

Moving toward the future,
for the last 90 years...



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PRESENTATION

In our success journey for more than 90 years, we have been the pioneer of sustainability in Turkey by creating continuous value for our country's economy and people. Beyond creating economic value, today we continue to support our society in the fields of education, environment, culture and arts with our social responsibility activities that we have created in a wide-spread and sustainable structure.

With the power we get from our past as İşbank family, today we similarly have hopes for the future. We would like to present our sustainability report that includes the photos of our children who are the guarantee of our future, to the opinions of our valuable shareholders.

Thank you for your contributions.

CHAIRMAN'S MESSAGE

İşbank, founded one year after the establishment of the Republic of Turkey and celebrated its 90th anniversary in 2014, has followed a policy that has taken into account Turkey's development goals together with the trends in international banking sector for this nearly century-long period.

Esteemed Stakeholders of İşbank,

Having initiated numerous advances and innovations during its 90-year corporate history, İşbank is among the best companies in Turkey in representing a sustainability approach that is focused on creating long-term added value for all stakeholders through efficient use of resources.

When we consider the increase in the world population and rise in energy use, global warming appears to be one of the most important challenges of our time. The environmental and social problems that global warming brings along are among the topics that will affect the lives of the world's population the most in the future. As sustainability requires the establishment of a balance between meeting the needs of future generations, continuity of natural resources and the business world, it is a multidimensional strategy that necessitates long-term planning by considering economic, environmental and social dimensions. Those companies and institutions which have realized that investment in human and nature centered future is also a sine qua non for their own existence, have started to develop their future strategies and business processes by comprehensively considering the impacts of climate change and the continuity of natural resources.

We have internalized sustainability in our 90 years of history.

İşbank, founded one year after the establishment of the Republic of Turkey and celebrated its 90th anniversary in 2014, has followed a policy that has taken into account Turkey's development goals together with the trends in international banking sector for this nearly century-long period. İşbank, the largest private bank of Turkey with assets amounting to TL 237.8 billion, has made significant contribution to the economic independence of Turkey and to the accumulation of capital that the country needed in addition to providing customers with products and services that can be regarded as milestones for the institutionalization of a national banking system in Turkey by taking strength from the corporate vision and mission set with the guidance of its founder, Mustafa Kemal Atatürk. İşbank's approach to view the successes it has achieved in its own operations as a precondition for fulfilling the Bank's social responsibilities clearly shows that İşbank has internalized the key business concept of sustainability since day one.



Our approach has guided our stakeholders.

İşbank, shaping its sustainability approach by adopting a holistic perspective, has continued to develop new projects in 2014, ranging from assessing the environmental and social impact of loans to developing products and services for disadvantaged segments of the society; and from using natural resources more efficiently to providing employees with continued training opportunities. Besides these various activities through which İşbank has provided stakeholders with guidance for the future, İşbank also continues to be a model corporate citizen with social responsibility projects that do make a difference. İşbank's holistic approach, which is based on economic development, social welfare and protection of the environment, is fully compatible with the concept of sustainability.

In a company where employees are also shareholders, it is only natural that services with lasting impact will be provided to the society, customer benefit will be at the core, and added value will be created through an integrated stakeholder approach. As we quickly approach our 100th anniversary as a national corporate enterprise based on a collective capital structure, I believe that our success story will continue well into the future.

On behalf of the Board of Directors and personally, I would like to extend my thanks to all our stakeholders for their valuable contributions and their unwavering trust and support.

Yours sincerely,

H. Ersin Özince

Chairman of the Board of Directors

CEO'S MESSAGE

As a precursor of our founding mission, we strive to allocate the resources entrusted to us in an efficient manner in order to contribute to make economic development and rise in welfare sustainable and stable in Turkey.

Esteemed Stakeholders,

We are happy to be publishing this report for the third time. With this report, which once again functions as a demonstration of the importance İsbank places on sustainable economic growth, we continue to present our Bank's comprehensive contribution to the economy, society and the environment in Turkey.

İsbank, having founded one year after the establishment of the Republic of Turkey with the mission of pioneering social and economic development in order to ensure economic independence, celebrated its 90th anniversary in 2014. During this period, İsbank has highly contributed not only to the growth of the financial sector but also to the industrial sector and served all segments of the society by widespread activities and innovative approach in different sectors. Thanks to adopting a long-term management vision rather than focusing on short-term gains, İsbank was able to maintain a pioneering and leading role despite the changing market conditions. This perspective has also enabled our Bank to implement measures to minimize the negative impacts on our customers due to the changing domestic and international economic conjuncture, especially in the aftermath of the global financial crisis.

In 2014, the Turkish economy displayed a moderate growth due to sluggish economic outlook globally, increased geopolitical risks and intense sociopolitical agenda at home. Despite this challenging operating environment, İsbank has continued to provide the Turkish economy the highest financial support by remaining committed to sustainable and smooth growth policies. In 2014, İsbank maintained its market leading position as the private bank with highest total assets in Turkey and was able to provide the Turkish economy with support totaling TL 198 billion in 2014, through cash and non-cash loans. As a result, İsbank was able to reach out to every corner of Turkey thanks to an extensive service network and provide customers with financial opportunities of any size, tailor-made to their needs and requests. This approach allowed İsbank to make significant contributions to boost Turkey's economic growth and employment.

Considering the existing close relationship between sustainable economic growth and the lending policies of banks, credit policies that are formulated without measuring associated risks and merely numerical growth and short-term gains driven, ultimately result in imbalances and volatility as has been experienced in many countries. As a precursor of our founding mission, we strive to allocate the resources entrusted to us in an efficient manner in order to contribute

to make economic development and rise in welfare sustainable and stable in Turkey. In 2014, our Bank provided the largest support to Turkish economy through lending. At the same time, our non-performing loan ratio has remained fairly below the sector average, at 1.5%, demonstrating our success in allocating resources.

Importantly, the concept of sustainability should not be limited to its economic dimension. Instead, it should be assessed and applied by considering the social and environmental impact of leaving a cleaner, more peaceful and more livable society to the next generations. Therefore, with an approach that brings together environmental, social and institutional governance dimensions, İsbank successfully restructured its ongoing sustainability activities within a methodical framework. In parallel to the Environmental and Social Management Strategy (ESMS), which we implemented in 2013, the Environmental Risk Evaluation Tool (ERET) has been successfully integrated into our business processes. In light of this model we are monitoring investments financed through either international funds or domestic resources, from a social and environmental impact viewpoint. As a result, we are making an important contribution to efforts promoting sustainable economic development. Furthermore, besides our work to improve the quality of İsbank's service



standards, we are putting our efforts to improve efficiency in business and technology processes. To this end, we have made pioneering steps to establish a Sustainability Management System by developing a "Sustainability Policy" that encompasses the following issue areas: environmental and social impact, human resources and human rights, combatting bribery and corruption, gifts and hospitality, and supplier management.

We always give consideration to the environmental impacts of our operations. Since the 2000s, Turkey has figured among the countries whose demand for energy has increased the most. Given this fact coupled with the trend of rapid liberalization in world energy markets, we focused on financing projects in the energy sector, which prioritize renewable energy and energy efficiency at most. The renewable energy projects we are financing are expected to support the process of transition from fossil fuels as Turkey's main energy source to renewable energy sources. Thereby, İsbank enables to both reduce carbon emissions and lessen Turkey's dependence on foreign energy resources. Furthermore, we monitor the carbon footprint that results from our own business activities. Measurements conducted at our headquarter facilities located in İstanbul show that we have been successful in steadily reducing our carbon footprint each year since 2010.

In order to contribute to social development and leave a more livable environment to the generations that follow, we view corporate social responsibility activities an integral and inseparable component of our main business agenda. Therefore, we work to design and implement social responsibility activities that are long-term, wide-ranging, integrated, and sustainable by closely monitoring and addressing the needs and expectations of different segments of society. With our corporate social responsibility efforts in the areas of education, environment and art and culture, which are planned by the Corporate Social Responsibility Committee reporting directly to our Board of Directors, we aim to create lasting value and to invest in the future of our country.

I would like to extend my deepest gratitude to our shareholders, business partners, employees and customers for their support to and unwavering trust in our sustainability activities in 2014. I sincerely believe that thanks to our ongoing efforts in this area, we will be even more successful in the coming period.

Yours sincerely,

Adnan Bali
Chief Executive Officer

***Looking to future
with hope*** there by delivering
an outstanding performance
for the next generations...



İŞBANK'S VISION, OBJECTIVES, VALUES AND STRATEGY

Our Vision

To be the most preferred bank in Turkey by customers, shareholders and employees by maintaining our leading, pioneering and trusted position as the regional financial power.

