financial
Institutions
Department
M. Fatih Bulaç

Risk Management
Center Head
Burcu Çalıkılı

Risk Policies &
Reporting Dept.
Özer Baran

Risk Analytics
Department
Ahmet Mert

Board of Auditors
Emre Ertürk

Internal Control
Department
Oğün Ataoglu

Compliance
Department
Cem Akar

The internal audit, internal control and risk management activities at Türkiye Finans are spelled out in published regulations.

Policies adopted by Türkiye Finans and legal compliance

Türkiye Finans has designed and developed policies in a number of areas from customer satisfaction to legal compliance. Implemented throughout the Bank, these policies are:

- Customer Constitution
- Credit Policies
- Ethics
- Risk Management Strategy
- Internal Control Policies
- Customer Satisfaction Policies
- Audit Board Policies
- Quality Policy
- Compliance Policy

Internal audit, internal control and risk management activities

The internal audit, internal control and risk management activities at Türkiye Finans are carried out by the Board of Auditors, the Internal Control Department and the Risk Management Center, all of whose duties and responsibilities are spelled out in published regulations and which are organizationally independent of each other. The activities of these units are coordinated by the Audit Committee acting on behalf of the Board of Directors.

Türkiye Finans acknowledges the high level of importance of risk management activities in terms of sustainability performance. In this context, the Bank systematically monitors and measures - within the framework of its written risk policies - the risks that it is subject to by using methods that comply with internationally recognized standards. The Bank also reports such risks to regulatory and supervisory authorities in accordance with legal requirements.

Regulatory compliance activities at Türkiye Finans

The Regulatory Compliance Department also reports to the Board of Directors through the Audit Committee. There are two units under the Regulatory Compliance Departments:

- The Product and Service Regulatory Compliance Unit considers all of the Bank's existing and proposed activities (including new processes and products) from the standpoint of their compatibility with applicable laws and regulations, with the Bank's own policies and rules, and with ordinary banking practices.
- The MASAK (Financial Crimes Investigation Board) Compliance Unit carries out activities to ensure that the Bank is not in violation of any laws, regulations or administrative provisions or of any international regulations or standards as may be applicable to the prevention of money-laundering and of financing terrorism. In the conduct of such activities, the Unit takes a risk-based approach to ensure the complete satisfaction of the Bank's regulatory compliance policy. The head of the unit is responsible for analyzing and reporting any transaction or situation which is deemed to be suspicious in light of MASAK rules and regulations.

During 2013, 51% of Türkiye Finans' personnel received training specific to MASAK-related issues and 90% received Code of Ethics Policy training.

For information about risk management, internal audit and control and regulatory compliance activities at Türkiye Finans, please refer to pages 64-65 and 245-246 of the Bank's 2013 Annual Report 2013, which is available at the following address: http://www.turkiyefinans.com.tr/en/about_us/annual_reports.aspx

Türkiye Finans receives the "Internal Audit Awareness" Award

Thanks to its internal audit practices which meet international standards, Türkiye Finans received the "Internal Audit Awareness" Award provided by the Institute of Internal Auditing - Turkey.

Internal Audit Awareness Awards are given by the Institute of Internal Auditing - Turkey (TIDE) to ensure that all internal audit practices in Turkey are carried out at international standards, to ensure the auditing is performed flawlessly and to raise awareness of internal auditing. Internal Audit Awareness Awards are given in five categories: Social Awareness, Corporate Awareness, Individual Awareness, Academic Awareness and Volunteering Organizations. In 2013, Türkiye Finans was awarded in the Corporate Awareness category.

In a statement issued regarding the award, the CEO of Türkiye Finans, Derya Gürerk, said "Internal audit is of great importance to risk management. Thanks to internal audit, we can also ensure the efficiency and effectiveness of our activities, protect the confidentiality of financial information and carry out regulatory compliance efforts in a controlled manner. I believe those companies seeking to contribute to the national economy with their organizational structures will take significant steps through internal audit practices."

Awards and Recognition

- Kariyer.net, 12th "Respect for People" Awards; Respect for People Award - February 2013
- World Finance - Islamic Finance Awards (London); Best Islamic Bank in Turkey (Turkey's Best Participation Bank Award) - March 2013
- Türkiye Finans: First Bank in Turkey to Receive the Uptime Institute "TIER III Design" Certificate with its New Datacenter - April 2013
- MASAK - Turkey's Top Bank in the Evaluation of the Number and Quality of Suspicious Transaction Reports in 2011 and 2012
- TIDE (The Institute of Internal Auditing - Turkey) - Internal Audit Awareness Awards; Corporate Awareness Award - May 2013
- LACP (League of American Communications Professional) Vision Awards 2012; Bronze Award in Banks Annual Reports Category - July 2013
- Call Centers Association; EN15838:2009 Customer Communication Center Services Certificate - July 2013
- Türkiye Finans Call Center; ISO 10002:2004 Customer Satisfaction Management System Quality Certificate with its Services at International Standards - August 2013
- IMI Conferences - 8th Turkey Call Center Awards: "Turkey's Best Call Center" (with less than 500 seats) Award and "Most Praiseworthy Team Leader" Award to Eda Dikici, one of the team leaders employed at the Customer Communication Center - October 2013
- Türkiye Finans: First Bank in Turkey to Receive the Uptime Institute "TIER III Constructed Facility" Certificate with its New Datacenter - November 2013
- CIO Magazine CIO Award (an award given to CIOs, who have achieved successful results in IT Projects, implemented the right instruments and methods, and increased the company's profitability); Fahri Öbek - Deputy General Manager Responsible for the Information Systems of Türkiye Finans - December 2013
- BSI-British Standards Institute; First and Only Bank to Receive the ISO22301 Business Continuity Certificate - December 2013
- Global Banking and Finance Review Magazine; 4 Awards: "Turkey's Best Common Brand Credit Card", "Turkey's Fastest Growing Retail Bank", "Turkey's Fastest Growing Commercial Bank" and "Turkey's Fastest Growing SME Bank" Award in 2013 - December 2013

Our efforts are admired and appreciated by our stakeholders.



Stakeholders and Stakeholder Participation

Türkiye Finans' success rests upon improving relationships with its core stakeholders.

Stakeholder relations play an important role in designing and implementing effective sustainability and corporate responsibility strategy.

Türkiye Finans' success rests upon improving relationships with its core stakeholders. Its relations with its stakeholders help the Bank determine its corporate strategy priorities and develop the related policies. In the context of such relations, the Bank defines the sustainable development opportunities introduced by the economic environment and undertakes a higher contribution to economic development by establishing collaborations.

Stakeholder relations constitute a highly valuable source of information of how Türkiye Finans is perceived in the sector and the market, as well as such issues as brand recognition and awareness.

Türkiye Finans has incorporated four of its stakeholder groups in its logo.

Türkiye Finans logotype consists of a flower with four petals.

Each of the petals stands for one of the four key stakeholder groups:

- Customers,
- Employees,
- Shareholders
- and the Community

These four groups are Türkiye Finans' key stakeholders. All four stakeholder interests are pooled in the center as resembled in the emblem.

Suppliers, the government and regulators are Türkiye Finans' other stakeholders.

About Türkiye Finans' main stakeholder groups

Customers: Türkiye Finans subscribes to the idea that the purpose of business is to gain new and loyal customers. Thus, Türkiye Finans believes that customer satisfaction is one of the most important aspects of business success and the foundation of its reputation.

Employees: Türkiye Finans employees are the face of the Bank to the market and its customers and suppliers. The Bank aspires to attract well educated, highly qualified and talented individuals who would like to become the professional bankers. It is committed to providing these talented employees with the training and resources that are required by them to properly serve and advise its customers. Furthermore, the Bank is committed to provide its employees with challenging developmental opportunities and competitive, market-based compensation.

Shareholders: Türkiye Finans seeks to maximize shareholder value as part of its perspective which is oriented towards stakeholder value creation.

Shareholders are certainly an important constituent for the Bank and profit is the critical feature of this approach, but profit is the result rather than the driver in this value creation process.

The Bank believes that creating value for stakeholders in turn creates value for the shareholders.

One cannot create value without creating products and services that customers are willing to buy, offering jobs that employees are willing to fill, building relationships with suppliers that companies are eager to have, and being good citizens in the community.

This stakeholder oriented approach is also the basis to maintain the bank's reputation, which we deem to be our most valuable asset as a customer-focused bank.

Community: Türkiye Finans believes in corporate social responsibility and carries out its activities as a responsible corporate citizen. The spirit of corporate citizenship suggests that a company that generates profit from the community has an obligation to contribute to its development.

Türkiye Finans has the greatest respect for the community that it is a member of, and carries out its activities to generate value for the community from many aspects.

The Bank has established its donations policy by taking into account donations as a significant tool in contributing to the community, and, since the donations of banks are regulated, the Bank's donation policy is fully compliant with all relevant laws and regulations.

Türkiye Finans' other shareholders

The government and regulators: The Government and regulators represent an important stakeholder group. The Turkish banking industry is regulated and supervised by the BRSA (Banking Regulation and Supervision Agency), the Savings Deposit Insurance Fund (SDIF), the Treasury, the Central Bank of the Republic of Turkey (CBRT), the Capital Markets Board of Turkey (CMB), related ministries and other regulating bodies.

Türkiye Finans regularly communicates with these bodies whereby fulfilling the reporting and other informative obligations mandated by laws and procedures. The Bank organizes its activities to contribute to the safety and soundness of the financial system by fully complying with the law and legislation regulating the Turkish banking industry.

Türkiye Finans supports the regulators' efforts to balance the interests of various stakeholders in order to achieve the overall objective of financial stability that will provide the necessary framework for a sustainable growth and an ongoing success of the participation banking sector and the whole industry.

Suppliers: Türkiye Finans aims to establish strong, reliable, legal and long-term relationships with its suppliers and is fully committed to comply with BRSA rules regarding its interaction with suppliers. This also covers the services outsourced by the Bank, such as security and food service.

Stakeholder relations constitute a highly valuable source of information for Türkiye Finans' brand recognition and awareness.

Dialogue with Stakeholders and Priorities for the Reporting Period

	Dialogue	Priorities
Türkiye Finans' key stakeholders		
Customers	Daily	<ul style="list-style-type: none"> Mitigating the effects of the Global financial crisis and supporting the Turkish economy Participation banking Ethics Value offered to customers Information sharing and consultancy Privacy Improvement in alternative delivery channels Technology
Employees	Daily	<ul style="list-style-type: none"> Performance management, remuneration and working conditions Training programs
Shareholders	Daily	<ul style="list-style-type: none"> Increasing stock returns Strengthening corporate reputation and presence in the market
Community	Daily	<ul style="list-style-type: none"> Protection and enhancement of values, and their transfer to future generations Producing value for the community through various projects
Other Stakeholders Of Türkiye Finans		
Regulators	Daily	<ul style="list-style-type: none"> Full compliance with the law Dialogue and cooperation with the sector
Suppliers	Daily	<ul style="list-style-type: none"> Long-term, respect-based relations Full compliance with the law



July 2013

Bronze Award in the Banks' Annual Reports category at the international LACP (League of American Communications Professional) 2012 Vision Awards

Corporate communication activities - An important dimension of stakeholder dialogue

Within the framework of its 360-degree continuous communication strategy, Türkiye Finans pressed ahead with its intensive communication efforts in 2013.

The Bank performed a total of 90 communication activities on various platforms in 2013. As a result of these campaigns, extensive coverage was given to Türkiye Finans' products, services and sponsorship activities in advertisements on TV, the radio, the internet, newspapers, magazines and open air platforms such as stadiums throughout the year. The Bank intensively and systematically shared its messages related to its products and services with all of its stakeholders, particularly its customers.

As a result of the effective PR and communication efforts performed in 2013, the number of news items concerning Türkiye Finans which appeared in the written media increased by 92% compared to 2011 and by 54% compared to 2012, resulting in Türkiye Finans attracting among the highest level of press attention among the banks.

The Bank carried out a number of field events throughout the year. In these events, the Bank demonstrated efforts to raise the popularity, recognition and reputation of the Bank and its products to its customers.

According to the Corporate Brand Perception and Promotion Effect Research performed twice a year, the Bank's popularity and recognition among its customers, particularly potential customers, as well as the level of admiration commanded by the Bank and the possibility of seeing the Bank in advertisements have all significantly increased.

The Bank's 2012 Annual Report was granted the Bronze Award in the Banks' Annual Reports category at the international LACP (League of American Communications Professional) 2012 Vision Awards (July 2013).

Within the scope of efforts in the digital communication-social media area, the Bank's digital check-up was performed and its digital communication roadmap was issued, accordingly. The necessary analysis and planning was conducted in order to restructure and reposition the Bank's social media accounts. Under the Corporate Communication Department, the Digital Marketing and Social Platforms Service was established, with the Service entering operation in early 2014.



We Generate Value for our Customers

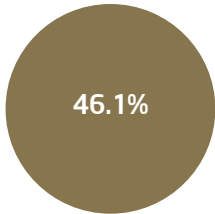
Türkiye Finans is focused on offering all its customers the services which will allow them to feel comfortable and safe, to obtain rapid solutions in line with their needs and expectations and to experience "Tireless Banking" through unique channels.

In this context, Türkiye Finans strives to:

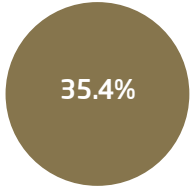
- support the Turkish economy in multiple directions,
- produce value for its customers in many areas through a rich array of products and services, and
- facilitate the lives of individuals and provide resources to corporations as Turkey's Finans.

Türkiye Finans succeeded in generating increased value for its stakeholders and maintained its healthy growth in 2013. The customer-related highlights from the Bank as of December 31st, 2013 can be summarized as follows:

The Breakdown of Total Funds by Loan Type * (%)



SME Loans



Corporate Loans



Consumer Loans

* Including financial leasing



Number of customers	2,769,427
Number of branches	250
Number of ATMs	415
Number of POS devices	19,000
Number of credit cards	361,000
Number of debit cards	986,000
Number of Internet branch users*	297,122
Funds collected from customers	TL 15.1 billion
Funds supplied to customers**	TL 18.3 billion

* The Number of Registered Internet Branch Users is the number of customers, who have accessed the Internet Branch at least once, independently of duration.

** Including financial leasing.

Thanks to its strong product and service offering organization, Türkiye Finans strives to ensure the satisfaction of its customers and offers them permanent value in every banking segment.

Retail	Entrepreneurial	Commercial	International	Non-Branch Banking
Financial support - rich loan portfolio	SME loans	Cash loans	Products for export and import	Online banking
Credit cards	Commercial cards	Non-cash loans	External guarantees	Phone banking
Accounts	POS services	Sector and product-based packages	GSM loans	Mobile banking
Private pension	Cash management	Foreign trade solutions and finance	SEP loans	SMS branch
Insurance products	Sector and product-based packages	Credit cards	Country loans	ATM banking
Investment services	Foreign trade solutions and finance	POS services	Advisory services	
	Special products for SMEs	Investment services	Project finance	
	Special products for tradesmen and craftsmen		Treasury transactions	
	Investment services		FX services	

For detailed information about the Bank's products and services, please visit <http://www.turkiyefinans.com.tr>

FOR BETTER SERVICE OFFERING - 'CUSTOMER EXPERIENCE AND THE MULTICHANNEL STRATEGY PROJECT'

Türkiye Finans considers customer satisfaction as a prerequisite for sustainable success and therefore, carries out its activities based on the philosophy of 'permanent development and improvement' in all of its processes and services in order to further increase the quality of its services, and the level of customer satisfaction, accordingly.

