



OUR BIGGEST INVESTMENT IS THE FUTURE

**işBANK**

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## WHY MONEY BOX?

COEVAL WITH THE TURKISH REPUBLIC, İŞBANK PLACES THE MONEY BOX AT THE CORE OF ITS CORPORATE VALUES. THE MONEY BOX ALSO SYMBOLIZES THE “SAVING HABITS” THAT WAS STRIVEN TO BE SPREAD ACROSS THE NATION CONCURRENTLY WITH THE ECONOMIC REFORMS AHEAD OF THE YOUNG TURKISH REPUBLIC.

İŞBANK’S MONEY BOX PENETRATED OUR LIVES IN 1928 SIMULTANEOUSLY WITH THE COUNTRYWIDE EFFORTS SPENT TO BUILD THE FOUNDATIONS OF A MODERN LIFE IN EVERY ASPECT. THE MONEY BOX HAS EVER SINCE REMAINED AS A REFLECTION OF OUR BANK’S HISTORIC MISSION AND PRESERVED THE SOCIOCULTURAL MEANING IN THE COLLECTIVE MEMORY OF THE REPUBLIC GENERATIONS. HAVING TAKEN ON THE MISSION OF INCULCATING AN AWARENESS OF SAVINGS IN THE SOCIETY AND ESPECIALLY IN CHILDREN EVER SINCE, THE MONEY BOX HAS BECOME AN INDISPENSABLE PART OF LIFE, AND A TRADITION THAT HAS BEEN PASSED DOWN FROM ONE GENERATION TO THE NEXT.

IN LINE WITH THE GLOBAL INFLUENCES AND THE PROGRESSES IN OUR COUNTRY, İŞBANK’S MONEY BOX INSPIRED THE MONEY BOX FUND AND TURNED INTO A SUCCESS STORY. ON ANOTHER FRONT, IT HAS PRESERVED ITS PLACE IN SOCIAL LIFE AND HAS BECOME A “BRAND NAME” IN TURKEY, WITHOUT SIDETRACKING FROM ITS GOAL OF INSTILLING THE HABIT OF SAVING UP AND INVESTING FOR THE SAKE OF A BRIGHT FUTURE AND HEALTHY NEW GENERATIONS.

THE ECONOMIC DISTRESSES OF GLOBAL SCALE IN THE RECENT YEARS HAVE ENHANCED THE IMPORTANCE OF SAVINGS. AS WE, WITH OUR STAKEHOLDERS, INCREASE THE SAVING HABITS, WHICH HAS BEEN SYMBOLIZED IN İŞBANK’S MONEY BOX FOR 88 YEARS IN TURKEY, WE WILL KEEP MAKING OUR BIGGEST INVESTMENT IN THE FUTURE OF OUR COUNTRY AND OF OUR CHILDREN.

WE EXTEND OUR THANKS TO OUR STAKEHOLDERS FOR THEIR CONTRIBUTIONS TO THE SUSTAINABILITY REPORT.

# CHAIRMAN'S MESSAGE

LEADER COMPANIES  
TAKE ON PIONEERING  
AND KEY POSITIONS  
IN MAJOR GLOBAL  
TRANSFORMATION  
CONJUNCTURES. THIS  
APPROACH MAKES  
UP THE LONG-TERM  
GUARANTEE OF  
SUSTAINABILITY.

## **İşbank and sustainability**

In order to build the sustainable future, we need to know our origins and we must possess accurate forecasts and strategies about the future.

Having started operations as one of the first institutions of the Turkish Republic, İşbank was founded for the mission of contributing to the development, reconstruction and advancement of Turkey in every department. In the initial years of operation, İşbank pioneered the financial literacy efforts in the Turkey society. İşbank's Money Box is still the best known symbol of personal savings in Turkey. Being a publicly held company since its establishment İşbank introduced the first mutual fund and investment services to the Turkish market. İşbank channeled funds to basic lines of industry including glass, fabric and sugar in keeping with the duties it has taken on, extended support to the arts, sport and education, and backed charitable organizations and non-governmental organizations.

In this process, İşbank has always striven to give that which was the most contemporary to Turkey; in doing that, the Bank focused on making optimum use of the country's scarce resources, and espoused the notion of saving among its core values.

Symbolized by the Money Box that makes up the visual theme of our first sustainability report, "saving, optimum use of scarce resources, and sustainability" are concepts that are encoded within the genetic material of İşbank.

The Money Box has pioneered the innovative products that we have offered to our customers in line with the banking industry's progress and evolving needs, and has always maintained and bolstered its substance and philosophy. Ever since its inception, İşbank has uninterruptedly produced value for its stakeholders and for Turkey, and constituted a true role model for sustainability. A major contributor to the accumulation of capital during the early years of the Republic, İşbank, as a leading economic actor, has directly created and experienced the social and economic transformation that the world and our country underwent in the 88 years since then, and been the primary supporter of the private sector. All throughout those 88 years, İşbank has continued to be a brand that is trusted and preferred by millions of individuals for planning their financial future and fulfillment of their banking needs.

Today, İşbank enjoys a privileged place among the few number of major banks not only in Turkey but also across the world.



CONSIDERING THE SUSTAINABILITY OF OUR EARTH AS EQUALLY IMPORTANT AS THE DEVELOPMENT OF GLOBAL ECONOMY, İŞBANK WILL CONTINUE TO LEND ITS CONTRIBUTION TO THE ECONOMY AND THE SOCIETY WITHIN THE FRAME OF A HOLISTIC APPROACH.

#### **Our role and responsibility within an inclusive global economy**

While the integration that has been maximized in the past three decades created an inclusive global economy, it has also accelerated the development of powerful global companies and global capital. The same process has been instrumental in the highly comprehensive, large scale and global structure the financial services sector acquired.

On the other hand, the transformation that the global economy experienced has triggered the structural problems that arose in western economies in the near past. Having gone down in literature as the global financial crisis, the process is, in fact, nothing but a major transformation. In this conjuncture where developed western economies enter into a process of stagnation and restructuring, emerging countries maintain their rapid growth, increase their production, and attain improved welfare. The global transformation that forces us to confront new realities led to volatilities in the markets.

We believe that we are at a critical point now. We must cooperate and fulfill our responsibilities to ensure permanent solution of global economic distresses that caused the reemergence of the desire to be isolated and protected, and guarantee the sustainability of an inclusive global economy. That would provide all economic actors with the chance to grow and develop, while it will also play a key role in passing down a livable earth to the future generations. As the UN former Secretary-General Kofi Annan said, "If we cannot make globalization work for all, in the end it will work for none".

In the current transformation process, İşbank, the leader in its sector, clearly defined its responsibilities towards its employees, its customers, the earth and the society, and spelled out its corporate role, set its targets, and drew its roadmap. In keeping with its mission of being the bank closest to customers, İşbank is focused on producing and sharing value for Turkey and our people. Along this line, İşbank will contribute greater positive impact to the process where we;

- offer the best service experience at the most appropriate conditions to our customers whom we have always stood by and supported under any circumstance ever since the first day we have started operations,
- protect the rights of our employees and take their futures under guarantee,
- make economical and productive use of our earth's scarce resources, and inculcate the saving habits among our stakeholders,
- manifest our contribution to the society in the form of long-going, comprehensive projects backed by volunteer support.

Considering the sustainability of our earth as equally important as the development of global economy, İşbank will continue to lend its contribution to the economy and the society within the frame of a holistic approach. We realize that the responsibility imposed upon us by being a leader is a heavy one. We possess the human resource, professional competencies, and financial resources that are necessary to fulfill this heavy responsibility. And we also recognize that a sustainable earth will remain elusive in the absence of ethical values. İşbank puts into life practices that make us proud also in corporate governance and ethical values, and regards it a responsibility towards its stakeholders to achieve compliance with the legislation.

For a bright future and for bright new generations, there will always be a growing need for saving and investment. With the effect of the global financial crisis in the recent years, the importance of saving has been appreciated at a higher extent all over the world. Our performance will be sustainable so long as we are able to back the saving habits that has become synonymous with the "İş" brand since 1924.

On behalf of the Board of Directors and myself, I would like to thank all our stakeholders for their invaluable contributions and unyielding trust.



**H. Ersin Özince**  
Chairman of the Board of Directors

## CEO'S MESSAGE

### İŞBANK CONTINUED TO GENERATE VALUE FOR ITS STAKEHOLDERS AND THE TURKISH ECONOMY IN 2012

Distinguished stakeholders,

#### **İşbank continued to generate value for its stakeholders and the Turkish economy in 2012.**

The results we have achieved in 2012, when we further cemented our leadership in the Turkish banking sector, once again attested to the accuracy, efficiency and productivity of our Bank's institutional structuring and processes, particularly in view of the volatile and challenging market conditions observed in the global economy over the past four years.

We define sustainability as the competence to maintain today's solid performance in a manner which generates value in the long-term for the customers, employees, shareholders, and society at large. Accordingly, İşbank has always espoused sustainability as a natural and complementary component of its corporate strategy. This approach has guided us in all of our activities since 1924, right up to the present day.

İşbank adopts sustainability on four main axes: our customers, our employees, our earth and the society.

We are delighted to present you, our valued stakeholders, with our first sustainability report, where we share the progress we have achieved in these four aspects, as well as our future targets.

Our Bank is committed to further improving its sustainability and capability on the back of new implementations, and is also determined to serve as a role model for the sector in this respect.

#### **Our customers - our main focus in the past, in the present and in the future**

We strive to offer the best range of products and services to our millions of customers in the most appropriate conditions, 365 days a year within the scope of the banking service cycle and within the framework of our strategy to be the bank which is closest to its customers.





THE SECRET UNDERPINNING İŞBANK'S SUCCESS IS A DEEP DETERMINATION - FELT BY ITS CUSTOMERS - TO TACKLE THE GOOD AND THE BAD DAYS TOGETHER AS A BANK WHICH IS DEEPLY COMPATIBLE WITH THE TEXTURE AND FABRIC OF THIS COUNTRY, AND AS A BANK THAT IS CLOSELY INVOLVED WITH ITS CUSTOMERS. IN OTHER WORDS, BEING A BANK THAT CAN LOOK THE CUSTOMER IN THE FACE.

The Bank's main focus is to respond to customers' needs and expectations with the right products and excellence in the service experience we provide. It is our approach to service, which places our customers at the heart of everything we do, which sets İşbank apart, and bolsters its leadership in a the Turkish banking sector that is open to global competition.

The secret underpinning İşbank's success is a deep determination - felt by its customers - to tackle the good and the bad days together as a bank which is deeply compatible with the texture and fabric of this country, and its close involvement with them. In other words, it is our being a bank that is able to look the customer in the face.

Another building block of our success is our business relationships with our customers, which we have built on the basis of mutual respect, transparency and understanding. İşbank takes a lean approach to business under which the Bank always stands by its customers, protecting its customers and watching out for them in these tough market conditions.

Another major responsibility for İşbank, along the service delivery-value production axis, is in the area of corporate governance practices. Drawing on its carefully defined business processes, technology, solid corporate culture, and the deep-seated values espoused by its employees, İşbank fully respects and observes the laws and professional values in the conduct of its activities and services.

So long as İşbank continues to completely fulfill its responsibilities to its customers, it will remain the unchanging preference of businesses and individuals, and rapidly expand its contribution to our country's development.

### **Our employees - the building blocks of our existence and the source of our energy**

İşbank is one large, closely knit family. Our employees, who numbered 24,411 as of 31 December, 2012, also represent İşbank's largest shareholder group, when considered in conjunction with our retired employees.

At İşbank, we are aiming to become the most preferred employer in the sector and relentlessly press ahead with our systematic efforts in this direction. We are continuously encouraging our employees to maximize their job performance, and we exercise effective use of modern human resource management methods in our activities in this department.

We attach the utmost importance on personal development and training, and consider career and performance management as a key responsibility to our employees.

Our Bank regards its human resources, who have comprehensively adopted the Bank's shared corporate values, as the guarantee of its investment in the future.

### **Our earth - The difference that a bank can create**

As concepts such as global warming, climate change, sustainable development and a low carbon economy assume a higher place on the agenda, we consider our responsibility to the earth to be one of the pillars of İşbank's sustainability cycle.

THE PROJECT “81 FORESTS IN 81 CITIES”, UNDER WHICH WE HAD PLANTED 2.2 MILLION SAPLINGS AS OF THE END OF 2012 AND WHICH WE SUPPORT THROUGH PERIODIC MAINTENANCE, OFFSETS MORE THAN 26,000 TONNES OF TOTAL GREENHOUSE GAS EMISSIONS IN TURKEY ANNUALLY.

At İsbank, we adopt a systematic approach to environmental matters, especially with regard to the consumption of natural resources including energy and water, and we view reducing our direct negative impact as a fundamental policy target. Along these lines, our Bank has been monitoring its levels of consumption and calculating its corporate carbon footprint on the basis of regular measurements taken since 2008.

Although our sector is one with a relatively low direct impact upon the environment, we are focused on setting İsbank apart and also maximizing its contribution through our innovative practices that we carry out within the scope of our products and services. We take the environmental factor into consideration in all of our activities, and always aim to minimize the indirect environmental impact.

The energy sector, which attracts a great deal of scrutiny by public opinion and non-governmental organizations, is a business area which we address with the greatest sensitivity with respect to economic, environmental and social risks. Applying specially designed methods to analyze projects in the energy industry, we attach the utmost importance to the perspective of local people and public opinion.

Another topic I would like to touch upon within the framework of our efforts to fulfill our responsibility to our planet is our “81 Forests in 81 Cities” project that has completed its fifth year, during which the plantation of saplings was completed. The importance and value of this initiative has doubled in view of figures released by the Intergovernmental Panel on Climate Change (IPCC), which indicate that 17% of total global greenhouse gas emissions result from deforestation and/or forest degradation. This project, under which we had planted 2.2 million saplings as of the end of 2012 and which we support through periodic maintenance, offsets 26,000 tonnes of total greenhouse gas emissions in Turkey annually.

#### **Our responsibility towards society - for a stronger future**

Ever since its inception, a primary goal of our Bank has been to contribute to the value of our society, to add momentum to social progress and to enhance our people's quality of life. The Bank has, accordingly, implemented numerous projects. The summary table presented on page 105 of our report provides a comprehensive insight into our history and our commitment to fulfilling our responsibility to society, to the greatest extent possible, through social responsibility projects.



WE ARE DETERMINED  
TO WORK TOWARDS A  
SUSTAINABLE EARTH,  
HAND IN HAND WITH  
OUR EMPLOYEES,  
CUSTOMERS AND OTHER  
STAKEHOLDERS.

Today we maintain our contribution to social progress through the long-lived and far-reaching social responsibility activities that we conduct in the areas of education, environment, culture and the arts. Taking on a pioneering role in the advancement of social life, as well as economic development, with the strength drawn from the mission for which it was founded, İşbank is determined to carry on with its activities in the social responsibility area in a structure that is long-lived, far-reaching and integrated, in line with the current needs of our country and its people.

#### **Our biggest investment is the future**

With the strength we derive from İşbank's proud past, we are building a future that gives confidence, and we are making our biggest investment in the future, in other words, for the children that make up our most valuable assets. We firmly believe that İşbank will continue to produce value as Turkey's bank also in the future when capital accumulation and saving will gain gradually increased importance, and that it possesses all, if not more, of the elements and energy necessary to do that.

We are determined to work for a sustainable and livable earth hand in hand with our employees, customers and other stakeholders. We would like to thank all our employees who have driven our 2012 performance, and all our stakeholders who have contributed with their solid support.



**Adnan Bali**  
Member of the Board and  
Chief Executive Officer

# WHO WE ARE

ONE OF THE REPUBLIC'S FIRST INSTITUTIONS, İŞBANK WAS FOUNDED WITH THE MISSION OF CONTRIBUTING TO THE DEVELOPMENT, RECONSTRUCTION AND ADVANCEMENT OF TURKEY IN EVERY DEPARTMENT.

## İŞBANK IN BRIEF

Turkey's Bank, İşbank is the largest bank in our country as at year-end 2012 as measured by total assets, total loans and shareholders' equity. İşbank's total assets amounted to TL 175.4 billion, while its total loans were worth TL 106.7 billion, deposits TL 105.4 billion, and shareholders' equity TL 22.7 billion. İşbank boasts possessing the largest privately-owned branch network with the number of its branches<sup>1</sup> that reached 1,250 and the sector's most extensive ATM network with 4,851 Bankamatik<sup>2</sup> units.

### Sustainable and sound financial structure

The shareholders' equity worth TL 22.7 billion, growth in its business volume and the sustainability of investments represent major competitive advantages for İşbank. At 16.3% at year-end 2012, the Bank's capital adequacy ratio is well above the regulatory requirement. Important contributors to İşbank's sound financial structure include its high asset quality and the policy of setting aside high provisions for non-performing loans (NPL), which was maintained during 2012. The percentage of provisions İşbank set aside for NPL as at year-end 2012 is above the sector's level and stood at 79%.

### İşbank is the largest Turkish bank.

İşbank is a key player in foreign trade transactions with its extensive correspondent network made up of more than 1,500 banks and financial institutions scattered around 127 countries. Enjoying a highly-esteemed status before creditors, İşbank's syndication loan transactions serve as a guide for Turkish banks.

Named among the world's largest banks in a variety of rankings, İşbank won Euromoney's "Turkey's Best Bank" award in 2012, once again proving its strength in the sector.

### İşbank has around 220,000 shareholders.

İşbank has a broad-based shareholder structure consisting of approximately 220,000 shareholders and institutional investors. 40.4% of İşbank's capital is held by the Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (İşbank Personnel Supplementary Pension Fund), a social security and mutual assistance fund of which about 50,000 current and retired bank employees are members.

### A trusted brand - İşbank is servicing approximately 15 million customers.

Standing by the Turkish people and businesses for 88 years, İşbank had approximately 15 million customers at the end of 2012. The total value of customer assets being managed by İşbank reached TL 164.2 billion as of year-end 2012.

Synonymous with trust in people's minds, "İşbank", as a trademark, evokes such notions as leadership, pioneering and innovation as well as deep-rooted traditions in Turkey.

(1) 1,231 domestic and 19 overseas branches

(2) Besides the domestic ATM network, İşbank has one ATM in Arbil, Iraq.

## WE ARE BUILDING THE LONG-TERM FUTURE

IN THE 88 YEARS SINCE ITS FOUNDATION, İŞBANK HAS BEEN THE PRIMARY SUPPORTER OF THE PRIVATE SECTOR IN TURKEY, AND CONTINUED TO BE THE TRUSTED AND PREFERRED BRAND BY MILLIONS OF INDIVIDUALS FOR PLANNING THEIR FINANCIAL FUTURE AND FULFILLMENT OF THEIR BANKING NEEDS.



THE LARGEST PORTION OF İŞBANK'S ECONOMIC CONTRIBUTION IS GENERATED WITHIN THE FRAME OF ITS SOLID, SUSTAINABLE AND STRATEGIC BUSINESS MODEL.

## İŞBANK'S ECONOMIC CONTRIBUTION

İşbank takes on a key role in national economy with the funding supplied to the real sector, the employment created, and the financial products and services offered.

With the products and services delivered within its service cycle, the Bank is part of, and contributes to, the financial lives of millions of individuals and businesses, and plays a part in the shaping of their futures.

The constant goal of İşbank is to carry the manageable risks that are defined in line with its risk policies in its balance sheet in appropriate scales.

İşbank's economic contribution is generated within the frame of its solid, sustainable and strategic business model. Accordingly, İşbank fulfills its obligations towards its employees and suppliers, and pays taxes to the government and dividends to its shareholders, thereby realizing its economic contribution in the broadest sense.

### Direct economic value generated in 2012 <sup>1</sup> (TL thousand)

Total Operating Income	Value Shared	
9,814,381	Operating expenses <sup>2</sup>	4,484,306
	Personnel expenses	1,821,151
	Reserve for employee termination benefits	106,384
	Tax Provision	810,646
	Dividends (gross <sup>3</sup> )	665,268
	Donations	15,115

<sup>1</sup> Unconsolidated figures as at 31 December 2012.

<sup>2</sup> Operating expenses are inclusive of personnel expenses and reserve for employee termination benefits, which are also presented in the chart. For further details about operating expenses, please refer to the "Other Operating Expenses" table in the unconsolidated financial report contained in the Annual Report 2012.

<sup>3</sup> Gross amount of dividends distributed to shareholders.

# 8.5%

İŞBANK'S TOTAL ASSETS GREW BY 8.5%. İŞBANK IS TURKEY'S LARGEST BANK AS AT YEAR-END 2012.

# 60.8%

THE PERCENTAGE OF İŞBANK'S TOTAL LOANS TO TOTAL ASSETS WENT UP BY 4.1 PERCENTAGE POINTS AND REACHED 60.8% IN 2012.

IN A YEAR OF SOLID PERFORMANCE, İŞBANK SUCCESSFULLY MAINTAINED THE GROWTH IN ITS BUSINESS VOLUME IN 2012.

## İŞBANK IN NUMBERS

### İşbank - Financial Highlights (Unconsolidated - TL million)

	31.12.2011	31.12.2012	Change (%)
Total Assets	161,669	175,444	8.5
Loans	91,621	106,716	16.5
Deposits	98,313	105,383	7.2
Shareholders' Equity	17,921	22,719	26.8
Net Profit	2,667	3,310	24.1

# 7.2%

İŞBANK'S TOTAL DEPOSITS GREW BY 7.2% YEAR-TO-YEAR

# 26.8%

SHAREHOLDERS' EQUITY IS ONE OF THE FOUNDATIONS OF SUSTAINABILITY. İŞBANK'S SHAREHOLDERS' EQUITY GREW BY 26.8% IN 2012.

### İşbank - Financial Ratios (%)

	31.12.2011	31.12.2012
Loans / Total Assets	56.7	60.8
Loans / Deposits	93.2	101.3
NPL / Total Loans	2.1	1.9
NPL Coverage	100.0	78.9
CAR	14.1	16.3

NAMED AMONG THE  
WORLD'S LARGEST  
BANKS, İŞBANK  
WON EUROMONEY'S  
"TURKEY'S BEST BANK"  
AWARD IN 2012.







AS AT END 2012, WITH ITS;

- 24,411 EMPLOYEES
- 1,231 DOMESTIC BRANCHES
- 19 OVERSEAS BRANCHES
- 4,851 BANKAMATİK UNITS THAT MAKE UP TURKEY'S LARGEST ATM NETWORK
- 2 INTERNATIONAL BANKING SUBSIDIARIES (MOSCOW-BASED İŞBANK RUSSIA AND FRANKFURT-BASED İŞBANK GERMANY, OFFER SERVICE WITH 13 AND 17 BRANCHES, RESPECTIVELY).

İŞBANK CONTINUED TO WORK TOWARDS ITS GOAL OF BEING THE BANK CLOSEST TO CUSTOMER, AND RETAINED ITS LEADERSHIP AMONG ALL BANKS AS MEASURED BY TOTAL ASSETS.

## İŞBANK AND ITS SUBSIDIARIES

AS AT YEAR-END 2012, İŞBANK HAS DIRECT PARTICIPATIONS IN 27 COMPANIES OPERATING IN THE FINANCIAL SERVICES, GLASS, TELECOMMUNICATION AND SERVICE SECTORS. THE RATIO OF THE EQUITY STAKES PORTFOLIO TO İŞBANK'S TOTAL ASSETS STANDS AT 4% AS AT YEAR-END 2012. 71% OF THE BANK'S EQUITY STAKES PORTFOLIO IS TRADED ON THE ISE NATIONAL MARKET.



### FINANCIAL SERVICES

İşbank has financial services subsidiaries that are active in a variety of sectors. Financial services subsidiaries enrich the range of products and services, which the Bank offers to its retail and corporate customers while also creating cross and complementary product delivery and sales opportunities.

#### Banking

**TSKB**  
[www.tskb.com.tr](http://www.tskb.com.tr)

ISE: TSKB

**İşbank Germany**  
[www.isbank.de](http://www.isbank.de)

**İşbank Russia**  
[www.isbank.com.ru](http://www.isbank.com.ru)

**Arap-Türk Bankası A.Ş.**  
[www.atbank.com.tr](http://www.atbank.com.tr)



#### Private pension and life insurance

**Anadolu Hayat Emeklilik**  
[www.anadoluhayat.com.tr](http://www.anadoluhayat.com.tr)

ISE: ANHYT

#### Insurance

**Anadolu Sigorta**  
[www.anadolusigorta.com.tr](http://www.anadolusigorta.com.tr)

ISE: ANSGR



### GLASS

İşbank's subsidiary in the glass industry, Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam) is the holding company of the Şişecam Group, which consists of 65 companies active in the areas of flat glass, glassware, glass packaging and chemicals, mainly soda ash and chromium chemicals.

Considered among the world's and Europe's leading companies in the glassmaking industry, the Şişecam Group carries out production in facilities and plants located in Turkey as well as in Russia, Bulgaria, Bosnia-Herzegovina, Egypt, Italy, Ukraine, Georgia and Romania.

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

ISE: SISE





### Reinsurance

**Millî Reasürans**  
www.millire.com

### Leasing

**İş Leasing**  
www.isleasing.com.tr

ISE: ISFIN



### Real estate investment trust

**İş GYO**  
www.isgyo.com.tr

ISE: ISGYO

### Brokerage services

**İş Yatırım**  
www.isyatirim.com.tr

ISE: ISMEN



### Asset management

**İş Portföy Yönetimi**  
www.isportfoy.com.tr

### Factoring

**İş Faktoring**  
www.isfactoring.com.tr

### Venture capital investment trust

**İş Girişim Sermayesi**  
www.isgirisim.com.tr

ISE: ISGSY



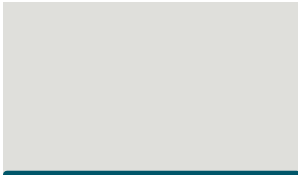
### Asset management

**Efes Varlık Yönetim**  
www.efesvarlik.com.tr

### Securities investment trust

**İş Yatırım Ortaklığı**  
www.isyatort.com.tr

ISE: ISYAT



### TELECOMMUNICATION

The Bank's subsidiary in the telecommunication sector, Avea is Turkey's only GSM 1800 mobile communications operator.

As of year-end 2012, Avea controlled a 20% share of the mobile communications market in Turkey with approximately 13.5 million subscribers.

www.avea.com.tr



### OTHER

An İşbank subsidiary, Nemtaş is active in shipping line operation, ship management, chartering and brokering. The company offers service in the logistics sector with its fleet of five vessels with a total capacity of 252,959 DWT. Holding a 54% stake in Gempot, Turkey's first privately-owned port operations company, Nemtaş transferred all of its shareholding in this company to Yılport Gemlik Liman İşletmeciliği ve Yatırımları. The closing for the transfer occurred on 14 December 2012.

www.nemtas.com.tr

İŞBANK AND ITS SUBSIDIARIES DETERMINEDLY MOVE AHEAD, FULLY AWARE OF THEIR RESPONSIBILITIES.