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 with 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 to offer our 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 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 Values

Our values that represent our corporate identity, guide us to reach our vision and objectives, and that are internalized by our employees as their way of work and life, have been defined as "**Leadership**, that is powered by a **Shared Mindset** generated **in Solidarity**, and that is **Trusted** under all conditions with a strong **Service** orientation."

Our Strategy

Our strategy is achieving sustainable and profitable growth based on "the bank closest to customers" philosophy in an effort to fulfill our vision and objectives.

CORPORATE PROFILE

Continuing to support its customers in all circumstances and all times with its extensive branch network and alternative distribution channels that become more and more efficient each day, İşbank serves about 14 million customers through a widespread service network.

Turkey's Largest Private Bank

İşbank is Turkey's largest private bank with total assets worth TL 237.8 billion.

As the sector leader in terms of total loans and shareholders' equity, İşbank also maintained its leadership position among private banks in terms of total assets, total deposits and branch network.

İşbank continuously works to meet the needs of nearly 14 million customers quickly and effectively with extensive service offerings through Turkey's largest privately owned branch network (1,333 domestic branches) and the banking sector's largest domestic ATM network (6,290 Bankamatik ATMs).

A Bank of the "Firsts"

A Bank that is not a follower of the changes but a leader in innovation

At the core of İşbank's competitive power since the Bank's founding is the vision of developing innovative products, services and applications in line with global trends.

As a pioneer of savings concept in Turkey with the introduction of the "Kumbara (Money Box)" fund for children and the symbol of business reputation with the roll out of the country's first commercial cheque, İşbank has introduced many innovations to Turkey, including the first ATM (Bankamatik), the first online branch and the first mobile banking application.

A Sustainable and Robust Financial Structure

A robust financial structure that focuses on sustainable growth and profitability

Shareholders' equity totaling TL 29.3 billion has supported the expansion in İşbank's business volume and has been instrumental in enabling the Bank to pursue its investments. As of year-end 2014, İşbank's capital adequacy ratio stood at 16%, significantly above regulatory requirements.

İşbank adopted a provisioning policy according to the legally required ratios stipulated by the Banking Regulation and Supervision Agency (BRSA) for non-performing loans. As of year-end 2014, İşbank's NPL coverage ratio was 76.9%, above the Turkish banking sector.

237.8



İşbank is Turkey's largest private bank with total assets of TL 237.8 billion.

155.3



İşbank's total loan volume was realized as TL 155.3 billion as of end-2014.

A Robust Brand Closely Identified with Trust and Sound Reputation

The brand name "İşbank", identified with trust and sound reputation, is one of the key factors that differentiates the Bank from its competitors.

Since the Bank's establishment, İşbank has provided support to the Turkish people and entrepreneurs not only in the domestic arena but also internationally.

As an effective service provider in foreign trade and international financial transactions, İşbank delivers efficient and on-site services to Turkish companies through an international service network. In addition, thanks to ongoing relationships with investors through the strong correspondent network it has built on mutual trust and cooperation, İşbank is Turkey's leading bank in obtaining sustainable foreign funds.

İşbank has been ranked 118th in The Banker magazine's 2014 "Top 1,000 World Banks" list, leaving many European banks trailing behind. İşbank also became the highest ranked Turkish bank on the list.

Broad Shareholder Base

A broad shareholder base is one of İşbank's most important assets.

İşbank has a broad-based shareholder structure consisting of nearly 190,000 shareholders and institutional investors.

Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı (İşbank Personnel Supplementary Pension Fund), a fund which has a membership of about 50,000 current and retired bank employees, holds 40.15% of İşbank's capital.

Contribution to Social Development

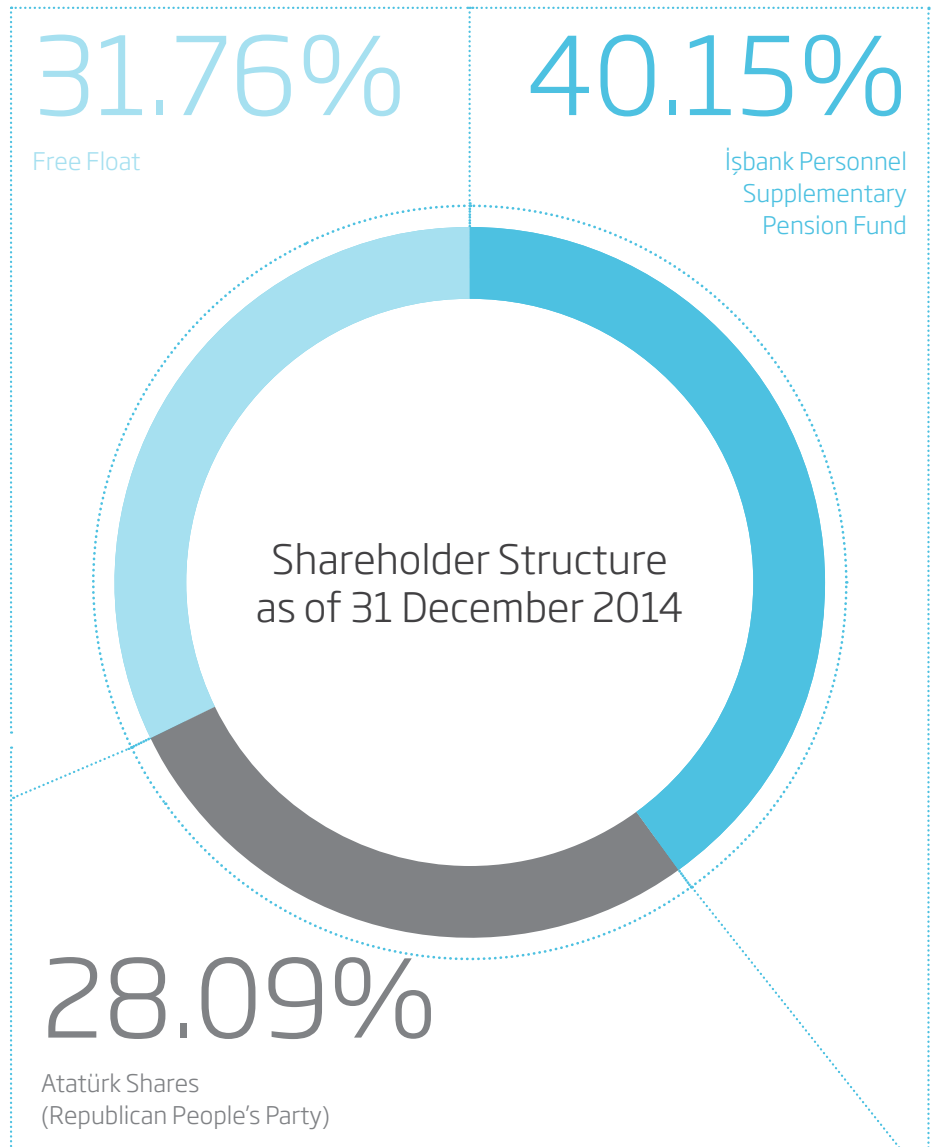
İşbank sees long-term efforts that add value to the community as an essential component of the Bank's sustainability approach.

The Bank continuously monitors the needs of the country and society, and develops corporate social responsibility activities to address those needs.

İşbank adds value to society not only with its products and services but also with many projects and initiatives designed to provide for a sustainable world and community in many areas including environment, education, art and culture.

İSBANK IN FIGURES

İşbank, who has been operating with the principle of adding value to the Turkish Economy as well as its shareholders for 90 years, completed the year 2014 with a net profit of TL 3.4 billion.



Key Financial Highlights (TL million)

	31.12.2013	31.12.2014	Change (%)
Total Assets	210,500	237,772	13.0
Loans	134,843	155,315	15.2
Deposits	120,975	133,551	10.4
Shareholders' Equity	23,579	29,311	24.3
Net Profit	3,163	3,382	6.9

Thanks to a sound reputation that has been protected, improved upon and resilient under all market conditions, İsbank continues to be clearly differentiated in competition.

Key Financial Ratios (%)

	31.12.2013	31.12.2014
Interest Earning Assets (*) / Total Assets	92.1	92.3
Loans / Total Assets	64.1	65.3
Loans / Deposits	111.5	116.3
NPL Ratio	1.6	1.5
NPL Coverage Ratio	80.4	76.9
Demand Deposits / Total Deposits	21.2	22.0
Shareholders' Equity / Total Liabilities	11.2	12.3
Capital Adequacy Ratio	14.4	16.0

(*) Interest earning assets include TL and FC legal reserves.