Türkiye Finans believes in the service value creation chain;

- where it provides the right products and services, when and where the customer wants it;
- whereby value is the outcome of effective employee interactions with their customers; and
- whereby brand reputation is its most important asset and also the hardest to replace.

Türkiye Finans launched the "Customer Experience and the Multichannel Strategy Project" in 2013. The project primarily aims to provide customers with the most transparent and comparable information concerning the Bank's products and services and to enhance the customer experience at all contact points.

Within the framework of the "Customer Experience and the Multichannel Strategy Project", Türkiye

Finans has begun to improve and transform its banking activities aimed at its customers in retail, SME, commercial and corporate banking.

The products and services offered by Türkiye Finans to its customers, as well as the channels and processes used by the Bank during such offering are the main determinants of customer experience. Within the scope of the "Customer Experience and the Multichannel Strategy Project" which targets a flawless customer experience and envisages rooted changes in the Bank's business-making style, the strategy and elements of customer experience are created based on customer needs and the principle of efficiency.

Customer Constitution: The Customer Constitution, which lays down the foundations of Türkiye Finans' customer experience strategy, was prepared as a basis for all of the design elements of the Bank's sales and service model, products/services, channels and projects.

The Customer Constitution is a commitment in which the Bank clearly expresses its loyalty to its customers and sensitivity regarding customer satisfaction.

Türkiye Finans has accepted this constitution as the basis of its relations with its customers. By sharing it with its customers in all of its branches as well as in its non-branch service channels, the Bank has proven its consistency and determination with respect to customer satisfaction.

value creation

Türkiye Finans strives to produce value for its customers in many areas through a rich array of products and services.

As Türkiye Finans, our basic target is to become a leading resource provider undertaking investments and offering financial resources in line with our principles to our customers, who are our *raison d'être* and a source of great satisfaction for us. In line with this vision, we offer all our customers the services which will allow them to feel comfortable and safe, to obtain rapid solutions in line with their needs and expectations and to experience "Tireless Banking" through unique channels.

We are delighted to share the Türkiye Finans' Customer Constitution with you here, in order to introduce our basic values and offer better services to all of our customers.

Standing by you

At Türkiye Finans, we see ourselves as "Companions" for our customers and establish long-term relations with all of our customers based on mutual benefit.

We listen to you

We reach out to our customers, listen to them and go to great lengths to maximize their satisfaction on a regular basis by establishing the channels that would allow our customers to submit all their problems and requests from any place, at any time.

We solve your problems

We care about our customers' complaints and suggestions, and demonstrate efforts to rapidly resolve problems. We respond to our customers' complaints within a maximum of 24 hours.

Making banking services easier

We are continuously working to restore our infrastructure, products and services to simplify banking services for our customers. We enable our customers to receive rapid and seamless service from our branches and all other channels based on our understanding of "Tireless Banking".

We are transparent

Because of our fair pricing policy, we clearly explain our customers all fees and commissions that we will get in return for our services. We do not ask for fees that are customers are not aware of.

We keep our customers informed

We keep our customers informed of their financial situations, transactions, accounts and payments on a regular basis; we provide all desired information concerning our products and services in a timely and understandable manner.

With our smile and sincerest gratitude, we express our appreciation of our customers who show their trust by working with us, and by using our products and services.

Multichannel Strategy: Türkiye Finans specified its growth strategy and channel priorities; and determined areas to focus on within the scope of a 5-year strategy after evaluating the current situation. As far as the Internet and ATM service channels are concerned, which have been prioritized within the scope of the multichannel strategy, the Bank designed ways to enhance the customer experience and raise the functionality of its processes.

Branch and Regional Organization: The Bank set out a new regional organization in parallel with its customer experience targets and had raised the number of regions of operation from 6 to 10 as of the end of 2013 as part of the project ("Customer Experience the Multichannel Strategy" project) which aims to optimize the regional organization structure. The Bank will maintain its efforts to broaden the application of the project within its organization structure during 2014.

Sales and Service Model: The Bank has redesigned its branch network and business model in a manner that attaches priority to customer and employee satisfaction.

Product Portfolio: The Bank evaluated its product portfolio based on customer needs and sectoral practices and determined the priority areas of improvement.

Critical Processes: The Bank has specified the customer lifecycle and the critical times for critical customer processes; and discovered new ways to improve customer experience. The Bank has also planned and implemented the necessary systemic infrastructure transformation for various elements of customer experience.

Performance Management: Türkiye Finans determined the requirements to ensure that the changes in its sales and service model are reflected to its performance system. Customer experience and customer satisfaction are directly incorporated into the Bank's service standards performance system.

Cultural Change: Having specified and prioritized its custom-oriented service standards after determining the elements of customer experience, Türkiye Finans has begun to implement a number of practices, notably training and activities aimed at cultural change, in order to ensure that its employees easily adapt to the transformation process.

In 2013, the Bank

- raised the utilization rate of Alternative Delivery Channels (ADC) to 73%;
- sold 300,000 products through the ADC;
- increased the number ATMs from 271 to 415;
- set up second a ATM at 96 branches;
- raised the number of internet banking users to 300,000;
- achieved a 5% increase in the number of transactions performed through the Internet Branch;
- sold 72,000 products through the Internet Branch;
- launched the Mobile Branch application and iPhone and Android-based applications; and
- received the "Turkey's most admired mobile banking application" award for its Mobile Branch application, which was downloaded for 40,000 times in 2013.*

It is envisaged that the Customer Experience and Multichannel Strategy Project will be positively reflected to the Bank's overall performance starting from 2014. In this context, the Bank specified the Customer Experience quantification methodology.

FOR INDIVIDUAL CUSTOMERS

Türkiye Finans addresses different needs of customers from all segments by offering them a wide array of products and services in the retail banking segment.

As well as traditional products and services such as personal finance and credit cards, the Bank also offers solutions that are vital for planning the financial needs and future of its customers amid an uncertain economic environment and volatile market conditions; and implements practices that encourage individual saving in line with the principles of participation banking.

Türkiye Finans issues recommendations to customers for their portfolios based on their risk categories and also offers them private pension services as well as professional investment options that best suit their risk-reward preferences.

* Pozitron Insights 2013 - "Mobile Banking Practices in Turkey" Report

Türkiye Finans prepared a Customer Constitution in order to introduce its basic values and offer better services to all of its customers.

Finansör is an innovative product that offers consumer loans to customers with the ease of a credit card and without compromising the principles of participation banking.



Finansör

Türkiye Finans unwaveringly strives to expand its product portfolio, aiming to meet the needs of individual customers

Through an array of special products addressing each and every need, particularly Consumer Finance and Vehicle Finance, Türkiye Finans continues to support individuals as and when required. The Bank receives loan applications from its customers for product purchase through SMS, and instantly concludes the loan supply process for such requests.

The Hızlı Finansman (Fast Financing) channel allows the Bank to receive applications from its customers for consumer financing, vehicle financing and housing finance through contracted dealers and to meet their financial needs in a very short space of time. The Bank aims to raise the number of its contracted dealers in this channel to 1,000 and to serve an increasing number of customers under a more focused process in 2014. Moreover, the Bank aims to receive Hızlı Finansman applications through alternative delivery channels, such as ATM, the Internet Branch and the Call Center in 2014.

Finansör: A product that stands prominently against the competition

Finansör is an innovative product that offers consumer loans to customers with the ease of a credit card and without compromising the principles of participation banking. Finansör is an effective individual banking practice that meets customer expectations with loan packages tailored to any need. The number of customers using Finansör grew strongly to reach 83,000 in 2013, while the total amount of funds supplied to customers through Finansör reached TL 88 million.

The consumer loan limit used with Finansör allows the buyer to complete payments to the seller's account through the POS device in product purchases. Finansör also offers customers a number of advantages, particularly in terms of service fee and profit share, through a total of 13 packages addressing different sectors and customer groups as determined by the Bank.

Further enhancing the value offered to customers through special campaigns

In addition to Finansör, the Bank continued to support its customers in 2013 through 16 different consumer and vehicle loan packages. Furthermore, Türkiye Finans has further increased the value it generates for its customers by offering them an

average of two campaigns in consumer and vehicle financing and three campaigns in Finansör in line with changing market conditions and customer expectations.

Türkiye Finans aims to raise the number of such campaigns in 2014. Having supported nearly 100,000 people through consumer and vehicle financing products, the Bank aims to introduce innovative products to a higher number of individuals in 2014.

Environmentally friendly practices

Türkiye Finans conducts marketing campaigns with prizes and loyalty programs to further promote the use and awareness of its non-branch banking channel, through which the Bank offers banking services on a 24/7 basis without interruption. To this end, the Bank gives prominence to paperless banking; and emphasizes the time saved in individuals' lives through non-branch banking practices and the value the Bank produces for the environment by reducing transport and enabling low energy consumption.

The Customer Satisfaction Center - attaching the highest importance to customer suggestions and complaints

Türkiye Finans aims to respond to its customers' complaints, suggestions and requests within 24 hours. The Bank considers customer feedback as a valuable opportunity to improve its performance and to reach a higher level of customer satisfaction.

In 2013, the Bank's Customer Satisfaction Center evaluated a total of 20,641 pieces of customer feedback and resolved them within an average of 72 hours; the Bank aims to repeat this same success in the coming years.

Investment banking products and private pension services with a strong value proposition

By offering alternative investment products such as stock and mutual funds in addition to its participation accounts, Türkiye Finans also serves those customers seeking to invest in instruments with different risk-reward ratios.

The Bank offered the Type B Sukuk Fund to the public in 2013. Designed in accordance with the principles of participation banking, this investment product attracted wide admiration and was popular with customers. Meanwhile, the Bank offers stock trading opportunities through its Internet Branch for

those customers seeking to invest in the equities of companies which operate in accordance with the principles of participation banking.

High-quality services for pensioners

Türkiye Finans also aims to serve its customers during their retirement. In 2013, the Bank designed and launched a service package for pensioners seeking to benefit from the advantageous services of Türkiye Finans. As well as allowing the Bank to pay pensioners their pensions, the service package (module) also offers a range of advantageous products and services.

An approach to appropriately manage risks...

Türkiye Finans conducted various social and economic sustainability-related activities in all of its branches in 2013. In this context, the Bank has offered various insurance products, such as PPS, House, TCIP (Turkish Catastrophe Insurance Pool), Car Insurance, Traffic, Education, Kapkaç (Purse Snatching), Emergency Health at the most affordable prices in line with customer needs and with an understanding of social risk management.

The Bank's target is to deliver these services to a broader customer mass in 2014.

Diversifying its portfolio of products tailored to the target mass, within the scope of social sustainability.

As a part of its social sustainability efforts, Türkiye Finans continued during the reporting period to produce innovations for products that address the special needs of the target mass.

The Bank has designed innovative products, such as Happy Mother, Prefabricated Housing Financing, "Preparation for the Season" Financing and mortgages for foreigners, which all aiming to meet the needs of the target mass.

As one of the first banks in the sector to provide services in the area of prefabricated building/housing finance, Türkiye Finans has supplied Prefabricated Housing Financing loans to its customers, thus accounting for nearly 1% of the prefabricated housing sector's growth in 2013.

The Prefabricated Housing Finance not only contributes to the development of an earthquake resistant building style in Turkey, but also encourages customers to cover their housing needs by using environmentally friendly building materials.

Gold banking practices which support economic development.

The Bank intensively carries out gold banking activities, which, according to the Bank, contribute to the efforts for the procurement of loans that are necessary for economic development.

Türkiye Finans organized a number of "gold days" at its branches in 2013 as part of its efforts in gold banking, aiming to bring informal deposits (mattress gold savings) into the economy. The Bank offers its customers the opportunity to place their gold savings in deposit accounts as well as physically trading gold in their accounts in line with their needs.

Türkiye Finans will also offer its customers the opportunity to save money in the long-term through the cumulative participation account, which the Bank plans to roll out in 2014. Customers will be able to save for the future of their children by opening cumulative accounts on their behalf. In the same context, customers will also be offered the chance to place their savings in alternative investment areas through mutual funds.

Handicapped friendly products and services

According to the Bulletin of Statistics for Handicapped Individuals published by the Ministry of Family and Social Policies in November 2013, there are around 1.8 million handicapped citizens in Turkey, of which 310,932 were deemed to have a disability rate of 90% or more, according to the same source.

During the design of its products and services, Türkiye Finans considers the needs of handicapped individuals and has adopted the necessary measures into its processes. To this end, the Bank designs handicapped friendly products and services, in addition to the advantageous products that it offers to its individual customers. The most recent example of this is the "Vehicle Financing for the Handicapped" product which has been offered to customers since 2012. The Bank has extended "Vehicle Financing" loans to a total of 17 handicapped customers in the last two years.

Besides offering handicapped friendly products and services, Türkiye Finans has adopted up-to-date arrangements in all of its branches and the service areas of its alternative delivery channels with the purpose of increasing the value it produces for its handicapped customers. To this end, the Bank



Gold Participation Account

Türkiye Finans intensively carries out gold banking activities.

participation banking

Having served as a pioneer in the Turkish participation banking industry, Türkiye Finans has provided the highest contribution to the rapid growth of participation banking.

plans to design and implement projects which offer special services to handicapped customers through alternative delivery channels, in line with its strategic priorities for the year 2014.

FOR SMEs AND COMMERCIAL, AND CORPORATE CUSTOMERS

In recent years, participation banks have grown at higher rates than commercial banks in every category, such as total assets, credit volume, deposits and number of branches, and have raised their share within the banking industry.

There are four participation banks in Turkey which, according to data published in September 2013, were operating with a total of 966 branches and 16,763 employees. With total assets amounting to about TL 96 billion, the participation banks in Turkey maintain their mission with a service quality that addresses all segments.

Growth dynamics also demonstrate the participation banking industry's contribution to Turkey's sustainable economic growth.

Funds collected in accordance with the principles of participation banking are extended to the national economy through financing products that are fully compliant with the same principles; the sector thus provides support to the business world in the broadest terms, extending from micro enterprises to SMEs and corporations.

Having served as a pioneer in the Turkish participation banking industry for many years, Türkiye Finans has provided the highest contribution to the rapid growth of participation banking.

Maintaining its efforts to ensure its success in corporate banking services is long-lasting; Türkiye Finans maintains its pioneering and innovative role in the sector with a customer-oriented service approach while steadily expanding its product portfolio in line with customer needs.

Türkiye Finans' point of view towards the real sector and sustainable growth

Türkiye Finans believes that the development of the real sector is vitally important to Turkey's sustainable growth and development. In this context, the Bank has always paid attention to financing the real sector and allocated almost all of its resources to the real sector. The Bank has always increased the support

that it extends to regional and sectoral initiatives and directed its activities in line with its target of becoming the 'Pioneering Participation Bank' of Turkey, a country which is growing and producing.