**Making its biggest investment in the future in recognition of the value that the large-scale assets under its management represent for the Turkish economy and of the responsibility imposed on its shoulders thereby, İşbank will carry on with its work and efforts, targeting the best primarily for its shareholders, customers, and employees as well as all for its stakeholders, and for Turkey.**

**The rich variety of its products and services, know-how and experience accumulated for many years, competent human resource and solid financial structure provide İşbank with the energy it needs in the constant growth process.**

## OUR VISION

TO BE THE MOST  
PREFERRED  
BANK IN TURKEY  
BY CUSTOMERS,  
SHAREHOLDERS AND  
EMPLOYEES BY  
MAINTAINING OUR  
LEADING, PIONEERING  
AND TRUSTED  
POSITION

## OUR OBJECTIVES

### FOR OUR CUSTOMERS;

- TO BE THE BANK THAT IS THE MOST PREFERRED SERVICE PROVIDER IN ALL THE SECTORS AND CUSTOMER GROUPS THAT WE TARGET,
- TO PROVIDE OUR CUSTOMERS COMPREHENSIVE, RELIABLE AND HIGH-QUALITY SERVICE BY MEANS OF OUR COMPETENT EMPLOYEES, EXTENSIVE BRANCH NETWORK AND NON-BRANCH BANKING CHANNELS,
- TO ABIDE BY OUR HIGH BUSINESS ETHICS AND PRINCIPLES WITHOUT COMPROMISE.

### FOR OUR SHAREHOLDERS;

- TO CONSISTENTLY INCREASE THE VALUE OF OUR SHARES,
- TO OPERATE WITH EFFECTIVE RISK MANAGEMENT.

### FOR OUR EMPLOYEES;

- TO BE A PREFERRED EMPLOYER AND OFFER EMPLOYEES PROGRAMS AND TRAINING OPPORTUNITIES THAT WILL FOSTER THEIR PERSONAL AND PROFESSIONAL DEVELOPMENT,
- TO PROPAGATE OUR CUSTOMER-FOCUSED APPROACH AMONG ALL OUR PERSONNEL,
- TO SUPPORT AND ENCOURAGE LOYALTY, ASSUMING RESPONSIBILITY AND CREATIVITY,
- TO DEPLOY AN EMPLOYEE HIRING, EVALUATION, APPOINTMENT AND ADVANCEMENT SYSTEM THAT IS BASED ON COMPETENCIES AND PERFORMANCE AND THAT IS FAIR AND TRUSTWORTHY

## **IN SUMMARY:**

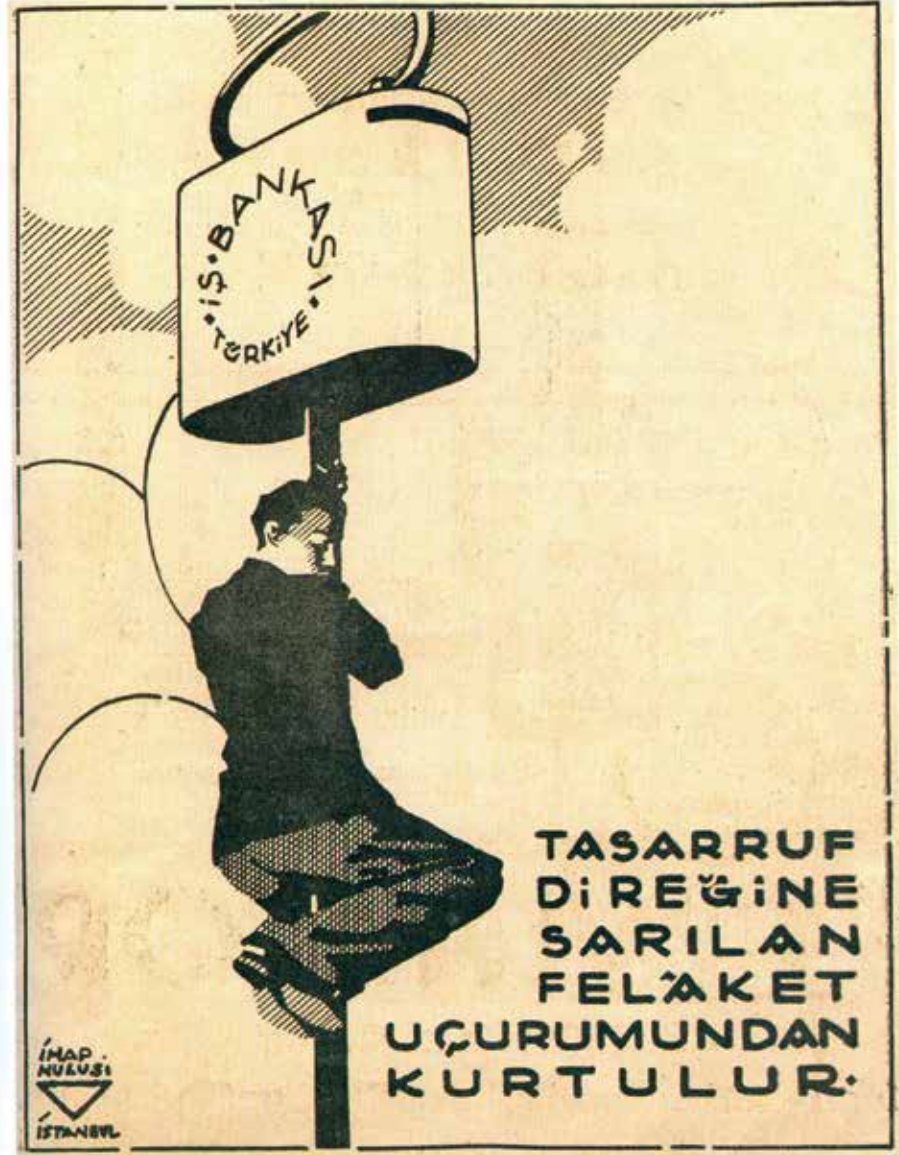
İŞBANK'S GOAL IS TO CONSISTENTLY INCREASE THE VALUE IT CREATES FOR ITS SHAREHOLDERS AS A BANK THAT RESPONDS TO ITS CUSTOMERS' NEEDS QUICKLY, EFFECTIVELY AND WITH HIGH-QUALITY SOLUTIONS AND THAT ENCOURAGES ITS EMPLOYEES TO ACHIEVE A HIGH LEVEL OF PERFORMANCE IN THEIR JOBS.

## **OUR STRATEGY**

OUR STRATEGY IS SUSTAINABLE AND PROFITABLE GROWTH BASED ON "THE BANK CLOSEST TO CUSTOMERS" PHILOSOPHY IN AN EFFORT TO FULFILL OUR VISION AND OBJECTIVES.

## OUR APPROACH TO SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

İŞBANK PUTS ITS EXISTING VALUE CREATION CAPABILITY TO THE USE WITH THE OBJECTIVE OF ENSURING THE WELFARE, DEVELOPMENT AND GROWTH OF THE SOCIETY. THE BANK IS FOCUSED ON REALIZING ITS BUSINESS MODEL IN THE MOST EFFECTIVE WAY UNDER THE GUIDANCE OF ITS STRATEGY, AND ON PRODUCING AND SHARING MORE VALUE.



Saving Habits: An example of an early Money Box advertisement.



İşbank's contribution to the society in the most general sense is manifested in the added value furnished to the economy and is founded on four priorities: **customers, employees, society and the earth.**

Direct value generated by İşbank as a leading financial institution arises in its banking activities, in other words, within the scope of **its responsibility towards its customers.** Aiming to respond to customers' expectations and needs through;

- correct product, and
- excellent service experience,

İşbank also supports Turkey's sustainable economic development by delivering products, services and solutions to its customers.

**İşbank's responsibility towards its employees** is to maintain a business environment which secures equal opportunities, observes employee happiness, is dominated by a respect for human and employee rights and by total harmony, and gives regard to career and future planning by offering personal and professional development opportunities.

Within the scope of **its responsibility towards the society,** İşbank carries out social responsibility projects that target

to contribute value to the society, add speed to social progress, and enhance the people's quality of living. Conducted under the headings of education, environment, culture and the arts, the social responsibility activities that reach large segments of the society indicate at the area where İşbank's contribution to the society emerges at its largest.

Within the frame of **its responsibility towards the earth,** İşbank aims to use all natural resources in the most efficient manner with a special focus on energy, and to reduce its carbon footprint. On another front, the Bank also gives regard to the environmental impact dimension in the products and services offered to its customers, and introduces environmentally-sensitive innovative practices in various fields ranging from IT technology applications to project finance. Social responsibility projects represent another area in which İşbank strives to fulfill its responsibility towards our Planet. İşbank carries out the most comprehensive corporate forestation program that has ever been undertaken in Turkey based on systematic efforts seeking to expand forested areas in our country and to raise increased environmental awareness of the public opinion.

## SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY CYCLE AT İŞBANK



**We possess a corporate culture that we have built and constantly improved for 88 years, a strong brand name, and sound values. We are focused on our business; we produce value for our stakeholders, extend support to our customers, and create a positive impact with our contribution to the society.**

## OUR STAKEHOLDERS

İŞBANK IS FOCUSED ON HEARING OUT AND ACCURATELY UNDERSTANDING ITS STAKEHOLDERS' OPINIONS, AND ON DEVELOPING A TRANSPARENT DIALOGUE WITH THEM.



An example of an early Money Box advertisement.

İŞBANK'S  
STAKEHOLDERS ARE  
THOSE INSTITUTIONS  
AND INDIVIDUALS;

- THAT ARE  
POTENTIALLY  
INFLUENCED BY  
İŞBANK'S DECISIONS,  
ACTIVITIES, PRODUCTS  
AND SERVICES,
- THAT HAVE A  
POTENTIAL INFLUENCE  
ON İŞBANK WITH THEIR  
DECISIONS, ACTIVITIES,  
PRODUCTS AND  
SERVICES.

Communication with stakeholders is a topic that İşbank has long given importance to and developed.

İşbank is focused on hearing out and accurately understanding its stakeholders' opinions, and on developing a transparent dialogue with them. Stakeholders' feedback regarding İşbank's strategies, policies, executions, and products and services provide a valuable database for improving the service cycle, enhancing stakeholder satisfaction, and ultimately, increasing the total added value generated. In addition, the Bank also uses the data obtained within the scope of the dialogue with stakeholders in identifying the main topics of social responsibility, and developing its strategies, policies and action plans.

The stakeholder dialogue process is regarded as an important component of the day-to-day business by İşbank.

İşbank is in constant contact with its stakeholders through different channels and in a variety of forms. The Bank invests in a range of platforms to render stakeholder communication healthy and continuous. Various meetings and questionnaires, as well as online media such as websites, intranet, social networks and e-mailing make up the primary tools used in stakeholder communication.

Stakeholder dialogue and the major topics identified in 2012 are detailed in the following sections:

**Our responsibility towards our customers (p.26)**

**Our responsibility towards our employees (p.62)**

**Our responsibility towards our earth (p.72)**

**Our responsibility towards the society (p.84)**

THE STAKEHOLDER DIALOGUE PROCESS IS REGARDED AS A KEY COMPONENT OF THE DAY-TO-DAY BUSINESS PROCESS BY İŞBANK.

Our Stakeholders	Form of Communication
<b>Our Customers</b>	<p>Customers are İşbank's reason of being. In keeping with our fundamental strategy of "being the bank closest to customers", customers' expectations and needs are placed at the heart of our service and process designs, thus ensuring improved customer experience and enhanced customer satisfaction.</p> <p>Constant communication is maintained with our customers through various platforms including, among others, one-to-one contacts, customer questionnaires, and meetings. In this frame, customers' feedbacks are received regarding our products, services and solutions, which are then used towards enhancing customer satisfaction.</p>
<b>Our Employees</b>	<p>Our employees, together with our retired employees, make up İşbank's largest shareholder group through Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (İşbank Personnel Supplementary Pension Fund).</p> <p>Employees represent the key strength of İşbank. The Bank acts on the vision of becoming the most preferred bank by employees by maintaining our position as the leading, pioneering and trusted bank, and investment is being made into the individual careers and futures of our employees.</p> <p>Satisfaction survey, internal communication platforms and regular managers' meetings are used to obtain and evaluate our employees' feedbacks regarding a variety of topics including İşbank's corporate performance, individual career expectations, and the working environment.</p>
<b>Our Shareholders and Investors</b>	<p>Shareholders and our investors are our stakeholders who invest in our brand equity and sustainable performance. Our primary undertaking towards them is a sustainable, solid performance and increased long-term shareholder value.</p> <p>Contact is established with our shareholders and investors via various platforms including general meetings, road shows, informative meetings, teleconferences, investor relations web page, etc.</p> <p>Within the scope of investor relations activities, information is shared on the Bank's performance and business plans, queries are responded to, and feedbacks are received.</p>

Our Stakeholders	Form of Communication
<b>The Society</b>	<p>The society, of which we are a member and within which we operate, makes up our largest stakeholder group.</p> <p>The far-reaching projects conducted within the scope of our corporate social responsibility activities are targeted at securing the highest social benefit. For regional activities, we get together with the local people and strive to create a collective awareness.</p>
<b>NGOs</b>	<p>Ever since our inception, NGOs have been İşbank's strongest and closest business partners, and took on important roles in the realization of our social responsibility projects.</p> <p>We communicate with NGOs through various information sharing platforms, as well as one-to-one meetings, and we maintain our contact on a variety of subjects from project support to collaboration. Their feedbacks are obtained regarding the Bank's social responsibility activities.</p>
<b>Public Authority/ Regulatory Agencies</b>	<p>Laws and legislation that govern banking in Turkey are monitored closely and with great sensitivity. In this frame, cooperation is established with the public authority and relevant regulatory agencies that regulate and supervise the operation of the sector, and periodic reporting is carried out.</p> <p>The Bank is actively involved in efforts which are initiated by the public authority and relevant regulatory agencies and which are targeted at furthering the industry's policies and practices.</p>
<b>Industry Associations, Organizations and Other Market Players</b>	<p>A member of the Banks Association of Turkey, İşbank is involved and takes active part in various initiatives in the sector. Our one-to-one relations with the other market players are developed on the basis of healthy communication and cooperation.</p>
<b>Media</b>	<p>With a view to keeping the public opinion informed, our Bank maintains an ethical relationship with the media by way of holding press conferences, issuing press releases, responding to the queries directed, and similar tools.</p>
<b>Our Suppliers</b>	<p>Care is paid to ensure that the business conduct with our suppliers is established on a communication and business relationship that are transparent, clear and supportive of development.</p>

İŞBANK EXTENDS  
SUPPORT TO NUMEROUS  
NGOS AND INITIATIVES  
AND ACTIVELY  
COLLABORATES WITH  
THEM.

**On 7 March 2012, İşbank informed the United Nations of its pledge to join the Global Compact.**

At the World Economic Forum held on 31 January 1999, the then-United Nations Secretary-General Kofi Annan urged the business world leaders, companies, the UN, workers unions and nongovernmental organizations to join the Global Compact, an international initiative in support of universal environmental and social principles aligned with the Millennium Development Goals. The ten principles that make up the United Nations Global Compact were shared with the global public opinion at the UN Headquarters on 26 June 2000.

The 10 principles of Global Compact are based on universally accepted statements in the areas of:

- human rights,
- labor,
- the environment and anti-corruption.

Within the frame of the Global Compact initiatives, businesses are expected to embrace, support and implement these principles.

- Businesses should support and respect the protection of internationally proclaimed human rights.
- Businesses should make sure that they are not complicit in human rights abuses.
- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Businesses should uphold the elimination of all forms of forced and compulsory labor.
- Businesses should uphold the effective abolition of child labor.
- Businesses should uphold the elimination of discrimination in respect of employment and occupation.
- Businesses should support a precautionary approach to environmental challenges.
- Businesses should undertake initiatives to promote greater environmental responsibility.
- Businesses should encourage the development and diffusion of environmentally friendly technologies.
- Businesses should work against corruption in all its forms, including extortion and bribery.

On 7 March 2012, İşbank informed the United Nations Secretary-General's Office of its pledge to the Global Compact's ten principles.

The activities İşbank carried out and the actualizations secured during the reporting period within the scope of the Global Compact are addressed in various sections of this report, and a summary table is presented on page 107.



**İşbank supports, is actively involved in, and/or represented by the Bank's senior executives in, the national and international initiatives listed below.**

- AKUT Search and Rescue Association
- European Association for Banking and Financial History-EABH
- European Financial Management and Marketing Association-EFMA
- The European Association of Communication Directors (EACD)
- The Research Institute of Banking and Commercial Law
- The Interbank Card Center
- Bilkent University
- Call Centers Association
- Darüşşafaka Society
- Deniz Temiz Association / Turmepa
- Foreign Economic Relations Board (DEİK)
- Elginkan Foundation
- The Bankers' Association for Finance and Trade / BAFT-IFSA
- Finance Managers Association
- Global Relations Forum
- Economic Development Foundation (İKV)
- İstanbul Foundation for Culture and Arts (İKSV)
- Association of Business Communicators
- ICC (Turkey) Banking Technics and Applications Commission
- National Education Foundation
- METU Alumni Association
- Advertisers' Association (of Turkey)
- Risk Managers Association
- Infra Systems Audit Control Systems - ISACA
- TEMA Foundation
- History Foundation of Turkey
- The Banks Association of Turkey Ethics Commission
- Ethics and Reputation Society (TEİD)
- The Institute of Internal Auditing - Turkey
- Turkish Quality Association (KalDer)
- Turkish Institutional Investment Managers' Association
- Turkey HR Management Association (PERYÖN)
- Turkish Industry and Business Association
- Institute of International Finance-IIF
- Vehbi Koç Foundation

## OUR RESPONSIBILITY TOWARDS OUR CUSTOMERS

**CARRYING OUT ITS ACTIVITIES IN LINE WITH ITS BASIC STRATEGY OF "BEING THE BANK CLOSEST TO CUSTOMERS", İŞBANK IS FOCUSED ON CATERING TO CUSTOMERS' EXPECTATIONS AND NEEDS WITH THE CORRECT PRODUCTS AND THE BEST SERVICE EXPERIENCE.**

İŞBANK PLACES ITS CUSTOMERS AT THE CORE OF ITS PRODUCT, SERVICE AND PROCESS DESIGN ACTIVITIES AND REGARDS STRENGTHENING CUSTOMER SATISFACTION AS A CONSTANT AND UNCHANGING TARGET, AS WELL AS A KEY RESPONSIBILITY, IN ALL OF ITS BUSINESS LINES.



Money Box

**Para taşıma  
ve sayma kûlfetinden  
Mavi Çek'le  
kurtulun**



Öyle de olsa yerine Mavi Çek kullanın.  
Bu da Bankaya tutulmuş olacağını  
gönlüne saklayın artık.

Banka Tutar - Mavi Çek'i tutulmuş olan  
kişinin Bankaya tutulmuş olan para miktarı  
1.000 TL'ye kadar geçerli, sınırlıdır.

**Tutarlı ve Bankaya  
BANKA  
KARTI**

**mavi çek** **Özellikle**

genel  
Tic. Mavi Çekleri  
denetimli ve denetimden  
geçmiş bankalar  
arasında geçerlidir.



İŞBANK OFFERS SERVICE IN THE FIELDS OF RETAIL, CORPORATE, COMMERCIAL AND PRIVATE BANKING TO A LARGE AND EXTENSIVE CUSTOMER BASE. THE PRODUCTS AND SERVICES OF İŞBANK ARE STRUCTURED TO COVER A BROAD RANGE FROM SAVING PRODUCTS TO LOANS, INVESTMENT BANKING PRODUCTS TO CREDIT CARDS.

AS AT 31 DECEMBER 2012, İŞBANK HAD APPROXIMATELY 15 MILLION CUSTOMERS.



TARGETING TO DELIVER ITS PRODUCTS AND SERVICES TO ITS CUSTOMERS IN EASILY ACCESSIBLE AND USER-FRIENDLY FORMATS, İŞBANK'S CORPORATE HISTORY ENCOMPASSES NUMEROUS "FIRST AND PIONEERING" INITIATIVES THAT HAVE SET THE TRENDS IN THE BANKING INDUSTRY.

- The first use of checks as a convenient way to make regular payments
- The launch of electronic banking in Turkey, with the introduction of Turkey's first ATMs
- The first Turkish bank to open branches in Cyprus and Europe
- The first investment account service in the Turkish financial services industry
- Launched Turkey's first mutual fund.
- The first trading services of investment securities at a bank in Turkey
- Initiated the first interactive telephone banking service.
- The first online branch
- The first WAP mobile banking service
- The first Java-based mobile banking application for customers
- The first term deposit product for customers in Turkey, "Floating Account," whose yields are indexed to the TRLIBOR market,
- Turkey's first social responsibility-focused mutual fund, "Environmentally Responsible Fund," investing in environmentally-friendly companies
- "Environmentally-Friendly Home Loan," a retail credit product launched to support the growth and development of environment-friendly technologies in the housing industry
- Mobile signature, enabling customers to pay off loans without having to go to a branch and to withdraw cash without using a bank or credit card
- A multi-touch featured application, "Getiri Sihirbazı" ("Return Comparison Wizard"), that enables customers to compare yields on financial products
- "İş'te Yatırım iPhone," an iPhone application that allows users to monitor İstanbul Stock Exchange information in real time
- A Video Phone Banking application that makes use of third-generation (3G) mobile telephone technology
- "Mobile Key (Cep Anahtar)," a mobile phone application that strengthens the transaction security of online branch and mobile banking channels and also enables cash withdrawals from İşbank ATMs without the need of a card



- World's first biometric-controlled POS using electronic fingerprint reading to authenticate a user's identity
- An interactive messaging system that transforms POS terminals into two-way communication channels
- "Üstü Kalsın" ("Keep the Change"), an innovative application that contributes to saving by rounding up outstanding credit card debt balances to a specified limit, and uses the difference to purchase mutual fund shares
- "Kur Korumalı (Opsiyonlu) Döviz Kredisi" ("Exchange Rate Protected Foreign Currency Loan with Option"), a foreign-currency loan with a guaranteed exchange rate option that protects the borrower against excessive exchange rate rises; "Sabit Faizli Rotatif (BCH) Kredi" ("Fixed Rate Revolving Loan"), a fixed-interest-rate revolving line of credit for those who do not want to be affected by interest rate movements; Chinese Yuan credit and loans for customers who conduct business with China
- "Benim Bankamatik'im" ("My ATM"), an innovative application that revolutionizes ATM use in Turkey by allowing users to customize their own screens
- "Temassız Kartla Para Çekme" ("Money Withdrawal by Contactless Card"), a contactless card application that makes it possible for users to withdraw cash with a single keypress
- Unprecedented in Turkey, a specialized branch was opened, which was designed in a totally different and special structure to offer service exclusively to companies backed by foreign capital.
- The "Parakod" application that employs the QR code technology allows İşbank customers to use their mobile phones to buy any product or service either online without entering any card data or from the stores without having to carry their credit cards along.
- In view of the customer needs that will arise under the Law on Redevelopment of Areas Under Disaster Risk, İşbank developed new housing finance loans under the names Urban Transformation Residential Construction Loan and Urban Transformation Reinforcement Loan. In addition, İşbank was the first privately-owned bank to introduce the 2B Loan.
- "Karşılıklı Çek" ("Guaranteed Cheque"), a first in the industry that aims to reinstate cheques as a reliable payment instrument.



"Keep the Change" advertising campaign

## İSBANK

UNDERTAKES AN IMPORTANT ROLE AS A BUSINESS PARTNER OFFERING FINANCIALLY VALUE-ADDED PRODUCTS, SERVICES AND SOLUTIONS;

- TO BUSINESSES FOR THEIR ECONOMIC AND COMMERCIAL DEVELOPMENT, AND
- TO INDIVIDUALS THROUGH THE DIFFERENT STAGES OF THEIR LIVES.

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# 66

İSBANK IS THE LARGEST PRIVATELY-OWNED LENDER IN 66 CITIES.

## FOR THE ECONOMIC AND COMMERCIAL DEVELOPMENT OF BUSINESSES

**Offering its services in keeping with its mission to be Turkey's Bank, İsbank's contribution to sustainable macroeconomic growth is generated, for the most part, in its lending activities to the real sector.**

Transferring funds to a broad base ranging from corporate customers to SMEs, from tradesmen to artisans, İsbank continues to help its customers sharpen their competitive edge in national and international markets and contribute to the development of their economic assets. In addition to funding activities, the Bank displays its innovative character with its cash management, credit card, sector-specific packages and custom-designed products, and plays a part in the healthier operation of economic and commercial life with its modern practices.

Detailed information on İsbank's services and loans to the real sector during 2012 can be found on pages 30-34, 49-52 of the Annual Report 2012 posted under the "Investor Relations/Annual Reports" at the address [www.isbank.com.tr](http://www.isbank.com.tr).

## The geographical spread and volume of funding activities once again reveal that İsbank is Turkey's Bank.

Based on 2012 data, İsbank took the first spot in 66 cities and the second spot in 13 others in the ranking of the largest privately-owned lenders in cash commercial loans. On the other hand, İsbank has been the private bank that has expanded its credit balance the most in 37 cities. The lending performance of İsbank in cities other than İstanbul, Ankara and İzmir outpaces that in those three cities.

This picture indicates at the geographically widespread placement policy pursued by İsbank, which has the largest cash commercial loan volume in the sector, and clearly manifests the support extended by it to the country's overall economic development in keeping with its slogan, Turkey's Bank.

## Cooperations developed with professional associations, industry organizations and public institutions make up an important channel facilitating İsbank's fulfillment of its responsibility towards its customers.

İsbank extends support to numerous companies all over Turkey requiring resource and advisory support in order to realize their growth visions.





İŞBANK REACHED THOUSANDS OF SMALL AND MEDIUM SIZED ENTERPRISES WITHIN THE SCOPE OF PROTOCOLS SIGNED WITH 152 CHAMBERS OF COMMERCE AND/OR INDUSTRY, AND WITH MORE THAN 1,800 ARTISAN AND TRADE ASSOCIATIONS IN THE PAST FIVE YEARS.



Defining the SMEs and commercial firms as the engines of Turkey's economic growth, the Bank reached thousands of small and medium sized enterprises with the support and solution packages developed in the light of regional and sector-specific needs within the scope of protocols signed with 152 chambers of commerce and/or industry, and with more than 1,800 artisan and trade associations in the past five years.

**İşbank provides solutions that will provide financial relief to its customers under conditions that are burdened in the case of natural disasters.**

Always keeping a careful and close eye on the conditions prevailing across establishments and SMEs, İşbank takes action in case of natural disasters such as floods and earthquakes, and offers solutions that will provide financial relief to its customers under those challenging conditions.

Along this line, İşbank continued in 2012 to extend KOSGEB (Small and Medium Enterprises Development Organization) Emergency Support Loan that incorporates KOSGEB interest support for enterprises that are affected by natural disasters and such other incidents as fire and terrorism that took place in our country after 1 January 2011. The Bank extended loans within the scope of the two protocols signed with KOSGEB in 2012: KOSGEB City of Van Emergency Support Loan and KOSGEB City of Van Zero-Interest Operating Capital Support Loan.

İşbank took action immediately after the earthquake disaster of 23 October 2011 in Van and rapidly put into life its support to the region. Along the same line, İşbank continued to give support by not charging any fees on account maintenance, intra-bank money transfers, and EFT transactions from the branches in Van and its districts until 30 June 2012.

**İşbank held clerk recruitment exam in Van for its branches in Van.**

Introducing a variety of initiatives in order to revive the economy in Van, where commercial life has been interrupted upon the earthquake, İşbank decided to recruit for its branches in Van with the objective of contributing to employment in the region.

Those who have successfully passed the clerk recruitment exam held for young people wishing to work in the banking sector and residing in Van started working at İşbank's Merkez (Downtown) and Erciş branches.

Brief information on social projects İşbank launched in the aftermath of the Van Earthquake is presented on page 104 of the report.

THE IPARD PROGRAM  
IN SUPPORT OF THE  
AGRICULTURAL SECTOR  
IS AIMED AT THE  
EXECUTION OF THE  
COMMON AGRICULTURAL  
POLICY IN THE  
EUROPEAN UNION AND  
AT CONTRIBUTING TO  
THE SUSTAINABLE  
DEVELOPMENT OF  
AGRICULTURE AND  
RURAL AREAS.