Direct economic value generated in 2014¹ (TL thousand)

	31.12.2013	31.12.2014
Total Operating Income	10,286,236	11,249,655
Shared Value		
Operating expenses ²	4,962,519	5,695,413
Personnel expenses	2,275,548	2,456,179
Reserve for employee termination benefits	37,400	49,744
Tax provision	693,334	848,626
Dividends (gross ³)	554,734	699,034
Donations ⁴	24,327	27,242

¹ Unconsolidated figures as at 31 December 2014.

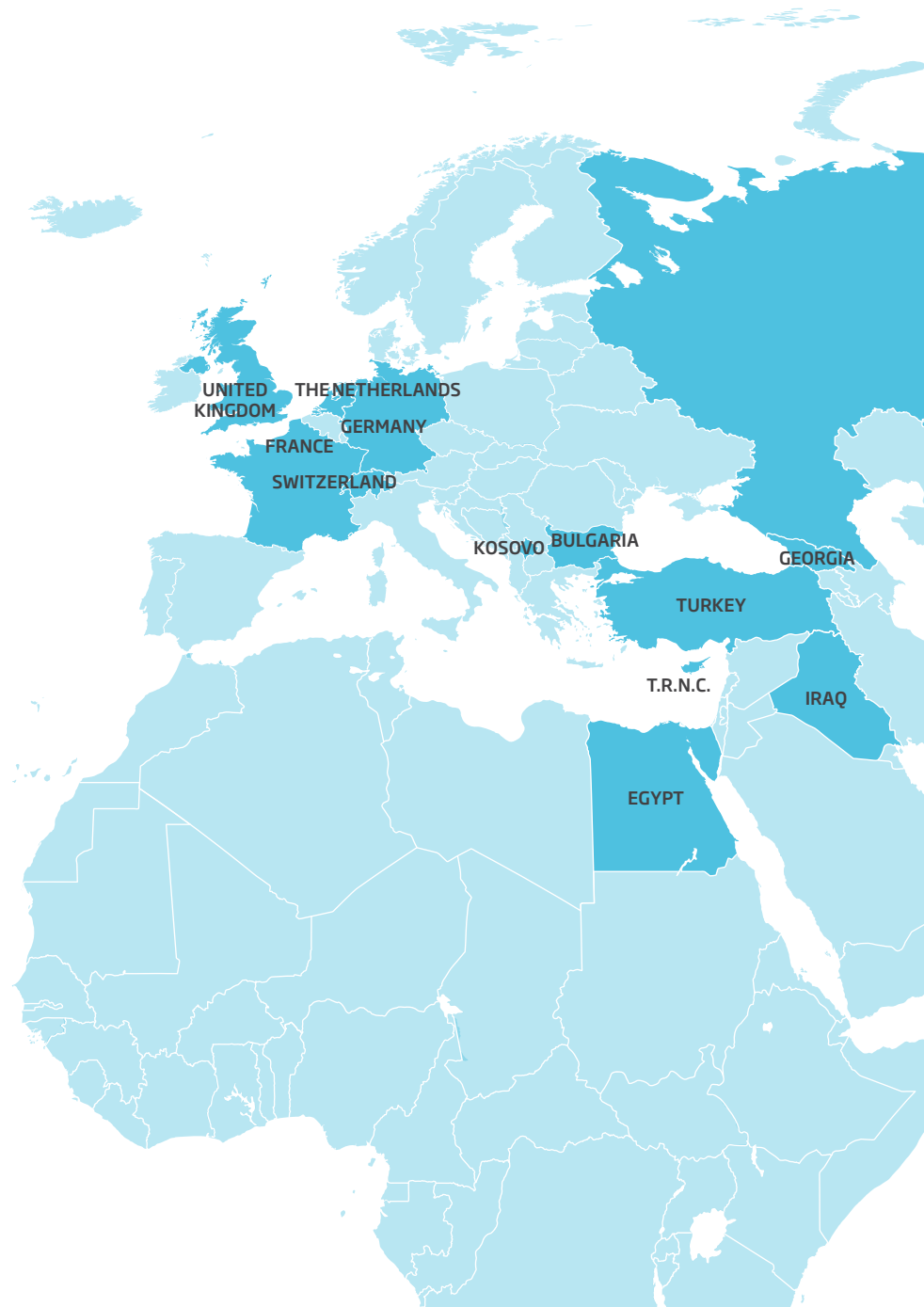
² Operating expenses are inclusive of personnel expenses and reserve for employee termination benefits, which are also presented in the chart. For further details about operating expenses, please refer to the "Other Operating Expenses" table in the unconsolidated financial report contained in the Annual Report 2014.

³ Gross amount of dividends distribution to shareholders proposed by the Board of Directors.

⁴ Covers the expense amount of the Bank's donation, contributions and social responsibility

İşbank delivers effective and on-site banking services to customers through its international service network.

- Continuing its efforts to strengthen the Bank's presence in global markets, İşbank closely follows markets that have economic and commercial ties with Turkey, especially countries located in neighboring regions. To this end, the Bank continued its international operations and expansion of the foreign branch network in 2014.
- By year's end 2014, İşbank operated in 14 countries abroad with a total of 57 branches, including 17 İşbank Germany and 15 İşbank Russia branches, and 2 representative offices.
- The Arasta-Nicosia Branch commenced operations in 2014, as the 16th branch in T.R.N.C.. İşbank has the widest bank branch network in T.R.N.C..
- With the openings of branches in Baghdad/Iraq, Tbilisi/Georgia, Prizren/Kosovo and Edmonton-London/UK in 2014, the Bank became operational with 2 branches in these countries.
- İşbank responds in the fastest and most effective way to the needs of approximately 14 million customers with an extensive service network. With 1,333 branches all over the country, the Bank has the largest branch network among private banks; and with a total of 6,290 domestic Bankamatiks (ATMs), the Bank has the largest ATM network in the sector.
- İşbank's product and service diversity delivered through alternative distribution channels has contributed to increased access to financial services all over the country. In 2014, the number of customers who used Bankamatiks (ATMs) exceeded 8 million. The number of customers using the Internet channel climbed to 2.3 million, while the number of mobile banking users amounted to 1.5 million.
- At end-2014, İşbank employed a total of 24,308 personnel.