Adopting a balanced approach in the SME, corporate and commercial banking segments

Another important element of Türkiye Finans' banking approach is to ensure a balance between the SME, corporate and commercial banking segments. Despite the increasing weight of SMEs in its lending activities, Türkiye Finans believes the corporate and commercial enterprises are also highly important and play a key role, particularly in terms of sustainable development.

Although the share of individual and SME loans in banks' balance sheets has increased, and all banks have focused on these areas over time, the share of commercial loans in the banking industry's total loan volume still remains above 40%. To ensure sustainable growth and development in the banking sector, it is clear that banks would have to achieve success, particularly in the corporate and commercial banking segments.

Continuously supporting the real sector by supplying funds

In 2013 Türkiye Finans continued to extend collected funds to its customers in line with its mission of supporting the real sector. The total amount of cash loans (including financial leasing) provided by the Bank increased by about 40% YoY to TL 18.3 billion by the end of 2013. The supplied funds/ total assets ratio is an important indicator in the participation banking sector, which is oriented to the real sector. The Bank's ratio of supplied funds/total assets stood at 73% at the end of 2013, indicating the intensive loan supply activities.

Working to a basic strategy of spreading the risk to the base in supplying funds

At Türkiye Finans, the risk per customer is low. Looking at the composition of risks as of the reporting period, the 10 riskiest customers accounted for a 5% share in total funds extended while the 20 riskiest customers had an 8% share. The fact that these ratios are under 10% stands as an important indicator that there is no concentration of risk. On the other hand, as of December 31st, 2013, the share of risk of the Bank's 100 largest loan customers in the Bank's total cash loan portfolio stood at 13.88% (December 31st, 2012:

14.04%), while that of the 200 largest customers was 20.34% (December 31st, 2012: 20.69%).

At Türkiye Finans, risk concentration is low on a sectoral basis. The Bank is determined to protect its sound portfolio structure that comprises of such sectors and companies with high growth potential and with no risk in terms of solvency. Despite the Bank's strong growth rate which was higher than the sector average, the ratio of its non-performing loans fell from 2.8% in 2012 to 2.4% in 2013. This ratio is lower than the sector average and the average ratio of participation banks. The ratio of non-performing loans illustrates the quality of Türkiye Finans' assets and the fact that it has grounded its growth path on robust foundations, a situation that further strengthens the Bank's competitive edge.

In 2013, the total amount of cash loans supplied by the Bank reached TL 9 billion with 37% growth in the commercial banking segment, 26% growth in the corporate banking segment and 33% cumulative growth in the commercial/corporate segment. In the same period, the Bank achieved 198% growth in the commercial banking segment and 169% growth in the corporate banking segment in financial leasing, while the total risk of the commercial/corporate segment increased by 190% to TL 538 million.

Aiming to increase its contributions to sustainable economic growth by improving its foreign trade bank identity

Türkiye Finans has taken strong steps in 2013 in line with its strategic priorities, such as enabling its commercial/corporate customers to receive an increasing share in foreign trade transactions and expanding their transaction volume. Producing solutions that aim to meet the expectations of its foreign trade customers, the Bank has improved the processes related to its existing products/services and shared the developments in this area with its marketing teams by organizing various training programs.

Taking steps to diversify such services that would attach prominence to its foreign trade bank identity, Türkiye Finans offers specialized foreign trade consultancy services to its customers by effectively deploying major loan alternatives as provided by institutions that support foreign trade, such as the Saudi Export Program (SEP), the International Islamic Trade Finance Corporation (ITFC), Islamic Development Bank (IDB), GSM and Eximbank.

One of Turkey's targets for 2023 is to increase its export volume to USD 500 billion. To this end, Türkiye Finans is determined to increasingly support its exporters in particular, and to provide a higher contribution to this national target.

Successful completion of the "Corporate Banking Field Organization" project

Positioned as part of the Bank's "Customer Experience and the Multichannel Strategy Project", the "Corporate Banking Field Organization" project was completed in 2013 and will be launched in 2014. Within the scope of the project, the Bank plans to open two new corporate branches (Boğaziçi and Trakya) in Istanbul and corporate representative offices in 10 cities where the corporate customer potential is high, to complement the existing Başkent and Kozyatağı Corporate Branches that are already in operation. With the completion of the project, the Bank aims to provide direct, specialized and high-quality service to nearly 95% of its 7,600 corporate customers through a field sales staff of 46 people.

All of these developments support the strategic balance that Türkiye Finans aspires to build among its customer portfolios in the SME, corporate and commercial banking segments.

Always standing by SME and micro enterprises

Having concentrated on the enterprise banking segment based on such pillars as customer orientation, proactivity and mobility within the framework of its mission to produce added value for SMEs and micro enterprises, that are the driving forces of the Turkish economy, Türkiye Finans provides financial support, information and consultancy to its customers.

Within the scope of the Entrepreneur Job Family program, the Bank extended TL 4.9 billion in cash loans (an increase of 65% YoY) and TL 2.6 billion (up by 35% YoY) in non-cash loans.

According to the official SME definition, the Bank's loan risk magnitude in the enterprise banking segment reached TL 7.7 billion. Meanwhile, the Bank has a 27% share in SME loans among participation banks, and a 2.8% share in the entire banking industry. Providing support to meet the needs of SMEs and enterprises for all types of investment tools, such as machinery and equipment, Türkiye Finans increased its financial leasing transaction volume by 129% YoY to TL 234.9 million in the enterprise banking segment.

Türkiye Finans takes steps to diversify the services that would attach prominence to its foreign trade bank identity.

Türkiye Finans offers rapid, innovative and competitive solutions to meet the financial needs and requests of tradesmen and small scale enterprises.

In line with its target of expanding its customer mass and acquiring new customers by widening the base in the SME and enterprise segments, the Bank worked with a strong team of 526 people from 250 branches in 2013. With such efforts, the number of customers in these segments rose by 30% YoY to reach nearly 243,000 in 2013.

Striving to offer better solutions to SMEs

The Enterprise Banking Department was founded in January 2013 in order to expand the base in the SME portfolio and to offer rapid, innovative and competitive solutions to meet the financial needs and requests of tradesmen and small scale enterprises, which differ from commercial and corporate customers in view of their management structures and needs, as well as their scale.

Cooperation with TESK - A campaign reaching more than 2 million tradesmen and craftsmen

The Bank signed a special protocol with TESK (Confederation of Turkish Tradesmen and Craftsmen) that covers financing packages prepared for member enterprises. In accordance with the signed protocol, the Bank has prepared four different financing packages with special maturity and profit sharing for TESK members. These packages were offered to more than 2 million craftsmen and tradesmen operating in 491 business sectors and registered to a total of 3,170 chambers under 13 professional federations and 82 unions.

As an extension of this project, the Bank has entered into local protocols with the Chambers and Associations of Craftsman and Tradesmen of Antalya, Kayseri and Denizli, and gathered craftsmen and tradesmen under a single roof, while offering them the opportunity to benefit from special advantages and discounts in product and services purchases.

Within the scope of such cooperation, TESK members were regularly informed and special campaigns such as Faal Card and POS were organized for them.

Gülen Çiftçi (Smiling Farmer) Agriculture Package

The Gülen Çiftçi Agriculture Package, which takes account of regional characteristics and also covers financial leasing projects, was revised and offered to the use of farmers. To this end, and as part of its efforts to raise its market share in agricultural loans, the Bank provided farmers with financing facilities with favorable maturities and profit shares by entering cooperation with corporations selling combine harvesters, tractors and agricultural equipment in various cities, especially Kırşehir

and Kırıkkale. Through the restored Gülen Çiftçi Agriculture Package, a total of TL 73 million in loan support was provided to customers in 2013.

Support to SMEs with the Investment Incentive Certificate

Within the scope of the "Profit Share Protocol" signed by and between Türkiye Finans and the Ministry of Economy, the Bank continued to support SMEs through the Investment Incentive Certificate in 2013. To this end, the Bank extended a total of TL 55 million of financial support for product purchases related to customers' investments in 2013.

Supporting tradesmen and enterprises with TL 191 million in cash loans and TL 61 million in non-cash loans

In 2013, Türkiye Finans extended TL 191 million in cash loans and TL 61 million in non-cash loans to about 136,000 tradesmen and enterprises in the Enterprise Banking segments.

Launched in the first half of 2013, the "Micro Scoring" project aims to implement faster and more effective credit assessment processes to deal with the loan requests of up to TL 50,000 of tradesmen and enterprises whose annual turnover is less than TL 500,000. In 2013, a total of 3,700 applications for loans of less than TL 50,000 were immediately concluded. This allowed the Bank gained to serve its customers more rapidly. The Bank now aims to provide instant service to more customers, shorten the application procedures and raise the quality of its services and loan allocation processes by including loan requests of up to TL 250,000 in the scope of the "Micro Scoring - 2" practice in 2014.

Cooperation with KGF (Credit Guarantee Fund)-KOSGEB (Small and Medium Enterprises Development Organization)

Demonstrating a solution-oriented approach to facilitate SMEs' access to financial resources, Türkiye Finans maintained its leading position in the banking industry in 2013 on the basis of Treasury Supported Credit Guarantee Fund collaterals, as it had in 2012.

Having allocated a total of TL 260 million worth of resources through KGF Collateral in 2013, the Bank attained a total of TL 503 million in total transaction volume, providing 63% more collateralized support than the second ranking bank. By raising its market share in this category from 18% to 28%, Türkiye Finans succeeded in providing SMEs with more collateral than any other bank.

Acting on its awareness of social responsibility, the Bank entered cooperation with KOSGEB to support enterprises which had suffered financial hardship in the grievous tragedy which took place in the district of Reyhanlı in the Hatay province in 2013, and extended help for them to restart their operations.

Having adopted the mission of engaging in any type of project that would contribute to the development of our economy, Türkiye Finans offered the Cansuyu Kredisi (Lifeline Loan) for the product and service purchases of SMEs, whose projects are deemed worthy of support within the scope of Support Packages launched by KOSGEB.

About KGF

Founded in 1991, KGF supports small and medium size enterprises (SMEs) by providing them with a guarantee so they can use bank loans to finance their investments and operations. By providing such guarantee to SMEs and assuming the risks, KGF consequently increases the credit usage of these enterprises in general and also allows small enterprises to benefit from long-term, cost-efficient loans. Also promoting entrepreneurs, KGF also contributes to economic growth and development by creating additional loan facilities on behalf of SMEs.

One of the main priorities of KGF is to support young and woman entrepreneurs. Other priorities are to promote innovative investments, to promote high-tech SMEs, to support exports, increase the rate of employment and contribute to regional development.

KGF is currently in operation with the European Association of Mutual Guarantee Societies (AECM) and the European Investment Fund (EIF). <http://www.kgf.com.tr/>

We believe financial literacy is of key importance in terms of sustainable growth and development.

Attaching great importance to the development of SMEs and their integration with domestic and foreign markets, the Bank added momentum to its efforts with the chambers of trade and industry in 2013.

To this end, the Bank signed protocols with the Chambers of Trade and Industry of Denizli, Uşak, Mardin, Çanakkale, Rize, Nevşehir, Yozgat and Kastamonu; and held meetings entitled "Türkiye Finans Days" in a variety of cities in Turkey with the aim of providing SMEs with information and consultancy services and the chance to share their own experiences.

In addition to these efforts, the Bank has entered sponsorship agreements to raise SMEs' awareness for branding and to contribute to the rise of new brands from Anatolia; and started "Anatolian Brands Publicity Meetings" in June. During this period, special meetings were held with the cooperation of the Chambers of Trade and Industry of Denizli, Şanlıurfa, Gaziantep and Çanakkale, where an important figure from the Turkish economy would share their inspiring brand story with participants in each city. Concurrent with the meetings, applications were received for the Anatolian Brands Contest. A number of institutions and agencies from all over Turkey participated in the Anatolian Brands Contest 2013.

Anatolian Brands Contest 2013 held by Türkiye Finans

The finals of the Anatolian Brands Contest 2013 were held in Istanbul on December 13th, 2013 in cooperation between Türkiye Finans and the Capital and Economist publications.

Aiming to settle brand awareness and to bring the "branding" topic forward in cities other than Istanbul, the Anatolian Brands contest aims to create role models and examples of best practices for Anatolian companies.

Nearly 200 applications were submitted for the contest, which was held for the 7th time in 2013. The contest was organized under two main categories. The winners were:

LARGE ENTERPRISES CATEGORY

- Trade subcategory-Odak Kozmetik (Eskişehir)
- Agriculture-food subcategory-Dardanel (Çanakkale)
- Manufacturing subcategory-İnci Akü (Manisa)

SMALL ENTERPRISES CATEGORY

Papatya Pamuk (Gaziantep)

As the pioneer of participation banks, Türkiye Finans always stands by those companies that take initiatives for branding.

Türkiye Finans believes that companies which are successful in branding are one step ahead in the competition, more resistant against fluctuations and economic crises and more innovative and dynamic. Since its foundation, the Bank has been providing the support required by companies for branding and institutionalization, and entering cooperation with chambers of trade and industry nationwide for this purpose.

**TL 191
million**

*Cash loans
extended to
tradesmen and
small scale
enterprises*

renewable energy

Türkiye Finans mediates in the financing of environmentally friendly and renewable energy resources in Turkey, such as solar, wind, hydroelectric, geothermal and bioenergy.

TÜRKİYE FİNANS AND THE ENERGY SECTOR

Energy is the most fundamental need in the growing Turkish economy. The development of domestic energy resources is vitally important to enhance our currently insufficient energy resources and to create a sounder and more sustainable structure in energy consumption, which is currently more than 70% dependent on imports. Reducing the share of imports in the energy sector is also crucial in lowering the current account deficit, which is currently one of the most important challenges facing the Turkish economy.

The climate change and environmental problems which have been observed globally over the last 30 years have set the stage for energy generation from renewable resources as a key trend in Turkey and the world.

Turkey offers significant potential in terms of renewable, environmentally friendly energy resources, such as solar, wind, hydroelectric, geothermal, and bioenergy; and electricity production based on renewable energy resources is supported by the Turkish government. With the amendment to the energy law, all natural and legal persons who establish generation plants with a maximum installed capacity of 1 MW and micro cogeneration plants are exempt from the requirement to receive a license and set up a separate company. Moreover, the government has started to grant a 10-year guarantee for the purchase of the excessive electricity generation.

According to the reports published by the Energy Market Regulatory Agency (EMRA), the government received a record number of applications (418 applications) for solar energy after the promulgation of the Regulation on Electricity Generation without Licenses.

Within the scope of its socially and environmentally responsible lending policies, Türkiye Finans provides financial support to all energy-related projects, particularly the renewable energy projects, based on its approach to produce added value for the community and the environment in terms of sustainability and social responsibility, and to raise social awareness on the environment.

Special importance and potential of renewable energy resources

30% of Turkey's energy needs are met through renewable energy resources, while it is claimed that this ratio could climb to 70-80%. In line with this macro projection, Türkiye Finans mediates in the financing of high-potential, environmentally friendly and renewable energy resources in Turkey, such as solar, wind, hydroelectric, geothermal and bioenergy, in order to contribute to the national economy.

The projects to be financed under renewable energy financing are evaluated by the Bank's specialists and customer demands are responded to as soon as possible.

Moreover, the Bank also offers KGF support under renewable energy financing to all enterprises which provide a strong contribution to the development of the Turkish economy.