#### Support from İşbank to Agriculture and Rural Development

İşbank gives support to the agriculture and rural development within the frame of the protocol signed with the Agriculture and Rural Development Support Institution (in Turkish: TKDK) related to the EU's Instrument for Pre-Accession Rural Development (IPARD) program.

##### What is IPARD?

The European Union (EU) supports eligible agricultural production and renewal projects with the aggregate of the grants-in-aid allocated by the EU and the national budget set for the initiative under the IPARD program that is intended to support the conduct of the common agricultural policy and to contribute to the sustainable development of agricultural sector and rural areas.

##### What does İşbank offer?

The portion of the project outside the support amount can be financed with the loans to be extended by İşbank in addition to the qualifiers' equities. Based on the protocol signed with the TKDK, İşbank offers Operating Loans with a maximum term of 36 months at reduced interest rates and monthly installment-based repayments, or Investment Loans with a 1-year grace period and maximum term of 60 months to those wishing to benefit from the IPARD Program.

##### Which activities does the IPARD Program support?

Milk producing agricultural enterprises

- Meat producing agricultural enterprises
- Processing and marketing of milk and milk products
- Processing and marketing of meat and meat products
- Processing and marketing of water products
- Processing and marketing of fruits and vegetables
- Local products and microenterprise development
- Aquaculture development
- Diversification and development of on-farm activities
- Rural tourism
- Establishment of producer groups

##### Which cities does the IPARD Program cover?

Afyonkarahisar, Amasya, Balıkesir, Çorum, Diyarbakır, Erzurum, Hatay, Isparta, Kahramanmaraş, Kars, Konya, Malatya, Ordu, Samsun, Sivas, Şanlıurfa, Tokat, Trabzon, Van and Yozgat



# 17,000

APPROXIMATELY  
17,000 ENTERPRISES  
ATTENDED THE  
MEETINGS WITH İŞ.



**High value-added practices realized on the basis of information and experience sharing allow customers to get a better idea about financial products and services, and support their efficiency in business-related decision-making processes.**

Periodic feedback received from İşbank's field organization reveals that particularly SME customers have very basic questions: "How can I get a loan for investment purposes?" or "What is leasing?" are just two examples. While numerous enterprises survive on their own equities and know-how in our country, the percentage of those seeking professional support is low as compared with developed countries. İşbank considers enhancing financial awareness in our country as a very basic duty, and improves its capability in this area based on an innovative approach within the scope of its responsibility towards its customers.

**İşbank's objective is to enhance its customers' financial knowledge and awareness level. To the extent it is able to realize this objective on the back of the projects carried out, the Bank believes that institutionalization and professionalism in the private sector will further advance, which in turn will contribute to sustainable economic development.**

Highlights from İşbank's activities aimed information and experience sharing are presented below:

#### **Meetings with İş - An İşbank classic**

Having established the lack of a widespread and comprehensive organization that would;

- broaden the vision of the commercial sector and the SMEs, in particular, and enable discovery of potential business lines,
- allow monitoring development processes in different regions,
- offer a chance to analyze the developments in the global and national economies,

- provide the means to scrutinize different topics depending on the different needs of localities,

İşbank collaborated with Dünya daily newspaper, and initiated Meetings with İş gatherings in 2008.

Having soon become a trendsetter in the sector, Meetings with İş were organized uninterruptedly even in 2009 when the effects of the global crisis pressed hard, and once again revealed İşbank's support to the national economy and businesses.

31 Meetings with İş were held in 27 cities on various topics. The program has come to such a point that it even addresses overseas companies as established by the event that was held in the Turkish Republic of Northern Cyprus on 12 April 2010.

Having reached nearly 17,000 enterprises to date, Meetings with İş is a traditional organization to which İşbank attends with its topmost executives, and attracts a high level of interest and participation. The meetings will be persevered in 2013.

**From 2012, İşbank launched training meetings under the title Seminars at İş organized in industrial parks with a view to helping the SMEs achieve healthy growth and competitive targets.**

Organized in 6 cities during 2012, Seminars at İş series addressed various subjects that were aligned with the expectations of industrial parks, such as the New Turkish Commercial Code, exchange, investment incentives, Basel II-III, and national and international R&D supports.





İŞBANK'S CONTRIBUTION TO  
SUSTAINABLE MACROECONOMIC  
GROWTH IS GENERATED, FOR  
THE MOST PART, IN ITS LENDING  
ACTIVITIES TO THE REAL SECTOR.







**"İŞ'TE KOBİ" WEBSITE**  
 PROVIDING DETAILED  
 AND UP-TO-DATE  
 INFORMATION IN 26  
 DIFFERENT SECTORS TO  
 ITS 48,000 MEMBERS  
 AS AT YEAR-END 2012,  
 "İŞ'TE KOBİ" WEBSITE  
 IS AN INNOVATIVE AND  
 PIONEERING SERVICE  
 BY İŞBANK THAT WAS  
 CROWNED WITH 27  
 AWARDS SO FAR.

"İŞ'TE KOBİ" website offers a rich video content, as well as current news, articles, industry-specific and economic reports to its more than 48,000 members and thousands of users as at end-2012. Encompassing up-to-date and comprehensive information relating to 26 different sectors, İŞ'TE KOBİ-member SMEs also have access to an advisory service by directing their questions to experts in 17 different fields. The website also offers free-of-charge use of the tools to create company introduction page and to place ads on the "KOBİ Pazarı" (SME Market), as well as the innovative presentation preparation tool SUNUMATİK featured on the website.

The innovative application of İŞ'TE KOBİ, SUNUMATİK allows even non-English speaking users to make use of ready-made sentence patterns arranged according to various sectors and slide templates, to add written content and visuals to produce professional presentations.

Put into use for members in April 2011, SUNUMATİK application has been used by more than 3,000 firms so far.

İŞ'TE KOBİ keeps garnering awards with its up-to-date design and rich content. With six new awards received during 2012, the number of awards won in competitions organized by respected national and international organizations went up to 27.

### **Cooperation with international financial institutions**

İşbank contributes to the investment, production and employment capabilities of the real sector with the long-term funds secured under the international collaborations developed.

İşbank maintains its cooperation with numerous international financial institutions, with a particular focus on the SME segment. Information on the funds secured by the Bank from abroad during 2012 for financing the SMEs are summarized below:

- Obtained from the European Investment Bank (EIB) in December 2011, the loan in the amount of EUR 150 million has been used to cover the financing requirements of the SMEs during 2012.
- İşbank will offer different solutions for the financing needs of the SMEs under the fund secured from the Japan Bank for International Cooperation (JBIC) with a total worth of USD 300 million. The facility consists of USD 100 million with a maximum term of 18 years to be used for financing the goods and services to be procured from Japan in relation to renewable energy projects, and USD 200 million with a maximum term of 10 years to be used for financing imports to be made again from Japan.
- Obtained from the German Development Bank (KfW Entwicklungsbank) under the Small Enterprises Loan Programme II (SELP II), the funds (EUR 31.4 million received in December 2011 and EUR 5.7 million received in July 2012) continued to be channeled to the SMEs in 49 cities in Turkey during 2012.

#### **"İŞ'TE KOBİ" Website by Numbers / December 2012**

More than 48,000 members,  
 More than 7,500 firms registered on "KOBİ Pazarı" (SME Market),  
 More than 3,000 uses of the SUNUMATİK application,  
 More than 7 million page viewings.  
 3 million unique visitors



İŞBANK COLLABORATES  
WITH NUMEROUS  
INTERNATIONAL  
FINANCIAL  
INSTITUTIONS FOR THE  
SMES.



#### **EUR 125 million in funds under MidSEFF**

Under the Turkey Mid-size Sustainable Energy Financing Facility (MidSEFF) launched during 2012 with the co-financing of the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), a total of EUR 125 million has been provided in funds for on-lending for financing investments in renewable energy, industrial energy efficiency and waste-to-energy.

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For details on the MidSEFF program, please visit [www.midseff.com](http://www.midseff.com)

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#### **İşbank is an active participant in the Turkey Sustainable Energy Financing Facility (TURSEFF) developed by the EBRD.**

TURSEFF is a loan facility directed towards industrial firms, commercial entrepreneurs and owners of private residential units who wish to invest in energy efficiency or renewable energy projects. İşbank secured USD 40 million in funds under TURSEFF. The said fund is used to finance the investments of the SMEs in renewable energy and energy efficiency. The facility has been extended in its entirety to finance the renewable energy and energy efficiency investments of SMEs during 2012. EBRD honored İşbank with the "Excellence in Sustainable Energy Financing Award" in the awards ceremony held on 6 December 2012 for its outstanding contributions within the scope of the facility.

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For details on the TURSEFF program, please visit [www.turseff.org](http://www.turseff.org)

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WHEN THE RENEWABLE ENERGY PROJECTS FINANCED BY İŞBANK ARE OPERATIONAL, TURKEY'S TOTAL CO<sub>2</sub> EMISSIONS WILL BE REDUCED BY UP TO 3.5 MILLION TONS.

## İŞBANK AND THE ENERGY SECTOR

Having internalized its forecasting strength in its corporate strategy, İşbank defined the energy sector with a special emphasis on renewable energy and energy efficiency as two business lines to focus on, in view of the rapidly increasing demand for energy in Turkey with the onset of the new millennium. Along this line, the Bank began transferring funds to the investments of the private sector in the energy sector on the basis of a policy that is sensitive to economic, social and environmental risks.

**İşbank provided financing to a total of 121 projects in the energy sector in the 2001-2012 period.**

**Under the energy sector project finance the total amount of financing provided to 34 projects in the 2011-2012 period was USD 2.5 billion. 26 of these projects which have a total installed capacity of 2,160 MW were in the field of renewable energy and 50% of the financing was committed for these projects.**

The renewable energy projects financed by İşbank will serve to Turkey's shift to renewable energy resources from the existing energy resource structure that relies heavily on fossil fuels.

Once these projects are operational, up to 3.5 million tons of reduction will be secured in Turkey's total CO<sub>2</sub> emissions. The projects will also contribute to decrease our country's dependence on overseas resources for energy.



**İŞBANK IS A SERVICE PROVIDER WITH A STRONG COMPETITIVE EDGE AND POSSESSES THE CAPABILITIES THAT WILL ENABLE THE BANK TO OFFER THE LONG-TERM RESOURCES AND BANKING SOLUTIONS TURKEY WILL REQUIRE IN HER TRANSITION TO DECARBONIZED ECONOMY. THE BANK INTENDS TO PROVIDE FINANCING TO ENERGY, RENEWABLE ENERGY AND ENERGY EFFICIENCY PROJECTS IN THE YEARS AHEAD, AS WELL.**

**İşbank also provides financing for energy efficiency projects.**

Significant initiatives are carried out intensively in our country, which seek to ensure efficient and productive use of energy resources and prevent their wastage, alleviate the burden of energy costs upon the economy, and protect the environment.

With the Energy Efficiency and Environment Package developed, İşbank supports the firms wishing to invest for the purpose of reducing their costs through preventing losses of energy and enhancing the efficiency derived from energy.

İşbank's Energy Efficiency and Environment package covers the Audit Loan, Energy Efficiency Improvement Loan, Green (Environmental) Auto Loan.

Within this scope, the SMEs are able to make use of;

- the Audit Loan for the financing of the survey, project and efficiency improvement project services they have obtained from authorized energy efficiency consultancy firms;
- the Energy Efficiency Improvement Loan for financing investments in relation to projects with a minimum estimated energy efficiency of 20%, and
- the Green (Environmental) Auto Loan for financing the purchase of hybrid and light commercial/commercial Euro 5 standard-compliant vehicles.

As a service provider with a strong competitive edge, İşbank possesses the capabilities to offer long-term financing and banking services Turkey will need in her transition to low carbon economy. The Bank intends to provide financing to energy, renewable energy and energy efficiency projects in the years ahead, as well.

**İşbank's perspective of project finance observes economic, environmental and social sustainability as a whole, and is molded upon a highly selective approach.**

Global warming and climate change that began affecting our planet in the recent years have led to a strengthened environmental and social awareness across the globe.

This development caused the banks and financial institutions to undertake much more thorough reviews of the possible negative effects of the investment projects, to which resources will be transferred, upon the environment and the local life.

Banks and particularly supranational institutions implement much more sophisticated assessment methodologies and stricter lending criteria for reviewing financing and monitoring investment projects.

One of the biggest supporters of Turkey's economic, social and cultural progress since its inception, the Bank takes a versatile approach to evaluating the potential effects of the projects to be financed. Accordingly, İşbank assesses the possible impacts of such projects not only on the natural environment of the investment site, but also on the daily lives of the local people. The Bank also keeps a close eye on the existing or potential public opinion reactions that might be triggered by the project, incorporating the same in its evaluation process.



## DEVELOPMENTS IN THE TURKISH ENERGY SECTOR AND THE BANKING SECTOR'S APPROACH

Banks' financing policies and initiatives targeting the energy sector are substantially steered by the energy policies established by the public authority in line with the rapidly growing Turkish economy and the paralleling increased energy need, which first and foremost aim at the liberalization of the sector.

The quickly growing energy consumption in the 2000-2012 period and the energy supply shortage expected to be realized in the medium term led to focusing on coal and gas projects that require shorter timelines to become operational and that are able to meet the energy demand through large-scale and high-capacity utilization. However, the foreign-source dependence arising in energy procurement from the gas that is fully imported and the imported coal, and the negative impact on the current deficit have put the domestic energy resources in the forefront in recent years.

In this framework, the hydroelectric option that is set apart with its clean energy generation that does not produce emissions and with its rich resources attracted a number of investors

towards these projects. However, the infrastructure is yet to be fully developed, which addresses all of the environmental and social impacts involved in these projects that stand out as clean and local energy resources; therefore, many projects in investment process received reaction from the public opinion, and some were stopped or canceled based on administrative orders.

The projects that are decided to be financed by the banks are first and foremost required to be fully compliant with the applicable legislation. On the other hand, particularly hydroelectric projects compel even more painstaking assessment, since they bring investors and financial institutions up against the local people.

Although wind, geothermal and hydroelectric projects, which use local and renewable energy resources to generate power and which do not release carbon, are important with respect to sustainable macroeconomic development strategy, the social and environmental impacts of such projects must be carefully addressed on a local basis.





## WHEN EVALUATING THE PROJECTS IT WILL FINANCE, İŞBANK TAKES INTO ACCOUNT THEIR POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS.

### **Geothermal energy gains the foreground as a local and clean energy resource.**

Turkey is very rich in terms of geothermal energy resources that offer significant advantages versus fossil energy resources. Although ranking seventh in geothermal energy potential, our country uses a mere 4% of the existing potential.

Representing an important local and renewable energy resource, geothermal energy incorporates highly lower social and environmental risks as compared with other energy resources. Allowing power generation using the naturally existing hot springs and representing a sustainable resource, geothermal also creates significant employment for its locality.

### **İşbank support to Turkey's biggest geothermal power plant**

İşbank provided funding to the Gürmat Geothermal Power Plant Project with an installed capacity of 47 MW in Germencik, Aydın. The biggest plant among Turkey's currently operational geothermal power plants, Germencik GPP has been generating energy since May 2009. İşbank continues to support the facility for its further development so as to put additional reserve fields into use.

As a matter of principle, İşbank takes care not to transfer resources to projects that lack the support of the local people and attract reaction from the public opinion.

As a manifestation of this approach, İşbank neither evaluates nor finances small-scale hydroelectric power plant projects with an installed capacity below 15 MW, due to the public reaction these projects arouse and due to their exclusion from environmental impact assessment.

In the financing of projects that are considered to involve environmental and social risks as a result of the assessments made, İşbank requires its customers to set up the mechanisms that will eliminate the identified risks during the project evaluation process. The revisions required by the Bank may at times even go beyond the compulsory regulatory requirements in our country.

### **İşbank does not provide financing to investments that receive opposition from the local people and nongovernmental organizations, and especially large-scale hydroelectric power plants that might have negative impacts on the cultural and historic assets of the region where the project will be realized.**

For projects taken into evaluation by İşbank, the investors are required to obtain all necessary permissions and approvals, including the environmental impact assessment (EIA) report, and this is put forth as a prerequisite for lending.

An environmental impact assessment scoring system was created under the Project Finance Unit, for the assessment of environmental and social impact of coal and gas-fired power plants, which might have greater environmental implications as compared with renewable energy projects. As a result of scoring, a methodology plan is required from the investor company detailing how the risks will be eliminated

for projects above a certain dimension and regarded environmentally and socially risky. When necessary, the Bank assigns competent environmental consultants to the project, and oversees that these risks are properly managed during investment and operation stages.

### **İşbank collaborated with international financial institutions for obtaining funds for the energy sector.**

İşbank transfers the long-term and inexpensive loan facilities arranged within the scope of the cooperation it has developed with international financial institutions to the energy sector, as well as its own resources. Along this line, İşbank secured long-term resources that amounted to approximately USD 256 million in 2012, from the European Bank for Reconstruction and Development (EBRD) and European Investment Bank (EIB) under the Turkish Mid-size Sustainable Energy Financing Facility (MidSEFF), and from the Japan Bank for International Cooperation (JBIC) in relation to renewable energy projects (to be used for financing the goods and services to be supplied from Japan). Subject to certain allocation criteria, these facilities are channeled to eligible investments of the firms that secure the appropriate project conditions.

İşbank will allocate the funding obtained under the MidSEFF Program for the financing of mid-sized investments in renewable energy, waste to energy, and industrial energy efficiency, and will support sustainable energy projects that contribute to Turkey's energy supply and that fulfill certain environmental and social standards. On another hand, İşbank carries on with its negotiations with various international financial institutions in order to create funds for energy efficiency and renewable energy financing.



**RETAIL BANKING AT İŞBANK** IS CONDUCTED IN LINE WITH THE BASIC STRATEGY OF SUSTAINABLE PROFITABLE GROWTH BACKED BY THE NOTION OF BEING THE BANK CLOSEST TO CUSTOMER.



## THROUGH THE DIFFERENT LIFE STAGES OF INDIVIDUALS

**İşbank has held an important and deep-seated place in the lives of individuals for 88 years.**

**The Bank takes place in the lives of individuals in a variety of aspects ranging from the fulfillment of their borrowing needs to planning the different stages of their lives so as to take their financial future under guarantee through the services delivered via appropriate channels.**

### Customer-centric retail banking activities

Retail banking marketing activities put the customers' needs and expectations in the focal point of service and process designs in keeping with the basic strategy of being the bank closest to customer, thereby ensuring improved customer experience and enhanced customer satisfaction.

With a view to gaining an insight into its broad customer base and to contributing to the permanence of the relationship established with the customers, İşbank actively uses various analytical models including customer segmentation, credit card segmentation, lifetime value, customer churn and the next best product.

### İşbank takes a long-term perspective for the management of its relationships with customers

Based on this understanding, İşbank gives priority to delivering products and services that will serve to increase customer satisfaction and loyalty, irrespective of the revenues derived thereon.

Customers are guided to use whatever channel is more practical and more advantageous to them to fulfill their banking needs from among the service channels including branches, Bankamatiks (ATMs), internet branch, telephone branch and mobile banking applications.

Efforts aimed at ensuring sustainability such as knowing the customers, good service delivery to customers, and effective communication with customers are possible only if customer data are complete, accurate and up-to-date. İşbank spends systematic efforts to upgrade the customer data quality, which is vital in relationship management.

According to the Turkey Customer Satisfaction survey conducted by the Turkish Society for Quality (KalDer), İşbank was named the privately-owned bank securing highest customer satisfaction in retail banking segment for the third consecutive year.

To ensure continuity in customer relationships, İşbank, utilizing its customer analytic capabilities as well, makes integrated use of its branch, Internet branch, call center, Bankamatik (ATM), e-mail and SMS channels on the multichannel integrated campaign management infrastructure, and carries out a large number of customer communications simultaneously.

### 5-Star Service Culture Standards

İşbank considers various elements critical for customer satisfaction: İşbank customers should feel good while receiving service and should be satisfied with the service; they should be correctly guided from the moment they step into the branch, greeted warmly by the branch employees tending to them, who need to turn a careful ear to their needs and understand them, suggest solutions and send them off when leaving.

Customers expect to be acknowledged and cared about by branch employees, to trust the employees, to see integrity and consistency at all service points, to receive enthusiastic and quick-paced service from the employees, and to be offered efficient solutions to problems. Along these lines, İşbank defined the shared service language created to deliver consistent and high-level service to customers as 5-Star Service Culture Standards.

COMPLAINTS HANDLED  
IN RELATION TO  
ALTERNATIVE  
DISTRIBUTION  
CHANNELS ARE  
TARGETED TO BE  
RESOLVED THE  
FOLLOWING BUSINESS  
DAY AT İŞBANK  
IN A MANNER TO  
ENSURE CUSTOMER  
SATISFACTION.

In parallel with the importance the Bank attaches on communication with external customers, communication with the internal customers is as equally important for İşbank with respect to the quality of service.

**According to the 5-Star Service Culture concept, the key fundamental is to ensure that customers receive the same first-rate services consistently at all times from everyone at all service points.**

The Mystery Shopper Survey conducted at İşbank is aimed at ensuring the sustainability of the 5-Star Service Culture Standards across the Bank.

It is targeted to enhance the service quality, and in turn, customer satisfaction on the back of activities to be conducted as a result of establishing a shared İşbank service culture in the eyes of the customers through ensuring high service standards at all times from all service points, and of identification of improvement areas.

**Every complaint, query, service request, suggestion and acknowledgment message received from the customers is regarded as an opportunity for improvement at İşbank.**

Messages received from customers are responded to by the departments specialized in the relevant field and in accordance with the customer need at İşbank. The Bank systematically oversees the performance in this area, and works towards resolving the aspects that cause complaints as soon as possible.

Customer feedback, requests, complaints, suggestions and acknowledgments provided in relation to alternative distribution channels that are crucial to delivery of retail banking services are categorized and shared with the channel directors as quickly as possible. Complaints handled in relation to alternative distribution channels are targeted to be resolved the following business day at İşbank in a manner to ensure customer satisfaction.

At the private banking business line, customer complaints are first handled by the department, and requests and complaints regarding technical and day-to-day matters are forwarded to the Bank's related units for their resolution. The target resolution time for private banking customer complaints was set as 2 days in 2012, whereas the actual time was 0.83 day.

Ever since 31 August 2009 when the "İŞ'TE KOBİ" went live, more than one thousand queries have been responded to, which were received via the "contact" section the users can use to convey their opinions and suggestions.

**İşbank regards customers' feedbacks as an important database and uses the data collected in its product and service development.**

#### **Life Stage Banking**

İşbank's goal is to be in a lifelong relationship with its customers.

Based on this goal, İşbank offers banking service packages that combine the products customers need in different stages of their lives. Within the frame of its Life Stage Banking concept, İşbank engages in activities specifically targeted at the "children", "young people" and "pensioners".





İŞBANK OFFERS INNOVATIVE RETAIL CASH MANAGEMENT PRODUCTS THAT MAKE LIFE EASIER FOR ITS CUSTOMERS, AND TAKES A PROACTIVE APPROACH AS IT KEEPS TRACK OF ITS CUSTOMERS' CHANGING DEMANDS AND NEEDS SO AS TO CONSTANTLY IMPROVE ITS LINE OF PRODUCTS AND SERVICES.

**The relationship between İşbank and children in the earliest stage of life is established through the Money Box Fund, one of the most prestigious mutual funds in Turkey, and the First Signature Account.**

Money Box Fund encourages to begin saving up now for the future of children, and is the largest Type-A mutual fund in Turkey as at year-end 2012.

Intended for children in the 12-18 age group, "İlk İmza Hesabı" ("The First Signature Account") is a bank account product specially designed to help the children develop the competency to manage their own accounts and to encourage saving habits among teenagers.

**"İş'te Üniversiteli Bankacılık Hizmet Paketi" ("University Banking Package at İş") is intended to respond to the financial needs of customers attending a university.**

"İş'te Üniversiteli Credit Card" ("University Credit Card at İş") is regarded as the first step in the lifelong credit card relationship. İşbank maintains the relationship it establishes with young adults during their student years, and keeps offering related product and services after graduation.

**Offered in retirement years, the Pensioner Package covers a rich array of retail banking products and services.**

Having provided its customers with a broad array of retail banking products throughout their active working lives, İşbank offers them high added-value service during their retirement years with its "Emekli Paketi" ("Pensioner Package").

**İşbank offers its retail customers innovative products, services and applications that have a strong value proposition.**

In order to set itself apart in the highly competitive retail banking market, İşbank carries out product, service and process innovations that will contribute higher value to customers.

İşbank offers innovative retail cash management products that make life

easier for its customers, and takes a proactive approach as it keeps track of its customers' changing demands and needs so as to constantly improve its line of products and services.

**İşbank's retail products array cover more than 110 banking products in the fields of automated payment orders, investment products, retail cash management, loans and deposits.**

Taking into consideration the transactions customers perform and the services they use, the most appropriate products are presented to them via offers conveyed through Bankamatik and the internet branch, through sales campaigns via branches, or via SMS and/or email offers.

**To render banking easily accessible and usable - Instant Banking**

From 9 March 2012, the phrase "Instant Banking" was introduced as an umbrella name under which to conduct communication and promotion activities for alternative distribution channels carried out under channel names/brand names such as Bankamatik (ATMs) and more generic descriptions such as interactive banking. The new term refers to all current and future alternative distribution channels.

In order to render banking easily accessible and usable, İşbank makes heavy use of alternative distribution channels in line with its notion to be the bank closest to customers.

With 4,851 Bankamatik units (ATMs) İşbank retains its leadership in ATM banking.

**İşbank ADCs structured under the Instant Banking trade mark**

Bankamatik (ATMs)  
Internet Branch  
İşCep  
İşPad  
İşTV  
İşWap  
Netmatik Kiosks  
Telephone Branch

WITHIN THE FRAME OF İŞBANK'S CROSS-BORDER BANKING ACTIVITIES, THE FIRST OVERSEAS BANKAMATİK WENT INTO SERVICE IN THE ARBIL BRANCH IN IRAQ DURING 2012.



Innovative ideas in online banking

During 2012, efforts continued to deliver instant customer service through different channels. In addition, the Instant Commercial Banking Application was introduced in 2012. The application allows customers who are already the Bank's customers and wish to use the Commercial Internet Branch to apply for it via isbank.com.tr; the applications are received at the branches in real-time basis. Commercial companies that wish to become İşbank's customers can also use this application option. This initiative was targeted at simplifying the work of branches and to alleviate their workload.

On another hand, personal and commercial internet branches have been vested in easier-to-use designs, which can be personalized according to the customers' usage habits.

The Customer Relationship Management system integration has been completed, and now analyzes the products that the customers might need and offers them to the customers who perform transactions on the internet branch or Bankamatiks. This represented yet another important step towards fast and practical fulfillment of retail customers' needs.

Use of alternative distribution channels by customers for conducting transactions instead of branches contributes significantly to the protection of the environment in view of the energy and paper to be consumed at the branches, along with the energy to be used to get to the physical branches.

In bank receipts Internet Branch users create on their screens upon completion of their transactions, "send by e-mail option" is enabled by default and the print option is left to the customer's discretion, thus preventing paper waste.

In addition, printing of receipts for transactions performed on the Bankamatiks is left to the customers' discretion, thereby contributing to the protection of the environment. Furthermore, menus have been redesigned in a more user-friendly format in order to offer our customers a better user experience with the Bankamatiks.

Within the frame of İşbank's cross-border banking activities, the first overseas Bankamatik went into service in the Arbil Branch in Iraq, during 2012.