49



NEW BRANCHES

622

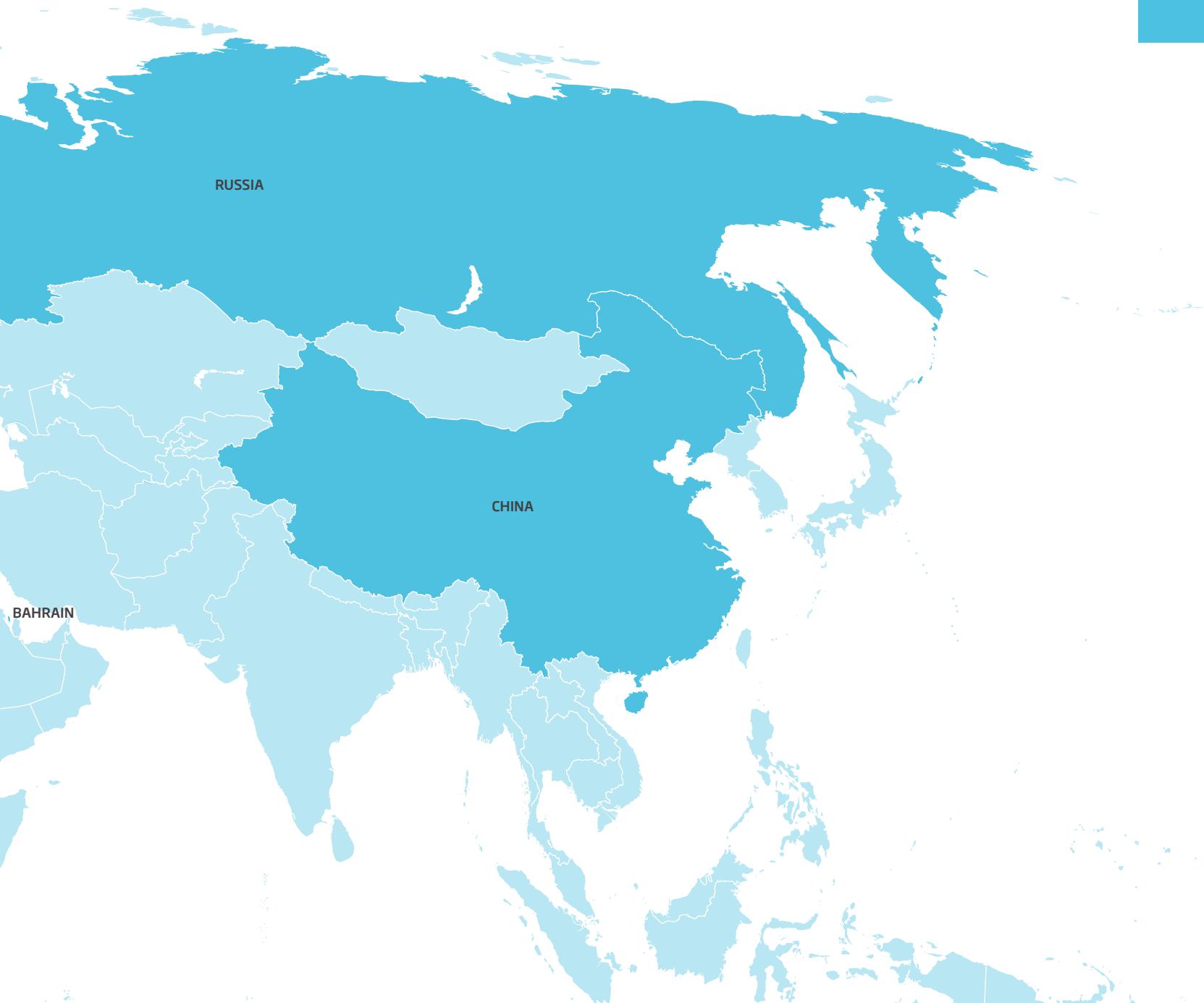


NEW BANKAMATIKS
(ATMS)

969



NEW İŞBANK
EMPLOYEES



İŞBANK AND ITS SUBSIDIARIES

293

Number of companies
with İşbank participation
since 1924



25

Number of companies
that İşbank has direct
participation in, as of
December 2014

104

Number of companies
with İşbank direct or
indirect control

Strong subsidiaries are key to supporting İşbank's sustainable and profitable growth.

Three-quarters of the companies in İşbank's subsidiary portfolio are traded on the Borsa Istanbul National Market.

Comprising 75% of İşbank's subsidiary portfolio, Türkiye Sınai Kalkınma Bankası A.Ş., Anadolu Hayat Emeklilik A.Ş., İş Finansal Kiralama A.Ş., İş Gayrimenkul Yatırım Ortaklığı A.Ş., İş Yatırım Menkul Değerler A.Ş. and Türkiye Şişe ve Cam Fabrikaları A.Ş. are publicly held companies and their respective stocks are traded on the Borsa Istanbul National Market. The ratio of the equity stakes portfolio to İşbank's total assets stood at 4% at end-2014.

İşbank's subsidiary strategy is based on efficiency and profitability.

The efficiency of İşbank's subsidiary portfolio is highly important in terms of the Bank's equity investments. In light of its deep sector experience and know-how, the Bank keeps abreast of investment opportunities that offer high growth and profit potential in the financial services industry, while focusing on creating added value for stakeholders.

Financial Services

İşbank, one of the pioneering institutions of Turkey's economy, has a number of financial services subsidiaries that operate in a wide range of areas. These include: banking, insurance, private pension, capital markets brokerage services, portfolio management, private equity, factoring, reinsurance, leasing, asset management, securities investment trust, investment banking and real estate investment trusts.

TSKB

BİST: TSKB
www.tskb.com.tr

İşbank Germany

www.isbank.de

İşbank Russia

www.isbank.com.ru

Anadolu Hayat

BİST: ANHYT
www.anadoluhayat.com.tr

Anadolu Sigorta

BİST: ANSGR
www.anadolusigorta.com.tr

Millî Reasürans

www.millire.com

İş Leasing

BİST: ISFIN
www.isleasing.com.tr

İş GYO

BİST: ISGYO
www.isgyo.com.tr

İş Investment

BİST: ISMEN
www.isyatirim.com.tr

Renowned for its glassmaking industry experience and expertise in Europe and worldwide, Şişecam Group ranked between 3rd and 6th globally and 2nd and 4th in Europe in glass production as of December 2014, according to capacity-based rankings.

Glass

Şişecam

The founder and undisputed leader of the Turkish glass industry

Founded in 1935, as another pioneer of Turkish Industry, Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam) is the holding company of Şişecam Group; the Group comprises 63 companies that operate in flat glass, glassware, glass packaging and chemicals, mainly soda ash and chromium chemicals. Besides Şişecam -the Group's parent company - stock of some of the other Group companies (Trakya Cam, Anadolu Cam and Denizli Cam ve Soda Sanayii) trade on the Borsa Istanbul.

Şişecam Group, which has a corner on the global glass market, carries out production activities in facilities and plants located in Turkey, Egypt, Russia, Georgia, Bulgaria, Bosnia-Herzegovina, Italy, Ukraine, Romania, Germany, Hungary, Slovakia, and India. Considered one of the world's leading glassmaking industry players, renowned for its sector experience and expertise in Europe and worldwide, Şişecam Group ranked between 3rd and 6th in the world and 2nd and 4th in Europe in glass production in 2014, according to capacity-based rankings.

BIST: SISE, TRKCM, ANACM, SODA, DENCM
www.sisecam.com.tr

Telecommunication

Avea

Avea is Turkey's only GSM 1800 mobile communications operator.

At end-2014, Avea controlled a 23% share of the mobile communications market in Turkey with about 16.3 million subscribers.

www.avea.com.tr

Other

Nemtaş

Maritime Transport

Nemtaş Nemrut Liman İşletmeleri A.Ş. (Nemtaş) is active in shipping line operation, ship management, chartering and brokering. The company offers logistics services with a fleet of five vessels that have a total capacity of 252,959 DWT.

www.nemtas.com.tr

İşbank and its subsidiaries create important direct and indirect added value for the Turkish economy. Thus, İşbank and its subsidiaries are in a pivotal position within Turkey's private sector. In the coming period, the Bank will once again join forces with shareholders, customers and employees, as well as other stakeholders to help realize Turkey's economic development goals.

*Taking the right steps towards continuous
improvement and
**bridging the present with
the future...***



İŞBANK'S SUSTAINABILITY APPROACH

In light of the most basic ideal of a universal sustainability approach, namely “leaving behind a livable world for the next generations,” İşbank carefully considers the impact its business activities have on the environment.

İşbank's business model aims for the Bank to be close to the customer while targeting sustainable and profitable growth.

İşbank designs all its business activities in line with a sustainability approach. Part of this approach includes the sustainable formation of corporate and human resource structures. The Bank views the sustainability approach as a way to create added value for the society, and therefore contributing to social improvement and the betterment of quality of life for individuals through implementation of original and targeted corporate social responsibility activities. İşbank's business model aims for the Bank to be close to the customer while targeting sustainable and profitable growth. When considering the sector in which the Bank operates and the stakeholders within its scope of influence, İşbank mostly stands out with the added value it creates for the economy. The added value created by the Bank in the context of sustainability has been prioritized under four categories, as indicated below.

- Customers
- Employees
- Society
- World

İşbank's sustainability approach is based on multilayered targets ranging from creating direct added value for the economy through banking activities to developing products and services that meet customer needs and expectations; from training well qualified human capital apt to the requirements of the financial sector to implementing corporate social responsibility projects that have long-term targets. With a deep-rooted corporate culture, İşbank makes employees

part of its sustainability targets by providing them with a working environment that is based on equal opportunity and continued career and personal development options.

In light of the most fundamental ideal of a universal sustainability approach, namely “leaving behind a livable world for the next generations,” İşbank carefully considers the impact its business activities have on the environment. The Bank's target is to make the most efficient use of natural resources, particularly electricity, natural gas and water. By means of a range of different applications such as IT tools and project finance mechanisms, the Bank manages the indirect environmental impact associated with the products and services that it offers to customers, and provides stakeholders with model applications in environmental impact management.

İşbank defines itself as an exemplary corporate citizen and therefore aims to undertake social responsibility projects that will enable it to expand the Bank's desired scope of influence. In light of this objective, the Bank contributes to social development by implementing corporate social responsibility projects in the areas of education, environment, culture and arts.

In order to take on the concept of sustainability in a systematic and holistic manner within the organization, İşbank engaged in a range of activities in 2014 under the Sustainability Management System Project. Through the Sustainability Management System, the Bank both ensured the internalization of sustainability within the enterprise and structured sustainability management in a way that

İşbank restructured its sustainability activities in 2014.

allowed for monitoring its application in daily activities while striving for continuous improvement.