Supporting clean energy: "Renewable Energy Generation without License" Package

Having participated in the 5th Energy Efficiency Forum and Exhibition held in Istanbul on January 8th-11th, 2014, Türkiye Finans introduced its "Unlicensed Renewable Energy Package", as well as its "100% Energy Package" designed for SMEs.

Introduced under the motto, "Generate Your Own Electricity", this new financing package invites electricity producers to invest in the environment for clean energy. By offering customers reasonable maturities and profit shares, Türkiye Finans finances all costs associated with the purchase of equipment for unlicensed energy generation, as well as the installment, construction and connections of the power plants and all other turnkey products and services.

Under the Unlicensed Renewable Energy Package, Türkiye Finans offers its customers a variety of advantages, such as cost-efficient loans and advantageous profit shares, loans denominated in USD, EUR and TL terms and one year maturity non-refundable loans with a total maturity of up to 5 years. Through cost-efficient financing in commodity groups subject to financial leasing, the Bank offers a fixed cost advantage against economic fluctuations, as well as KGF (Credit Guarantee Fund) support in the form of collateral.

The first participation bank to develop a product for energy efficiency: "Energy Efficiency Financing"

As Turkey's leading participation bank, Türkiye Finans also supports efforts aimed at energy saving and energy efficiency. As the first participation bank to design the product, "Energy Efficiency Financing", for insulation and jacketing requests of flat owners, and apartment and site managers, Türkiye Finans also provides resources for financing SMEs in the energy sector.

Cooperation with İzoder

Designed by Türkiye Finans in cooperation with İzoder (Association of Thermal Insulation, Waterproofing, Sound Insulation and Fireproofing Material Producers, Suppliers and Applicators), the "Energy Efficiency Financing" product is offered with a zero profit share to 1,700 specialized implementing companies that are İzoder members, as well as the owners of buildings and apartment/site managers. Customers who carry out insulation and jacketing in their buildings may benefit from Türkiye Finans' preferential interest-free financing opportunity with maturities of up to 12 months and without loan application fees. The Bank also offers the opportunity to postpone installment payments for up to 3 months in all maturities. İzoder also provides technical consultancy and project control services for the projects to be financed by Türkiye Finans.

Financier of Energy

Enerjinin Finansörü offers cardholders - for their energy efficiency projects - various financing facilities with maturity of up to 24 months and without loan application and card fees. Customers who apply for Enerjinin Finansörü, a product specially designed for energy efficiency related efforts, can use their loan limits in the purchase for a variety of equipment purchases such as white goods, gas boilers or air-conditioning units, as well as for all housing and building heat and insulation expenditures. Furthermore, Enerjinin Finansörü offers a 4-installment payment option of the cash price or a maturity of up to 12 months for all expenses carried out with Türkiye Finans' credits cards (Happy Kart, Türkiye Finans Credit Card and Haremeyn Card) in the contracted member workplaces.

100% Energy Package for SMEs

Another product offered by Türkiye Finans to support the energy sector is the 100% Energy Package specifically designed for SMEs.

The Energy Package provides resources under reasonable conditions to finance the needs of enterprises operating in the energy sector. Offering a variety of advantages and discounts for the investment and other credit needs, including foreign trade transactions and banking transactions, for enterprises in the energy sector, Türkiye Finans also extends support for the purchase of products in the energy sector through financial leasing.

The high potential of the energy efficiency and saving sector

According to the Population and Housing Census 2011 published by TurkStat in 2013, there are about 20 million households in Turkey. With the efforts that it has undertaken since 2012, Türkiye Finans has ensured that 0.002% of these households become more economic by extending financial support to them.

Türkiye Finans will offer more financial support for solar energy, insulation and energy-saving products during 2014 in order to ensure that these products are used by an increasing number of consumers.

Türkiye Finans allocated a total of TL 420 million in resources to the energy sector in 2013. The Bank aims to provide more support to the sector and increase the volume of its energy loans to TL 1.5 billion in the coming 5-year period.

Türkiye Finans extended TL 194 million in loans to its customers in 2013 within the scope of the 100% Energy Package. Meanwhile, the total volume of resources allocated by the Bank to various hydroelectric power plant and wind farm projects has reached TL 223.6 million. Türkiye Finans expects this trend to continue in the coming period with the total sum of loans to be allocated by the Bank to the energy sector reaching TL 1.5 billion by the end of the 5-year period.



100% Energy Package

The 100% Energy Package, specifically designed for SMEs, is one of the products offered by Türkiye Finans to support the energy sector.

Türkiye Finans' Customer Communication Center was chosen as Turkey's Best Call Center in 2013.

URBAN TRANSFORMATION

Turkey is located in one of the world's most active earthquake zones, with 24,500 km of active fault lines, all of which are susceptible to earthquakes; 98% of Turkey's population lives in regions subject to earthquake risk. Since 1903, a total of 100,000 people have lost their lives and about 2 million homes were destroyed in 130 earthquakes in Turkey.

Having entered effect on May 16th, 2012, Law No. 6306 on the Restructuring of Areas under Risk of Natural Disasters aims to pave the way for the identification and destruction of buildings in areas that are under the risk of natural disasters, and buildings deemed to be at risk of collapse in other areas, as well as the creation of safe and healthy living environments.

Although the exact number of buildings deemed to be at risk and the number of buildings which have been destroyed in Turkey is not yet known, it is estimated that about 6.5 million homes are at risk from natural disasters.

Source: Ministry of Environment and Urbanization (Republic of Turkey) - <http://www.csb.gov.tr/turkce/index.php>

Financing state-supported urban transformation projects in Turkey, which is located in the seismic belt.

Türkiye Finans was the first participation bank to sign a protocol with the Ministry of Environment and Urbanization in 2013 for the profit share support to be provided for urban transformation loans.

Providing housing financing with maturities of up to 120 months, favorable payment conditions and alternative payments plans for urban transformation projects, Türkiye Finans applies a 4% profit share deduction per year for housing loans supplied for the financing of houses that are being rebuilt; and a 3% profit share deduction per year for office loans. No RUSF (Resource Utilization Support Fund) or BITT (Banking and Insurance Transaction Tax) charges are applied for urban transformation loans, which are considered under the same statute as mortgages. Within the framework of the urban transformation financing practice launched in 2013, the Bank allocated a total of TL 190,000 in loans during the reporting period.

TÜRKİYE FİNANS' EFFORTS TO MAXIMIZE THE VALUE IT OFFERS TO ITS CUSTOMERS WERE CROWNED WITH VARIOUS AWARDS AND CERTIFICATIONS IN 2013.

Turkey's Best Call Center, EN15838:2009 and ISO 10002:2004 certifications

Carrying out its activities under an approach of offering high-quality and effective services to its customers, the Türkiye Finans' Customer Communication Center was chosen as Turkey's Best Call Center and crowned with international certifications for its quality standards in 2013.

As Turkey's leading participation bank, Türkiye Finans received two awards at the 8th Turkish Call Center Awards in 2013, proving the high quality of its customer services.

Türkiye Finans' Customer Communication Center was announced as the winner of the "Turkey's Best Call Center" Award, thanks to its innovative approach, use of technology and successful performance results, as well as the level of customer satisfaction that it has achieved. On the other hand, Mrs. Eda Dikici - one of the team leaders employed at the Customer Communication Center - was deemed worthy of the "Best Team Leader" Award.

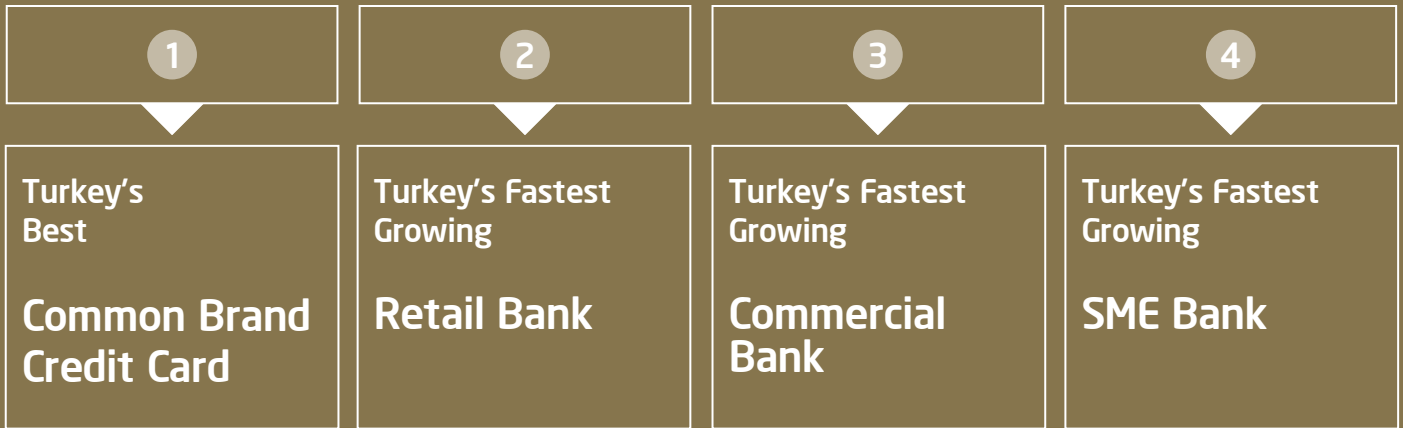
Technological developments and intensive competition have carried customer experience in the financial sector to a new dimension. Türkiye Finans is carrying out significant investments in the Customer Communication Center, which is critical in terms of bringing total customer experience to perfection.

In 2013 Türkiye Finans completed its efforts to comply with the EN15838:2009 standard in order to ensure that the Customer Communication Center is evaluated according to international standards and to certify the quality of services rendered. Türkiye Finans is one of the 4 banks in Turkey to have received this certification.

The Bank also received the ISO 10002:2004 Customer Satisfaction Quality Management System certificate in the same period. These two certifications and "Turkey's Best Call Center" award are the result of Türkiye Finans' solution-oriented approach, in which customer satisfaction is at the center of all of the Bank's activities.

Four awards that crown and summarize our achievements

In 2013, Türkiye Finans was granted the following awards by Global Banking and Finance Review, one of the world's leading economics publications:



Türkiye Finans leads the Turkish participation banking industry with its innovative products and services and continuously extends support to the real economy in contributing to the national economy.

Demonstrating a steady and sustainable growth performance, Türkiye Finans will continue to produce permanent value for its customers in the retail, SME, commercial and corporate banking segments, while progressing in line with its carefully defined strategies.



We Generate Value for the Environment

Türkiye Finans places priority on environmental protection and climate change in building a sustainable future, protecting our planet and therefore, supporting the wellbeing of humanity. To this end, the Bank aims to:

- reduce the use of natural resources and achieve maximum efficiency in its service cycle by incorporating the latest technologies and techniques at all of its facilities; and
- play a significant role in reducing the negative impacts of its stakeholders on the environment in connection with its products, services and business relations as a responsible service provider.

Türkiye Finans tackles environmental sustainability within the scope of its Corporate Social Responsibility Policy

Türkiye Finans is a company that has laid claim to environmental sustainability at Board level. Pursuant to the Corporate Social Responsibility (CSR) Policy (please refer to page 13) approved by the Board of Directors, Türkiye Finans, in all of its activities, is focused on:

- observing environmental sustainability;
- disseminating awareness on environmental protection and the ecological balance throughout its entire organization and among its stakeholders; and
- reducing consumption of all natural resources, particularly energy and paper.

The Bank is determined to press ahead with its efforts in these areas.

Türkiye Finans' natural resource consumption in 2013

Resource	Amount	Scope
Electricity consumption	18,514,491 kWh	Total consumption of Türkiye Finans' head office buildings, branches and off site ATM devices in 2013. The consumption of new branches opened in 2013 and off site ATMs whose electricity consumption is below a specific limit is not included.
Water consumption	17,636 m ³	Total water consumption of head office buildings.
Natural gas consumption*	269,944 m ³	Total amount of natural gas consumed for heating and other purposes in head office buildings.

* Natural gas consumption in Terajoules = 10041.916799999999

An approach envisaging proper and efficient use of resources

As one of the pillars of sustainability, environmental protection is extremely important in terms of the welfare and living conditions of future generations. At the same time, careful environmental management and the efficient use of scarce resources are issues of close interest to all economic actors involved in the production, trade and service cycle in terms of profitability, competitive edge and brand reputation.

As one of Turkey's leading participation banks, Türkiye Finans pursues a policy approach that envisages efficient use of natural resources, especially electricity, natural gas and water.

Electricity, natural gas, water and paper are the primary natural resources used most intensively by the Bank. Information concerning the amount of electricity, water and natural gas consumed at Türkiye Finans during the reporting period is given below.

Türkiye Finans also carries out projects aimed to lower use of paper, which is one of the most important inputs of the banking industry's service cycle. To this end, the Bank is about to launch a system, which will measure paper consumption in the most accurate way. Türkiye Finans targets to announce its paper consumption statistics in its 2014 report.

With respect to the disposal of construction waste, malfunctioning electronic devices, batteries and similar types of waste produced at the service points, the Bank observes compliance with the legislation in effect in Turkey and carries out joint efforts with various agencies and institution for the reuse and disposal of wastes.

Türkiye Finans pursues a policy approach that envisages efficient use of natural resources, especially electricity, natural gas and water.

Datacenter

In addition to energy savings, the Datacenter was set up under a flexible infrastructure that can support Türkiye Finans' sustainable growth.

EFFORTS CARRIED OUT AT SERVICE POINTS IN ORDER TO INCREASE EFFICIENCY IN RESOURCE UTILIZATION

Türkiye Finans conducts planned activities to save energy and lower energy consumption.

The taps that are available for use of employees in the head office were replaced with photocell armatures in 2013, a significant step taken to prevent unnecessary water consumption.

In 2013, photocells sensitive to sunlight and sensors that detect the presence of a person in the environment were launched at the head office building in Kartal within the scope of lighting automation. Moreover, during the installation of these devices, all lighting armatures were integrated into the automation system. The system, which is activated after working hours, checks all locations every half hour after 7:00 pm through motion sensors and automatically turns of lighting devices in locations where no movement is detected.

With its field application launched in February 2014, the software allowing remote access to the compensation system was installed. With this piece of software, Türkiye Finans has begun to monitor energy consumption statistics of its branches as well. In the light of the data acquired through such comprehensive monitoring, the Bank aims to implement a new plan to lower electricity consumption.

Switching to more energy efficient air-conditioning systems

The air-conditioner systems used in the new branches opened in 2013 and the head office buildings in Kartal and Tophane were replaced with VRV devices, which consume less energy than split systems. The VRV system requires less space than split systems with relatively low maintenance costs, thanks to minimizing the number of external units. VRV systems are able to cool a location while heating another, doubling energy efficiency and thus providing significant cost advantages.

DEVELOPMENTS THROUGH EFFECTIVE DEPLOYMENT OF THE LATEST TECHNOLOGIES

Türkiye Finans Datacenter: A critical element in Türkiye Finans' energy saving target

Having entered operation at the end of 2011, the Türkiye Finans Datacenter operates as a full back-up and high-tech center meeting Tier III standards.

Attracting attention with its range of features such as high security, electrical charge, heat and moisture, and instant monitoring and controlling functions, the Datacenter is critically important in reducing the environmental impacts resulting from the Bank's service cycle, while also managing them in the most appropriate manner at the same time as increasing efficiency.