#### **Time and energy saving through faster mobile banking transactions**

Banking transactions are given speed and processes are shortened with the innovative mobile banking applications that were introduced, which contributed to customer satisfaction, while also saving time and energy.

İşbank targets to maximize customer satisfaction and improve customer experience by taking into consideration the customers' needs and expectations when designing transactions at İşbank.

#### **In 2012, İşbank carried on with the Maximum Tasarruf Harekatı (Maximum Savings Campaign) that it had launched in 2011.**

Maximum Savings Campaign showed that the credit card product, which usually offers opportunities for shopping, can also be used as a saving tool enabling investments.

## THE NEW MONEY BOX FUND ACCOUNTS OPENED DURING 2012 OFFERED THE OPPORTUNITY TO SAVE UP FOR THE FUTURES OF OVER 50,000 MORE CHILDREN.



"Keep the Change" advertising campaign.

### Üstü Kalsın® (Keep the Change)

The innovative credit card service that is the first of its kind in Turkey, Üstü Kalsın® (Keep the Change) is intended to encourage customers to save up without changing their spending habits. Balance due shown in the account statement is rounded up to a maximum limit set by the customer and the difference between the two amounts is added to their investment account under this service, which is available to all customers who have both credit card and investment accounts with İşbank.

With this implementation, Maximum Card encourages cardholders to save up through small amounts while shopping.

### Investing in the future of our children: Kumbara Fonu (Money Box Fund)

In 1928, İşbank conducted a comprehensive study on the savings accounts with all national and international banks operating in Turkey, and the interest rates applied to these accounts. This study was followed by an advertising campaign aimed at popularizing saving among the society, and to instill in people an informed habit of saving. The basic campaigning tool was identified as the "Money Box" which would make its debut in front of the Turkish people. This campaign also represented İşbank's first advertising campaign in the real sense.

Both the advertising and the promotions dwelled on one notion: "Collect the coins that are seen insignificant in our everyday lives in the money box, deposit them in the bank and they will grow over time and might come in handy some day in the future". Soon after, money box was associated directly with İşbank brand name in our country, and has become the key tool of saving that inculcated the habit of saving up money.

Maintaining its function for more than seven decades, the İşbank Money Box reached the 2000s, by then transformed into the İşbank Money Box Fund, the saving plan that takes the future of our children under guarantee.

Introduced in May 2001 for the first time, the Money Box Fund has preserved its pioneering position in the market ever since. The Money Box Fund is a significant contributor to the establishment and development of the awareness of long-term investment that is lacking in our country. The mission of taking the future of our children under guarantee sets this fund apart from its peers.

With nearly 22.8% share of the Type A funds market as at year-end 2012, the Money Box Fund was the biggest Type A fund in Turkey, and is differentiated from its peers in that it addresses children and is intended for saving up.

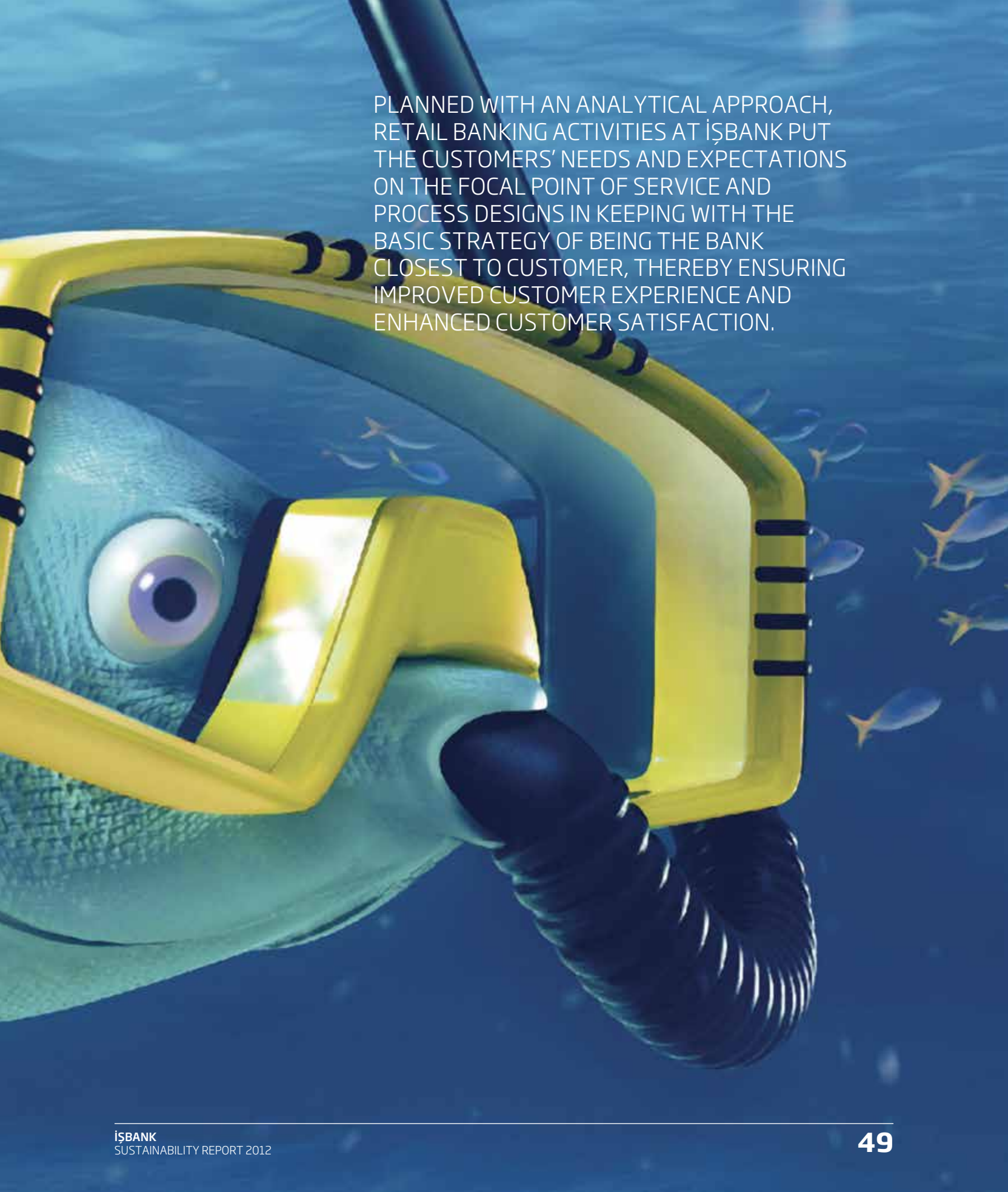
**İşbank carried on with the campaign that brought the Money Box Fund product with Maximum Card within the scope of the Maximum Savings Campaign in 2012.**

**Under the campaign that ended on 30 November 2012, Maximum Card holders who promised to purchase Money Box Funds for a certain amount and period of time were given 500 Money Box Funds as a gift to be transferred to their child's account. In addition, the customers were offered the chance to participate in the campaign through 2,100 orders issued for regular purchase from the account. The Money Box Fund Campaign has been instrumental in creating savings for the future of approximately 6,500 children.**









PLANNED WITH AN ANALYTICAL APPROACH, RETAIL BANKING ACTIVITIES AT İŞBANK PUT THE CUSTOMERS' NEEDS AND EXPECTATIONS ON THE FOCAL POINT OF SERVICE AND PROCESS DESIGNS IN KEEPING WITH THE BASIC STRATEGY OF BEING THE BANK CLOSEST TO CUSTOMER, THEREBY ENSURING IMPROVED CUSTOMER EXPERIENCE AND ENHANCED CUSTOMER SATISFACTION.

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# 2,750

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WITH 2,750 BİYOKİMLİK (BIO-ID) BANKMATİKS COUNTRYWIDE, İŞBANK ALSO BOASTS HAVING EUROPE'S LARGEST BIOMETRIC ATM NETWORK.

## **Award for the Biyokimlik (Bio-ID) POS Machines, a First in the World**

Within the scope of its investments in technology and information systems infrastructure, İşbank developed numerous innovative products and services, and won many international awards. In 2012, İşbank received the Banker magazine's "Innovation in Banking Technology Award" in the category of "Innovation in Information Security" for the "Finger Vein ID" technology it has launched in Biyokimlik POS machines that allow its customers to make transactions more securely and quickly.

With 2,750 Biyokimlik Bankamatiks countrywide, İşbank also boasts having Europe's largest Biometric ATM network. During 2012, the number of customers using Biyokimlik reached 68,000.

## **İşbank continues with its efforts directed towards improving the banking experience of its handicapped customers.**

İşbank conducts various projects in the area of alternative distribution channels to enable its handicapped customers to perform their banking transactions easily.

The number of talking ATMs that are intended to facilitate performance of transactions by the visually-challenged customers using the Bankamatiks topped 400. Work is underway to incorporate the Braille alphabet on the instruction labels on Bankamatik devices, which have both talking and regular features.

Bankamatik designs suitable for wheelchair users were tried in pilot runs in İstanbul and Ankara, and they are now in the phase of being spread. The number of Bankamatiks with a cabin design suitable for wheelchair users topped 1,200.

On another front, compatibility with the JAWS program has been observed to enable the use of İşbank Internet Branch by the visually-challenged customers.

## **Retail banking products aiming to disseminate awareness of sustainable living**

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**İşbank developed thematic retail banking products with the aim of increasing social awareness of its corporate social responsibility projects conducted with the dual aim of contributing to environmental awareness for sustainable living and of protecting the natural life.**

**İşbank continues to pioneer the sector with its retail banking products Maximum TEMA Card, Environmentally Responsible Fund, Environmentally-Friendly House Loan, and Environmentalist Vehicle Loan.**

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## **Maximum TEMA Card contributes to the TEMA Foundation, therefore to the nature.**

İşbank supports its corporate social responsibility projects conducted with the purpose of raising environmental awareness for sustainable living and of protecting the natural life with the retail banking products developed based on the need to introduce an initiative that ensures broad-based participation. İşbank continues to lead the sector in line with its environmentalist targets with its Maximum TEMA Card, Environmentally Responsible Fund, Environmentally-Friendly House Loan and Green (Environmental) Auto Loan products.

İŞBANK AIMS  
AT CREATING  
CONSCIOUSNESS WITH  
ITS RETAIL BANKING  
PRODUCTS THAT  
SEEK TO PROPAGATE  
AWARENESS OF  
SUSTAINABLE LIVING.

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# 1,326

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1,326 INVESTORS CAME  
TOGETHER IN THE  
ENVIRONMENTALLY  
RESPONSIBLE FUND,  
WHICH IS MANAGED  
WITH A KEEN EYE ON  
ENVIRONMENTAL  
CRITERIA.

While Maximum TEMA Card holders have full access to the installment-based shopping and "MaxiPuan" extra loyalty bonus points, all campaigns and all other privileges offered by the world of Maximum, they also get the chance to contribute to the TEMA Foundation that works towards protecting natural assets and therefore, to the nature. While the benefits the customers derive on the card remain intact, a contribution calculated at a specific percentage of the purchases made using the card are transferred to the TEMA Foundation from İşbank's own resources.

Besides being a card that provides support for the TEMA Foundation, Maximum TEMA Card is also noted with its environmentalist features that it possesses starting with its production phase. Maximum TEMA Card is made of recycled plastic material that is used for the first time in Turkey. Furthermore, all paper materials in relation to the card are obtained without harming the nature and ecologic life. Holders of Maximum TEMA Card, like all other İşbank credit cardholders, are able to prevent paper waste by requesting to have their account statements sent by email only.

A first in the Turkish banking industry, Environmentally Responsible Fund invests in companies that respect the environment and the nature, while funds are created for the TEMA Foundation from the revenues derived on the fund. Thus, not only the investors in the Environmentally Responsible Fund support the social initiatives in the field of environmental protection, but also long-term, sustainable funds are created for environment projects on the back of this operation that will go on throughout the investment life of the fund. Investing part of its portfolio in companies that integrate Environmental Management Systems in every phase of their production, the fund is managed with the belief that those companies that adopt environmental measures now will be more profitable than the others in the long run.

The pioneer of mutual funds in Turkey, İş Portföy Yönetimi (İş Asset Management - a subsidiary of İşbank), via its expert team, manages the fund in view of financial and environmental criteria, which gives investors the chance to support environmentally-sensitive businesses and environment projects while making an investment. The number of holders of Environmentally Responsible Fund reached 1,326 whereas the total portfolio size reached TL 9.5 million as at year-end 2012.

### **With the Environmentally-Friendly House Financing Loan, İşbank introduced a new approach to the house loans sector**

With the Environmentally-Friendly House Financing Loan, İşbank supplies loans at reduced interest rates in an effort to render it attractive for its customers to purchase structures that are compatible with the nature and come under various names including sustainable, ecologic, green, environmentally-friendly etc., which simply consumes only as much as it needs, are turned towards renewable energy resources, uses natural materials that do not produce waste, and are sensitive to ecosystems.

### **With the Environmentalist Vehicle Loan, İşbank supplies credit at appropriate conditions for environment-friendly vehicle models.**

To encourage the purchase of vehicle models incorporating state-of-the-art technology that are developed with an awareness of protecting the environment and continually increase their market share, and to contribute to the preservation of the environment, İşbank designed the İşbank Green (Environmental) Auto Loan which offers attractive interest rate options on the loans supplied to finance the purchase of environment-friendly vehicle models.



HAVING LAUNCHED THE CUSTOMER SATISFACTION AND CUSTOMER REFERRAL SCORE (NET PROMOTER SCORE-NPS) MEASUREMENT IN 2012, İŞBANK FURTHER EXPANDED THE CHANNELS THROUGH WHICH IT TURNS A CLOSE EAR TO THE "VOICE OF ITS CUSTOMERS".

**İşbank is the leading privately-owned bank in customer satisfaction.**

Having launched the customer satisfaction and customer referral score (Net Promoter Score-NPS) measurement in 2012, İşbank further expanded the channels through which it turns a close ear to the "voice of its customers". Customer satisfaction measurement will enable more systematic identification of areas for action aimed at enhancement of satisfaction, and will serve to create increased sensitivity of the branches regarding customer satisfaction.

**The pioneering bank with its innovative applications**

**Parakod**

From November 2012, İşbank provided its customers with the "Parakod" (moneycode) application as a simple, reliable and innovative method of payment in e-commerce. The technology enables İşbank customers to buy any product or service either online without entering any card data or from the stores using their mobile phones, without having to carry their credit cards along.

Currently, the solutions offered to customers wishing to use mobile payment systems require the installation of an additional device on the consumers' phones or replacement of the SIM card, whereas Parakod application eliminates either need.

It is considered a major advantage that the application can be quickly downloaded on smartphones working with IOS and Android operating systems and having a built-in camera and Internet connection, and started to be used immediately

Having filed the necessary patent application for the Parakod product that enables payment on the back of QR code technology İşbank uninterruptedly carries on with its efforts to offer its customers innovative products that keep pace with the advancing technology.

**Convenience in OGS and HGS**

Automatic Pass-Through (OGS) devices and Rapid Pass-Through (HGS) contactless etiquettes that facilitate highway and bridge crossing are provided to motor vehicle owners with special services, under the guarantee of İşbank. İşbank enhanced customer loyalty through a campaign and other implementations conducted in 2012, under which OGS devices were supplied free of charge. As of year-end 2012, the number of OGS devices issued by İşbank reached 998,080. On 18 December 2012, İşbank has become the first bank in Turkey to sell HGS etiquettes, and the number of HGS etiquettes sold reached 80,000 until the end of the year.

**Maximobile**

Within the frame of the project that employs the Near Field Communication (NFC) technology allowing contactless payment using a mobile phone, the Maximobile service is offered to Turkcell customers at first step.



A KEY PRIORITY FOR İŞBANK IS TO PROMOTE FINANCIAL LITERACY IN TURKEY AND TO ENHANCE FINANCIAL KNOWLEDGE AND AWARENESS OF ITS CUSTOMERS.

### İşbank's responsibility towards customers

The services provided, the collaborations conducted in the retail sector and the advantageous campaigns held by İşbank under the Maximum card program are intended to step up the close relationship the Bank has been maintaining with its customers for approximately eleven years, and to maximize the pleasure taken in living, as well as the pleasure taken in shopping. With the opportunities provided, it is desired to render the cinema, an entertainment for all segments from all age groups, more enjoyable for the customers. In keeping with this strategy, cooperation was established with the Mars Entertainment Group, the owner of the largest movie theater chain in Turkey.

Within the frame of the cooperation between İşbank and Mars Entertainment Group, Mars Entertainment Group and AFM Cinemas that operate 484 movie theaters at 56 locations in 22 cities began offering service under the name "Cinemaximum" which is created to reflect the vision of owning the cinema industry by Maximum Card, the bank's primary credit card brand.

The Cinemaximum project is not limited merely to the creation of a new movie theater chain brand and to an advertising campaign; it is also targeted at spurring the development of the cinema industry

that has grown significantly in our country in the recent years and of the moviegoers that cover a broad range from children to adults. The purpose is to transport the customer-centric approach to service into the cinema and entertainment industry that grows by the year. Various events and organizations are carried out in an effort to make the cinema experience more enjoyable with previewings, premieres, tickets given out free-of-charge, and product promotions, as well as campaigns directed towards different segments of the moviegoers. Maximizing the pleasure taken in shopping, the Maximum Card maximizes the pleasure taken in cinema at Cinemaximum theaters and will keep being instrumental in the gains of Maximum Card holders.

İşbank's cooperation with the Mars Entertainment Group is not restricted to the cinema industry only. Maximum Cardholders have access to privileges at gyms, restaurants and various venues affiliated to the Mars Entertainment Group.

### Increasing financial literacy takes place among the top ranks of İşbank's responsibilities towards its customers and represents a topic the Bank observes in all of its activities.

Our research and the feedback received from our organization indicate that our retail customers, just like businesses, may



İŞBANK HELPS ITS CUSTOMERS MAKE THEIR DECISIONS BASED ON CONCRETE DATA WITH THE SERVICES OFFERED TO ITS CUSTOMERS, WHICH ARE SUMMARIZED ACROSS.

have questions in basic, simple topics: “How can I start saving up?” or “Why is life insurance important?” are just two examples.

Many customers prefer their families’ or friends’ recommendations over professional advice. At İşbank, our objective is to increase the rate of financial literacy and enhance the financial knowledge and awareness of our customers. To achieve that, the Bank makes systematic use of its branches, alternative distribution channels and external promotion media, as well as its professional team.

**A substantial part of the process of keeping the customers informed and providing information on financial products is realized in the vis-à-vis contacts of İşbank employees with customers.**

Possessing a relationship culture that is focused on listening to the customers and understanding them, our employees provide information on the solution that best responds to the needs of our retail customers from the different segments of the society and help them make their financial decisions correctly and impartially.

**İşbank uses electronic and printed media to provide information on financial matters to its customers and to present supporting implementations.**

In addition to vis-à-vis communication with customers, İşbank maintains an interactive relationship with its retail and commercial customers on electronic communication media including the website, telephone banking branch, call center, and social networks. The Bank makes use of these media to share financial matters in formats that are amusing as much as they are informative and educative, and to enhance customer awareness. Numerous documents and Q&A section accessible at the address [www.isbank.com.tr](http://www.isbank.com.tr) cover information on a broad variety of products and services ranging from borrowing terms and conditions to private pension and

insurance, and demonstrations on the use of Instant Banking channels and security-related implementations.

Numerous parameters including, among many others, exchange rates and stock data that the Bank posts and keeps up-to-date on its websites make all sorts of data individuals will need when making their investment decisions easily accessible with a single click. Various calculation tools made available on the websites allow comparisons and provide information on numerous subjects from housing loans to consumer loans.

Financial decisions, particularly when related to high sums, must be based on data and experience. İşbank helps its customers decide based on concrete data owing to the services offered to its customers, which are summarized above.

**Percentages and feedback attest to the satisfaction of İşbank customers that exceed the sector’s averages.**

From 2011, İşbank launched the annual customer satisfaction survey on alternative distribution channels on the basis of individual channels.

**İşbank is focused on improving its role and presence in;**

- the economic and commercial developments of businesses, and
- different life stages of individuals.

**Targeting to maintain a plain, open and cordial dialogue in its relationships with its customers, İşbank will continue to reinforce the reliable, powerful, leading, understanding, responsive and innovative qualities that its brands have before the customers.**

**İşbank’s continued fulfillment of the evolving needs of its customers will contribute to the permanence of the Bank-customer relations, and the Bank will successfully carry on with the performance of its responsibilities towards its customers.**

İŞBANK CONDUCTS ITS ACTIVITIES IN COMPLIANCE WITH THE REGULATIONS IN RELATION TO THE BANKING LAW NO 5411 AND WITH THE PROVISIONS OF APPLICABLE LEGISLATION GOVERNING THE BANKS IN TURKEY.

## CORPORATE GOVERNANCE AT İŞBANK

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**Effective corporate governance requires a correctly designed corporate culture backed by strong processes and values shared by the employees.**

**In the conduct of its operations, İşbank respects the laws, ethical values and professional principles, while adhering to its corporate culture and corporate values that it has upheld and constantly built on for 88 years.**

**Our code of conduct allows us to perform our business in a consistent and responsible approach that is aligned with our values. In this context, every İşbank employee is expected to display an honest, consistent and transparent approach to the customers, authorities, shareholders, his or her colleagues and other stakeholders.**

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The purpose of the corporate governance organization at İşbank is to realize and maintain the corporate governance principles, policies and practices that will support the accountability of the Board of Directors and the Executive Committee by seeking to achieve full compliance with the law and legislation. These principles, policies and practices inure to the benefit of İşbank and its stakeholders, and are aligned with the Bank's corporate strategy, values and principles.

**Corporate governance organization at İşbank starts at the Board of Directors that guides the Bank's business with a strategic approach.**

İşbank Board of Directors sets the strategy and policies of İşbank; and acts as a guide for the executive team and therefore for the whole organization with the decisions it makes. The Board of Directors is actively involved in the oversight of the practices put into life by the management and their outcomes, as much as in the preparation of risk management strategies and policies.

İşbank's Board of Directors comprises of one chairman and ten members. The Chief Executive Officer is the only Board Member who takes on a duty in the execution of the Bank's day-to-day business. The positions of the Chairman of the Board and Chief Executive Officer are carried out by different individuals at İşbank, where the Chairman of the Board and other Board Members have no executive duties.

13 Board meetings were held at İşbank during 2012, at all of which full participation was achieved. 523 pages of meeting minutes were taken at the Board meetings in 2012, which lasted 43 hours in total. As at year-end 2012, a total of 470 files were reviewed, which split as 407 credit underwriting files and 63 files on other matters related to loans, based on the work carried out by convening meetings or by individual review and signing of the file by each Board Member without convening a meeting, which resulted in 258 loan decisions. A total of 327 files were reviewed on non-credit matters and 327 decisions were passed. Consequently, 748 Board resolutions were made, including those that were passed during the meetings in 2012.

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Information on İşbank Board of Directors is presented on pages 70-71 and 76 of the Annual Report 2012 posted under the "Investor Relations / Financial Information" section accessible at the address [www.isbank.com.tr](http://www.isbank.com.tr).

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# 201

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THE İŞBANK BOARD OF INSPECTORS CARRIES OUT ITS ACTIVITIES WITH A TEAM OF 201 PEOPLE AS AT YEAR-END 2012.

## **There are seven committees active at İşbank.**

The committees that are active at İşbank are the Audit Committee, Turkish Republic of Northern Cyprus (TRNC) Internal Systems Committee, Credit Committee, Credit Revision Committee, Corporate Social Responsibility Committee, Risk Committee and Remuneration Committee. These Committees report to the Board of Directors in relation to their activities.

Information on the committees active at İşbank is presented on pages 77-79 of the Annual Report 2012 posted under the "Investor Relations / Financial Information" section accessible at the address [www.isbank.com.tr](http://www.isbank.com.tr).

## **İşbank Executive Committee**

İşbank Executive Committee is made up of the Chief Executive Officer and 12 Deputy Chief Executives. İşbank's CEO is the person who has full authority and full responsibility over the conduct, administration and coordination of the day-to-day business in the broadest sense. Each Deputy Chief Executive is responsible for the business lines defined.

Information on İşbank Executive Committee is presented on pages 72-73 of the Annual Report 2012 posted under the "Investor Relations / Financial Information" section accessible at the address [www.isbank.com.tr](http://www.isbank.com.tr).

## **At İşbank, the internal audit function is fulfilled by the Board of Inspectors that reports to the Board of Directors.**

The İşbank Board of Inspectors fulfills the duty of inspecting and supervising the activities of all the Bank's Head Office divisions, including internal control, risk management and corporate compliance divisions, domestic and foreign branches, in accordance with the Bank's strategy, policies, principles and targets, as well as relevant laws and applicable legislation.

With their activities certified to be in conformity with international quality standards, the İşbank Board of Inspectors combines the Board's deep-rooted audit experience with advanced technology in a risk-focused approach to perform its duties. As at year-end 2012, the İşbank Board of Inspectors was staffed with 201 inspectors and assistant inspectors. The Board makes use of the information technology to perform remote audits, as well as conducting on-site inspections.

## **İşbank's internal control system is structured so as to keep the risks involved in the Bank's financial and operational activities at a reasonable level and under constant control.**

The main framework of the internal control activities structured within the internal control system consists of operational controls, information and communication systems and financial reporting systems controls, and compliance controls.

The Internal Control Division is assigned with reviewing, overseeing and assessing İşbank's operations and with reporting the conclusions to the related parties. The Division's activities are structured so as to comprise the Head Office divisions, branches, subsidiaries that are subject to consolidation and the companies from which the Bank obtains support services.

DURING 2012, THE INVESTOR RELATIONS DIVISION RESPONDED TO OVER 500 QUERIES RECEIVED VIA TELEPHONE OR E-MAIL.

**Compliance is the foremost duty and responsibility of all managers and employees of İşbank at any level.**

The functions and activities regarding compliance executed in the Head Office Divisions and Branches of İşbank are coordinated through the corporate compliance activities conducted within the Corporate Compliance Division, which reports to the Board of Directors.

The Corporate Compliance Division operates with the purpose of providing maximum contribution to manage and control the compliance risk purposefully and efficiently, and to ensure that constant alignment and compliance are achieved in the execution and management of the Bank's activities with respect to their structure and operation with the applicable legislation, regulations and standards.

The Corporate Compliance Division consists of three sub-units:

- Regulatory Compliance
- Banking Activities Compliance
- Anti-Money Laundering Compliance

**The Policy to Combat the Laundering Proceeds of Crime and Financing of Terrorism**

Activities directed towards the prevention of laundering proceeds of crime and financing of terrorism are carried out purposefully and efficiently within the frame of applicable legislation and the Bank's Policy and Compliance Program formulated accordingly.

İşbank Compliance and Compliance Risk Management Policy and the Policy to Combat the Laundering Proceeds of Crime and Financing of Terrorism are posted in Turkish and English under the "Investor Relations / Corporate Governance" section accessible at the address [www.isbank.com.tr](http://www.isbank.com.tr).