Pioneering steps were taken to establish a Sustainability Management System and formulate a "İşbank Sustainability Policy" that encompasses the following issue areas: environmental and social impact, human resources and human rights, anti-bribery and anti-corruption, gifts and hospitality and supplier management.

Fundamental Principles of İşbank's Sustainability Approach

The Bank:

- Takes into account the environmental and social impacts of the activities performed.
- Commits to play an active role in transition to a low-carbon economy and responds to the demands of public on the axis of sustainability in new product development processes.
- Aims to create a contemporary work environment, where human rights are respected and social justice and rights to work always improve, and to increase the awareness and consciousness of all of its stakeholders by spreading this understanding.
- Refuses all kinds of discrimination the principle of equal opportunity, differentiate or exclude people on the basis of gender, religion, political opinion, race, cultural or social origin, or that are related to selection. It regards diversity in work force as one of the main components of its intellectual capital.
- Respects the right to unionization and collective bargaining and plays a pioneering role in making the use of this right widespread.
- Adopts an approach based on the equal sharing of the values it creates and accumulates with its shareholders, clients, employees and other stakeholders.
- Supports a just rewarding approach covering a collective working culture that is in harmony with its ethical values and strategic targets and taking into account the contribution of employees to its success.

- Commits to raising of the qualified work force that is required for all management and specialist positions at different levels on the basis of equal opportunity and in a way to foster its aim of becoming a globally competitive bank.
- Views its clients as the reason of its existence and always adopts a customer-focused working approach.
- Never tolerates bribery and corruption and heavily penalizes these kinds of acts.
- Employees or those representing the Bank shall not directly or indirectly demand or accept gifts from clients in violation of the provisions of the Bank's Gifts and Entertainment Policy or perform acts that may be interpreted as such.
- Selects its suppliers in line with commercial practice and in a just, honest and impartial way. Performs purchasing and supplying transactions according to the Procurement Policy, taking into account the elements of professionalism, product/service quality, durability, reliability and price.
- Adopts medium and long term strategies considering the rights and benefits of clients, and public interest at large.
- Adopts the continuous improvement of sustainability practices and sharing of these regularly with its stakeholders as a principle.

In 2014, İşbank presented the Bank's sustainability approach to stakeholders by formulating policies on the following issue areas:

- Environmental and Social Impact,
- Human Rights and Human Resources,
- Anti-Bribery and Anti-Corruption,
- Gifts and Hospitality.

Thanks to this approach, İşbank has established a new methodological framework that brings together environmental, social and institutional governance dimensions, and thereby successfully restructures its sustainability activities.

Under the framework of the Bank's "sustainable and profitable growth by being the bank closest to customers" mission, İşbank has developed an Environmental and Social Management Strategy (ESMS) in order to manage the environmental and social impact of its business activities.

For more information on İşbank's Sustainability Approach, you can visit the following link:

<http://www.isbank.com.tr/EN/about-isbank/sustainability/Pages/sustainability.aspx>

Sustainability Organization at İşbank

With the establishment of İşbank's Sustainability Management System, the Bank has made some organizational changes to be able to centrally and holistically manage sustainability. Within the framework of the Resolution of the Board of Directors of İşbank dated December 31, 2014, the Corporate Governance Committee has been assigned with the duty of ensuring that the concept of sustainability is embraced by the Bank's top management. Furthermore, the abovementioned decision resolved that the Head of Investor Relations Division has been appointed as the Sustainability Coordinator and has been given the duty of ensuring coordination within the Bank's executive bodies. With these recent changes the management of İşbank's sustainability activities, which are regarded as an integral part of corporate governance processes, have started to be implemented in a much more efficient way. In addition, a Sustainability Working Team has been formed with participation of all relevant departments in order to follow up on duties and responsibilities related to sustainability management.

İşbank's Environmental and Social Management Strategy (ESMS)

Under the framework of the Bank's "sustainable and profitable growth by being the bank closest to customers" mission, İşbank has developed an Environmental and Social Management Strategy (ESMS) in order to manage the environmental and social impact of its business activities. With this strategy, while making capital investment decisions, the Bank takes into account possible impacts of the projects on the natural environment, the daily

lives of the local community and other potential social impacts. In this way, even if the local community does not complain about rights violations to the Bank, their sensitivities are considered and İşbank's Environmental and Social Management Team works closely in the field to make observations and to facilitate an exchange of information with the members of the local community. Additionally, the identified environmental and social impact risks are evaluated together with the project owner upon which minimum set of guarantees related to precautionary measures are set for related parties' further actions. Subsequently, follow-up activities that oversee whether the parties adhere to these guarantees are also performed.

The following fundamental principles govern this system which functions as a guide for İşbank's shareholders, business partners, employees and all other stakeholders:

- Informing customers about minimizing the environmental and social risks related to their operations financed by İşbank;
- Encouraging clients to implement an environmental and social risk management plan, if necessary, to achieve higher levels of environmental and social standards in their operations;
- Monitoring and analyzing on a regular basis, the actions taken by clients to reduce environmental and social risks;
- Reporting of the outcomes of the above-mentioned approach both on customers' activities and İşbank's corporate and social responsibility strategies;
- Encouraging nationwide or international activities that might lead to innovative changes in the banking sector;
- Developing partnerships with governmental and non-governmental organizations to follow best practices and increase standards in the field of sustainability.

İŞBANK'S STAKEHOLDERS

Using diversified communications channels, İşbank builds healthy stakeholder relationships that are based on mutual trust.

As a result of the importance İşbank places on the concept of sustainability, the Bank establishes relationships with stakeholders operating in a wide range of different areas. Therefore, the Bank regards all actors directly or indirectly affected by the Bank's products or activities as stakeholders. The Bank also considers institutions and individuals that might have an impact on its business activities as stakeholders.

Putting a priority on stakeholder dialogue, İşbank focuses on listening to and accurately understanding the opinions and requests of stakeholders, and on developing transparent two-way communication with them. Stakeholder feedback on İşbank's strategies, policies and practices as well as its products and services provide a valuable database in supporting the development of the service cycle, increasing stakeholder satisfaction and, consequently, supplements the overall added value generated. Moreover, the Bank also makes use of the feedback obtained under stakeholder dialogue activities to identify the primary issues in corporate social responsibility and to formulate strategies, policies and action plans.

Stakeholder dialogue is conducted in different formats through diverse communication channels and is focused on increasing effectiveness through feedback gathering on a 24/7 basis. Thus, the Bank carries out investments as needed to establish stakeholder dialogue in the most effective and efficient manner. In order to broaden its communication reach, İşbank makes effective use of the following tools within a multidimensional corporate communications strategy: the corporate website, websites of products and sub-brands, the Intranet, as well as the Bank's accounts on social media platforms and e-mail communication.

İşbank has also made use of stakeholder opinions and expectations kept in a separate database and that were used to identify the contents of the 2014 Sustainability Report.

Relations with Suppliers

İşbank is especially attentive to the fact that the Bank's supplier firms act not only in accordance with national legislation, but also in line with universal human rights standards. İşbank prefers suppliers who fulfill their occupational health and safety related responsibilities and therefore has structured the Bank's supplier policies around universal working standards.

İşbank performs centralized purchasing by taking into account the following criteria: cost advantage, standards of conduct, cost of transportation, duration of service. In addition, the Bank, as much as possible, also purchases locally in order to support local development and employment.

İsbank's Stakeholders and Forms of Communication

Industry Associations,	Frequency of Communication	Form of Communication
Customers	24/7 basis	Branches, Instant Banking (Bankamatik (ATM), Internet Branch, Telephone Branch and mobile banking channels) customer representative contact, meetings, questionnaires that measure customer satisfaction and expectations, and social media
Employees	Daily	Recruitment process, employee satisfaction surveys, training programs, performance evaluation, internal communication platforms, regular managers' meetings
Shareholders and Investors	Annually and quarterly/when necessary	General Assembly meetings, investor meetings, analyst/investor days, roadshows, teleconferences, daily communication activities of the Investor Relations Division, IR website, Public Disclosure Platform (KAP), Information Society Services Platform established within the framework of Turkish Commercial Code, Annual Reports and investor presentations
General public	As needed	CSR projects, information and cooperation meetings, feedback mechanisms
NGOs	As needed	CSR projects, information and cooperation meetings, feedback mechanisms
Public Authority/Regulatory Agencies	As needed	Reporting processes, meetings
Industry Associations, Organizations and Other Market Players	As needed	Meetings and presentations, workshops, daily communications
Media	As needed	Informational communications, press conferences, special meetings and responses to written questions
Suppliers	Daily	Daily communications with product and service suppliers, initiatives to raise supplier awareness on sustainability

İŞBANK'S MEMBERSHIPS

Keeping in mind the importance of an accountable and transparent civil society, İşbank actively supports civil society related activities that are in line with the Bank's corporate mission and values.