Türkiye Finans Datacenter is Turkey's leader in virtualization with an 85% virtualization ratio

Having achieved an energy efficiency level (PUE-power usage effectiveness) of 1.6 in 2013, the Datacenter has demonstrated an extremely strong performance, exceeding the averages in both Turkey and in Europe. Thanks to its technical specifications and its effective management, the Datacenter saves USD 200,000 worth of energy every year. This amount is equal to the 6-month energy bill of the Datacenter, indicating the high efficiency achieved in energy use. Likewise, the Datacenter's carbon footprint caused by its energy consumption has been almost halved since virtualization.

In addition to energy savings, the Datacenter was set up under a flexible infrastructure that can be expanded so as to support Türkiye Finans' sustainable growth.

Given that it operated at nearly one third of its capacity during the reporting period, the Datacenter's PUE value would fall below 1.3 once it starts operating at full capacity.

The testing environment preparation system, which is able to create testing conditions within hours, allows Türkiye Finans to provide a rapid service to its customers. As indicated by the results of the periodic tests performed, it is not necessary to turn off the systems, even for annual maintenance work, thanks to the auxiliary systems of the Datacenter, while all equipment is able to work at high performance even when maintenance work is being carried out.

Türkiye Finans Datacenter

Realizations in 2013	Targets for 2014
<ul style="list-style-type: none"> • The Datacenter's energy efficiency (PUE) was 1.6 and the IT burden was 125kW. • The Datacenter is one of the most environmentally friendly datacenters in Turkey, consuming 38% less energy than the average (2.2) in Turkey, and has lowered its carbon emissions by the same rate. • Server modernization, virtualization and consolidation efforts have been carried out, reducing energy consumption and carbon emissions by 15%. • The renewal of a total of 1,865 PCs has reduced the total electricity consumption and carbon emission of these PCs by 10% and 7%, respectively. • All monitors used in Türkiye Finans are LCD monitors with minimum energy consumption. Monitors throughout the Bank are automatically turned off if they are left on outside working hours, thus minimizing energy consumption. 	<ul style="list-style-type: none"> • To reduce consumption of energy and lower carbon emissions by increasing the Datacenter's power usage efficiency by 15% in 2014. • The lighting system of the Datacenter will be replaced with the LED technology that is 60% more efficient, thus saving 44,000 kWh of electricity per year. With such a replacement, the carbon emissions from the lighting system will also be reduced. • The server modernization, virtualization and consolidation efforts to be performed in 2014 will each lower energy consumption and carbon emission by 13%. • The renewal of 2,250 PCs used throughout the Bank will reduce total electricity consumption by 12% and carbon emissions by 8%.

According to the data announced by Gartner, an independent research institution, Türkiye Finans reached a virtualization level of 85% in 2013 (world average: 65%). With this result, the Bank is the leader of the Turkish banking industry in terms of virtualization.

The Server Modernization and Consolidation Project and the Main Banking Technological Infrastructure Transformation Project, both carried out in 2013, have provided the Bank with significant substantial gains, while strongly contributing to its service quality and efficiency, as well as customer satisfaction.

Türkiye Finans handed Tier III Design and Tier III Constructed Facility certificates in 2013, which are recognized worldwide as the most important certificates with respect to datacenters.

Türkiye Finans received the Tier III Design certificate awarded by the Uptime Institute, an institute that conducts activities to ensure worldwide standardization among datacenters. The Bank has taken this achievement to a new dimension and

was also deemed worthy of the Tier III Constructed Facility certificate. The Türkiye Finans Datacenter was the first and only datacenter to receive the Tier III Constructed Facility certificate.

The Türkiye Finans Datacenter was subjected to a variety of comprehensive tests and examinations by the specialists of the Uptime Institute in November. For all critical resources, switches were turned off one by one while systems were in operation, with an audit of which substitutes of these systems worked without interruption. As a result of the examinations, the Bank was found to be in compliance with the Tier III Constructed Facility standard, demonstrating that Türkiye Finans' success in design is seamlessly put into practice.

Türkiye Finans undertook an infrastructure investment of more than USD 10 million for its datacenter during the reporting period.

85%

The virtualization level that Türkiye Finans reached in 2013.



BCMS

The primary objective of Türkiye Finans' Business Continuity Management System (BCMS) is to ensure that the Bank fulfill its mission.

CIO Award for Türkiye Finans in 2013

Türkiye Finans' success in technological transformation was crowned with the CIO award. The Datacenter project, which was realized in a total investment of USD 25 million including the systems used in the datacenter, received the CIO award, which is granted to Turkey's most successful information and communication technologies projects and managers.

Speaking in the award ceremony after having received the CIO Award, the Deputy CEO of Türkiye Finans, Fahri Öbek, stated, "In our datacenter, we use a special exhaust system, which no other datacenter has. We installed this system because of the importance that we attach to working conditions in the Bank. In the event of a fire, gas produced in the datacenter can be discharged rapidly." The CEO of Türkiye Finans, Derya Gürerk, said the following about this issue: "Institutions that are not able to catch up with technological transformations, particularly those operating in the financial sector, which is one of the driving forces of the economy, lose their competitive edge. At Türkiye Finans, we invest a great deal in technology. We have received awards and certificates for the investments we have carried out in our datacenter, while the customer satisfaction which we ensure through our uninterrupted services adds value to our bank."

Business Continuity Management at Türkiye Finans - An important instrument on the path of environmental sustainability

It is not possible to discuss sustainability for a corporation that has failed or lost its reputation due to service interruptions. For this reason, one of the prerequisites of sustainability is "business continuity".

Because of the nature of its sector, Türkiye Finans is dependent on complicated processes, resources and systems. Severely interrupted business processes or the loss of systems and resources related to these processes may seriously harm the reputation of the Bank and compromise stakeholder benefits.

The primary objective of Türkiye Finans' Business Continuity Management System (BCMS) is to ensure that the Bank fulfill its mission. Türkiye Finans has planned, installed and implemented the BCMS to manage service interruptions caused by extraordinary situations, to prevent the loss of systems and resources and to protect its reputation in such a situation, as well as to fulfill its legal obligations.

By means of the BCMS, Türkiye Finans aims to:

- ensure the security of Bank personnel and customers in the first place;
- fulfill the obligation to set up a BCMS that works in line with legal requirements and is compliant with the respective standards;
- fulfill its commitments to legal authorities;
- protect its reputation;
- set up a governance and organizational structure which is most appropriate for the BCMS;
- maintain its market share in the sector;
- return to its normal way of making business without jeopardizing its existence; and
- continuously meet the expectations of stakeholders with respect to participation banking services even during crises.

Efforts in the area of business continuity

Türkiye Finans launched its efforts in 2009 to set up a Business Continuity Management System. The Bank established the Business Continuity Management Committee the same year; and set up in 2010 the Extraordinary Situation Center in Ankara to substitute the main datacenter in Kartal, and backup working locations in Tophane and Küçükbakkalköy in Istanbul to substitute the current working locations.

In 2011, the Business Continuity Department was set up to carry out the foundation and coordination of Business Continuity Management in the Bank on behalf of the top management. Consequently, the Business Continuity Policy, Business Continuity/ Emergency Plans and Business Continuity Strategy were created. Business Impact Analyses were performed to determine the impacts of possible interruptions to all business processes and stakeholders; and the Risk Evaluation studies were conducted which specify the risks that may be imposed on the Bank's vitally important activities and the entities (IT, HR, locations, suppliers, etc.) that support critical processes.

Cultural change and awareness

Cultural change and awareness is one of the most basic conditions for the effective and successful operation of the Business Continuity Management System. To ensure this, Türkiye Finans holds training sessions throughout its organization every year on a regular basis. Tests and drills are held regularly every year, which demonstrate how effective and up-to-date the implemented plans are, while ensuring any events which threaten the sustainability of the Bank are responded to with measures that become reflex actions.

In the "Business Continuity Activity Tests" performed in 2013, 98% of the critical processes were recovered within the targeted periods of time.

The entire system is reviewed on a regular basis every year based on the approach of "Continuous Improvement"; its functionality is assured through "internal audits" and any problems and opportunities for improvement are recorded and managed within the scope of the "corrective/preventive action" process.

Three mobile branches were put in service to substitute those branches that suffered interruptions to their services because of emergency situations. The mobile branches were effectively deployed following the Van earthquake; customer satisfaction is ensured as critical services may be rolled out without interruption.

Türkiye Finans is the only Islamic financial institution to hold the ISO 22301 certificate.

Having received the ISO 22301 certification in 2013 by ensuring full compliance with the internationally recognized standards in the area of business continuity, Türkiye Finans is the only Islamic financial institution in the world and the first and only bank in Turkey to hold this certification.

Having received the ISO 22301 Business Continuity Certificate in October 2013 after a three-tier auditing process, Türkiye Finans has thus:

- achieved the compliance and effectiveness of its Business Continuity Management System confirmed by an independent institution;
- given assurance to all of its stakeholders with respect to the effectiveness of the system;
- fulfilled its commitments towards legal and regulatory bodies; and
- taken a significant step that enhances its reputation at home and abroad and provides the Bank with an additional competitive edge over its rivals;

Türkiye Finans is Turkey's leading bank in terms of the level of awareness and maturity in the area of business continuity. Türkiye Finans is also the only bank where business continuity management is evaluated and reviewed at the senior management level and executed under the coordination of the head of the respective unit.

Total Printing Management Project

Through the Total Printing Management Project launched in 2013, Türkiye Finans achieved significant reductions in its use of energy and paper. Within the framework of the project, which aims for end-user satisfaction with faster printers, the Bank monitors printing management statistics and can therefore reach decisions more rapidly on saving issues.

During the initial application of the project, the Bank achieved TL 600,000 in annual savings in terms of printer and paper costs, and printing and routine procurement processes. The project enabled the Bank to cut its use of paper by 40% in terms of number of printed items and nearly halve the number of printers. The project also reduced the amount of electricity consumed by the printer park by around 50%.

Having received the ISO 22301 certification, Türkiye Finans is the only Islamic financial institution in the world and the first and only bank in Turkey to hold this certification.

15%

The lowered carbon emissions by the renewal of PCs

Desktop Modernization Project

With new high-performance computers, operating systems and office programs, Türkiye Finans increased employee satisfaction and efficiency. The Bank has minimized and even eliminated computer-based performance problems in all of its units, beginning to provide faster service to its customers.

The renewed PCs and the new devices have lowered electricity consumption by 22% and carbon emissions by 15%.

Total Scanning Management Project

This project, which envisages single-type scanners for the Bank's entire scanner park, will increase efficiency and productivity, while also contributing to efforts to reduce electricity consumption. The project is planned to be launched in 2014.

The Digital Signage Project

The Digital Signage Project, which is planned to be launched by Türkiye Finans in 2014, will save a significant amount of printing and paper by slashing the volume of printed visual materials needed in its branch network. The complete transfer of printed visual materials to an electronic environment will also allow the Bank to effectively apply a centrally managed, customer-oriented strong promotion and marketing approach throughout its organization.

This project, which will strengthen the Bank's image as an environmentally friendly institution by minimizing paper consumption, will also create a competitive edge for the Bank within the scope of its Customer Experience Project. The Digital Signage Project will be able to be integrated into new technologies and marketing tools.

The launch of the Digital Signage Project will bring savings for the Bank in two ways: no exchange rate board will be installed in new branches, and the existing exchange rate boards will not be renewed.

AS A RESPONSIBLE SERVICE PROVIDER, TÜRKİYE FİNANS CARRIES OUT SYSTEMATIC EFFORTS AND WORKS TOGETHER WITH ITS STAKEHOLDERS TO REDUCE ITS DIRECT IMPACTS ON THE ENVIRONMENT, AS WELL AS THE ENVIRONMENTAL IMPACTS ARISING AS A RESULT OF ITS PRODUCTS, SERVICES AND BUSINESS RELATIONS.

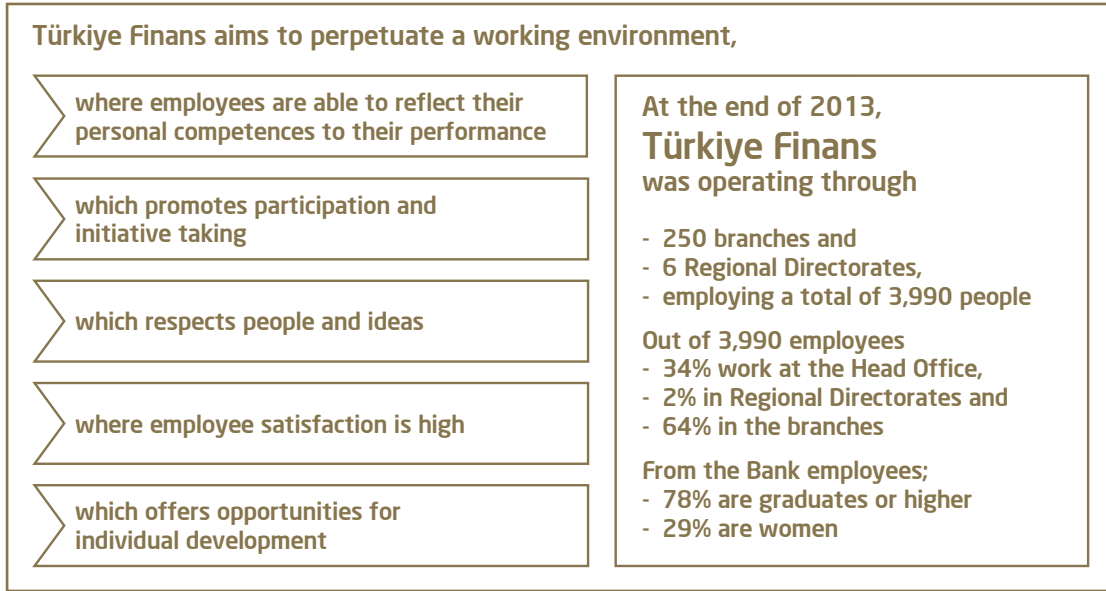
Although the impact of the banking industry on the environment is very limited when compared to other industries, it is vitally important to manage the negativities arising from the product and service cycle value chain, as well as to offer products and services that positively contribute to the environment.

Within the scope of its socially and environmentally responsible lending policies, Türkiye Finans extends financial support to all energy-related projects, particularly renewable energy projects, based on its approach to produce added value for the community and environment in terms of sustainability and social responsibility, and to raise social awareness regarding the environment.

The Bank evaluates any requests for financing or projects which may potentially have impacts on the environment by observing full compliance with the legislation that regulates issues related to Turkey's environmental protection; and may require project owners to undertake the necessary revisions by collaborating with the Bank, where necessary.

Türkiye Finans offers products and services - particularly in the areas of renewable energy and energy efficiency - that serve its global targets of tackling climate change and protecting the environment. For information on this topic and the realizations during the reporting period, please refer to the section entitled "We Generate Value for Our Customers" on page 28-41 of this report.

We Generate Value for our Employees



The growing branch network plays a key role in increasing the number of people employed at the Bank.

Türkiye Finans' human resources structure - basic demographic data and trends

At the end of 2013, there were a total of 3,990 employees on the Bank's payroll.