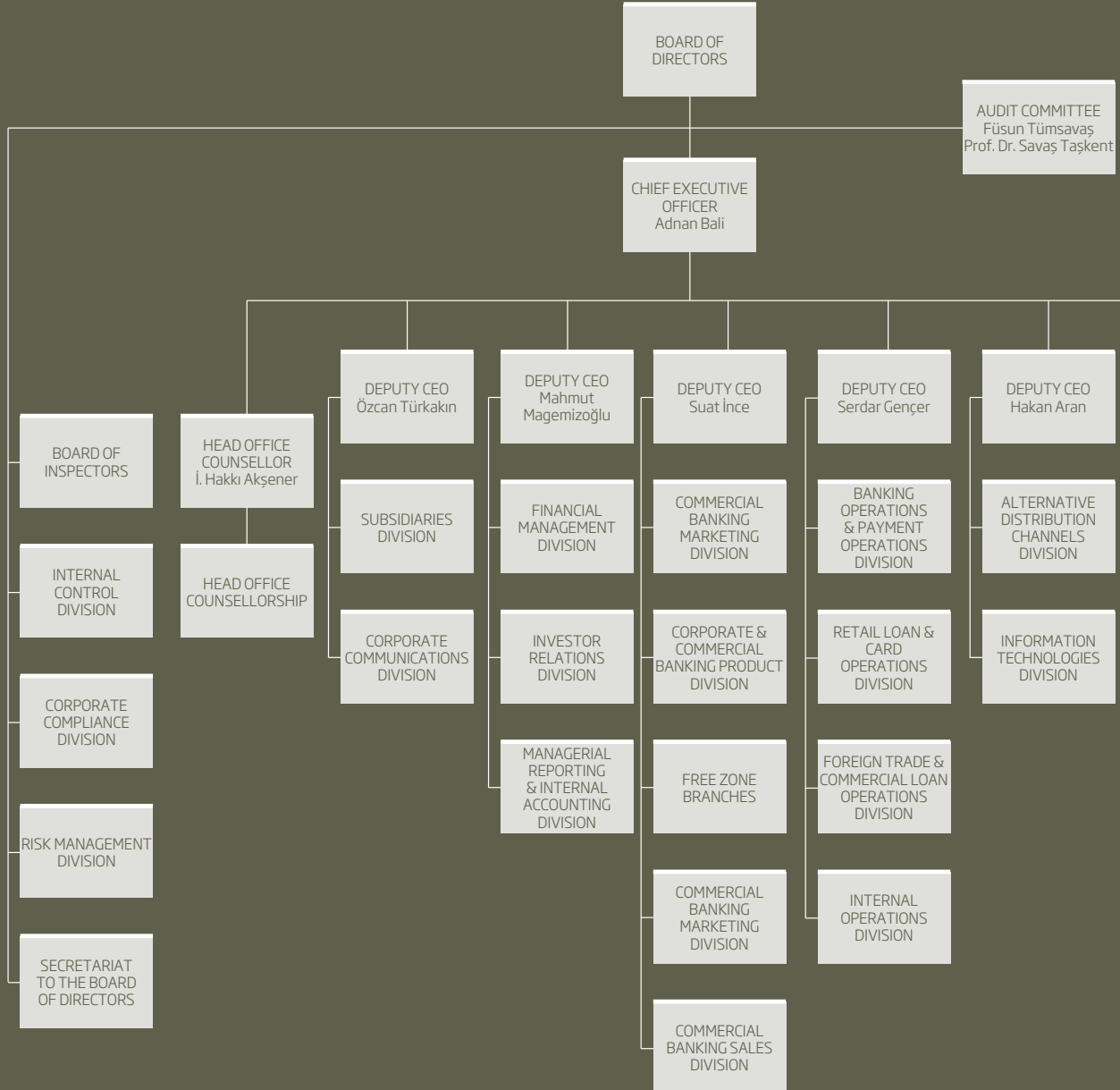
**İşbank Investor Relations Department also plays a part in putting the Corporate Governance Principles into life.**

The İşbank Investor Relations Division is basically assigned with efficiently responding to the Bank-related information requests of the Bank's existing and potential investors, credit rating agencies, and the related parties in international borrowing activities within the frame of applicable legislation.

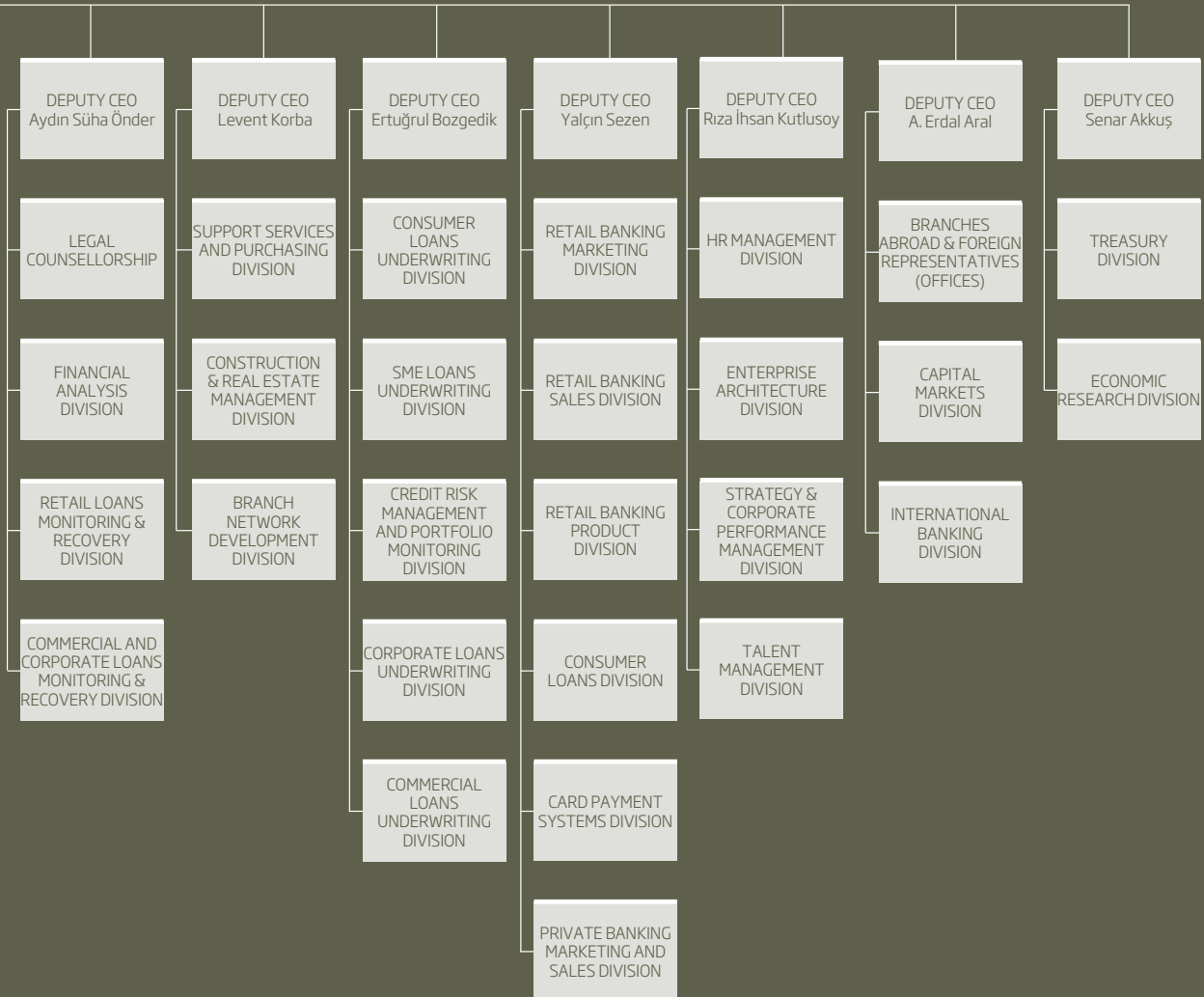
During 2012, the Investor Relations Division received more than 500 queries via telephone and e-mail and all inquiries have been replied. In the same year, Investor Relations Division participated in 9 international and 4 domestic investor conferences and international roadshows, meeting with the representatives of 245 investment companies. Furthermore, the Investor Relations Division hosted 62 investor meetings, 35 analyst meetings and 105 conference calls in the Bank's Head Office.

İşbank Corporate Governance Principles Compliance Statement takes place on pages 88-95 of the Annual Report 2012 posted in PDF format under the "Investor Relations / Financial Information" section accessible at the address [www.isbank.com.tr](http://www.isbank.com.tr).

## ORGANIZATION CHART (\*)







(\*) As of 31 December 2012

FINANCIAL AND NON-FINANCIAL RISK EXPOSURE OF THE İŞBANK GROUP ARE ANALYZED AND MONITORED THROUGH THE RISK MANAGEMENT PRINCIPLES SPECIFIC TO BANKING AND GROUP RISK MANAGEMENT PERSPECTIVE.



## RISK MANAGEMENT AT İŞBANK

### **Sound risk management is key to the sustainability of our value creation capability.**

İşbank and its subsidiaries are leading players in the Turkish economy and they represent a huge financial strength. When considered in this framework, it is necessary for economic sustainability to analyze, monitor and report the financial and non-financial risk exposure of the İşbank Group as a whole through risk management principles specific to banking, in combination with a group risk management perspective.

This consideration has become an industry standard for corporate governance and recently acquired increased importance in the economic conjuncture.

Based on an overall assessment of risk categories, the credit risk was once again the most important one among the risks with a potential impact on the Bank in 2012. The credit risk was followed by the market risk with the exchange rate risk being its most crucial component, and capital was allocated within the framework defined for non-financial operation risks, as well as financial risks, in the activities conducted during 2012.

The risk management process and the functions involved therein take place among the primary responsibilities of the Board of Directors. The Bank's risk policies and related implementation procedures are formulated by the Board of Directors.

### **İşbank Risk Committee**

The İşbank Risk Committee is responsible for formulating the risk management strategies and policies İşbank will adhere to both on a consolidated and unconsolidated basis, presenting them to the Board of Directors for approval, and monitoring

implementations. The Committee is the common communication platform with the Bank's executive systems in terms of assessing the Bank's risk exposure, and making suggestions about the measures to be taken and methods to be followed.

Information on the İşbank Risk Committee is presented on pages 78-79 of the Annual Report 2012 posted under the "Investor Relations / Financial Information" section accessible at the address [www.isbank.com.tr](http://www.isbank.com.tr).

### **Efforts for bringing İşbank into compliance with Basel II are in progress**

İşbank's efforts for achieving compliance with Basel requirements are in progress. These efforts are carried out in parallel with the international best practices by the Risk Committee, which reports to the Board of Directors, along with the Risk Management Division, which is a part of the risk management function along with the Bank Credit Committee and Asset and Liability Management Committee.

### **Credit Risk Policy**

The Credit Risk Policy sets the framework for methodologies and responsibilities related to credit risk management, control and monitoring, as well as issues related to credit risk limits. Senior management is responsible for the execution of credit risk policy, which is approved by the Board of Directors.

When monitoring the credit risk, the risk level and composition of the loan portfolio are also monitored in addition to individual loans. The process involves an approach that covers monitoring and management of credit risks as a whole on the basis of various parameters such as maturity, industry, collateral, geography, currency, loan type and credit risk ratings, in addition to the assessments on the obligor and the facility.

ALL EMPLOYEES OF İŞBANK PERFORM THEIR DUTIES IN A SENSE OF RESPONSIBILITY THAT KEEPS AN EYE ON THE CREATION OF A WORKING ENVIRONMENT THAT IS FOCUSED ON REDUCING THE POSSIBILITY OF LOSS.

#### **Asset and Liability Management Risk Policy**

Asset and liability management risk is defined as İşbank's risk of loss caused by failure to effectively manage all financial risks arising from the Bank's assets, liabilities and off-balance sheet transactions. The Board of Directors establishes all the principles and procedures related to the constitution and management of the Bank's asset-liability structure and the "Risk Appetite" pertaining to the capital to be allocated.

Board of Directors and Audit Committee are obliged to track that the Bank's capital is used optimally; for this purpose, they have to control the risks against limits and ensure that necessary actions are taken. Asset and Liability Management Committee is responsible for managing the asset and liability risk in accordance with the risk appetite and risk limits determined by the Board of Directors and within the framework of the principles and procedures covered in the risk policy.

#### **Operational Risk Policy**

Operational risk is defined as "the risk of loss resulting from inadequate or failed internal processes, people, systems or from external factors", and related activities are carried out by the Risk Management Division.

Classification of operational risks involved in day-to-day activities is monitored by way of issuing an "Enterprise Risk Framework", which serves as the basic document to define and classify all potential risks and is updated as conditions change.

#### **Consolidated Risk Policies**

Risk management principles related to İşbank's subsidiaries are monitored through the Bank's Consolidated Risk Policies by the Subsidiary Risk Unit operating under the Risk Management Division. Subsidiaries implement their specific risk management policies in view of the structuring specific to their activities and in accordance with Consolidated Risk Policies. The risk policies that are approved by the board of directors of subsidiaries form the framework of their risk management systems and processes.

#### **Information Systems Management Policy**

The purpose of Information Systems Management Policy is to establish the principles which will constitute a basis for the management of information systems of İşbank and the principles for defining, measuring, monitoring, controlling, reporting and managing the risks arising from the use of information technologies.

Risks arising from information technologies are basically assessed within the scope of the Bank's operational risk management. It is essential that those risks are measured, closely monitored and overseen within the framework of the Bank's integrated risk management, based on the fact that those risks can also be factors of other risks arising from banking activities.

## OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES

**THE WORKFORCE THAT HAS FAITH IN THE BANK AND THAT STRONGLY EMBRACES THE SHARED VALUES ASSUMES A KEY ROLE IN İŞBANK'S ACHIEVEMENT OF ITS TARGETS AND BUILDING A LONG-TERM FUTURE.**

THE SUSTAINABILITY OF THE SPIRIT OF BELONGING TO İŞBANK IS POSSIBLE THROUGH THE SUSTAINABILITY OF A WORKFORCE MADE UP OF HIGHLY MOTIVATED EMPLOYEES WHO ARE RESPECTED AND VALUED BY THEIR MANAGERS AND COLLEAGUES.



GRANTING EQUAL OPPORTUNITY TO ALL EMPLOYEES IS THE FOREMOST OF İŞBANK'S KEY RESPONSIBILITIES TOWARDS ITS EMPLOYEES.

## İŞBANK HUMAN RESOURCES POLICY

**The primary human resources policies of İşbank are erected on the principles of equal opportunity, fairness, transparency and high performance.**

Human resource management processes and practices are designed in a manner to support İşbank's vision of being the bank most preferred by customers, shareholders and employees in Turkey, by maintaining its position as the leading, pioneering and reliable bank.

**Equal opportunity and diversity are two building blocks of İşbank's human resource policy.**

Granting equal opportunity to all employees is the foremost of İşbank's key responsibilities towards its employees. Valuing diversity in its workforce, İşbank perceives diversity as a key component of its intellectual capital. This perspective enables the permanence and furtherance of a modern working environment that allows thinking differently, acting differently and building on innovation and individual competencies at İşbank. Within the scope of its human resources policy, the Bank is strongly against:

- any and all discrimination, and
- forced and compulsory worker and child labor in the world and in Turkey.

**Workforce planning is carried out in alignment with İşbank's activities and strategies.**

İşbank's human resource needs are met through recruiting and employing individuals who have the required qualifications and competencies for the specific job using appropriate evaluation tools and methods. The Bank's basic recruitment criteria are put into writing and the hiring processes are carried out according to these criteria. New hires work in the positions of officer, assistant specialist, assistant inspector or specialist staff. Employees are promoted to the next level subject to the fulfillment of the requirements of career paths and to the staffing opportunities available at the Bank.

There are career paths planned for each title at İşbank.

The employment policy of İşbank;

- considers every employee as a talent with high potential,
- is based on the principle of training and equipping the qualified human resource, needed for any managerial or specialization position across different levels, from within the Bank's own employees.



CAREER PATHS OF  
EMPLOYEES WHO JOIN  
İŞBANK LEAD UP TO  
SENIOR MANAGEMENT  
POSITIONS.

In order to support its HR activities and to ensure active involvement of employees in HR processes, İşbank is focused on making efficient use of HR information systems and other technology tools.

Along these lines, an integrated HR infrastructure has been developed for the Bank's constantly expanding organization with a view to creating;

- HR processes in which employees will play a more active role,
- faster conduct for HR professionals, and
- a decision support system for decision-makers to make more efficient use of the human resource data.

**Career management at İşbank**

There are a variety of career paths at İşbank, which are the positions of inspector, specialist and officer. The career paths of employees who join İşbank lead up to senior management positions.

Trainee assistant specialists and trainee assistant inspectors who start working at İşbank are entitled to be promoted to the positions of assistant specialist or assistant inspector, as a result of the assessment performed upon completion of one year. After completing certain periods of time in such positions, they proceed in their careers as specialists or inspectors, provided that they successfully pass the qualification exams they will take. Once specialists and inspectors complete the period of time they are required to spend with these titles, they are appointed to management positions according to their performances and staffing needs.

If the newly hired officers successfully pass the Assistant Section Head Selection Exam that they take at the end of a certain period of time, then they are appointed to Assistant Section Head positions. After completing certain periods of time in such positions, these employees will be appointed to manager positions as II. Manager, if they succeed in the Exam for Promotion to II. Manager Position.

Employees holding the title of II. Manager can rise to higher positions depending on their performance and staffing needs.

After the first stage as a manager, employees are provided equal opportunity of advancement based on performance, irrespective of the initial path they have joined the bank.

İSBANK DETERMINES THE FINANCIAL AND SOCIAL BENEFITS OF ITS EMPLOYEES IN ACCORDANCE WITH THE CURRENT CONDITIONS AND WITH THE COLLECTIVE BARGAINING AGREEMENT.

**İSBANK’S REMUNERATION POLICY**

İsbank’s practices in relation to remuneration are carried out and managed in compliance with the labor laws and legislation applicable in our country, as well as with the structure and scope of the Bank’s activities, its strategies, long-term goals, and risk management structures.

It is essential that the remuneration to be paid to the İsbank’s managers and employees at any level is compliant with the Bank’s;

- ethical values,
- internal balances and strategic objectives, and

are linked to İsbank’s long-term performance.

Performance-based incentive payments at İsbank take into consideration the term of the risks taken, do not guarantee the amounts in advance, seek to positively impact the Bank’s corporate values, and are subject to objective criteria.

**Salary and fringe benefits at İsbank**

İsbank determines the financial and social benefits of its employees in accordance with the current conditions and the Collective Bargaining Agreement. The Bank’s employees receive four bonuses a year and the allowances as required by their positions, in addition to their monthly salaries. In addition, foreign language allowance is paid to employees who certify their competence in a foreign language with internationally recognized foreign language certificates acceptable to the Bank.

In addition to the payments specified above, dividends are paid once a year depending on the overall performance İsbank displayed in the previous year.

İsbank employees also have social benefits such as healthcare benefit, lunch, and training opportunities that are directed towards fulfilling their social needs and achieving higher standards of working and living for themselves.

İŞBANK'S PERFORMANCE MANAGEMENT SYSTEM IS A CONTEMPORARY PRACTICE THAT IS CONSTANTLY IMPROVED AND EVOLVED IN LINE WITH THE CHANGING NEEDS.

İŞBANK'S PERFORMANCE MANAGEMENT SYSTEM

Performance management system of İşbank employees is conducted annually on the basis of:

- competencies identified according to position titles, and
- measurable goals and objectives by which to assess their contribution to business results.

While the performance management system at İşbank is conducted annually, managers are encouraged to give feedback to their subordinates and support performance on a continuous basis.

In the annual appraisal of managers, the scorecard performance is taken into consideration as goals. The annual appraisal of employees is based on measurable goals defined by the managers

at the beginning of the performance period in a manner that is aligned with the job descriptions of employees, which are assigned to the system after being shared with the employees.

Devised every year in conjunction with business units, "Sample Goal Set" is shared with all employees in order to guide the managers in the determination of goals and to ensure that the right goals can be set for the right positions. In addition, supplementary resources are made available to the employees on the Bank's corporate portal pages, which include presentations, articles, case studies etc. that are prepared to increase the efficiency of the performance management process.

İşbank's Performance Management System

The Performance Management System's main aims are:

- to attract qualified human resource to İşbank and to consider and develop each employee as a potential talent,
- to plan and manage employee performance in alignment with the Bank's performance goals and to guarantee corporate success.

The priority objectives of İşbank's Performance Management System include the assessment of employees' contribution to İşbank's success using systematic, periodic and measurable indicators; supporting the high performance culture and enhancing employee motivation and loyalty to the Bank; identification of their development needs; and supporting their professional and personal development through constant feedback. Across the Bank, the Performance Management System is considered as a tool that will provide the adoption of the customer-oriented and innovative approach by all employees, and will accelerate success in individual and institutional level by strengthening the communication of employees with their managers. The System is constantly improved in line with the changing needs.

TRAINING IS CRUCIAL AT İŞBANK. TRAINING IS CONSIDERED AS AN INTEGRAL PART OF THE WORKING LIFE.

#### **Performance appraisal of managers**

İşbank possesses a culture that trains and equips its own management team from within.

Ever since its establishment in 1924, the Bank has been assigning the employees trained and cultivated from amongst its own employees to managerial positions.

İşbank does not implement management transfer and takes a long-term and strategic approach to human resource planning and development. Maintained and constantly fostered as a consequence of this approach, this culture enables cultivating the employees who will rise to the Bank's middle and top management positions within the organization.

The Bank's Executive Committee, reviews all data and information obtained from different sources (managers' performance scores, the reports issued for the managers by the Board of Inspectors, administrative decisions, rewards/penalties, employee and customer satisfaction ratios, goal achievement ratios, performance scorecard result, credit risk rating performance, etc.) in relation to İşbank's managers and makes an annual evaluation.

#### **TRAINING ACTIVITIES AT İŞBANK**

**İşbank supports the developments of its human resources with affluent and various training programs.**

On the back of its training activities, İşbank offers learning and development programs differentiated on any topic employees need, by taking the employees' positions and career processes into account.

**The variety of training programs are intended to cover any development need by which business results are affected and to support a structure that will improve and sustain performance.**

The common objective of all training programs is to give any support to İşbank employees in relation to their changing job descriptions, the Bank's needs, and the sustainability of activities.

On the other hand, there are training programs that are arranged on demand basis in order to enable employees to access any development activities apart from their career movements.

In order to sustain and further improve performance at İşbank, improvement areas that are identified on the basis of Employee Performance Appraisal Systems are supported with development programs differentiated according to specific competencies. This differentiation aims at providing every individual with the specific development tools in the topic that he or she may need in relation to his/her performance.

IN 2012, ANNUAL  
TRAINING TIME PER  
LEARNER WAS 28.6  
HOURS AT İŞBANK.

**Training activities supported with distance learning applications**

Instructor-led training is supported with new learning approaches, models; and continuous development is ensured on different platforms through the online books, e-games, and regular informative mailings.

In addition to instructor-led training, the e-learning platform that the Bank employees can access at any time is used as an efficient source in providing the continuity of knowledge.

**Orientation Training is aimed at equipping the newly employed individuals with the knowledge and skills they need.**

Employees who start working at İşbank take part in the Orientation Training starting from their first day. Differentiated according to the roles and positions, these programs aim to give the knowledge and skills individuals on the job. These programs are designed according to the blended learning model and are organized to provide the development activity to continue after the instructor-led training, with the ultimate goal of ensuring the permanence of the knowledge and skills acquired in the training. Training mentors are assigned to each training program in order to give the individuals access to any support they might need during first four months of their working life.

**The İşbank Training Catalog has an important role in self-development.**

The İşbank Training Catalog plays an important role in the determination of the employees' area of self development. Designed as a key tool for planning self-career and development needs, the İşbank Training Catalog is an application whereby all employees can communicate their requests.

**Management Development Programs are organized to support the personal and professional knowledge and skills of managers and prospective managers. It is important to propagate a leadership culture oriented at constant development and change at İşbank.**

For the purpose of creating this culture and passing it on the next generation of managers so as to establish İşbank leadership as a trademark, existing senior managers, medium level managers and prospective managers are supported with different and structured tools.

In this framework, Management Development Programs and Conferences are realized for the manager and prospective manager pools, which are aligned with their needs and are differentiated on the basis of job family requirements.

İşbank Management Development Programs are also important and exemplary for supporting sustainable employment and securing employee satisfaction.

**Structure of İşbank's Workforce - Summary Data**

- At the end of 2012, the number of banking professionals working at the İşbank Head Office and branches totaled 24,411.
- 50% of the İşbank employee body is constituted by women and 50% by men.
- Average tenure at İşbank is 9 years.
- The average age of İşbank employees is 34.

\* Board Members are not included in the average age and average tenure.



## TRAINING AT İŞBANK - KEY INDICATORS

1 JANUARY - 31 DECEMBER 2012

	Management	Specialist Positions	Support Staff	Total
Total training hours	33,984	587,540	7,947	629,471
Total personal development training hours	6,034	108,944	6,282	121,260
Total technical training hours	27,950	478,596	1,665	508,211
	On-the-job Training	Instructor-Led Training	E-Learning	Total
Total hours of personal development training	-	110,130	11,130	121,260
Total hours of technical training	47,054	325,196	135,961	508,211
	Branches	Regional Units	Head Office	Total
Total training hours	404,852	4,510	220,109	629,471
Total personal development training hours	78,568	441	42,251	121,260
Total technical training hours	326,285	4,069	177,857	508,211
	Management	Specialist Positions	Support Staff	Total
Total number of employees who received training	1,436	19,856	248	21,540
Total number of employees who received personal development training	526	6,666	112	7,304
Total number of employees who received technical training	1,429	19,580	224	21,233
	Branches	Regional Units	Head Office	Total
Total number of employees who received training	15,407	215	5,918	21,540
Total number of employees who received personal development training	4,420	66	2,818	7,304
Total number of employees who received technical training	15,264	193	5,776	21,233
	Management	Specialist Positions	Support Staff	Total
Total number of employees who received on-the-job training	-	1,133	-	1,133
Total number of employees who received instructor-led training	1,280	10,876	207	12,363
Total number of employees who received e-learning program	1,276	18,955	200	20,431

İŞBANK AND ITS EMPLOYEES ARE FAMILIAR WITH, AND RECOGNIZE, THEIR MUTUAL RIGHTS AND OBLIGATIONS, AND STRIVE TO MAXIMIZE THEIR CONTRIBUTION FOR ESTABLISHING MUTUALLY GOOD RELATIONSHIPS, LABOR PEACE AND OCCUPATIONAL SAFETY.

#### **Employee loyalty and satisfaction survey at İşbank**

Since 2009, İşbank measures the loyalty and satisfaction of its employees through systematic surveys. The results of these measurements are used to support the employees' development.

#### **Human rights and working life at İşbank**

İşbank and its employees are familiar with, and recognize, their mutual rights and obligations, and strive to maximize their contribution for establishing mutually good relationships, labor peace and occupational safety.

It is the goal of İşbank to ensure that the working life at the Bank is dominated by constitutional freedoms, human rights, rule of law, social justice and democratic order.

#### **Mechanisms for communication of İşbank employees' opinions and suggestions**

The Bank's employees make use of the HR Information System directly to communicate specific matters to them, their complaints and the matters that they deem beneficial to be known by the Human Resources function.

Allowing the employees to communicate any matter they wish to share regarding their families and health, and complaints and requests, if any, the implementation is intended at accessing the right and detailed information within decision-making processes.

#### **The preferred employer brand perception**

The activities carried out to strengthen the sense of belonging that represents the most powerful aspect of the İşbank culture, to enhance the most preferred employer brand perception, and to boost employee motivation have occupied an important place within human resources practices. Within this context, İş Players Theater Company was established this year. The Company staged the "Twelfth Night" by W. Shakespeare.

On another front, the efforts are underway for the voluntary benevolent team that will be made up of exclusively İşbank employees, "İŞSAR" (İşbank Employees Search and Rescue Voluntary Team).