As of end-2014, İşbank has provided support to the domestic and international initiatives listed below and has also sent representatives to these events.

- AKUT Search and Rescue Association
- European Association for Banking and Financial History (EABH)
- European Financial Management and Marketing Association (EFMA)
- European Association of Communication Directors (EACD)
- 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
- Banker's Association for Finance and Trade - International Services Association (BAFT-IFSA)
- Finance Managers Association
- Global Relations Forum
- UN Global Compact Turkey, Sustainable Banking and Finance Working Group
- Economic Development Foundation (İKV)
- İstanbul Foundation for Culture and Arts (İKSV)
- Credit Bureau (KKB)
- Association of Business Communicators
- International Chamber of Commerce (ICC) Turkey Banking Techniques and Applications Commission
- National Education Foundation
- Middle East Technical University (METU) Alumni Association
- Advertisers' Association (of Turkey)
- Risk Managers Association
- Information Systems Audit and Control Association (ISACA)
- Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats (TEMA)
- History Foundation of Turkey
- Banks Association of Turkey, Ethics Commission
- Ethics and Reputation Society (TEİD)
- Banks Association of Turkey, Working Group for the Role of Financial Sector in Sustainable Growth
- Institute of Internal Auditing-Turkey
- Turkish Quality Association (KalDer)
- Turkish Institutional Investment Managers' Association
- Turkey Human Resource Management Association (PERYÖN)
- Turkish Industry and Business Association (TÜSİAD)
- Institute of International Finance (IIF)
- Vehbi Koç Foundation

İşbank and UN Global Compact

At the World Economic Forum held in 1999, Kofi Annan -the Secretary General of the United Nations- invited leaders of the business world, companies, the United Nations, labor unions and NGOs to join the Global Compact, an international initiative to support universal environmental and social principles in line with the UN's "Millennium Development Goals." The 10 principles of the United Nations Global Compact were announced to the public at UN Headquarters in 2000. During this announcement, a call to private companies, civil society actors and public institutions was made requesting that they actively participate in furthering activities on global sustainability.

The Global Compact is comprised of 10 principles under 4 primary topics:

- Human rights
- Labor
- Environment
- Anti-corruption

In line with the Global Compact initiative, member companies are expected to anticipate, support and implement these principles.

The 10 principles of the United Nations Global Compact

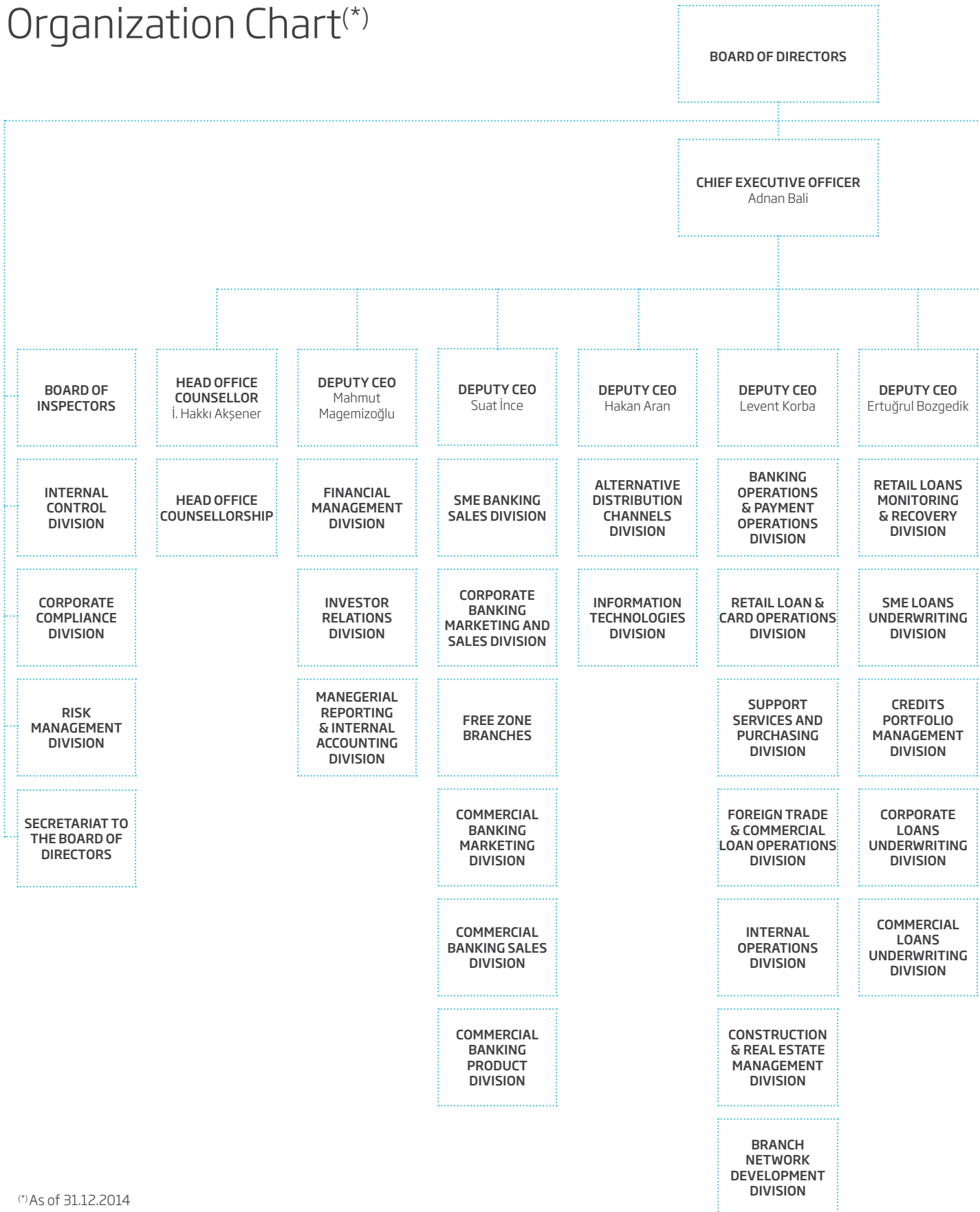
- Businesses should support and respect the protection of internationally proclaimed human rights.
- Businesses should make sure that they are not complicit in human rights abuses.

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Businesses should support the elimination of all forms of forced and compulsory labor.
- Businesses should support the effective abolition of child labor.
- Businesses should support the elimination of discrimination in respect to 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.

Providing unconditional support to initiatives that aim to leave a more livable world for future generations, İşbank submitted its pledge to the Global Compact's 10 principles at the United Nations Secretary General's Office on March 7, 2012. İşbank's activities under the Global Compact and the progress it has made in the current reporting period are mentioned in different sections of this report. A summary and a detailed index on the topic can be found on page 94-95.