Türkiye Finans is currently undergoing a period of organic growth. The growing branch network, in particular, plays a key role in increasing the number of people employed at the Bank. The Bank opened 30 new branches in 2013 and raised its total number of its branches from 220 to 250. Türkiye Finans has outperformed the sector with a 14% increase in

the number of branches and an 11% increase in the number of personnel employed.

Another development related to Türkiye Finans' demographic structure was the increasing rate of employees who are women. The proportion of women in the total number of personnel employed by the Bank rose by 6 percentage points in the space of just two years to reach 29% (23% in 2011). There are currently a total of 1,177 woman employees on Türkiye Finans' payroll. The Bank also has a young demographic structure; 67% of its employees are between the ages of 25-35.

Number of Employees by Title						
	2011		2012		2013	
	Number of Employees	%	Number of Employees	%	Number of Employees	%
Top Management	11	0.3	12	0.3	12	0.3
Management	229	6.8	274	7.6	305	7.6
Other	3,142	92.9	3,309	92.1	3,673	92.1
TOTAL	3,382	100.0	3,595	100.0	3,990	100.0

Breakdown by Gender						
	2011		2012		2013	
	Number of Employees	%	Number of Employees	%	Number of Employees	%
Female	770	23	930	26	1,177	29
Male	2,612	77	2,665	74	2,813	71
TOTAL	3,382	100	3,595	100	3,990	100

We Generate Value for our Employees

Breakdown by Age						
	2011		2012		2013	
	Number of Employees	%	Number of Employees	%	Number of Employees	%
Below 25	136	4	152	4	271	7
25-35	2,401	71	2,523	70	2,679	67
35-45	669	20	724	20	843	21
45 and above	176	5	196	6	197	5
TOTAL	3,382	100	3,595	100	3,990	100

Breakdown by Educational Background						
	2011		2012		2013	
	Number of Employees	%	Number of Employees	%	Number of Employees	%
Graduate or higher	2,639	78	2,849	79	3,118	78
Associate degree or open education faculty	367	11	429	12	560	14
High school or equivalent	352	10	300	8	288	7
Other	24	1	17	1	24	1
TOTAL	3,382	100	3,595	100	3,990	100

Breakdown by Seniority						
	2011		2012		2013	
	Number of Employees	%	Number of Employees	%	Number of Employees	%
Less than 1 year	251	7	614	17	916	23
1-3 years	495	15	458	13	687	17
3-5 years	992	29	685	19	357	9
5-10 years	1,336	40	1,433	40	1,467	37
More than 10 years	308	9	405	11	563	14
TOTAL	3,382	100	3,595	100	3,990	100

Turnover Rate			
	2011	2012	2013
Excluding Mutual Rescission	8.05%	9.00%	13.16%

Average Age and Seniority Table			
	2011	2012	2013
Average Age	32	33	33
Average Seniority	5.6	5.5	5.3

Composition of governance bodies

Governance Bodies - Breakdown by Gender				
	2013			
	Number		%	
	Male	Female	Male	Female
Board of Directors	7	-	100	-
Senior Management	9	1	90	10
Unit Managers within Internal Systems	4	2	67	33
TOTAL	20	3		

Governance Bodies - Breakdown by Age		
	2013	
	Number of Employees	%
Below 25	-	-
25-35	1	5
35-45	9	45
45 and above	10	50
TOTAL	20	100

There is no any minority group representative in Türkiye Finans' governance bodies.

The main target is to perpetuate competent human resources to set the Bank apart in the sector

Türkiye Finans focuses to create a working environment where employees feel that they are valued and that they can make a difference. Those employees who realize the Bank's mission and generate shared value are at the top of Türkiye Finans' stakeholder pyramid.

In line with its vision and growth strategies, Türkiye Finans carries out activities to recruit qualified human resources capable of representing the company, personnel career planning, performance evaluation, employee motivation and benefits management, as well in formulating remuneration policies and determining and planning training requirements.

Recruiting and holding onto the "very best employees" is one of the most important objectives of Türkiye Finans' human resources. In 2013, the Human Resources Department continued to support the successful fulfillment of Türkiye Finans' aims by developing human resources practices in line with the Bank's strategies and policies. Human resources management at Türkiye Finans is performed with an awareness of employee satisfaction and with the recognition that human resources is a matter of high priority for the Bank.

Pursuing a policy of raising its own managers

Türkiye Finans attaches special importance to recruiting the Bank's own managers from among its own personnel. In line with this principle, the names of personnel who potentially satisfy the specified criteria for branch management positions after evaluation are stored in a centrally maintained "Management Pool". The training and progression requirements of these individuals are identified and managed accordingly.

In line with these principles, one Unit Vice President, one Director Vice President, four Regional Directorates and 49 Executive Unit/Branch Managers were assigned during the reporting period, with 86% of the positions filled internally. A total of 880 employees were promoted to higher positions. Training was planned and carried out in order to prepare personnel for the requirements of their newly-opened career paths.

Two thirds of the newly-hired personnel were placed in management trainee and assistant teller positions during 2013, a clear sign of the importance that the Bank attaches to having human resources which are steeped in Türkiye Finans' culture and values. One result of this approach is that 70% of newly-opened branch-level staff positions (30 new branches were opened in 2013) were filled through internal promotions.

3,990

Total number of employees under Türkiye Finans' payroll in 2013.

TO UNITE

Türkiye Finans aims to "UNITE" with its people-oriented, transparent and fair management approach based on principles, its strong and pioneering stance and its human resources.

TO UNITE

In 2013, the Bank set up an internal communication platform entitled "TO UNITE" (BİR OLMAK) with the aim of

- supporting the success and satisfaction of employees under the coordination and leadership of the Human Resources job family,
- broadening the Bank's strong corporate culture,
- facilitating sharing,
- opening an effective communication channel,
- raising motivation,
- promoting common sense,
- and TO UNITE, in line with the Bank's strategic targets in the banking industry and the participation banking business line.

The Bank aims to "UNITE" with its people-oriented, transparent and fair management approach based on principles, its strong and pioneering stance and its human resources as a value; to this end, the Bank has placed the philosophy of acting to UNITE within the Bank, to UNITE in financials and to UNITE in all rankings that stand for success; and implemented efforts to raise awareness.

Türkiye Finans is aware of the contribution of its experiences and the value created by its strength. Within this framework, the Bank held an event under the motto, "We Protect our Values; We Lay Claim to our Experience!" in 2013. In this event, a total of 657 employees of Türkiye Finans were rewarded various gifts and tokens of recognition commemorating their 5th, 10th, 15th, 20th and 25th years in the Bank's employment.

Efforts to raise employee motivation and satisfaction

Türkiye Finans set up various clubs to help its employees achieve and maintain a balance between their careers and their private lives and to foster a sense of solidarity and identity.

A number of clubs offering a range of activities as photography, diving, outdoor sports, excursions, cultural activities, literature, football, tennis, sailing, cooking and jogging are organized and managed by volunteers serve as platforms where employees with shared interests can come together. This also offers employees the opportunity to take the initiative, to assume responsibility and to adopt a team spirit.

Türkiye Finans' Football Team is a successful participant of the Companies League.

Türkiye Finans' Football Team is an active and successful participant of the Companies League, combining corporate professionalism with sporting performance. Having celebrated its 10th anniversary in 2013, Türkiye Finans' Football Team has been competing in the Companies League for 7 seasons in a row.

Türkiye Finans carries out its training activities in line with its target of recruiting and holding onto the sector's "very best employees" and within the framework of an approach that allows the Bank to continuously ensure individual development and raise the satisfaction of its employees.

Türkiye Finans believes that training solutions which are designed based on personal needs and competencies play a key role in the Bank's total performance. Within the scope of its training approach, the Bank observes personal differences and deploys a diverse range of training channels and methods.

As an effective technology user in its service cycle, the Bank intensive employs the latest technology in its training activities.

Investing in People - Training Activities at Türkiye Finans

Primary Highlights from Training Activities	2011	2012	2013
Number of Employees on the Payroll at the end of the Period	3,382	3,595	3,990
Average Number of Employees	3,391	3,489	3,793
Training Time per Employee (Hours)	35	57	67
Share of Remote Training in Total Training	12%	26%	27%
Number of employees participating in at least one classroom training session	2,762	3,074	4,138
Budget allocated to training programs (TL)	2,817,471	4,501,431	5,800,319
Average Cost per Employee (TL)	831	1,290	1,529

67 hours

Training time per employee in 2013

Performance management system and career planning at Türkiye Finans.

Türkiye Finans evaluates its employees' performance through AYNA, which is designed as an impartial and transparent performance management system based on specific rules. The added value created by the Bank through achieving the basic performance benchmarks - which are determined in accordance with the Bank's strategy - is evaluated on the basis of a number of criteria including profitability and risk. Based on the calculations undertaken after such evaluation, the Bank pays performance premiums to employees.

Competency-based performance evaluations are carried out twice a year with the goal of improving the performance and competencies of employees. The results of these evaluations, along with the related feedback, are used to determine pay rises and in decisions regarding promotion.

In 2013, the Bank paid achievement bonuses to a total of 3,829 employees. The bonuses were calculated based on the duties and responsibilities of the employees, as well as individual and department performance, and distributed in cash.

Türkiye Finans receives the "Respect for People" award for the fourth time.

In 2013, Türkiye Finans was granted the "Respect for People" award for the fourth time by Kariyer.net, Turkey's most popular recruiting platform. Aiming to increase the quality of efforts conducted in Turkey in the area of human resources, Kariyer.net has been

giving the "Respect for People" awards for 12 years. The awards are given to those companies which are found to have taken the greatest care in responding to job applications.

Having mentioned at the award ceremony that they were deemed worthy of an award as a result of their high-quality efforts within the framework of their HR strategy and policies, Mrs. Zuhâl Ulutürk - Türkiye Finans' Deputy CEO Responsible for Human Resources Training and Performance Management - said, "Responding to the applications of job seeking candidates is very important to them. At Türkiye Finans, we pay a great deal of attention on getting back to applicants with either a positive or negative response. In 2013, we responded to 295,000 applicants on the same day of their application. We believe we deserved the "Respect for People" award for this approach. We will maintain our efforts to bring similar awards to our Bank, which considers human resources as the source of its achievements."

In 2014...

Türkiye Finans will maintain the following activities in the area of human resources during 2014,

- work on creating qualified human resources,
- activities to improve the customer experience,
- projects to disseminate its sales- and performance- oriented culture and
- work on raising loyalty to the Bank.

We Generate Value for the Community

Türkiye Finans aims to lay claim to the historical Kırkpınar Oil Wrestling festival which has one of the longest histories of any sports event after the Olympic Games, and to raise the popularity of this ancestor sport.

Türkiye Finans acknowledges the generation of value for the community that it is a member of as one of its fundamental responsibilities. To this end, the Bank has adopted the mission of protecting Turkey's traditional values while laying claim to the future. Moving forward with awareness and determination to protect Turkey's cultural heritage and to carry it to the future, Türkiye Finans has carried its leadership in participation banking to other areas as well, and is therefore able to set itself apart in the sector.

The enthusiasm at Kırkpınar spreads across the nation with Türkiye Finans' support.

By sponsoring the historical Kırkpınar Oil Wrestling festival held for the 652nd time in 2013, Türkiye Finans aims to lay claim to the historical Kırkpınar Oil Wrestling festival which has one of the longest histories of any sports event after the Olympic Games, and to raise the popularity of this ancestor sport.

Derya Güreker, the CEO of Türkiye Finans stated in the press conference held for the Kırkpınar festival, "We support communication for the historical Kırkpınar Oil Wrestling festival - which is on UNESCO's Intangible World Cultural Heritage list - and, therefore, play

a key role in keeping the festival alive for future generations by telling the stories of the wrestlers who have been making history for centuries."

Türkiye Finans to sponsor the Kırkpınar Oil Wrestling Contest for 3 years.

Türkiye Finans has undertaken to sponsor the Kırkpınar Oil Wrestling Contest for a period of 3 years. The final of the 653rd Kırkpınar Oil Wrestling festival will be held between June 20th-22nd, 2014.

"Dialogue in the Dark" exhibition

Türkiye Finans is one of the sponsors of the "Dialogue in the Dark" exhibition, which has attracted more than 7 million visitors from 130 cities throughout the world.

With the project, which allows visitors to experience their daily lives in a completely dark environment without using their eyesight, Türkiye Finans has rebuilt Istanbul's city life for the visually impaired. Opened on December 20th, 2013, the exhibition offers visitors a unique experience by allowing them to experience city life without using their eyesight over a wide area of 1,500 m2 in the Gayrettepe metro station in Istanbul. Providing visitors with the



About the Historical Kırkpınar Oil Wrestling Contest

During the military expeditions led by Orhan Gazi to conquer Rumelia (the part of the Ottoman Empire located in Europe), his brother Süleyman Pasha marched with 40 soldiers to Domuzhisar, which was then in the hands of the Byzantines. They raided and conquered Domuzhisar (the Domuz Fortress). After also conquering other fortresses, the group of 40 soldiers who formed the advance guard returned, and came to rest in Samona, in what is now Greece. There, these 40 soldiers began to wrestle. After hours of wrestling, two brothers named Ali and Selim both proved unable to defeat the other. On a Hidrellez day (a festival held on May 6 to celebrate the beginning of the summer), these two brothers started wrestling again in the Ahırköy meadow near Edirne. The wrestling match lasted the entire day, but still neither man could defeat his brother, so the contest continued throughout the night under the light of candles and torches. In the end, however, both brothers succumbed to a shortage of breath and energy and died.

At the spot where the two men perished, where there was a fig tree, their friends laid them to rest. Many years later, they came to visit the tree. At that very location where the two brothers were buried, they found a great spring. Following this, the people of the region start calling the area "Kırkpınar" (Forty Springs) and the Kırkpınar wrestling contest has been held as an annual tradition since then.

This was at the green pastoral area of the Greek village of Samona. At the end of the Balkan wars and World War I, the Kırkpınar Wrestling Contest started to be held in Virantekke, located between Edirne and Mustafapaşa. After the foundation of the Turkish Republic, the contests have been held in the Sarayıcı area of Edirne since 1924.

Until 1928, agas (landlords) used to organize the Kırkpınar Wrestling Contest; they entertained the guests and handed out awards to the winners. However, due to economic trouble in the country, people were reluctant to volunteer to become agas. Therefore, from 1928, the Turkish Red Crescent (Kızılay) and the Child Protection Society (Çocuk Esirgeme Kurumu) took over the duties of putting together the wrestling contests. The Edirne Municipality has been organizing the Kırkpınar Wrestling Contest since 1946.



chance to understand what their daily activities, such as strolling through the park, crossing the street, getting on and off the bus in the dark, the project has aroused a great deal of curiosity in Turkey as in the rest of the world.

Türkiye Finans was among the corporations responsible for the establishment of the traffic and city life areas in the "Dialogue in the Dark" project. During the exhibition, each visitor was blindfolded and given a white walking stick. Within the scope of the project, guidance services were offered to the handicapped. Moreover, special events were held for children and the business world at the exhibition.

Türkiye Finans sponsors the 17th Mediterranean Games in 2013.

The 17th Mediterranean Games were held in Mersin between June 20th-30th, 2013. During the Mediterranean Games, two Türkiye Finans stationery and two mobile branches in Mersin and Adana offered services to all participants to enable them to carry out all of their banking and financial transactions.