An intensive participation has also been ensured in the sports organizations that bolster the spirit of unity and integrity among İşbank employees. The soccer team won the championship in the Corporate Soccer League where it made its debut in 2012, the basketball team claimed the second spot in the 2012 Corporate Basketball League (CBL), the tennis team ranked fourth in the TED tennis tournament, and the volleyball team clinched the second spot in the 2012-2013 Fonex Corporate Women's Volleyball League.

İşbank intends to remain adhered to its policy of supporting the activities that are directed towards enhancing employee motivation in the year ahead.

# 24,411

TOTAL NUMBER  
OF BANKING  
PROFESSIONALS  
WORKING AT İŞBANK  
HEAD OFFICE AND  
İŞBANK BRANCHES  
STOOD AT 24,411 AS AT  
YEAR-END 2012.

## İşbank HR Key Indicators / Year end 2012

Number of Personnel	People	%
Total	24,411	100
Women	12,306	50
Men	12,105	50
Distribution of personnel by age groups	People (Excl. Board Members)	%
0-30	8,460	35
31-45	15,365	63
46-65	571	2
+66	3	0
Total	24,399	100
Geographical distribution of personnel	People	%
Turkey	24,169	99
Overseas	242	1
Total	24,411	100
Labor turnover	Number of Leavers (Excl. Deaths)	Turnover Rate %
Women	458	4
Men	681	6
Number of personnel employed during the reporting period	People	%
Women	322	48
Men	348	52
Total New Hires	670	100
Distribution of Board Members by Gender	Women	Men
Chairman	0	1
Vice Chairman	1	0
Members	2	7
Distribution of the Audit Committee members by gender	Women	Men
Members	1	1
Distribution of the Corporate Social Responsibility Committee members by gender	3	2
Distribution of the Risk Committee members by gender	Women	Men
Members	3	2
Distribution of senior management by gender	Women	Men
Chief Executive Officer	0	1
Deputy Chief Executives	1	11
Executives	852	1,275

## OUR RESPONSIBILITY TOWARDS OUR EARTH

**İSBANK IS A  
CORPORATE CITIZEN  
THAT HAS EMBRACED  
ITS RESPONSIBILITY TO  
PASS DOWN A LIVABLE  
EARTH TO FUTURE  
GENERATIONS.**



**İşbank has set it as a primary goal to address and manage environmental matters systematically, placing special emphasis on energy and water usage and paper consumption, and to mitigate its negative impact on the environment. In this context, İşbank has been keeping the statistics of its energy, water, gas consumption, and paper waste production, and measuring its carbon footprint since 2008.**

**İşbank is also watchful of the environmental impact aspect of the products and services delivered to customers. The environment element is taken into consideration in a series of topics from IT applications to project finance, and innovative implementations are introduced with the objective of reducing indirect environmental impact.**

**Social responsibility projects make up another area in which İşbank strives to fulfill its responsibility towards our planet. The Bank takes on systematic efforts particularly for expanding forested areas and is currently conducting the most extensive forestation project ever undertaken in Turkey.**

## ENVIRONMENTAL GROUNDS

İşbank aims to manifest its difference and positive impact also through its environmental practices. Corresponding to its mission, vision and goals, the Bank's environmental approach is basically erected on three axes:

- Optimize the environmental footprint of the activities that constantly evolve and diversify in line with the organic growth
- Place greater emphasis on the environment element in the products and services delivered to customers
- Continue to work intensively and interactively with stakeholders engaged in the environment and encourage their voluntary involvement

### **Paperless banking is a key operational and environmental target for İşbank.**

Turkey's largest bank, İşbank offers its products and services to millions of customers on a daily basis. The interactive service relationship with customers require the production and sending of dozens of millions of account statements, bank receipts, agreements and similar documents, which point at a huge amount of paper consumption.

The corporate goal of İşbank is to switch to paperless banking in every possible field. The purpose of the Paperless Banking project carried out at İşbank is to:

- take paper use under control,
- promote environmental sensitivity,
- contribute to paper, space and workload saving.

Under the project, İşbank analyzes any document printed and sent to customers within the frame of paperless banking vision to eliminate them to the maximum extent possible, and focuses on migrating paper-based transactions to the electronic environment. In line with this project, the Bank launched many innovative practices in 2011 and 2012, and attained remarkable savings. Along the same line, İşbank took steps to raise awareness of its customers and to steer them to choose to receive various documents such as receipts and account statements via e-mail.

### **Highlights of the efforts carried out within the scope of Paperless Banking are presented below.**

#### **Electronic Approval**

Designed to improve the control process across İşbank and to ensure saving from printing and archiving costs, the electronic approval implementation was successfully rolled out at all branches of the Bank during 2011. The electronic approval implementation served to save an average of 85 million pages per year. Started in 2012 and aiming to move the Joint Service Center divisions that handle centralized operations to e-approval, efforts are slated for completion during 2013. Upon incorporation of these divisions in the e-approval system, approximately 1 million pages will be saved annually.



E-ARCHIVING PROJECT IS INTENDED AT TRANSFERRING ALL SORTS OF HARD-COPY DOCUMENTS TO THE ELECTRONIC ENVIRONMENT.

#### **Total Print Management**

Total print management refers to combining the printer, scanner, photocopier and facsimile functions in a single device to reduce printing costs, to provide centralized control of printing and scanning, and to ensure uniformity of internal hardware at İşbank. The said device was started to be used in all branches and Head Office divisions. It is calculated that the use of the system will save an average of 12 million pages in the number of printouts.

#### **E-Archiving**

Initiated during 2011, İşbank E-Archiving project is intended at transferring all sorts of hard-copy documents to the electronic environment.

Designed in alignment with İşbank's document management strategy and with related efforts currently underway, the project will firstly clarify the types of documents that are required to be stored electronically and physically, and documents that are not required by law to be stored in hard-copy will be prevented from being physically generated and will be stored electronically.

#### **Simplification of the Banking Services Agreement**

Through the altered design and font type within the scope of revising the Banking Services Agreement (BSA) at İşbank, the agreement went down from 55 pages to 32. Considering that an average of 2 million BSAs are printed at the Bank annually, this revision translates into a saving of approximately 23 million pages.

On another wing, the grammage of paper on which the BSA is printed was reduced, thus ensuring less energy consumption in paper production. During 2012, the Bank further decreased the number of pages in BSA to 28 and secured a further saving of 7 million pages. The 2013 plan is to print

the BSA in a single counterpart entailing a barcode assigned by the system and to eliminate the need for its storage by the Bank, instead of the 2 counterparts currently issued, one each for the Bank and the customer. Under the new system, the signed page will be scanned to the system and the original agreement will be given to the customer.

#### **Elimination of Automated Payment Bank Receipts**

In 2011, İşbank discontinued preparing hard copies of the bank receipts for automated bill payments and sending them to the branches for on-forwarding to customers.

The Bank started, instead, sending the electronic payment receipts to the customers by e-mail. This practice has been instrumental in saving 2,500,000 pages of paper on a yearly basis.

#### **Interactive Account Statements**

İşbank discontinued sending hard-copy account statements for the transactions performed online, and switched to electronic account statement practice, thereby saving 1,170,000 pages of paper annually.

#### **Statements and Daily Bank Receipts**

The Bank discontinued printing the periodic statements and daily bank receipts printed across the Bank for sending them to branches, which resulted in saving 2 million pages of paper.

#### **Elimination of Bankamatik Daily Records**

İşbank launched a new practice in 2012, which enables electronic viewing of transaction records, and discontinued the Bankamatik daily records, which are required to be stored in branches. Upon completion of the project, the records started to be viewed electronically, saving 179,380 rolls of special paper.

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# 750

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WHEN THE PROJECTS WITHIN THE SCOPE OF PAPERLESS BANKING INITIATIVE ARE COMPLETED, ANNUAL PAPER SAVING WILL REACH APPROXIMATELY 750 TONS.

## **Cooperation with the TEMA Foundation for waste paper**

İşbank collaborates with the TEMA Foundation for returning waste paper back to the economic cycle. Until 2011, only waste paper from the central warehouses and from the branches in certain cities were sent to recycling via the TEMA Foundation; upon completion of the project in 2012, waste paper from all of the Bank's branches started to be recycled via the TEMA Foundation. Under the project, documents kept in the archives of branches with expired retention dates and are required to be destroyed are collected by TEMA Foundation when they reach an economically beneficial volume. The TEMA Foundation plants one sapling on behalf of our Bank for every 100 kg of paper collected.

The paper sent to be recycled from İşbank's central warehouses and branch archives amounted to approximately 320 tons in 2012.

## **Transition to card-based system in the printers used at the Head Office Divisions**

A hardware and a software installed on the printers enable the Bank employees to get printouts by scanning their magnetic employee cards that are defined on the system. Allowing the deletion of erroneous printing requests without producing the printout, the system generates the number of printouts on the basis of users, and the employees are guided to rethink necessity while taking printouts.

It is estimated that the project will bring about 28% reduction in the number of printouts.

## **Termination of FC loan and additional account statements**

Discontinuation of FC loan and additional account statement mailing will result in saving approximately 50,000 pages of paper.

## **Double-sided printing requirement**

It is targeted to change the settings of all printers used at İşbank so as to print on both sides by default. The project is estimated to provide saving approximately 750,000 pages of paper.

## **Upon completion of all the projects designed for a green environment and for reduced consumption of natural resources, nearly 750 tons of paper will be saved annually.**

İşbank will resolutely carry on with its initiatives targeted at reducing the use of paper and energy for the sake of protecting the environment.

## **İşbank and Green IT**

Regarding information technology deployments, İşbank undertakes initiatives that concentrate on energy consumption and efficiency.

In its system rooms, the Bank switched to the managed PDU (power distribution units) use in the 2011-2012 period and began monitoring cabinet energy consumptions. As a result of these efforts, servers that overconsume energy will be identified and replaced with servers that consume less energy in the year ahead.

Through the integration of the Data Center infrastructure monitoring software, the whole system was started to be kept under control. The temperature in system halls was increased from 19 degrees to 23 degrees in view of ASHREA guidelines, thus allowing less use of cooling energy. Electricity consumption monitoring was separated for the building and for system halls, and individual quantification was initiated for use in IT equipment and in cooling systems.

THE TOTAL AMOUNT OF CARBON-EQUIVALENT EMISSIONS FROM İŞBANK'S HEAD OFFICE BUILDINGS IN İSTANBUL STOOD AT 19,297 THOUSAND TONS IN 2012.



## İŞBANK'S CARBON FOOTPRINT

**İşbank's corporate goal is to oversee emission management and, by taking a systematic approach, to reduce its carbon footprint in parallel with its organic growth.**

In keeping with this goal, İşbank, in 2011, initiated the operational emissions management and the process of measuring greenhouse gas emissions to cover the years 2008-2011. The first phase of the İşbank greenhouse gas inventory and carbon emissions management was completed in April 2011.

The basic steps of the first phase covered data collection and determination of the technical framework for computing carbon footprint.

Within this framework, the following steps were taken for the Head Office:

- Review of operational structure and determination of sources of emission (lighting and heating/cooling, etc.).
- Examination of references for emission sources (e.g. accounting records and invoices) and data collection. Completion of lacking data on the basis of approximation method under the Intergovernmental Panel on Climate Change 2006 (IPCC) and the GHG (Green House Gas) Protocol.
- Modification of the program "Our Impacts" to suit İşbank's emission sources and operational structure; in other words, preparing a platform that is appropriate for the Bank's emission sources and emission calculation algorithm.
- Performing the computation of total carbon-equivalent emissions for 2008, 2009 and 2010.

The total amount of carbon-equivalent emissions from İşbank's head office buildings in İstanbul stood at 19,297 thousand tons in 2012.

İŞBANK'S GOAL IS TO  
REDUCE ITS CARBON  
FOOTPRINT.

#### **Scope of carbon footprint computation**

Operational Boundary: No operational limitation was imposed for calculations, and İşbank's commercial transactions, and all activities, whether direct or indirect, were included in the scope of the calculation.

Geographic Boundary: The geographic boundary was taken as all Head Office buildings within the borders of İstanbul for target years.

For the periods subject to reporting, Scope was differentiated on the basis of emission sources and detailed calculations were completed in accordance with the GHG Protocol ([www.ghgprotocol.org](http://www.ghgprotocol.org)).

According to the GHG Protocol, the gas and fuel resources of İşbank were assessed under Scope 1, and the electric power obtained from the network under Scope 2.

Emissions originating from Scope 3 are emissions that result from the organization's suppliers and are excluded from the calculation.

The reduction in the carbon footprint continued during 2012.









## İŞBANK UNDERTAKES INITIATIVES AIMED AT REDUCING ITS CARBON FOOTPRINT IN ITS SERVICE BUILDINGS.

İşbank's Head Office building located in Levent, İstanbul and other service buildings are controlled by advanced automation systems, and both the cooling/heating and lighting installations are kept under control to reduce total energy consumption, and necessary actions are taken for ensuring improvements.

During 2012, İşbank started efforts for certification of its Head Office building under the BREEAM1 standards. The current status analysis has been completed in relation to the certification process. The BREEAM certification, which will be received in 2013, is expected to rate İşbank Head Office Building "very good" or "excellent".

İşbank employs engineers functioning as certified energy managers and an architect functioning as green building assessor and auditor.

On the other hand, the following are undertaken at all İşbank branches across Turkey:

- All branches have thermal insulating systems.
- All branches have thermal insulated external joineries and glasses.

- In branches windbreaks or air curtains are used at gates in order to prevent escape of heat from buildings.
- In all branches inverter-type AC units are used, thereby increasing efficiency and reducing energy consumption.
- In branches recovery natural gas boilers are used, thus saving fuel.
- Electrical and mechanical projects are prepared for all branch buildings so as to ensure that radiators and lighting fittings are used only in the sufficient amount and energy consumption is restricted to the need of branches.
- Timers are installed for exterior advertising materials and signs, and these products are automatically switched on and off only during the necessary hours.
- Lighting fittings with electronic ballast are used and consumption values are decreased.
- Modular furniture systems are used, thus using the same furniture for different purposes in case needs change, and consumption is decreased.
- Low-maintenance long-lasting carpets are used, thereby reducing the amount of waste resulting from maintenance, and achieving longer renewal periods.
- Synthetic upholstery is avoided in favor of natural fabrics in seats.

(1) BREEAM is the most widely accepted internationally recognized certification standard for buildings and facilities that fulfill certain sustainability criteria. For further details, please visit [www.breeam.org](http://www.breeam.org)



### İşbank's Carbon Footprint (2008-2012)

Breakdown of scope (tons)	2008	2009	2010	2011	2012
Scope 1	3,530	3,834	3,983	4,432	4,063
Scope 2	13,176	14,003	14,465	14,986	15,234
Scope 3	-	-	-	-	-
Out-of-scope <sup>[1]</sup>	1,514	1,416	1,632	-	-
<b>Total carbon-equivalent emissions (tCO<sub>2</sub>e)</b>	<b>18,219</b>	<b>19,252</b>	<b>20,081</b>	<b>19,418</b>	<b>19,297</b>

[1] Greenhouse gases not covered by the Kyoto Protocol, HCFC-22

### Emission ratios per employee, consolidated assets and revenue

	2008	2009	2010	2011	2012
"Emission per employee (tCO <sub>2</sub> e/total number of employees)"	4.235066295	4.031940806	3.757270886	3.476867609	3.518369585
"Emission according to total consolidated assets (tCO <sub>2</sub> e/ billion USD)"	0.000240901	0.000209796	0.000195481	0.000198474	0.000173051
"Emission according to consolidated net profit (tCO <sub>2</sub> e/ billion USD)"	0.01472772	0.00982674	0.009122358	0.015278696	0.009272575
Number of employees	4,113	4,502	5,095	5,585	5,471
Total consolidated assets (USD thousand)	72,306,912	86,521,125	97,929,049	97,838,207	112,646,913
Consolidated net profit (USD thousand)	1,182,724	1,847,184	2,098,503	1,270,940	2,081,083

### Resource usage

	2008	2009	2010	2011	2012
Electricity (KWh)	24,829,031	23,440,315	24,562,881	28,265,216	32,969,258
Natural gas (m <sup>3</sup> )	674,137	803,975	802,913	921,771	1,454,126
Air conditioning refrigerant (kg)	460	-	529	167	460

İşbank's carbon footprint is calculated employing the Green House Gas Protocol. Sources of data are Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA).

İŞBANK'S LENDING PRINCIPLE IS BASED ON THE APPROACH OF TAKING RISKS TO THE EXTENT THEY ARE MANAGEABLE.

**İşbank began the preliminary implementation of the Environmental Risk Evaluation Tool (ERET), which calculates the environmental risk exposure in the Bank's lending activities.**

ERET model is used in project finance loans; in the years ahead, it is intended to diversify the tool and spread it across all commercial loan allocation processes of İşbank.

When scoring, risks categorized under 19 headings are evaluated with respect to impact and manageability, and the overall risk category of the candidate project is reached.

Under the tool, environmental risk evaluation can be carried out in two levels: the firm existing operations and its new investment. However, because project finance addresses investment independently from a firm's existing operations, it is the project risks that are basically taken into consideration in the sense of environmental risk.

İşbank's lending principle is based on the approach of taking risks to the extent they are manageable. Environmental risks are also assessed within this frame and the Bank's lending policy is characterized by the thought of not providing financial support to projects involving an environmentally unmanageable risk. On another hand, it might overlap with İşbank's mission to provide support to investments, for which a structure can be designed that

will mitigate and/or manage the social and environmental risks identified as a result of the evaluation through necessary measures and monitoring procedures, and which are necessary for the national economy.

İşbank carefully observes optimum use of the environment and natural resources not only in some products and services offered to its customers, but also in its operational processes. Detailed information in this matter is presented in the section "Our Responsibility towards our Customers" on page 26.

**İşbank intensively works in interaction with its stakeholders concerned with the environment.**

By the end of 2008, İşbank launched the "81 Forests in 81 Cities Project" with the aim of protecting the environment and raising environmental awareness in the society and particularly among the children. With the "81 Forests in 81 Cities Project" co-conducted with the TEMA Foundation and the Ministry of Forestry and Water Affairs, İşbank has been successfully executing an exemplary initiative within the scope of its responsibility towards our earth.

Detailed information on the project is presented in the section "Our Responsibility towards the Society" on page 84.

ACCORDING TO IPCC, 17% OF TOTAL WORLDWIDE GREENHOUSE GAS EMISSIONS RESULT FROM DEFORESTATION OR FOREST DEGRADATION.

**Offsetting carbon dioxide reduction through forestation**

According to the Intergovernmental Panel on Climate Change (IPCC), 17% of the total worldwide greenhouse gas emissions result from deforestation or forest degradation. This percentage is higher than the total GHG emission caused by transportation and comes in second place right after the energy industry.

Adopted in 2007, the Bali Action Plan has been a crucial step towards recognition of the reduction of emissions resulting from deforestation and forest degradation within the scope of global initiatives. On the other hand, the Copenhagen Accord drafted in 2009 highlighted the necessity for a mechanism to reward sustainable land use and forestation initiatives. The offsetting projects realized in land use and forestation areas are clearly incorporated in the bills proposed in the USA.

Calculation of carbon dioxide reduction from forestation activities has not been initiated in Turkey yet.

The private sector began attaching increased importance to carbon management as a result of Turkey's possible position as a participant in the new climate change regime after 2013 and the sustainability concept that gained the forefront in global competition. In brief, there has been a growing interest in offsetting carbon emissions through forestation activities in our country in the recent years.



İŞBANK RECOGNIZES THAT OPTIMAL MANAGEMENT OF ITS CARBON FOOTPRINT WITHIN THE SCOPE OF ITS RESPONSIBILITY TOWARDS OUR EARTH IS CRUCIAL WITH RESPECT TO ITS CORPORATE PERFORMANCE AND VALUE CREATION CAPABILITY, AND WILL DETERMINEDLY CONTINUE ITS EFFORTS AND ACTIVITIES ALONG THIS LINE.

The table below presents the types of trees planted within the scope of İşbank's "81 Forests in 81 Cities Project" as at year-end 2012, and the annual estimated carbon capturing capacities of the trees.

İŞBANK 81 FORESTS IN 81 CITIES FORESTATION PROJECT <sup>1</sup>		
Type of Tree	Number of Saplings	Estimated Emission Reduction (ton/CO <sub>2</sub> )
Calabrian Pine (Turkish Pine)	437,922	5,964
European Black Pine	437,855	5,345
Taurus Cedar	410,610	3,435
Scots Pine	299,425	2,514
Elder Pine	119,000	1,440
Other Coniferal	61,640	1,121
Stone Pine	69,170	1,110
Black Locust	65,970	754
Cypress	31,870	520
Juniper	16,000	216
Birch	11,075	187
Almond	62,540	167
Mahaleb	8,500	140
Arizona Cypress	800	56
Linden	6,200	44
Oak	32,500	30
Maple	26,380	28
Ash	2,600	22
Elm	1,100	24
Oleaster	1,000	22
Chestnut	5,235	16
Walnut	17,150	3
Beech	50,458	1,324
Spruce	30,000	1,118
Total	2,205,000	25,600

<sup>1</sup> The calculations are just estimations and exclude such data as the growth rate of trees, their environment, geographical coordinates, and the properties of the soil where they are planted, average temperature, etc. Calculations are based on the assumption that the trees are of the quality to last healthily for an average of 40 years and that they are the most suitable trees for the environment where they are planted.

## OUR RESPONSIBILITY TOWARDS THE SOCIETY

**TURKEY'S FIRST NATIONAL BANK AND THE PIONEER OF THE REPUBLIC ERA BANKING, İŞBANK HAS BEEN CONTRIBUTING VALUE TO THE NATIONAL ECONOMY, PLAYING A PART IN THE ACHIEVEMENT OF FINANCIAL FUTURE TARGETS BY INDIVIDUALS AND BUSINESSES, AND SUPPORTING SUSTAINABLE DEVELOPMENT AND GROWTH FOR 88 YEARS.**

IN ANOTHER DEPARTMENT, İŞBANK FULFILLS ITS RESPONSIBILITY TOWARDS THE SOCIETY IN THE BROADEST SENSE BY CONDUCTING SOCIAL RESPONSIBILITY INITIATIVES THAT AIM TO ADD VALUE TO THE LIVES OF OUR PEOPLE, TO ADD MOMENTUM TO SOCIAL PROGRESS, AND TO ENHANCE THE QUALITY OF LIVING OF OUR PEOPLE.





POSSESSING A DEEP-SEATED SENSE OF SOCIAL RESPONSIBILITY, İŞBANK CARRIES ON WITH ITS ACTIVITIES IN THE SOCIAL RESPONSIBILITY AREA IN A STRUCTURE THAT IS LONG-LIVED, FAR-REACHING, INTEGRATED AND SUSTAINABLE, IN LINE WITH THE CURRENT NEEDS OF OUR COUNTRY AND OUR PEOPLE.

**İşbank contributes to social progress through long-lived and far-reaching social responsibility activities conducted in the areas of education, environment, culture and the arts.**

Taking on a pioneering role in the advancement of social life, as well as economic development with the strength drawn from the mission for which it was founded, İşbank has been extending support uninterruptedly for 88 years. Possessing a deep-seated sense of social responsibility, the Bank continues with its activities in the social responsibility area in a structure that is long-lived, far-reaching, integrated and sustainable, in line with the current needs of our country and its people.

**Social responsibility activities at İşbank are carried out under the guidance of the Corporate Social Responsibility Committee and the authority of the Board of Directors.**

The İşbank Corporate Social Responsibility Committee;

- establishes policies,
- evaluates demands, project proposals and sponsorship terms,
- creates success and supervision criteria, and
- monitors the results.

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**The structure of İşbank's corporate social responsibility activities**

**Our Mission**

Contribute to social progress through social responsibility activities structured in a long-lived, far-reaching and sustainable framework.

**Our Strategy**

İşbank's corporate social responsibility activities are carried out in accordance with a strategy molded on the center of the basic principles spelled out below:

- Contribute to the advancement of our country's people and to enhance their quality of living,
- Seeking to preserve and further the social values created by the Republic,
- Support bringing up generations that espouse the Kemalist principles, and that will play a role in advancing our society to the contemporary civilization level,
- Provide opportunities for the progress of the Turkish culture and the arts, and for promoting the same across the world,
- Bring our people together with the world culture and the arts,
- Undertake a pioneering role in protecting the environment and raising environmental awareness in the people.

**Our Priorities**

In line with the current needs of our country and our people, İşbank gives priority to the following fields in its social responsibility initiatives:

**Education**

**Environment**

**Culture and the arts.**

\*The principles set out under the Corporate Responsibility Implementation Guidelines released by the İşbank Board of Directors resolution dated 7 November 2007 and numbered 33785

İŞBANK LAUNCHED A COMPREHENSIVE COLLABORATION WITH THE TURKISH CHESS FEDERATION IN 2005 WITH THE AIM OF TRANSFORMING CHESS INTO A SPORT EXTENSIVELY PRACTICED ACROSS TURKEY.

Since İşbank's sponsorship of Turkish Chess Federation has started:

- The number of officially licensed chess players increased from 30,000 to 230,000.
- The number of students taking chess as an elective course at school increased from 100,000 to 2,500,000.
- The number of medals won in international competitions reached 188.

## EDUCATION

### İŞBANK IS THE MAIN SPONSOR OF THE TURKISH CHESS FEDERATION SINCE 2005.

Until the 2000s, Turkey had not scored any major international success in chess, which was practiced only by a small segment of the society until then, and chess had never become a mass sport.

İşbank launched a comprehensive collaboration with the Turkish Chess Federation in 2005 with the aim of transforming chess into a sport extensively practiced across Turkey and has become the countrywide sponsor of the sport. Planned in a comprehensive and long-lasting design, this collaboration had the following goals:

- popularize chess particularly among our children,
- make chess a sport that all our children can easily access and complement the deficiencies in chess education,
- transform chess into a popular and sought-for sport across the country,
- spread chess across a broad base to reach more children that are gifted in this field and to gain greater number of achievements in the international arena.

Since the onset of İşbank's sponsorship, the developments that took place in the field of chess on a national and international scale, and the rapid rise registered in various indicators including the number of licensed players, the number of students taking chess classes at school and the number of medals confirm the positive results of the investment we have made in chess, and therefore, in the national education.

### İşbank chess classes in primary schools

Chess classes are opened in schools as a way of encouraging schoolchildren to play chess, focusing teachers' attention to the sport, and overcoming the problem of inadequate resources at schools.

Within the frame of İşbank's sponsorship, the following are sent to primary schools:

- Chess sets,
- Chess boards,
- Chess textbooks printed by İş Bankası Kültür Yayınları publishing house.

**During 2012, 1,519 chess classes began to function, 400 chess classrooms were renovated, and the total number of chess classes operated at schools reached 7,073.**

İşbank will continue to set up chess classrooms in the period ahead for the purpose of increasing the number of players, to focus the public attention to the sport, and to disseminate chess across our country.

### Chess license cards in the form of Bankamatik cards

Since 2007, the licenses granted by the Federation to its registered players have been issued in the form of Bankamatik (ATM) cards, in an effort to establish a relationship with the players and their families that will be maintained in the future within the scope of the support İşbank extends to the sport. License cards come in three kinds:

- Electron Bankamatik cards for players who are over 18 years old,
- Maestro "First Signature" Bankamatik cards for players in the 12 to 18 age group,
- A token plastic card for players younger than 12.

### Satrancoyna.com.tr

In 2008, İşbank entered into a comprehensive collaboration with Playchess, the world's largest online chess platform with 250,000 registered users. Accordingly, the content on the website was translated into Turkish and the website became accessible from the [www.satrancoyna.com.tr](http://www.satrancoyna.com.tr) website. The website provided the players with the opportunity to take part in competitions in the international arena, and supported their personal development. 5,000 licensed chess players that log in to Playchess.com from Turkey play online chess on the website free-of-charge.