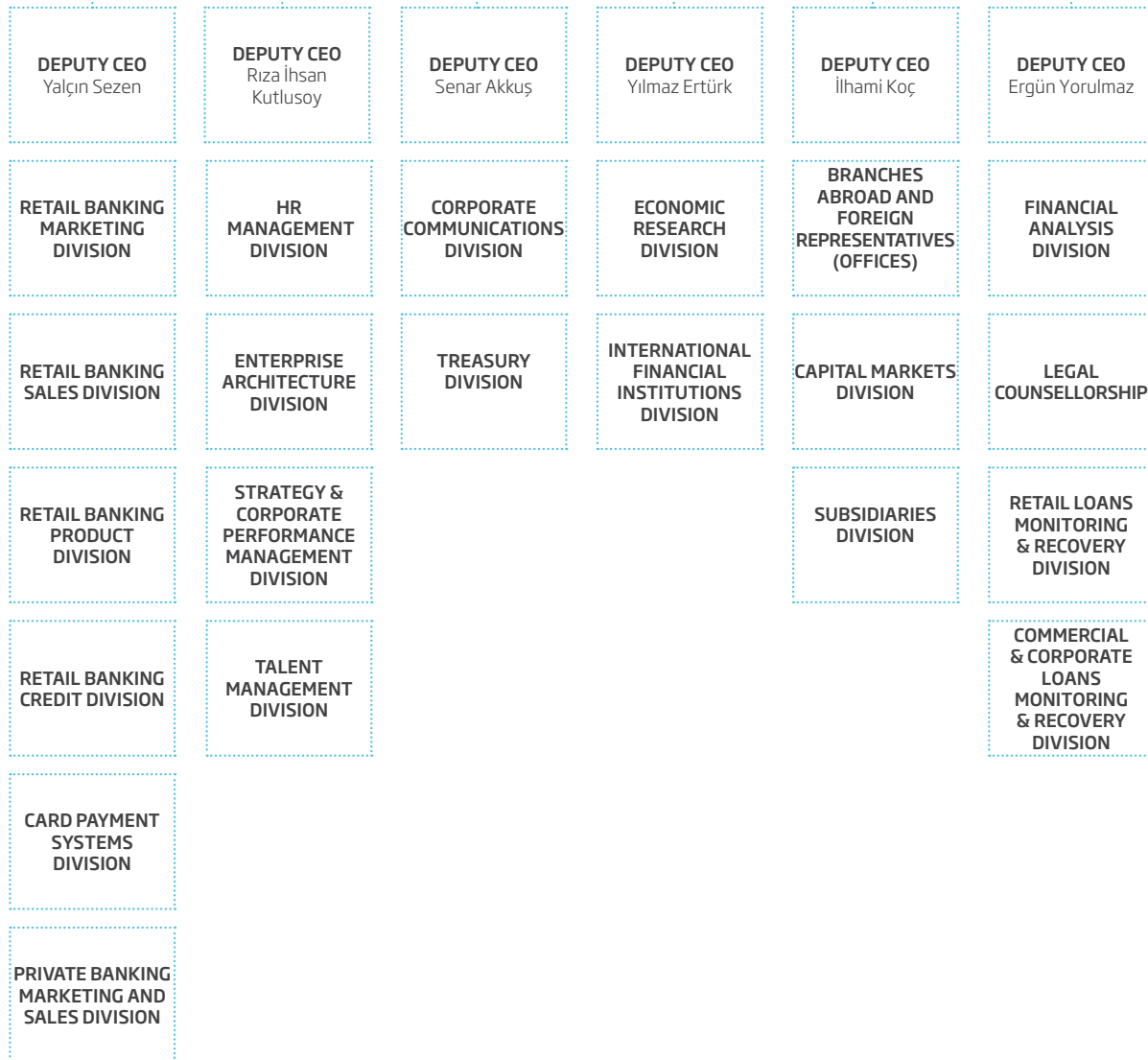
Providing unconditional support to initiatives that aim to leave a more livable world for future generations, İşbank submitted its pledge to the Global Compact's ten principles at the United Nations Secretary General's Office on March 7, 2012.

Organization Chart^(*)



^(*)As of 31.12.2014

AUDIT COMMITTEE
Füsün Tümsavaş
Prof. Dr. Turkey Berksoy



CORPORATE GOVERNANCE AT İŞBANK

Throughout the Bank's 90-year history, İşbank has conducted its operations in line with the laws, ethical values and industry standards. The Bank attaches high importance to carrying out corporate governance related activities that are in harmony with social values.

Under the Bank's corporate governance structure and strategy, İşbank regularly improves its governance principles, policies and applications by reviewing their compliance status with the laws.

Within the framework of attaching high importance to the Bank's corporate governance strategy in order to reach its sustainability goals, İşbank focuses on improving corporate governance principles, policies and applications, in compliance with the laws, to support the accountability of the Board of Directors and the Executive Committee. The Bank views the principles of fairness, transparency and responsibility as a key for establishing a strong and efficient corporate governance system and therefore gives a priority to informing shareholders, customers and employees about recent developments. İşbank's corporate governance activities focus on generating added value for stakeholders and the Bank attaches great importance to carrying out such activities in harmony with social values.

İşbank's Board of Directors sets the strategy and policies of the Bank, and acts as a guide for the executive committee and therefore for the entire organization with the decisions it makes.

The Board of Directors is as actively involved in the preparation of risk management strategies and policies as it is engaged in the oversight of the practices implemented by the Executive Committee and their outcomes.

İşbank's Board of Directors is comprised of 1 chairman and 10 members.

The positions of the Chairman of the Board and Chief Executive Officer are filled by two different individuals. These are not any other executive member on the Bank's Board of Directors, except for the Chief Executive Officer.

During 2014, 14 Board meetings were held by İşbank with the full participation of all of its members. As of year's end, the Board reviewed a total of 362 files, of which 313 were files for loan underwriting and 49 were files on other issues related to loans. This summary is based on the work carried out by convening meetings or by individual review and signing of the file by each Board Member, which resulted in 202 loan decisions. A total of 321 files were reviewed on non-loan matters and 321 decisions were made. Consequently, 669 Board resolutions were made in 2014, including those that were passed during meetings in 2014.

Information on İşbank's Board of Directors can be found on pages 52-53 and pages 72-73 of the 2014 Annual Report on www.isbank.com.tr under the "Investor Relations/ Publications and Results" section.

Eight active committees operate at İşbank.

The committees operating at İşbank include the Audit Committee, Turkish Republic of Northern Cyprus (TRNC) Internal Systems Committee, Credit Committee, Credit Revision Committee, Corporate Social

Responsibility Committee, Risk Committee, Remuneration Committee and Corporate Governance Committee. These committees are subordinated directly to the Board of Directors.

Information on the committees active at İsbank is presented on pages 59-61 of the 2014 Annual Report under the "Investor Relations/Financial Information" section accessible from the website address www.isbank.com.tr.

İsbank Executive Committee

The İsbank Executive Committee is comprised of the Chief Executive Officer and 11 Deputy Chief Executives. İsbank's CEO is the person who commands full authority and responsibility over the conduct, administration and coordination of the Bank's day-to-day business in the broadest sense. Each Deputy Chief Executive is responsible for the business lines defined.

Information on the İsbank Executive Committee is presented on pages 54-55 of the 2014 Annual Report, posted under the "Investor Relations/Financial Information" section accessible on the www.isbank.com.tr website.

At İsbank, the internal audit function is fulfilled by the Board of Inspectors.

The İsbank Board of Inspectors fulfills the duty of inspecting and supervising the operations of all the Bank's Head Office divisions, including internal control, risk management and corporate compliance divisions, domestic and foreign branches, as well as the organizations under its control, in accordance with the Bank's strategy, policies, principles and targets, and relevant laws, rules and regulations. While performing duties related to inspection, the Board takes into account both national legislation on banking and internal auditing and implements international internal auditing standards.

With its activities certified to be in conformity with international quality standards, the İsbank Board of Inspectors combines the Board's deeply rooted audit experience with advanced technology in a risk-focused approach to carry out its duties. A total of 197 inspectors and deputy inspectors (as of end-2014) functioning for the Board, conduct both field inspections and remote inspection by using advanced IT tools.

A total of 512 branches (510 domestic, 2 foreign), 5 Head Office divisions and 4 subsidiaries were audited by the Board of Inspectors in 2014. The Board also audits İsbank's banking processes and IT systems annually as stipulated by BRSA regulations. Following the inspection activities carried out by the Board with respect to the Bank's banking processes and IT system, the following conclusions were reached as of December 31, 2014:

- There was no lack of control in processes that could prevent the Bank from operating effectively, reliably and without interruption;
- There were no findings that would significantly affect the integrity, timely availability, consistency and reliability of the information set forth in consolidated and non-consolidated financial statements.

Moreover, thanks to risk-oriented inspection programs, İsbank's credit portfolio was comprehensively inspected in 2014. Remote audits executed by the Board of Inspectors at İsbank allowed for the continuous inspection of areas deemed to be of high risk, in particular loans and human resources.

CORPORATE GOVERNANCE AT İSBANK

Activities to prevent the laundering of criminal proceeds and terrorism financing are carried out purposefully and efficiently as stipulated by applicable laws, rules and regulations and the Bank's Policy and Compliance Program.

The Internal Control Division is assigned with the review, oversight and assessment of İsbank's operations and with reporting its findings and conclusions to relevant parties. The Division's activities are structured to comprise the Head Office divisions, branches, and subsidiaries that are subject to consolidation and companies from which the Bank obtains support services.

İsbank's Internal Control System

The internal control efforts within the internal control system primarily consist of operational controls, information and communication systems and financial reporting systems controls, and compliance controls.

The İsbank Internal Audit Department fulfills the duty of inspecting and supervising the operations of all the Bank's Head Office divisions, branches, partnerships subject to consolidation and corporate bodies that provide supporting services.