Held in the city of Alexandria in 1951 for the first time, the Mediterranean Games are organized every four years. Covering a number of sporting branches, the Mediterranean Games are the most important international sports event after the Olympic Games. Bringing together athletes of the Mediterranean countries, the Mediterranean Games are inspired by the Olympic spirit. A total of 21 countries participated in the 17th Mediterranean Games; Turkey ranked the 2nd place in the Games, winning a total of 128 medals.

Türkiye Finans 3rd Photography Contest is concluded.

The 3rd Türkiye Finans Photography Contest was held in 2013 with the participation of Bank employees.

Organized by the Türkiye Finans Photography Club, the contest was attended by a total of 131 people (with 603 photographs in total) from among the employees of Türkiye Finans throughout Turkey.

4 of the photographs that were evaluated by a jury of members, including Mr. Nevzat Çakır - an artistic photographer, and Mr. Murat Gür - the chief editor of the magazine, "PhotoWorld", succeeded in reaching the finals.

The winner of the contest was Mr. Arif Ünal from the Department of Alternative Delivery Channels and Payment Systems Development Department with his photograph entitled "Magic of the Dark"; he won a prize worth TL 3,000. Mr. Ali Alabaşlı from the Adıyaman Branch won second prize worth TL 2,000 with his photograph entitled "Kite"; and Mr. Murat Toru from the Ankara-Demetevler Branch received the third prize worth TL 1,000 with a photograph entitled "Black Vulture". Mr. Hüseyin Bahçeci from the Department of Alternative Delivery Channels and Payment Systems Development Department received the Türkiye Finans Special Prize worth TL 1,500 with his photograph entitled "Let the Music Take You". Each of the 5 employees who participated in the contest received an honorable mention worth TL 500, while the creators of the 34 pieces that were deemed fit for the exhibition received prizes worth TL 100 each.



The winner of the contest "Magic of the Dark" by Arif Ünal

Dialogue in the Dark

Türkiye Finans is one of the sponsors of the "Dialogue in the Dark" exhibition.

Photography Contest

Organized by the Türkiye Finans Photography Club, the contest was attended by a total of 131 people (with 603 photographs in total) from among the employees of Türkiye Finans throughout Turkey.



Second prize "Kite" by Ali Alabaşlı



Third prize "Black Vulture" by Murat Toru



Special Prize "Let the Music Take You" by Hüseyin Bahçeci

The top ranking photographs and those which were deemed suitable for exhibition following the technical and composition-based evaluations were exhibited in the foyer area of Türkiye Finans' Head Office in Kartal.

The Türkiye Finans family runs intercontinentally

Distinguishing itself with its human resources practices, Türkiye Finans attended the 35th Istanbul Marathon on November 17th, 2013. A total of 78 employees of the Bank raced in the intercontinental marathon, which the Türkiye Finans Running Team had long been preparing for.

The Türkiye Finans Running Team attended the Vodafone Istanbul Marathon, the most important international marathon organized in Turkey, for a 3rd time. Five employees from Türkiye Finans raced in the 42.2 km long marathon that brings Asia and Europe together; while 6 employees ran on the 15 km course and 9 employees ran the 10 km course. A further 58 Bank employees attended the public walk.

Türkiye Finans CEO Derya Gürerk issued the following statement: "The Intercontinental Istanbul Marathon is one of the most important sporting events in Turkey. We attended the Istanbul Marathon for the 3rd time this year. Representing our Bank, the Türkiye Finans Running Team members had the opportunity to see how collective sports events can contribute to business life while preparing for this marathon that brings two continents together."



Supporting young people with Down's syndrome

The "Mobile Down's Café" project, which was sponsored by Türkiye Finans in 2013, aims to introduce young handicapped people to the community, to ensure they are employed and to raise awareness of the plight of the disabled. With all of its members being mothers who work voluntarily, the Down's Café - where 25 children and young people with Down's syndrome are employed - was established by the Şişli Municipality and the Alternative Life Association (ADER) in 2011.

About this Report

This is the first sustainability report published by Türkiye Finans. Türkiye Finans' sustainability performance, as covered by this report, is primarily concerned with a variety of economic, social and environmental issues. These issues are considered from the standpoints of stakeholders, the corporate structure, banking, the environment, human resources and the community.

The matters considered in this report were determined in light of systematic and internationally recognized auditing procedures carried out at Türkiye Finans during 2013 as a result of discussions and meetings held with members of the Bank's top and middle management and also on the basis of stakeholder feedback. The Board of Directors was provided with detailed information concerning this report on March 28th, 2014.

The content of this report is limited to Türkiye Finans' own activities and does not cover the Bank's subsidiaries and affiliates. It was decided that it would be reported solely on Türkiye Finans' performance, given that the Bank itself accounts for by far the largest portion of its consolidated financial results.

Period covered by the report

Unless otherwise indicated, this report covers the period of January 1st, 2013 - December 31st, 2013. The information provided in this report will serve as a benchmark in any future sustainability reports which Türkiye Finans may publish.

Reporting cycle

Türkiye Finans will continue to report on its sustainability performance at 12-month intervals in the future. The Bank expects to publish its next report by May 2015.

Reporting content

Since its foundation, Türkiye Finans has been sharing information concerning its economic performance with regulators and its stakeholders through annual and interim reports and with the public through its corporate website.

This report, designed to provide stakeholders with access to detailed and current information on the Bank's sustainability performance, enriches

Türkiye Finans' information sharing, reporting and transparency traditions. The report is designed to demonstrate Türkiye Finans' accountability and transparency and to record its corporate performance, while also showing how sustainability is being integrated into all aspects of the Bank's business. In addition, the report serves as a research and teaching tool for the Bank's internal and external stakeholders and drives best practices throughout the Bank.

The information contained in the sustainability report is supplemented by other Türkiye Finans reports and documents.

External assurance

Türkiye Finans strives to ensure full data assurance for all significant sustainability data reported. In addition to its comprehensive internal metrics systems, the Bank employs a variety of internal and external processes to provide assurance that its operations are transparent, and the information it reports is accurate and truly reflective of its actual results. In this context, the following issues set forth herein are checked by the following agencies and institutes:

- The Bank's solo and consolidated financial statements summarizing its economic performance in 2013, by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi,
- The Bank's datacenter standard by Uptime Institute,
- The Bank's business continuity standard, by the BSI-British Standards Institute,
- The Bank's customer communication center standard, by Bureau Veritas Turkey and
- The Bank's customer satisfaction management standard, by Bureau Veritas Turkey.

Statement of compliance with GRI principles

Türkiye Finans declares that this report was prepared in accordance with Level A+ of Global Reporting Initiative (GRI) Reporting Guide version 3 (please refer to the section, "GRI INDEX", page 59).

How this report is published

Türkiye Finans' Sustainability Report was published in Turkish and English. The interactive electronic version of the report is available as an interactive micro website on the Bank's website. The report may also be downloaded as a PDF file.



Statement GRI Application Level Check

GRI hereby states that TÜRKİYE FİNANS KATILIM BANKASI A.Ş has presented its report "SUSTAINABILITY REPORT 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

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

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

Amsterdam, 18 July 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The "+" has been added to this Application Level because TÜRKİYE FİNANS KATILIM BANKASI A.Ş has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

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

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 11 July 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

G3 Content Index

STANDARD DISCLOSURES PART I: Profile Disclosures						
Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
1. Strategy and Analysis						
1.1	Statement from the most senior decision-maker of the organization.	Fully	CEO's Message (page 4)			
1.2	Description of key impacts, risks, and opportunities.	Fully	Chairman's Message (page 2), CEO's Message (page 4)			
2. Organizational Profile						
2.1	Name of the organization.	Fully	Türkiye Finans Katılım Bankası A.Ş.			
2.2	Primary brands, products, and/or services.	Fully	For detailed information about TFKB's products and services, please visit www.turkiyefinans.com.tr , also see products and services table on page 29.			
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Türkiye Finans - Corporate Profile (page 7)			
2.4	Location of organization's headquarters.	Fully	Yakacık Mevkii Adnan Kahveci Cad. No:139 34876, Kartal, Istanbul, Turkey			
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Türkiye Finans holds offices in Turkey.			
2.6	Nature of ownership and legal form.	Fully	Türkiye Finans is incorporated under the laws of the Turkish Republic. Ownership structure as of 31 December 2013: 66.27% National Commercial Bank, 22.09% Boydak Group, 11.57% Ülker Group			
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	The Bank serves its customers primarily in Turkey, throughout its 250 branches. The Bank has a variety of customer: individuals, SME's, large corporates, etc.			
2.8	Scale of the reporting organization.	Fully	Please see page 8. Also visit: http://www.turkiyefinans.com.tr/tr/hakkimizda/faaliyetraporlari/2013/en/m-1-6.html			
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	There has not been any significant change during the reporting period.			
2.10	Awards received in the reporting period.	Fully	Please see page 23.			
3. Report Parameters						
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	The full year 2013, from 01-01-2013 until 31-12-2013			
3.2	Date of most recent previous report (if any).	Fully	This is the first sustainability report of the Bank.			
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual from 1 January to 31 December			
3.4	Contact point for questions regarding the report or its contents.	Fully	Mr. Kaan Demirkesen, Corporate Brand Asst. Vice President, T:02 16 586 70 00 F:02 16 452 54 94, kaan.demirkesen@turkiyefinans.com.tr ; Ms. Şebnem Öztürk Genç, Corporate Brand Senior Specialist, T:02 16 586 70 00 F:02 16 452 54 94, sebnem.ozturk@turkiyefinans.com.tr			

G3 Content Index

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
3.5	Process for defining report content.	Fully	Türkiye Finans' Sustainability Report content is based on an assessment of materiality, considering legal and regulatory requirements (such as the Banking Law), a peer review, Türkiye Finans' sustainability strategy and risk assessment and information requests from stakeholders. Türkiye Finans used Tayburn's consultancy services to undertake the Materiality Analysis which was based on GRI's Guidance on Defining Report Content. The main sustainability issues have been gathered under six groups. Please see Dialogue with Stakeholders and Priorities for the Reporting Period, page 25. Findings of the prioritization analysis has been provided to the Bank's senior management for review, and their feedback was obtained. Türkiye Finans's 2013 Sustainability Report integrates our financial, social and environmental information in one document as these are all relevant for our business operations.			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	The content of this report is limited to Türkiye Finans' own activities in Turkey and does not cover the Bank's subsidiaries or parent companies.			
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Please see 3.6			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	This report does not cover the Bank's subsidiaries.			
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	IFRS for financial data GRI Level A reporting protocol; no diversions			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	Restatements, if any, are footnoted.			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	This is the first sustainability report of the Bank.			
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	GRI Content Index is an Appendix to our Sustainability Report.			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	Türkiye Finans strives to ensure full data assurance for all significant sustainability data reported. For details please see, External Assurance, page 57.			
4. Governance, Commitments, and Engagement						
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	For the Board of Directors please see: http://www.turkiyefinans.com.tr/tr/hakkimizda/faaliyetraporlari/2013/en/m-2-1.html For committees please see: http://www.turkiyefinans.com.tr/tr/hakkimizda/faaliyetraporlari/2013/en/m-2-5.html			
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	The Chairman is a non-executive member of the Board. .			
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	There are no independent members on the Board			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Stakeholder feedbacks approved by Türkiye Finans Senior Management are directed to the Board of Directors by General Secretary of the Board.			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	The Bank uses a balanced evaluation of various corporate indicators to determine performance related compensation for all managers and senior executives. These measures are aligned with the strategy and the achievement of the Bank's business plan.			
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Türkiye Finans has procedures in place to help to avoid conflicts of interest at all levels of our business. All employees of the Bank are required to adhere to the Ethics Policy.			
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Fully	The qualifications and expertise of the Senior Management on economic, environmental and social topics are evaluated by the Board of Directors.			
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	For Vision, Mission and Corporate Values please visit: http://www.turkiyefinans.com.tr/tr/hakkimizda/faaliyetraptorlari/2013/en/m-1-2.html The Sustainability Strategy of Türkiye Finans, page 12 Corporate Social Responsibility (CSR) Policy, page 13 Both the Sustainability Strategy and the CSR Policy were fully implemented throughout the reporting period.			
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Corporate Governance Structure, page 18			
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	The shareholders evaluate the performance of Türkiye Finans Board of Directors and make the necessary arrangements in accordance with the Bank's policies and strategies.			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Türkiye Finans' risk management function is responsible for development of risk policies and processes, including credit risk, and operational risks. These policies establish the framework for a variety of factors such as the acceptance of new clients, provision of credit and development of new products. These risk management policies are taken into account on an ongoing basis in everything that we do.			
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	Türkiye Finans is a member of The Participation Banks Association of Turkey (TKBB), and YASED - International Investors Association Turkish Banking Law			
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	We participate and support a number of external initiatives, including: - The Participation Banks Association of Turkey (TKBB) - YASED - International Investors Association			
4.14	List of stakeholder groups engaged by the organization.	Fully	Customers, Employees, Shareholders, and the Community are the main stakeholders of Türkiye Finans. Please see page 24.			
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Stakeholders and Stakeholders Participation, page 24			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Dialogue with Stakeholders and Priorities for the Reporting Period, page 25			
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	Dialogue with Stakeholders and Priorities for the Reporting Period, page 25			

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

FSSS DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
DMA PS	Disclosure on Management Approach PS					
Aspects	Product portfolio	Fully	Türkiye Finans has in place a range of policies to manage the impacts of its products and services. These also ensure that the Bank complies with its regulatory obligations as well as additional policies in relation to responsible banking practices, and various risks in lending.			
FS1	Policies with specific environmental and social components applied to business lines.	Fully	We Generate Value for our Customers, page 28			
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Fully	Türkiye Finans has established procedures to ensure its lending decisions are guided by sound economical, social and environmental standards.			
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Fully	Türkiye Finans totally complies with the laws and regulations currently in force in Turkey regarding the environmental and social requirements of its lending activities.			
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Fully	Türkiye Finans engages in many training activities aiming to provide its staff with necessary information and to improve their competencies on risk categories.			
FSS	Interactions with clients/investees/ business partners regarding environmental and social risks and opportunities.	Fully	Türkiye Finans interacts with its customers, investees and business partners regarding environmental and social risks in case of need.			
	Audits	Fully	To ensure our lending practices comply with our corporate policies, there are various checklists and filters that customers are assessed against. This is in scope for all credit audits and is targeted specifically to ensure that economical, environmental, and social matters have been appropriately addressed.			
	Active ownership	Fully	The Bank assesses all new corporate and individual customer relationships for a variety of risks and in accordance with the criteria set out by the regulations in force in Turkey. Existing customer relationships are considered on an annual basis, or more frequently if necessary.			
DMA EC	Disclosure on Management Approach EC					
Aspects	Economic performance	Fully	Türkiye Finans 2013 Annual Report http://www.turkiyefinans.com.tr/tr/hakkimizda/faaliyetraporlari/2013/en/m-1-15.html			
	Market presence	Fully	Türkiye Finans 2013 Annual Report http://www.turkiyefinans.com.tr/tr/hakkimizda/faaliyetraporlari/2013/en/m-1-14.html			
	Indirect economic impacts	Fully	Türkiye Finans 2013 Annual Report http://www.turkiyefinans.com.tr/tr/hakkimizda/faaliyetraporlari/2013/en/m-1-15.html			
DMA EN	Disclosure on Management Approach EN					
Aspects	Materials	Not			Not applicable	We do not report this disclosure item, as it is not applicable to our business because Türkiye Finans is a financial service provider and do not produce any goods by using materials.
	Energy	Fully	We Generate Value for the Environment, page 43			
	Water	Fully	We Generate Value for the Environment, page 43			
	Biodiversity	Not			Not applicable	We do not report this disclosure item, as it is not applicable to our business because Türkiye Finans does not have any operation which affects biodiversity.
	Emissions, effluents and waste	Fully	We Generate Value for the Environment, page 43			
	Products and services	Fully	We Generate Value for our Customers, page 28			
	Compliance	Fully	We recognise the importance of full compliance to laws and strive to comply in every aspect of our business.			
	Transport	Fully	We Generate Value for the Environment, page 43			
	Overall	Fully	We recognise that our impact on environment and society results from our own operations as well as our client business activities.			