**İşbank, in cooperation with the Turkish Chess Federation continued to organize various events and tournaments in 2012 with the objective of instilling an appreciation of the sport and to popularize it among children.**

#### **İşbank Chess Festival for Children Under 8**

Conceived as a way to provide children with a chess playing environment that is fun while also supporting their parents' efforts to encourage them to play the game, since 2006 İşbank has been conducting the "İşbank Chess Festival for Children Under 8" every year in the month of June. The 7th edition of the festival, which was held at the İşbank Employees' Association's Çamlıca Sports Complex, was attended by young chess players in the 6-8 age group hailing from many different parts of Turkey. Children attending the festival not only played chess but also had a chance to take part in many other enjoyable games and activities.

#### **Turkish Youth Chess Championship - U12**

The championship was held from 21 January to 27 January 2012 in Kemer. 1,119 players aged 7-12 from 51 cities of Turkey and from the TRNC took part in the event, as a result of which 139 players were included in the National Team pool.

#### **Turkish Youth Chess Championship - U18**

The championship was held from 25 June to 1 July 2012 in Ankara. 298 players aged 13-18 from 36 cities took part in the event, as a result of which 62 players were included in the National Team pool.

In accordance with our goal of increasing the popularity of chess, İşbank keeps a close eye on the Turkish Youth Chess Championship Under-12 and Under-18 and brings the representatives of print and visual media together with the players during the tournaments.

#### **Türkiye İş Bankası Chess League is the strongest chess league in Turkey, and is also among the strongest leagues in Europe.**

Chess games are organized under the Türkiye İş Bankası Chess League. Winner of the League was Adana Truva Chess Club in 2007-2008 and 2008-2009 seasons, Manisa Doruk Koleji Sports Club in 2009-2010, İSEK Aquamatch Sports Club in 2010-2011, and Beşiktaş Gymnastics Club in 2011-2012.

## **"OUR MAIN SPONSOR İŞBANK"**

### **İşbank created a culture of chess out of thin air in Turkey.**

Initiated on 23 December 2005, İşbank's sponsorship of chess is an exemplary social responsibility project. During the term of the sponsorship, İşbank created a culture of chess out of thin air in Turkey. Lending a hand to chess that is an educational tool for children, İşbank quickly evolved it into a universal, strong and successful institution.

We, as the Federation, have established over 7,000 chess classes all over Turkey with the support of İşbank and we keep establishing new ones. With these efforts, we are intending to develop new point of view for the young hearts that have experienced chess for the first time, through helping them gain

ability to shape their own future. With the support of İşbank, the not-so-well-known chess in our country has become a national habit today, and has turned into a model that "establish a sport institution" and "raises a player" in every household".

Turkish Chess Federation was transformed into the world's biggest chess federation by support of İşbank. This collaboration is based on mutual respect and devotion, whereby about 3 million children have learned to play chess and one hundred medals in European and World Championships have been won. The point we have reached indicates at a success story and only the beginning of a very long-term miracle.

### **The Turkish Chess Federation**









İŞBANK LAUNCHED A COMPREHENSIVE COLLABORATION WITH THE TURKISH CHESS FEDERATION IN 2005 WITH THE AIM OF TRANSFORMING CHESS INTO A SPORT EXTENSIVELY PRACTICED ACROSS TURKEY AND HAS BECOME THE COUNTRYWIDE SPONSOR OF THE SPORT.



THE NUMBER OF STUDENTS TAKING CHESS AS AN ELECTIVE COURSE AT SCHOOLS HAVE REACHED 2.5 MILLION.



### Tournament at İş

With the motive to popularize chess among employees working at İşbank and its subsidiaries, to foster communication among employees, and to provide an opportunity for the employees to play chess so as to help them improve their skills, a chess tournament was added to the Bank's set of annual tournaments. The chess tournament named "Tournament at İş" was held on 26 May 2012 at the İşbank Employees' Association's Çamlıca Sports Complex.

### Online Chess Tournament

In line with the goals of our sponsorship, an Online Chess Tournament was organized among our employees from 18 June through 22 June 2012 on Playchess.com application, with referee support provided by the Turkish Chess Federation.

### The first woman grandmasters of chess in Turkey



**Betül Cemre Yıldız and Kübra Öztürk**

Born in 1989 in Adapazarı, the golden girl of the Turkish chess society, Betül Cemre Yıldız started chess at the age of 9 and represented Turkey in the chess Olympiads four times, she participated in her first Olympiads when she was 11 years old. She became a FIDE master at the age of 13, and a woman international master (WIM) at 14. Yıldız became the world bronze medalist three times and has signed her name under many firsts in this field. Having competed in the 8th Vasylyshyn Memorial held in 2011 in Lviv, Ukraine, Betül Cemre Yıldız guaranteed receiving the final WGM (Woman Grandmaster) norm and the first IM (International Master) norm with a score of 7 secured after 8 rounds. Having qualified for the WGM title with this norm, national player and WIM Betül Cemre Yıldız became Turkey's first woman grandmaster and was awarded by the Turkish Chess Federation for this achievement. WGM Betül Cemre Yıldız registered a historic achievement in the 2012 World Chess Olympiad and won the Olympic bronze on table two. Having received an IM (International Master) norm for a 13-match series with this achievement, Betül Cemre Yıldız needs one norm to capture the IM title.

Born on 11 May 1991 in Ankara, Kübra Öztürk started chess in 1999 when she was in second grade. Claiming the Turkish Championships for 7 consecutive years in her age groups, Kübra Öztürk became a WFM (Woman FIDE Master) at the Chess Olympiad held in Italy in 2006 and captured gold twice in the European Under-16 Championships in 2006 and 2007 held in Serbia Montenegro and Croatia, respectively. These achievements brought Kübra Öztürk the title of WIM (Woman International Master) and she completed the WGM (Woman Grandmaster) norms in the Chess Olympiad 2010 in Russia. Having taken the fifth spot in the World Junior Championships in India in 2011, Öztürk completed the grandmaster title at the Women World Team Chess Championship in Mardin, honored Turkey and became the second Turkish woman chess player to earn international master (IM) norm.



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# 1,000

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IN ITS 14TH YEAR, THE NUMBER OF STUDENTS İŞBANK SUPPORTS WITHIN THE SCOPE OF THE PROJECT "81 STUDENTS FROM 81 CITIES" WILL REACH 1,000.

## 81 STUDENTS FROM 81 CITIES PROJECT

Investing in the future to ensure permanent social progress and advancement, and placing special emphasis on education in this framework, İşbank has, in cooperation with the Darüşşafaka, authored one of the longest-running and largest social responsibility projects ever conducted in the field of education in Turkey with the project "81 Students from 81 Cities" that was initiated in 2008.

### A cooperation whose foundations were laid 73 years ago

The Darüşşafaka provides boarding education to fatherless and/or motherless children who are in financial need. Aiming to offer quality education, social progress, and a warm homely environment to its students, Darüşşafaka is one of the deepest-rooted educational institutions in the country. İşbank's cooperation with the Darüşşafaka started 73 years ago.

Following the Erzincan earthquake of 1939, İşbank assumed the educational costs of 83 earthquake-victim students at Darüşşafaka.

Under the "81 Students from 81 Cities" project, İşbank covers the educational expenses of 81 children from 81 cities who successfully pass Darüşşafaka entrance exam every year. The Bank plans to continue supporting these students through their university education. In the 14th year of the project that the first students who were admitted to the program in the 2008-2009 academic year, will graduate from university and the number of young people have been supported by İşbank will reach 1,000.





Total number of students supported In 2012-2013 academic year is 394.

In keeping with Darüşşafaka's target to transform the school into a center of education, İşbank aims to contribute not just financially but also to support the students' social development through various activities.

## 394 STUDENTS UNDER THE "81 STUDENTS FROM 81 CITIES" PROJECT

### **"THE PROJECT 81 STUDENTS FROM 81 CITIES CASTS LIGHT ON THE FUTURE"**

**Launched on 3 September 2008 as a joint effort of İşbank and the Darüşşafaka Society, the project "81 Students from 81 Cities" lives on as one of the longest running and largest projects ever undertaken in the field of education in our country.**

Under the project, İşbank covers the educational costs and other expenses of 81 students who pass the Darüşşafaka's admission exam every year. If these students attend an university, İşbank will continue to support them. With five years behind since its onset, the project provided college-level schooling to 394 motherless and/or fatherless talented but financially underprivileged children who come from different regions in Turkey and pursue their education at the Darüşşafaka. From 2012-2013 academic year, students who have lost their mothers were also included in the project.

The funds İşbank created within the scope of the project helped Darüşşafaka to reach more children, and the number of students was gradually expanded. Having offered education to

748 students in the 2007-2008 academic year, Darüşşafaka increased this figure to 957 in the 2012-2013 academic year. This figure represents the highest number of students in the history of the Darüşşafaka. Having initiated the "Anatolian Expansion" with the start of the project, the Darüşşafaka has students from 65 different cities across Turkey. 70% of the students began coming from Anatolia to Darüşşafaka, which redesigned its exam system in favor of measuring perception and skills rather than knowledge. A substantial percentage of these students do not come from city centers but from villages and towns.

İşbank is also actively involved in the Education Board, which sets the education models at the Darüşşafaka, and thus plays an important role in these successful results. The phrase "Lives that change through education" that expresses the mission of the Darüşşafaka is put into life literally with the project "81 Students from 81 Cities". When the children of lower-income group families begin to work, they will make a difference and they will be successful thanks to their educational background.

### **The Darüşşafaka Society**

IN 2012, THE CHILDREN RECEIVED A FREE BOOK TITLED "SAİT FAİK'TEN ÇOCUKLARA HİKAYELER", A COLLECTION OF SAİT FAİK'S SELECTED STORIES.



#### **"ONE MILLION BOOKS, ONE MILLION CHILDREN" CAMPAIGN**

At the end of 2007-2008 academic year, İşbank launched one of the biggest book-related campaigns ever undertaken in Turkey. Named "One Million Books, One Million Children", the goals of this campaign are to acquaint more children with quality reading, to develop critical thinking skills of children, to contribute towards opportunity equalization among students and to introduce the Bank to the children at an early age.

Under the campaign, one million primary school students who showed their report card to any İşbank branch in Turkey or TRNC got a free copy of:

- "Alice in Wonderland" in 2008,
- "Yazarlarımızdan Masallar ve Öyküler", a selection of tales and short stories by Turkish authors in 2009,
- "Yazarlarımızdan Öyküler", another collection of short stories in 2010,
- "Halime Kaptan", a novel by Rifat Ilgaz, and "Küçük Mavi Gezegen" ["The Little Blue Planet"] in 2011.

In its fifth round carried out at the end of 2011-2012 academic year, the campaign distributed the book titled "Sait Faik'ten Çocuklara Hikayeler", a collection of Sait Faik's select stories published by İş Bankası Kültür Yayınları.

Having incorporated visually-challenged students in the scope of the project for the last three years, İşbank printed the book "Sait Faik'ten Çocuklara Hikayeler" in Braille alphabet as well and sent them to the libraries of schools educating visually-challenged students.

**One Million Books, One Million Children campaign is the biggest book campaign ever conducted in our country. Over the course of five years, İşbank distributed six million books in total to primary school students.**





### **BOOK DONATIONS TO SCHOOLS AND LIBRARIES**

As an extension of its social responsibility initiatives seeking to contribute to education, İşbank keeps sending the books published by İş Bankası Kültür Yayınları publishing house to schools and public libraries all over the country.

**During 2012, İşbank sent the set of books to 980 schools and public libraries.**

### **FIREFLY MOBILE EDUCATION UNIT**

The Firefly Mobile Education Unit is a project realized by the Educational Volunteers Foundation of Turkey (TEGV) with the objective to;

- offer educational activities to a broader base,
- fulfill local demands,
- help children adopt a wider perspective so as to reach as many children as possible in Anatolia,
- provide the means to help develop them into creative individuals,
- build on their knowledge in technology and computing.

İşbank sponsored one of the Firefly Mobile Education Centers, which began to operate in July 2001. The mobile education unit encompasses one education room fitted with 12 computers and a multipurpose activity room. A professional educator is assigned to each unit where every child receives a total of 12 hours of education, equally split between computing and free activities.

**To date, approximately 39,000 children benefited from the İşbank Firefly Mobile Education Center in the cities and provinces of Sivas, Trabzon, Erzurum, Bayburt, Rize, Zonguldak, Düzce, Karabük, Bolu, Bartın, Zonguldak and İstanbul.**

The operating costs of the Firefly (maintenance of hardware, equipment and fittings, personnel, educational materials, the tow truck costs, etc.) are being covered by İşbank since 2001. In 2011, the outdated computer hardware of the Firefly was completely renovated and the Ncomputing system was installed, which responds to current educational programs, and provides cost advantages and energy saving.

### **GOLDEN YOUTH AWARDS**

Since 1971, İşbank has been awarding students who succeed in the university admission exams every year. While the number of the recipients of this award is determined every year on the basis of the Bank's age, qualifying students are announced by way of a newspaper ad. Each winner receives a plaque of achievement, monetary award, and InterRail Global Pass ticket, which provides easy traveling across Europe.

**2012 marked the 41st anniversary of the Golden Youth initiative and the number of youngsters who were rewarded by İşbank since 1971 approached 3,000.**



THE PLANTATION PHASE OF THE “81 FORESTS IN 81 CITIES” PROJECT WAS FINALIZED ON 15 NOVEMBER 2012 IN TRABZON.



## ENVIRONMENT

### 81 FORESTS IN 81 CITIES

The primary cause of the Global Warming, which is an ever-growing threat for the earth, is the rapidly increasing greenhouse gases in the atmosphere. It is of vital importance to adopt individual and institutional countermeasures against global warming and climate change.

**To protect the environment and to increase environmental awareness of the society and particularly of children, İşbank launched the “81 Forests in 81 Cities” project by the end of 2008.**

With the 81 Forests in 81 Cities project co-executed with the Tema Foundation and the Ministry of Forestry and Water Affairs, İşbank displays its environmental sensitivity. After its planting phase finalized at a ceremony held in Trabzon on 15 November, the project continues with care and maintenance phases.

**The primary characteristic of the “81 Forests in 81 Cities Project” which makes it unique is the provision for the care and maintenance of the planted saplings for a period of 5 years.**

Saplings which fail to take root or which dry out are replaced with new ones. It is aimed to achieve higher rates of forested area. As of year-end 2012, the rate of successful plantings was 78%.

### Development of 81 Forests in 81 Cities Project

- Finalized plantings (2008-2011)
- Plantings (2012)



**The “81 Forests in 81 Cities” project contributes to the protection of the land of our country not only through planting but also through terracing.**

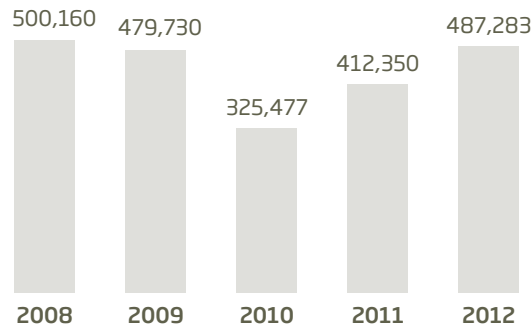
Due to the land formations in Turkey, nearly 90% of the surface of the earth is subject to erosion, with 63% of it being severe erosion.

One of the oldest and also the most effective ways of combating erosion is terracing. Therefore 1,296 kilometers of terracing has been carried out in 5 years.

In 81 cities where forestation efforts were carried out, 2,205,000 saplings have been planted on a total area of 1,500 hectares over the course of 5 years.

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**81 Forests in 81 Cities Project - (Number of Saplings Planted)**







## CULTURE AND THE ARTS

**The social responsibility projects İsbank realized in the field of culture and the arts have donated highly eminent and important institutions to the cultural and artistic life of Turkey.**

### İŞ BANKASI KÜLTÜR YAYINLARI

İş Bankası Kültür Yayınları is a publishing house that was established in 1956 by Hasan Âli Yücel, a former Minister of Education. Since then, İş Bankası Kültür Yayınları has been providing Turkish readers with a steady stream of publications that are both rich in content and superior in quality.

Attracting widespread interest with its publications released under 13 separate headings ranging from history and memoirs to books for children and young adults, from biographical interviews to art, from modern classics to outstanding examples of Turkish and world literature, from the social sciences and humanities to studies and research and from economics and business administration to personal development, İş Bankası Kültür Yayınları is an indispensable publishing house especially for researchers and intellectuals.

**As of 2012, İş Bankası Kültür Yayınları had published 2,796 titles since its inception. The number of books offered to the readers totaled 1,753,471 in 2012.**

[www.iskulturyayinlari.com.tr](http://www.iskulturyayinlari.com.tr)  
[www.facebook.com/iskultur](https://www.facebook.com/iskultur)  
[www.twitter.com/iskultur](https://www.twitter.com/iskultur)

### İŞ SANAT CONCERT HALL

Having hosted more than 480,000 art lovers at nearly 750 events over the course of twelve seasons, İş Sanat works with the mission of advancing the artistic life in our country.

Having become a frequented venue of the world stars for their performances, and one of Turkey's most important art platforms, İş Sanat is the scene to the performances of the leading artists of the world and of Turkey, and also gives the floor to children's plays and poetry readings.

Having celebrated its 12th anniversary last season, İş Sanat held 38 concerts, 8 children's events and 5 poetry readings. The events of the 12th season were attended by a total of 34,052 people.

**The 13th season offers an ostentatious program populated by worldwide renowned artists, bands and orchestras.**

İş Sanat inaugurated its 13th season on 3 November 2012 with a concert by Emre Şen, one of the praiseworthy young pianists in Turkey, and the Borusan İstanbul Philharmonic Orchestra, a leading symphonic group in the country. The center will continue to host internationally renowned artists and bands, as well as outstanding musicians in Turkey. The program of the 13th season of İş Sanat covers 36 concerts, 8 children's events and 5 poetry readings by worldwide famous, artists, bands and orchestras.

With the "Parlayan Yıldızlar" (Shinning Stars) series commenced last season at the Milli Re Concert Hall, İş Sanat started offering a chance to young talents.

<http://www.issanat.com.tr>  
[www.facebook.com/issanat](https://www.facebook.com/issanat)  
[www.twitter.com/issanat](https://www.twitter.com/issanat)

HAVING CELEBRATED ITS 12TH ANNIVERSARY  
LAST SEASON, İŞ SANAT HELD 38 CONCERTS,  
8 CHILDREN'S EVENTS AND 5 POETRY READINGS.  
THE EVENTS OF THE 12TH SEASON WERE  
ATTENDED BY A TOTAL OF 34,052 PEOPLE.









## TÜRKİYE İŞ BANKASI MÜZESİ (İŞBANK MUSEUM)

The İşbank Museum is a museum of corporate history dedicated to the mission of securely housing and protecting the documents, banking equipment, communication devices, photographs, pictures, advertisements, promotional materials and films which bear witness both to the Bank's own history, and also to the economic development of Turkey, and of ensuring that these assets are passed on to future generations.

The painstaking efforts that preceded the opening of the Museum on 9 November 2007 included the collecting of not just documents, photographs, films and objects but also the cherished recollections of those who had been involved in events. Gathered from all over the country, such materials and testimonies were documented, restored where necessary and preserved for the future.

<http://muze.isbank.com.tr>  
[www.facebook.com/isbankasimuzesi](http://www.facebook.com/isbankasimuzesi)  
[www.twitter.com/isbankasimuzesi](http://www.twitter.com/isbankasimuzesi)



"History Written in Glass: 1935 to the Present" exhibition

## 2012 at the Museum...

### Budget Thrift and Saving Workshops

In parallel with the social responsibility projects of İşbank, the Museum began offering Budget Thrift and Saving Workshops for primary school students in 2012. Designed for children in the 8-10 age group, the workshop includes a guided tour of the Museum and the students are given information about İşbank, the banking business and the history of the Turkish Republic.

The Museum tour is followed by interactive workshop activities comprised of storytelling on budget, thrift and saving up, mathematics competition, examination of old calculators, money box design, and cartoon showing, which entail active involvement of the children. Approximately 3,000 students took part in the workshops during 2012. In keeping with the goal of instilling the saving habits since early ages, the workshop activities will be continued and further improved in the year ahead.





### **“Writing History in Glass since 1935” Exhibition**

“Writing History in Glass since 1935”, an exhibition that was on display from 12 December 2011 until 2 September 2012, presented a panoramic view of the 76-year history of Şişecam that commenced operation in 1935, and today ranks among the world’s leading glassmakers. In the course of more than three quarters of a century, Şişecam along with İşbank’s other subsidiaries have played key roles in the formation and development of Turkey’s industrialization, as displayed by the exhibition.

Curated by Prof. Önder Küçükerman, the exhibition covers a rich assortment of documents, photographs and films from İşbank’s and Şişecam’s archives as well as examples of tools and equipment used in manufacturing draw attention to the scope of the company’s activities. A variety of exhibition techniques and productions were used to enhance the visual content of the show.

Within the scope of the exhibition, Glass Painting workshops given by glassmaking masters were organized, which attracted the participation of more than 2 thousand people.

**The Museum was visited by 59,000 people during 2012. The number of the Museum’s visitors topped 272,000 since its inception.**

### **İŞ SANAT GALLERIES**

**Having acquired its first work of art in 1940, İşbank is today the owner of Turkey’s biggest privately-held fine arts collection. On another wing, the Bank operates art galleries since 1976 in keeping with its mission of granting sustainable contributions to the country’s cultural and artistic life.**

İş Sanat Kibele (İstanbul) and İzmir Art Galleries put on display the paintings, sculptures and ceramics created not just by established masters but also by promising newcomers on the art scene. The artworks of the artists put on display at the Bank’s galleries are included in the collection, which is thus expanded further.

#### **İş Sanat Kibele Art Gallery**

In 2011-2012 season, İş Sanat Kibele Gallery hosted retrospective exhibitions by the following artists:

- Eren Eyüboğlu
- Ertuğrul Ateş
- Mehmet Pesen
- Koray Arış







The Kibele Art Gallery opened the 2012-2013 season with Neşet Günal's retrospective exhibition. The season program will continue with Zahit Büyükişliyen, an eminent name in the Turkish contemporary painting, Hüsamettin Koçan, an artist that stands out with the Baksı Museum he has set up as well as his academic identity and Naile Akıncı, a leading woman painter in the Turkish art of painting.



The İzmir Art Gallery mounted seven exhibitions at which a large number of paintings, prints and ceramics were displayed. Received with tremendous interest, the gallery's shows included the Eren Eyüboğlu exhibition, which was brought to İzmir after Kibele Art Gallery.

The İzmir Gallery opened the 2012-2013 season with the "October Parade Exhibition" of the Association of Museums of Modern Art. This was followed by the mixed exhibition of the Association of Dokuz Eylül University Buca Faculty of Education Alumni. The gallery's program for the season covers mixed exhibitions of İşbank Alumni Association İzmir Branch, Dokuz Eylül University Faculty and Graduation Projects, and the retrospective exhibition of Zahit Büyükişliyen, as well as promising artists.

İş Sanat İzmir Art Gallery also organizes workshops for primary school children. Seeking to familiarize children with art and artistic expressions, and to foster an appreciation for art in the younger generation, workshops will be carried on also in the year ahead.

## İŞBANK ART COLLECTION CONSERVATION AND RESTORATION

### Mimar Sinan Fine Arts University Laboratory of Conservation and Restoration of Art Works Project and Conversion of the Bank's historic Beyoğlu branch into a museum

Set up at Mimar Sinan Fine Arts University (MSGSU) in order to protect the priceless heritage of paintings which our country has built up, and to ensure that it is handed down to future generations, Turkey's first science-based Laboratory of Conservation and Restoration of Art Works was opened on 14 March 2012 in a ceremony attended by the Ertuğrul Günay, former Minister of Culture and Tourism, Ersin Özince, Chairman of İşbank's Board of Directors, Adnan Bali, İşbank CEO, Yalçın Karayağız, MSGSU Rector, art enthusiasts and academics.

Established at MSGSU to train the experts needed for such work, the Conservation and Restoration of Art Works undergraduate program will admit its first students in 2013.

### It is planned to open İşbank Museum of Art in the Beyoğlu Branch building that will be restored.

The project drawings of the building, which will be restored and converted into an art museum, were prepared by MSGSU Faculty of Architecture. The construction will start upon obtaining the necessary permissions from the Higher Council of Historic Monuments.

İŞBANK WILL SPONSOR THE EXCAVATIONS OF THE HOUSE OF MUSES IN THE ANCIENT CITY OF ZEUGMA FOR FIVE YEARS.

#### **SPONSORSHIP OF THE HOUSE OF MUSES DIGGING IN THE ANCIENT CITY OF ZEUGMA**

The excavations that began in 1987 in the ancient city of Zeugma situated on the banks of Birecik Reservoir in the southeastern province of Gaziantep's Nizip district that takes place among Turkey's important historic and cultural venues are drawing close to completion. The works obtained in the diggings are put on display in the Zeugma Open Air Museum.

Identified in 2007, House of Muses is one of the excavation sites each of which is an individual project in the ancient city of Zeugma. It has been considered that the digging to be undertaken in the ancient city will contribute largely to the preservation of our country's cultural heritage, and İşbank will sponsor the House of Muses excavation for five years.

Believed to be owned by a rich and cultured family in the Roman era, this extremely well preserved house has nine frescoes symbolizing the muses depicted for writers, poets, musicians, historians and philosophers. The work in the excavation site is planned to be completed in five years, upon which the House of Muses will be opened to exhibition as part of the open air museum.

#### **İSTANBUL MUSIC FESTIVAL**

**As a trustee, İşbank has been supporting and sponsoring the projects of the İstanbul Foundation for Culture and the arts, which has been setting the cultural and artistic agenda of Turkey with its international film, theater, jazz, and classical music festivals, and the İstanbul Biennial since its debut.**

The 40th İstanbul Music Festival took place from 31 May through 29 June 2012, and İşbank was the sponsor of the "Vienna Chamber Orchestra" concert performed on 29 June at the Hagia Eirene Museum.



### **"LABORATORY OF CONSERVATION AND RESTORATION OF ART WORKS IS AN EXEMPLARY CULTURAL PROJECT."**

**A noteworthy cultural project was born when İşbank and Mimar Sinan Fine Arts University entered into a cooperation after the Bank, which is the owner of Turkey's biggest privately-held Fine Arts collection, contacted the University in 2008.**

Seeing the gap in the area of conservation and restoration in our country, İşbank volunteered for the construction of the laboratories decided to be set up at the MSGSU and swiftly fulfilled any need within the scope of the project. Stretching on an area of 800 sqm in MSGSU Bomonti campus, the laboratory and the department are fitted with an infrastructure of the state-of-the-art equipment, support was extended for the

development of the academic staff, and lining and scientific analysis training programs were organized by internationally recognized specialists.

Set up under the MSGSU Faculty of Fine Arts and Turkey's first science-based Laboratory of Conservation and Restoration of Art Works began its studies and research after the opening that took place on 14 March 2012. The newly opened MSGSU Conservation and Restoration of Art Works Department will admit its first students in 2013, and thus contribute to training and educating new experts in this field.

**Mimar Sinan Fine Arts University**

WITH THE DONATIONS COLLECTED IN-HOUSE AFTER THE VAN EARTHQUAKE, İŞBANK EMPLOYEES FINANCED THE CONSTRUCTION OF A PREFABRICATED SCHOOL ERECTED IN THE GARDEN OF VALİ MİTHAT BEY PRIMARY SCHOOL, WHICH PROVIDES EDUCATION TO A TOTAL OF 400 STUDENTS.