FSSS DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
DMA LA	Disclosure on Management Approach LA					
Aspects	Employment	Fully	We Generate Value for our Employees, page 49			
	Labor/management relations	Fully	We Generate Value for our Employees, page 49			
	Occupational health and safety	Fully	We Generate Value for our Employees, page 49			
	Training and education	Fully	We Generate Value for our Employees, page 49			
	Diversity and equal opportunity	Fully	We Generate Value for our Employees, page 49			
DMA HR	Disclosure on Management Approach HR					
Aspects	Investment and procurement practices	Fully	We Generate Value for our Employees, page 49			
	Non-discrimination	Fully	There were not any incidents of discrimination in the Bank during the reporting period.			
	Freedom of association and collective bargaining	Not			Not applicable	We do not report this disclosure item, as it is not applicable to our business because there is no any collective bargaining agreement in place in Türkiye Finans.
	Child labor	Fully	Türkiye Finans does not tolerate the use of child labour in business. Additionally, companies which employ child labor will not be financed at all, whenever identified.			
	Forced and compulsory labor	Fully	Türkiye Finans does not tolerate or support the use of forced or compulsory labour.			
	Security practices	Fully	Türkiye Finans uses the services of private security service providers which fully comply with laws and regulations in place in Turkey.			
	Indigenous rights	Not			Not material	We do not report this disclosure item, as it is not of material importance in our territory of operations.
DMA SO	Disclosure on Management Approach SO					
Aspects	Community	Fully	Türkiye Finans supports the social development through various corporate social responsibility projects. Please see page 45.			
	Corruption	Fully	Türkiye Finans does not tolerate bribery of or by any business partner, government agency or public authority and maintain honest and fair relationships with all its counterparties.			
	Public policy	Fully	Türkiye Finans is not an active participant in the political and public policy making process.			
	Anti-competitive behavior	Fully	Türkiye Finans maintains fair and free competition in accordance with Turkey's competition laws.			
	Compliance	Fully	Türkiye Finans aims to comply with all laws and regulations in force in Turkey.			
DMA PR	Disclosure on Management Approach PR					
Aspects	Customer health and safety	Not			Not applicable	We do not report this disclosure item, as it is not applicable to our business because the Bank's products do not affect customers' health and safety.
	Product and service labelling	Not			Not applicable	We do not report this disclosure item, as it is not applicable to our business because the Bank's products do not use labelling.
FS15	Policies for the fair design and sale of financial products and services.	Fully	We Generate Value for our Customers, page 28			
	Marketing communications	Fully	Corporate communication activities - An important dimension of stakeholder dialogue, page 26			
	Customer privacy	Fully	We respect the privacy right of our customers and strive to fully comply with the laws which set the frame of customer privacy in our country.			
	Compliance	Fully	Türkiye Finans aims to comply with all laws and regulations in force in Turkey.			

STANDARD DISCLOSURES PART III: Performance Indicators

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
Product and Service Impact						
Product Portfolio						
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/ SME/large) and by sector.	Fully	As of year end 2013, Türkiye Finans' SME loan portfolio has reached a total of 7,7 billion TL. On the other hand, the Bank has concluded 234.9 million TL worth of leasing transactions with the later group, as of the same date. Within the scope of the Entrepreneur Job Family program, the Bank extended TL 4.9 billion in cash loans (an increase of 65% YoY) and TL 2.6 billion (up by 35% YoY) in non-cash loans. For additional information on Türkiye Finans' business portfolio please see http://www.turkiyefinans.com.tr/tr/hakimizda/faaliyetraporlari/2013/en/m-1-15.html			
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Fully	Please see FS6.			
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Fully	Türkiye Finans is working with customers to address environmental opportunities and risks and support transition to a lower carbon future. Details of these products and services can be found at: Türkiye Finans and The Energy Sector, page 38			
Audit						
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Fully	Internal audit has a market focus over Türkiye Finans' products and services. This includes specific products developed to address environmental and social risks. During the reporting period Internal Audit has not raised any significant issues in this regard.			
Active Ownership						
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Fully	Türkiye Finans assesses all new corporate customer relationships for a variety of risks and in accordance with the criteria set out by the regulations in force in Turkey. Social and environmental issues may be identified by an Türkiye Finans employee or as a result of concern raised by an external stakeholder. Regardless, we will work with our customers to manage any issues. During the reporting period there was any case which we interacted on environmental or social issues.			
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Fully	During the reporting period no asset has been subject to positive or negative environmental or social screening.			
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Fully	During the reporting period, there was not any condition which required the Bank to develop voting policies for shares over which Türkiye Finans holds the right to vote or advises on voting for environmental or social issues.			
Economic						
Economic Performance						
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	Direct economic value produced and shared by Türkiye Finans in 2013, page 8			
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	Türkiye Finans and the Energy Sector, page 38			
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Direct economic value produced and shared by Türkiye Finans in 2013, page 8			
EC4	Significant financial assistance received from government.	Fully	We have not received any financial assistance from the Government in the reporting period.			
Market Presence						
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	Türkiye Finans' selection of suppliers takes into consideration a range of factors with the aim of maximising commercial and operational value as well as the social and environmental impacts of its buying decisions. The Bank's common practice is local sourcing.			
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	Our recruitment procedures do not specifically require employees to be selected from operational locations. Türkiye Finans hires employees based on merit and appropriateness of their skill set for any advertised position.			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
Indirect Economic Impacts						
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	For SMEs and Commercial, and Corporate Customers, page 34 Generating Value for the Community, page 54			
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	The economic contributions Türkiye Finans makes to society are greater than financial profits. The Bank creates jobs, pays salaries and invest in the skills of its human resources. The Bank also pay taxes, support businesses in its supply chain and provide products that satisfy the needs of its customers.			
Environmental						
Materials						
EN1	Materials used by weight or volume.	Not			Not material	We do not report on this issue as the disclosure is not material to our business, because we are a financial service company.
EN2	Percentage of materials used that are recycled input materials.	Not			Not material	As above
Energy						
EN3	Direct energy consumption by primary energy source.	Fully	We Generate Value for the Environment, page 43			
EN4	Indirect energy consumption by primary source.	Fully	We Generate Value for the Environment, page 43			
Water						
EN8	Total water withdrawal by source.	Fully	We Generate Value for the Environment, page 43			
Biodiversity						
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not			Not material	We do not report on this issue as the disclosure is not material to our business, because we do not own or lease any property in protected areas or areas of high biodiversity.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not			Not material	We do not report on this issue as the disclosure is not material to our business, because we do not run any activity which may create any impact on protected areas or areas of high biodiversity.
Emissions, Effluents and Waste						
EN16	Total direct and indirect greenhouse gas emissions by weight.	Not			Not applicable	This the first Sustainability Report of Türkiye Finans where the use of natural resources is disclosed. The Bank targets to calculate its direct and indirect greenhouse emissions and share the results with its stakeholders following the disclosure of its 2014 data.
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not			Not material	We do not report on this issue as the disclosure is not material to our business, because we are not an industrial company.
EN19	Emissions of ozone-depleting substances by weight.	Not			Not material	We do not report on this issue as the disclosure is not material to our business, because our activities do not emit any ozone-depleting substances.
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not			Not material	We do not report on this indicator as the disclosure is not material to our business because the Bank's business activities/operations do not generate significant emissions of these substances.

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
EN21	Total water discharge by quality and destination.	Not			Not material	We do not report on this indicator as the disclosure is not material to our business because all water is discharged to public waste water treatment across our operations.
EN22	Total weight of waste by type and disposal method.	Not			Not available	Türkiye Finans intends to disclose total weight of waste in the next reporting cycle (2014).
EN23	Total number and volume of significant spills.	Not			Not material	Türkiye Finans' business activities do not have a material risk of significant spills of hazardous substances.
Products and Services						
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	We Generate Value for our Customers, page 28			
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not			Not material	We do not report on this issue as the disclosure is not material to our business because the Bank's products and services are not packaged.
Compliance						
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	There have been no fines or non-monetary sanction for non-compliance with environmental laws and regulations.			
Social: Labor Practices and Decent Work						
Employment						
LA1	Total workforce by employment type, employment contract, and region.	Partially	We Generate Value for our Employees, page 49	Workforce by employment type, contract and region.	Not applicable	Türkiye Finans keeps record of total workforce by gender, by age, by seniority and by education level but not specifically by employment type, contract and region.
LA2	Total number and rate of employee turnover by age group, gender, and region.	Partially	We Generate Value for our Employees, page 49	Employee turnover rate by age group, gender and region.	Not applicable	Türkiye Finans keeps record of employee turnover rate but not specifically by age group, gender and region.
Labor/Management Relations						
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	There is no any collective bargaining agreement in place in Türkiye Finans. Employees are hired on an individual basis under the Turkish Labor Law.			
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	We take all necessary actions to avoid redundancies. Whenever restructuring and/or redeployment is unavoidable, we seek to minimize the impact on those who may be affected. The minimum notice period regarding significant operational changes is regulated by Turkish Labour Law.			
Occupational Health and Safety						
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Partially	In the reporting period, there were not any work-related incidents of death or injury, and diseases. Duration of absenteeism is 35.269 days for employees.	Türkiye Finans keeps record of the related statistics but not specifically by region.	Not applicable	Türkiye Finans keeps record of employee absenteeism but not specifically by region.
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	A workplace physician is employed at Türkiye Finans. In 2013, 835 personnel underwent regular checkups and 88 received flu shots while 732 were given eye checkups at a hospital covered by the bank's health benefits package. Türkiye Finans also provided 1,299 employees with Workplace Occupational Health & Safety Training last year.			
Training and Education						
LA10	Average hours of training per year per employee by employee category.	Partially	We Generate Value for our Employees, page 49	Hours of training by employee category.	Not applicable	Türkiye Finans keeps record of average hours of training per employee, but not by employee category.

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
Diversity and Equal Opportunity						
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	Türkiye Finans' human resources structure - basic demographic data and trends, page 49 - 51 Please also visit the following links (Details of governance bodies) For Board of Directors http://www.turkiyefinans.com.tr/tr/hakimizda/faaliyetraporlari/2013/en/m-2-1.html For Senior Management http://www.turkiyefinans.com.tr/tr/hakimizda/faaliyetraporlari/2013/en/m-2-2.html For Unit Managers within Internal Systems and Directors http://www.turkiyefinans.com.tr/tr/hakimizda/faaliyetraporlari/2013/en/m-2-3.html			
LA14	Ratio of basic salary of men to women by employee category.	Fully	As the salary system is completely based upon performance, there is not an application that tracks the difference between male and female employees' salaries.			
Social: Human Rights						
Investment and Procurement Practices						
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Fully	Türkiye Finans' lending policies requires that corporate customers be assessed in relation to their activities that may involve environmental or social risk (including human rights). During the reporting period, there were no customers who were being investigated on account of these issues.			
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	Türkiye Finans' procurement practices requires that suppliers and contractors fully complies with laws and regulations in force in Turkey concerning human rights practices. In our knowledge during the reporting period, there were no suppliers or contractor who has been investigated on account of these issues.			
Non-Discrimination						
HR4	Total number of incidents of discrimination and actions taken.	Fully	No incidents of discrimination reported.			
Freedom of Association and Collective Bargaining						
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	We respect the constitutionally-protected right of employees to be members of unions. During the reporting period there were no trade or labor union organizational activities at Türkiye Finans. During the reporting period, the Bank had no dealings with any stakeholder who, to the bank's knowledge, was in violation of their employees' union rights.			
Child Labor						
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Fully	No risk of child labour has been identified during the reporting period. We do not tolerate the use of child labour in our own business, customers and suppliers. Additionally, companies which employ child labor will not be financed at all, whenever identified.			
Forced and Compulsory Labor						
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Fully	No risk of forced or compulsory labour has been identified during the reporting period. We do not tolerate forced or compulsory labour in our own business, customers and suppliers. Additionally, companies which do so will not be financed at all, whenever identified.			
Social: Society						
Community						
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	Türkiye Finans carries out a complete feasibility study before entering and exiting in any branch location. The Bank's aim is to develop a balanced approach in favor of all its stakeholders as per the findings of each analysis.			
FS13	Access points in low-populated or economically disadvantaged areas by type.	Fully	Türkiye Finans is a service provider with 250 branch office locations throughout Turkey. Among the cities that the Bank is present there are large metropolitan areas as well as smaller cities in various regions of the country.			
FS14	Initiatives to improve access to financial services for disadvantaged people.	Fully	We Generate Value for our Customers, page 28			
Corruption						
S02	Percentage and total number of business units analyzed for risks related to corruption.	Fully	As a part of the inspection programme, all units of the Bank were analyzed during the reporting period.			

G3 Content Index

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	In 2013, 6,483 employees of the Bank was trained in 88 various anti corruption, compliance, etc. training programs, and received a total of 181,50 hours of training.			
S04	Actions taken in response to incidents of corruption.	Fully	No corruptive practices were encountered in 2013, so no corrective actions needed to be taken.			
Public Policy						
S05	Public policy positions and participation in public policy development and lobbying.	Fully	Türkiye Finans is not an active participant in the political and public policy making process. On the other hand the Bank, actively seeks to constructively shape its operating environment and to inform its business decisions by understanding the perspectives of the banking community's representatives. The Bank is an active member of The Participation Banks Association of Turkey (TKBB).			
Compliance						
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	There have been no fines for non-compliance with laws and regulations.			
Social: Product Responsibility						
Customer Health and Safety						
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not			Not applicable	Not applicable due to the nature of our business, because our products do not cause any health and safety impact.
Product and Service Labelling						
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Türkiye Finans complies with laws and regulations relating to the disclosure of information about the products and services it provides. For example, the Bank is obliged to provide product disclaimer statements, terms and conditions and offer copies of legally binding documentation to consumers. The Bank also assists customers in comparing its products to peers' products available in the market by providing objective, transparent and understandable information and consultancy.			
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Fully	We Generate Value for our Customers, page 28			
Marketing Communications						
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	The practices in relation to the marketing and promotion of the financial products are strictly governed by legislation. Türkiye Finans complies with laws and regulations relating to marketing and promotion of products and services.			
Compliance						
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	There have been no fines for non-compliance with laws and regulations concerning the provision and use of products and services.			



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