#### AFTER THE VAN EARTHQUAKE...

##### **Construction of the new student dormitory at Van Yüzüncü Yıl University**

The İşbank Group undertook the construction of a new dormitory to replace the student dorm at Van Yüzüncü Yıl University that was destroyed in the earthquake of 23 October 2011. Opened in 2012-2013 academic year, the student dormitory consists of two buildings and accommodates 300 students.

##### **Meaningful support from İşbank employees**

Taking action immediately after the Van Earthquake, İşbank employees displayed a role-model behavior in individual and voluntary involvement, and with donations collected in-house, financed the construction of a prefabricated school consisting of four classrooms and one teachers' room. The school is erected in the garden of the Vali Mithat Bey Primary School and provides education to 400 students. On another hand, the heater, blanket and chalkboard the school needed were purchased and delivered to the Turkish Red Crescent for being transported to the region.



## NEW STUDENT DORMITORY IN VAN FROM İŞBANK

**We were extremely pleased by İşbank's response to our call for help after the Van Earthquake and the Bank's constructing a student dormitory for 300.**

İşbank has been servicing our country and acting as a major contributor to the nation's development since its foundation on 26 August 1924. Our University has been working with İşbank since 1999. Since then, İşbank has rendered important services to our university on the back of its deep-rooted history, corporate culture and experience.

İşbank Campus Branch employees and our University staff established strong friendships and have almost become the members of the same institution.

Most importantly, İşbank quickly responded to our call for help after the Van Earthquake of 2011 and constructed a dormitory accommodating 300 students.

**Yüzüncü Yıl University**

## HIGHLIGHTS FROM İŞBANK'S CONTRIBUTIONS TO THE SOCIETY SINCE 1924

İşbank's contribution to the society began in 1924 that marked its incorporation. Put together by referring to the visuals in our archives as well, İşbank's social responsibility milestones are presented below.

1924	Karagöz Gazetesi Komandit Şti., a newspaper limited company, became a subsidiary of İşbank.	1979	Gratuitous educational grants were provided to 1,000 primary school, 1,000 secondary school and 1,000 high school students on occasion of the International Year of the Child, who were identified through a lot drawing carried out in the presence of a notary public. İş Bankası Kültür Yayınları was commissioned to publish Keloğlan Masalları fairy tale book for distribution to village schools free-of-charge and were sent to branches.
1928	First money boxes were started to be distributed.	1981	Sivas Student Dormitory was opened. Sivas Cumhuriyet University Sivas Student Dormitory was opened.
1929	In response to the Hilal-i Ahmer (the former name of the Turkish Red Crescent) Society's request, the Bank donated 5,000 liras and the Bank's employees were encouraged to become members of the society. 500 liras were granted to Türk Maarif Cemiyeti (the former name of the Education Association of Turkey - TED) as financial aid.	1999	Educational grants were started to be provided to students who suffered losses in the Marmara Earthquake.
1930	The Bank disbursed 2,000 liras to Milli Tasarruf Cemiyeti (National Saving Association), 1,000 liras to the Darüşşafaka in line with the request of the Cemiyeti Tedrisiye İslamiye (Islamic Education Society), 400 liras to Himaye-i Etfal Cemiyeti (Society for the Protection of Children), and 2,000 liras to the Milli Tasarruf Cemiyeti (National Saving Society) as grants-in-aid.	2000	İş Sanat was established. Sakarya University İşbank Student Dormitory was opened.
1931	500 liras were granted to Darüşşafaka as financial aid. İş Kumbarası (İş Money Box) children's magazine started to be published.	2001	İş Sanat Kibele Gallery opened its doors with the Ayvazovsky exhibition. One of the Firefly Mobile Education Units of TEGV (Educational Volunteers Foundation of Turkey) began offering service with the sponsorship of İşbank.
1932	150 liras were donated to Darüşşafaka.	2005	The Bank became the main sponsor of the Turkish Chess Federation.
1933	Ankara Cinema became a subsidiary of İş Ltd.	2007	Türkiye İş Bankası Müzesi (İşbank Museum) was opened. Kocaeli University Faculty of Medicine Morphology Building was opened for service with the support of İşbank.
1934	200 TL was granted as financial aid to Himaye-i Etfal Cemiyeti (Society for the Protection of Children).	2008	"One Million Books, One Million Children" campaign was launched. An exhibition titled "The Story of a Money Box" was put on display in the İşbank Museum. The social responsibility project "81 Students from 81 Cities" was initiated. The social responsibility project "81 Forests in 81 Cities" was commenced.
1938	The Bank acquired the painting "Magnolias" by İbrahim Çallı Scholarships were granted to five students at İstanbul University.	2009	The exhibition "Atatürk and the Republic in Pictures - Building a Nation (1923-1938)" was opened in the İşbank Museum. The exhibition was later also put on display at Van Yüzüncü Yıl University. Leyla Gencer Children and Youth Unit was opened with the sponsorship of İşbank, where the State Opera and Ballet would stage plays for 2,000 children every week.
1939	Donation was made to the Impoverished Student Dormitory in Edirne. The education expenses of 83 students at Darüşşafaka were covered after the Erzincan earthquake.	2010	The exhibition "Grand Bazaar in 10 Steps" was mounted at the İşbank Museum. The Money Box Magazine started to be republished. The cooperation established with the Mimar Sinan Fine Arts University for the establishment of Turkey's first Laboratory of Conservation and Restoration of Art Works was publicly announced.
1953	İclal Rıza Ersin became Turkey's first woman bank manager, who was appointed to İşbank Nişantaşı Branch.	2011	"Writing History in Glass since 1935" was opened at the İşbank Museum.
1956	İş Bankası Kültür Yayınları publishing house was established.	2012	A student dormitory accommodating 300 students was built at the 100. Yıl University after the Van Earthquake. The Laboratory of Conservation and Restoration of Art Works set up in cooperation with the MSGSU was opened. The "House of Muses" excavation in the Ancient City of Zeugma was sponsored.
1965	The first edition of İş Dergisi (İş Magazine), which is the Bank's internal publication that is still being published, was printed.		
1969	Turkey's first underwater color film was shot with the support of İşbank. Giving an account of the lives of spongers and directed by Behlül Dal, the film Vurgun (Depth Intoxication) had Nevin Bıyıkoğlu as screenwriter.		
1971	Top 10 scorers in the university admission exams were given TL 5,000 prize money. After 1976, the award program was transformed into the project that awards students in the number that is equal to İşbank's current age, and was named "Golden Youth".		
1973	On the occasion of the 50th anniversary of the Turkish Republic, the film Atatürk'ten Anılar (Memories from Atatürk) was overhauled and screened in and out of Turkey. An exhibition titled the "50th Anniversary of the Republic" was opened at Zafer Çarşısı in Ankara on occasion of the 50th anniversary of the Turkish Republic.		
1974	Golden Money Box Poetry Competition for children was organized.		
1978	Travelling exhibitions were launched under the title Anatolian Exhibitions. The Bank commissioned the production of movies for children, which were screened in various cities. İş Sanat İzmir Art Gallery was opened.		



# İŞBANK CORPORATE SOCIAL RESPONSIBILITY COMMITTEE



**Aynur Dülger Ataklı**  
Board Member

Born in Ankara in 1958, Aynur Dülger Ataklı received her degree in economics and finance from the Faculty of Political Sciences at Ankara University. She began her professional career in 1979 as a research assistant in the Faculty of Political Sciences at Ankara University. Aynur Ataklı was elected to İşbank's Board of Directors on 31 March 2011 and was elected as member of the Social Responsibility Committee on 1 April 2011.



**Aysel Tacer**  
Board Member

Born in Siverek, Şanlıurfa in 1959, Aysel Tacer received her degree in business administration from the Faculty of Economics and Administrative Sciences at Marmara University. She began her career as a clerk at İşbank's Taksim Branch in 1980. Aysel Tacer was elected as a member to İşbank's Board of Directors on 31 March 2011, as a member to the Social Responsibility Committee on 1 April 2011, and as alternate member of the Credit Committee on 30 May 2011.



**Özcan Türkakın**  
Deputy Chief Executive

Born in Afyon in 1958, Özcan Türkakın received his degree in economics from the Faculty of Administrative Sciences at Boğaziçi University. He joined İşbank in 1984 as an Assistant Economics Specialist in the Department of Economic Research and Planning. Özcan Türkakın was appointed Deputy Chief Executive on 27 February 2002.



**Yalçın Sezen**  
Deputy Chief Executive

Born in İzmir in 1965, Yalçın Sezen got his degree in public administration from the Faculty of Economics and Administrative Sciences at the Middle East Technical University. He joined İşbank in 1987 as an assistant inspector trainee on the Board of Inspectors. Yalçın Sezen was appointed as Deputy Chief Executive on 13 April 2011.



**Suat E. Sözen**  
Head of the Corporate Communications Division

Born in Kars in 1970, Suat E. Sözen holds a degree in economics from Gazi University. He joined İşbank in 1991 as an assistant training specialist trainee in the Training Division. Suat E. Sözen was appointed to the Corporate Communications Division on 31 January 2008.

# UN GLOBAL COMPACT - COMMUNICATION ON PROGRESS 2012

Principle	İşbank's Approach	Section Covering Additional Disclosures	Page No
<b>Human Rights</b> Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	İşbank constantly observes full compliance with the UN Universal Declaration of Human Rights, as well as other national and international norms regulating human rights, and puts necessary actions into life.	Our responsibility towards our employees	62
Principle 2: make sure that they are not complicit in human rights abuses.	İşbank supports the protection of human rights in the business world.	Our responsibility towards our employees	62
<b>Labour</b> Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	İşbank recognizes its employees' right to association and right to collective bargaining, and is a role model in this respect in the Turkish business world.  24,034 employees are covered under the agreement as of the date of this writing. The union the employees belong to is Basisen.	Our responsibility towards our employees	62
Principle 4: the elimination of all forms of forced and compulsory labour;	Equal opportunities and diversity are two of the building stones of İşbank's human resource policy.  Providing equal opportunities to all of its employees comes foremost among İşbank's fundamental responsibilities towards its employees. Valuing diversity in its workforce, İşbank perceives diversity as a key component of its intellectual capital. This standpoint enables the permanence and development of a contemporary working environment that is conducive to think differently, act differently, innovation and improving individual competencies. On another wing, the Bank is strictly against: • discrimination in all of its forms, • all forms of compulsory and forced worker and child labor within the frame of its human resources policy.	Our responsibility towards our employees	62
Principle 5: the effective abolition of child labour; and	İşbank is against child labor and supports all initiatives taken to this end in the business world.	Our responsibility towards our employees	62
Principle 6: the elimination of discrimination in respect of employment and occupation.	İşbank is against discrimination in recruitment and employment processes, and supports all initiatives taken to this end in the business world.	Our responsibility towards our employees	62
<b>Environment</b> Principle 7: Businesses should support a precautionary approach to environmental challenges;	İşbank intensively carries out efforts interactively with its stakeholders involved in the environment.	Our responsibility towards our earth	72
Principle 8: undertake initiatives to promote greater environmental responsibility; and	İşbank supports numerous activities and formations in keeping with its goal of increasing environmental responsibility and awareness of environmental issues in our country.	Our responsibility towards our customers  Our responsibility towards our earth	26  72
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	İşbank supports the development and dissemination of environment-friendly technologies, by way of transferring funds and extending support through banking products to various industries with a particular focus on renewable energy and energy efficiency.	Our responsibility towards our customers	26
<b>Anti-Corruption</b> Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	İşbank extends full, correct and effective support to the combat against corruption and to prevention of financing of terror within the framework of applicable legislation and the Bank's policies.	Our responsibility towards our customers  Corporate governance at İşbank	26  55

## ABOUT THIS REPORT

This report is intended to provide our stakeholders with transparent, accurate and comparable information regarding İşbank's activities and performance results, within the main frame of sustainability and corporate social responsibility. The report is also aimed at displaying the economic and social implications of our activities.

This first Sustainability Report released by İşbank covers the period 1 January - 31 December 2012, unless otherwise stated.

Various sections of the report include pre- and/or post-reporting period data and/or information for the purpose of:

- establishing relevant trends,
- communicating the developments and progresses in relation to the headings addressed,
- putting forth the permanence of İşbank's performance.

The data herein will provide a benchmark for the future sustainability reports that will be released by İşbank.

The content of this report is limited to the activities and operations of İşbank, and excludes the Bank's subsidiaries.

This report tackled, as a matter of priority, the topics identified as a result of interviews with İşbank's senior and middle managers and of working meetings, as well as the feedback from stakeholders. Findings from day-to-day operations of the Bank's different units also served as a valuable database for this study.

### STATEMENT OF COMPLIANCE WITH GRI GUIDELINES - REPORTING STANDARDS

This report has been prepared in accordance with the G3 Global Reporting Initiative (GRI) Guidelines version 3.1. İşbank self-declares its corporate disclosure process to GRI Application Level B.

The G3 Global Reporting Initiative Guidelines ensure the credibility and quality of sustainability reporting across all industries and sectors. To learn more about our GRI performance, please refer to the GRI Index on page 110.

### GLOBAL COMPACT COMMUNICATION ON PROGRESS

This report is also İşbank's Communication on Progress 2012 within the scope of the UN Global Compact.

### PUBLICATION OF THE REPORT

İşbank Sustainability Report has been published in Turkish and English languages. The report's electronic version is accessible on the Bank's website.

# GRI APPLICATION LEVEL CHECK



## Statement GRI Application Level Check

GRI hereby states that **İşbank** has presented its report "Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

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

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

Amsterdam, 14 May 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



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

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 7 May 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



# G3.1 CONTENT INDEX

G3.1 Content Index - GRI Application Level B			
STANDARD DISCLOSURES PART I: Profile Disclosures			
1. Strategy and Analysis			
Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
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			
Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
2.1	Name of the organization.	Fully	Türkiye İş Bankası A.Ş.
2.2	Primary brands, products, and/or services.	Fully	İŞBANK IN BRIEF, page 8 / Also see <a href="http://www.isbank.com.tr/English/">http://www.isbank.com.tr/English/</a>
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	İŞBANK AND ITS SUBSIDIARIES, page 14
2.4	Location of organization's headquarters.	Fully	İstanbul, 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	İş Bankası operates in Turkey. The Bank has also 19 overseas branches and two banking subsidiaries abroad. For a complete country list please refer to page 12. This report covers the sustainability issues regarding the Bank's operations in Turkey.
2.6	Nature of ownership and legal form.	Fully	İş Bankası is incorporated under the laws of the Turkish Republic. Ownership structure (31.12.2012): 40.7% - İşbank Personnel Supplementary Pension Fund; 31.2% free float; 28.1% Atatürk's shares. (Source: Central Registry Agency)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Please see pages 8 and 14.
2.8	Scale of the reporting organization.	Fully	İŞBANK IN BRIEF, page 8 / Also see our 2012 Annual Report on <a href="http://www.isbank.com.tr/English/">http://www.isbank.com.tr/English/</a> . For number of employees see page 13.
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	For a summary list of awards received please see our 2012 Annual Report on <a href="http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx">http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx</a>
3. Report Parameters			
Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	2012
3.2	Date of most recent previous report (if any).	Fully	This is the first sustainability report published by İşbank.
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual
3.4	Contact point for questions regarding the report or its contents.	Fully	For inquiries related to our sustainability report please write to <a href="mailto:kurumsal.iletisim@isbank.com.tr">kurumsal.iletisim@isbank.com.tr</a>
3.5	Process for defining report content.	Fully	<p>İşbank used Tayburn's consultancy services to undertake the Materiality Analysis which was based on GRI's Guidance on Defining Report Content. All information collected throughout the reporting period, through various communication channels (see page 20) were analyzed, and issues material to the Bank and its stakeholders were determined in close collaboration with İşbank's Corporate Communications Division. The main sustainability issues have been gathered under the following main challenges:</p> <ul style="list-style-type: none"> <li>• Sound corporate governance</li> <li>• Customers (Responsible products and services)</li> <li>• Earth (Eco-efficient processes and operations)</li> <li>• Our people</li> <li>• Corporate citizenship</li> </ul> <p>İşbank categorizes its many sustainability challenges under these headings, which also serve to structure this report. Findings of the analysis and the draft report are provided to İşbank senior management for their for their evaluation and their feed-backs are obtained.</p>

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 contents of this report are limited to İsbank's own activities and do not cover the Bank's subsidiaries and branches outside Turkey.
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Please see GRI Index, Report Parameters, 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 do 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	İsbank utilizes a variety of internal standards, data collection models and systems, as well as a rigorous internal and external audit process. The Bank conforms to external data reporting standards, and complies with legal requirements currently in force in Turkey.
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	This is the first sustainability report published by İsbank.
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 published by İsbank.
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	GRI 3.1 Content Index
3.13	Policy and current practice with regard to seeking external assurance for the report.	Partially	Consultancy, content development, copywriting services in accordance with GRI 3.1 Reporting Guidelines were provided by Tayburn, Istanbul. Selected economic performance indicators were independently assured by KPMG. For full details please see İsbank's 2012 Annual Report available at <a href="http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx">http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx</a>

#### 4. Governance, Commitments, and Engagement

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
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	CORPORATE GOVERNANCE AT İSBANK, page 55. For full details please see İsbank's 2012 Annual Report available at <a href="http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx">http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx</a>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	The Chair of the highest governance body is not also an executive officer.
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Mr Hüseyin Yalçın was appointed an independent board member by the General Assembly of shareholders on 29 March 2013. For the minutes of the General Assembly see <a href="http://www.isbank.com.tr/English/content/En/Investor_Relations/News_on_Isbank/Disclosures_to_ISE/Detail/Cash_Dividend_Distribution-713-3294.aspx">http://www.isbank.com.tr/English/content/En/Investor_Relations/News_on_Isbank/Disclosures_to_ISE/Detail/Cash_Dividend_Distribution-713-3294.aspx</a> . On the other hand, as per CMB regulations banks' audit committee members (Ms Tümsavaş and Mr Taşkent) are treated as independent board members. CORPORATE GOVERNANCE AT İSBANK, page 55. For full details please see İsbank's 2012 Annual Report available at <a href="http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx">http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx</a>
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	For full details please see İsbank's 2012 Annual Report, page 90 available at <a href="http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx">http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx</a>
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	CORPORATE GOVERNANCE AT İSBANK, page 55. For Dividend Distribution Policy please see <a href="http://www.isbank.com.tr/English/content/EN/Investor_Relations/Corporate_Governance/Dividend_Distribution_Policy_-398-548.aspx">http://www.isbank.com.tr/English/content/EN/Investor_Relations/Corporate_Governance/Dividend_Distribution_Policy_-398-548.aspx</a> For further details also see İsbank's 2012 Annual Report available at <a href="http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx">http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx</a>

4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	CORPORATE GOVERNANCE AT İŞBANK, page 55. For details please see İşbank's 2012 Annual Report page 91 available at <a href="http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx">http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx</a> Also see İşbank's Articles of Incorporation at <a href="http://www.isbank.com.tr/userfiles/Pdf/Isbank_Articles_of_Incorporation.pdf">http://www.isbank.com.tr/userfiles/Pdf/Isbank_Articles_of_Incorporation.pdf</a>
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	CORPORATE GOVERNANCE AT İŞBANK, page 55. For full details please see İşbank's 2012 Annual Report page 91 available at <a href="http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx">http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx</a>
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	CORPORATE GOVERNANCE AT İŞBANK, page 55. For full details please see İşbank's 2012 Annual Report page 91 available at <a href="http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx">http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx</a>
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 AT İŞBANK, page 55. For full details please see İşbank's 2012 Annual Report page 95 available at <a href="http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx">http://www.isbank.com.tr/English/content/EN/Investor_Relations/Publications_and_Results/Annual_Reports-400-548.aspx</a>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	This is one of the duties of the İşbank Corporate Governance Committee which was formed at the beginning of 2013.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	İşbank supports the precautionary principle under the UN Global Compact. Consistent with that principle, the Bank advocates a risk-based approach to its operations through its comprehensive management systems.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	OUR STAKEHOLDERS, page 20
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	OUR STAKEHOLDERS, page 20
4.14	List of stakeholder groups engaged by the organization.	Fully	OUR STAKEHOLDERS, page 20
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	OUR STAKEHOLDERS, page 20
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	With teams across İşbank dedicated to maintaining relationships, we interact with several stakeholder groups on a daily and/or weekly, quarterly etc. basis, responding to the issues and concerns brought to our attention. Please also see OUR STAKEHOLDERS, page 20
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	The major topics identified in 2012 are detailed in the following sections: OUR RESPONSIBILITY TOWARDS OUR CUSTOMERS, page 26 OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62 OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72 OUR RESPONSIBILITY TOWARDS THE SOCIETY, page 84

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

G3.1 DMAs	Disclosure	Level of Reporting	Location of disclosure
<b>DMA EC</b>	<b>Disclosure on Management Approach EC</b>		
<b>Aspects</b>	Economic performance	Fully	İSBANK'S ECONOMIC CONTRIBUTION, page 10
	Market presence	Fully	İSBANK IN BRIEF, page 8
	Indirect economic impacts	Fully	OUR RESPONSIBILITY TOWARDS OUR CUSTOMERS, page 26
<b>DMA EN</b>	<b>Disclosure on Management Approach EN</b>		
<b>Aspects</b>	Materials	Fully	OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72
	Energy	Fully	OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72
	Emissions, effluents and waste	Fully	OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72
	Products and services	Fully	OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72
			OUR RESPONSIBILITY TOWARDS OUR CUSTOMERS, page 26
	Compliance	Fully	CORPORATE GOVERNANCE AT İSBANK, page 55
	Overall	Fully	OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72
<b>DMA LA</b>	<b>Disclosure on Management Approach LA</b>		
<b>Aspects</b>	Employment	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
	Labor/management relations	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
	Occupational health and safety	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
	Training and education	Fully	TRAINING ACTIVITIES AT İSBANK, page 67
	Diversity and equal opportunity	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
	Equal remuneration for women and men	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
<b>DMA HR</b>	<b>Disclosure on Management Approach HR</b>		
<b>Aspects</b>	Investment and procurement practices	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
	Non-discrimination	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
	Freedom of association and collective bargaining	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
	Child labor	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
	Prevention of forced and compulsory labor	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
	Security practices	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
	Assessment	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
	Remediation	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
<b>DMA SO</b>	<b>Disclosure on Management Approach SO</b>		
<b>Aspects</b>	Local communities	Fully	OUR RESPONSIBILITY TOWARDS THE SOCIETY, page 84
	Corruption	Fully	CORPORATE GOVERNANCE AT İSBANK, page 55
	Public policy	Fully	CORPORATE GOVERNANCE AT İSBANK, page 55
	Anti-competitive behavior	Fully	CORPORATE GOVERNANCE AT İSBANK, page 55
	Compliance	Fully	CORPORATE GOVERNANCE AT İSBANK, page 55
<b>DMA PR</b>	<b>Disclosure on Management Approach PR</b>		
<b>Aspects</b>	Marketing communications	Fully	CORPORATE GOVERNANCE AT İSBANK, page 55
	Customer privacy	Fully	CORPORATE GOVERNANCE AT İSBANK, page 55
	Compliance	Fully	CORPORATE GOVERNANCE AT İSBANK, page 55

### STANDARD DISCLOSURES PART III: Performance Indicators

Economic			
Indicator	Disclosure	Level of Reporting	Location of disclosure
<b>Economic performance</b>			
<b>EC1</b>	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	İSBANK'S ECONOMIC CONTRIBUTION, page 10
<b>EC2</b>	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72
<b>EC3</b>	Coverage of the organization's defined benefit plan obligations.	Fully	OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72
<b>EC4</b>	Significant financial assistance received from government.	Fully	İşbank does not receive any type of financial assistance or aid from the government.
<b>Market presence</b>			
<b>EC7</b>	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	İşbank's employees are hired from the local population. The management at İşbank, including the CEO, assistant general managers, and managers is Turkish.
<b>Indirect economic impacts</b>			
<b>EC8</b>	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	İşbank engages in many initiatives aimed not only at contributing financial education and providing knowledge transfer but also at creating social value. OUR RESPONSIBILITY TOWARDS OUR CUSTOMERS, page 26
Environmental			
Indicator	Disclosure	Level of Reporting	Location of disclosure
<b>Energy</b>			
<b>EN3</b>	Direct energy consumption by primary energy source.	Partially	OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72
<b>EN6</b>	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72 OUR RESPONSIBILITY TOWARDS OUR CUSTOMERS, page 26
<b>EN7</b>	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72
<b>Biodiversity</b>			
<b>EN11</b>	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	İşbank not own or lease facilities in environmentally sensitive habitats.
<b>EN12</b>	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Through the 81 FORESTS IN 81 CITIES program, 2,205,000 saplings have been planted on a total area of 1,500 hectares over the course of 5 years. Please see OUR RESPONSIBILITY TOWARDS THE SOCIETY, page 84
<b>EN13</b>	Habitats protected or restored.	Fully	Please see GRI Index, EN12
<b>Emissions, effluents and waste</b>			
<b>EN16</b>	Total direct and indirect greenhouse gas emissions by weight.	Fully	OUR RESPONSIBILITY TOWARDS OUR EARTH, page 72
<b>Compliance</b>			
<b>EN28</b>	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 incidents of environmental fines or non-compliance during the reporting period.



Social: Labor Practices and Decent Work			
Indicator	Disclosure	Level of Reporting	Location of disclosure
<b>Employment</b>			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
<b>Labor/management relations</b>			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	İşbank has a long-established collective bargaining culture. 24,034 employees are covered under the agreement as of the date of this writing. The union the employees belong to is Basisen. The percentage of employees covered by collective bargaining agreements during the reporting period was 98.5%
<b>Occupational health and safety</b>			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	In the reporting period, there were not any incidents of death or injury; and occupational diseases.
<b>Training and education</b>			
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	TRAINING ACTIVITIES AT İŞBANK – KEY INDICATORS, Page 69
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	TRAINING ACTIVITIES AT İŞBANK, page 67 and TRAINING AT İŞBANK – KEY INDICATORS, Page 69
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	In 2012, 22,407 employees were expected to have a performance review and 22,384 of them (50.22% males and 49.78% females) completed their reviews (99.90%).”
<b>Diversity and equal opportunity</b>			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	OUR RESPONSIBILITY TOWARDS OUR EMPLOYEES, page 62
Social: Human Rights			
Indicator	Disclosure	Level of Reporting	Location of disclosure
<b>Non-discrimination</b>			
HR4	Total number of incidents of discrimination and actions taken.	Fully	There were not any incidents of discrimination at İşbank during the reporting period.
<b>Freedom of association and collective bargaining</b>			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	There have been no incidents during 2012.
<b>Child labor</b>			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	There have been no incidents during 2012.
<b>Forced and compulsory labor</b>			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	There have been no incidents during 2012.

Social: Society			
Indicator	Disclosure	Level of Reporting	Location of disclosure
<b>Anti-competitive behavior</b>			
<b>S07</b>	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	In the reporting period, there were not any legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.
<b>Compliance</b>			
<b>S08</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	In the reporting period, there were not any non-monetary sanctions for non-compliance with laws and regulations.
Social: Product Responsibility			
Indicator	Disclosure	Level of Reporting	Location of disclosure
<b>Product and service labeling</b>			
<b>PR4</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	In the reporting period, there were not any complaints delivered to İşbank.
<b>Marketing communications</b>			
<b>PR7</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	In the reporting period, there were not any complaints delivered to İşbank.
<b>Customer privacy</b>			
<b>PR8</b>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	In the reporting period, there were not any complaints delivered to İşbank.
<b>Compliance</b>			
<b>PR9</b>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	In the reporting period, there were not any complaints delivered to İşbank.

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