Compliance at İsbank

Compliance is the foremost duty and responsibility of all İsbank managers and employees at any level. The functions and activities related to compliance executed in the Head Office Divisions and branches of İsbank are monitored by the Corporate Compliance Division, which reports to the Board of Directors.

The Corporate Compliance Division operates to provide maximum contribution to managing and controlling the compliance risk purposefully and effectively, 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 four sub-units:

- Corporate Compliance
- Banking Activities Compliance
- Financial Crimes
- Capital Market Instruments Suspicious Transactions Investigation

İsbank's "Compliance and Compliance Risk Management Policy" and the "Policy for the Prevention of Laundering of Criminal Proceeds and Terrorism Financing" are posted in Turkish and English under the "Investor Relations/Corporate Governance" section on the www.isbank.com.tr website.

Policy for the Prevention of Laundering of Criminal Proceeds and Terrorism Financing

Activities directed towards the prevention of laundering of criminal proceeds and the terrorism financing are carried out purposefully and efficiently within the framework of applicable legislation and the Bank's Policy and Compliance Program, and formulated accordingly. İsbank's "Compliance and Compliance Risk Management Policy" and the "Policy for the Prevention of Laundering of Criminal Proceeds and Terrorism Financing" are posted in Turkish and English under the "Investor Relations/Corporate Governance" section on www.isbank.com.tr web site.

The Investor Relations Division received more than 500 information inquiries either by phone or e-mail in 2014. The Division responded fully to all of these inquiries.

Capital Market Instruments Suspicious Transactions Investigation Unit

Capital Market Instruments Suspicious Transactions Investigation Unit was established for the purpose of detection and reporting of insider trading and market manipulation crimes in accordance with the Communiqué on Obligation of Notification Regarding Insider Trading or Manipulation Crimes (V-102.1) published in the Official Gazette edition 28889 on 21/01/2014.

İşbank's "Compliance and Compliance Risk Management Policy," and the "Policy for the Prevention of Laundering of Criminal Proceeds and Terrorism Financing" are posted in Turkish and English under the "Investor Relations/Corporate Governance" section on the www.isbank.com.tr website.

İşbank Investor Relations Division

The major task of İşbank Investor Relations Division is to effectively respond the information requests of both existing and potential investors, rating agencies, international lenders and other related institutions within the framework of related regulations. The Investor Relations Division also engages in a range of activities to enhance the Bank's corporate governance practices.

In the year 2014, the Investor Relations Division received more than 500 information inquiries via telephone and e-mail, and all inquiries have been replied.

In the same year, İşbank participated in 11 foreign and 2 domestic conferences for equity investors, and 3 foreign conferences for fixed-income security investors. During these events, the Bank held meetings with the representatives of investment companies amounting to a total number of 241. The number of meetings and teleconferences conducted with analysts and investors by the Bank's Investor Relations Division was 185.

Within the framework of the Resolution of the Board of Directors of İşbank on December 31, 2014, the Corporate Governance Committee has been assigned with the duty of ensuring that the concept of sustainability is embraced by the Bank's top management. The coordination of this process within the Bank's executive bodies will be managed by the Investor Relations Division.

İşbank's Corporate Governance Principles Compliance Statement can be found on pages 68-75 of the 2014 Annual Report under the "Investor Relations/Publications and Results" section, accessible from the www.isbank.com.tr website.

Corporate Social Responsibility Committee

The İşbank Corporate Social Responsibility Committee was formed in accordance with the Corporate Social Responsibility Practices Regulation adopted and approved by the Board of Directors. The following currently serve as Committee members: Aysel Tacer (Board Member), Ulaş Moğultay (Board Member), Yalçın Sezen (Deputy Chief Executive), Senar Akkuş (Deputy Chief Executive) and Suat E. Sözen (Head of the Corporate Communications Division).

The Committee carries out its activities in accordance with the referenced regulation and by taking into account the main areas of contribution, designated as education, environment and art and culture. The Committee convened on 7 occasions during 2014 with the participation of all members, and undertook 22 decisions.

Please refer to page 92 for the CVs of the members of the Corporate Social Responsibility Committee.

RISK MANAGEMENT AT İŞBANK

The risk management process and the associated functions are one of the primary responsibilities of İşbank's Board of Directors.

Through effective and efficient risk management policies, İşbank's business activities continue to create added value.

Sound risk management is crucial in İşbank's industry of operations. İşbank and its subsidiaries are leading players in the Turkish economy and represent a massive source of financial strength (see pages 20-21 for more details). When considered in this framework, the analysis, monitoring and reporting of the financial and non-financial risk exposure of İşbank Group as a whole, through the adoption of risk management principles specific to banking and in combination with a group risk management approach, is imperative to achieve economic sustainability.

Based on an overall assessment of risk categories, credit risk was once again the most important among the Bank's potential risk factors in 2014.

Due to the fact that maturity mismatch in assets and liabilities is prevalent in the Turkish banking sector, liquidity risk and interest rate risk are other financial risk types that are considered significant.

The most important non-financial risk type faced by the Bank would appear to be business environment risk. Geopolitical risks arising from political instability in the neighboring geographic region and political tensions with some of these countries are the main factors that could lead to an increase in the Bank's business environment risk profile.

To ensure that the Bank's risk appetite conforms to the business plan and the prevailing market environment, risk limits set by the Board of Directors are closely monitored. Breaches in market risk, liquidity risk, structural interest rate risk and credit risk limits are analyzed by the Risk Management Division, by taking market and industry conditions into consideration, and the findings are reported to the Audit Committee and Board of Directors.

In order to ensure the systematic management of risks on solo and consolidated basis, Risk Management Division's range of activities include the following: defining risks, measuring risks by applying analytical methods, reporting on measured risks and regularly monitoring the Bank's risk levels.

The various risk management processes and functions involved therein rank among the primary responsibilities of İşbank's Board of Directors. The Bank's risk management 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 that İşbank will adhere to both on a consolidated and non-consolidated basis, presenting them

İşbank's Risk Committee formulates the risk management strategies and policies that the Bank will adhere to both on a consolidated and non-consolidated basis, presents them to the Board of Directors for approval, and monitors their implementation.

to the Board of Directors for approval, and monitoring their implementation. The Committee is the common communication platform with the Bank's executive systems in terms of assessing the Bank's risk exposure, recommending precautions and actions to be taken. The Committee's principal duties include:

- Preparing risk management strategies and policies, and presenting them to the Board for approval,
- Monitoring the effective usage of outcomes of the internal capital adequacy assessment process in the planning and decision making processes of the Bank,
- Adjudicating by way of negotiating the issues addressed by the Risk Management Division,
- Making recommendations to the Board about the level of risk limits for exposures/possible exposures, monitoring the limit breaches and submitting recommendations to the Board regarding the elimination of any breaches,
- Making recommendations to the Board on any changes in risk policies,
- Monitoring the risk identification, definition, measurement, assessment and management processes carried out by the Risk Management Division,
- Monitoring the accuracy and reliability relating to risk measurement methodologies and their results.

Members of İşbank Risk Committee (as of December 31, 2014):

Vice Chairman of the Board of Directors and Head of the Risk Committee

Fusun Tümsavaş

Chief Executive Officer and Head of the Credit Committee

Adnan Bali

Deputy Chief Executive

Ertuğrul Bozgedik

Deputy Chief Executive and Head of the Asset & Liability Management Committee

Senar Akkuş

Deputy Chief Executive

Mahmut Magemizoğlu

Head of the Risk Management Division

Gamze Yalçın

The Risk Committee contributes to the formation of Group risk policies structured on a consolidated basis, including both the financial and nonfinancial participations of the Bank. In the activities that the Risk Committee carries out on a consolidated basis,

- İlhami Koç, Deputy Chief Executive, and
 - Burhanettin Kantar, Head of the Equity Participations Division
- also attend the meetings.

In the Risk Committee meetings held in 2014, risk management practices of İşbank and its subsidiaries under consolidated risk policies were evaluated, risk reports presented to the Committee were analyzed and decisions regarding the risk management systems and processes were made.

Risk Management Policies Applied by İşbank by Risk Type

Capital Adequacy Policy

Capital Adequacy Policy defines the level of capital, on consolidated and unconsolidated basis that the Bank must hold against potential losses arising from financial risks associated with on and off balance sheet items in addition to non-financial risks caused by the Bank's operations; and establishes the principles for maintaining and monitoring the minimum capital levels determined in accordance with the legal regulations and the Internal Capital Adequacy Assessment Process. Risk management policies form an integral part of the Capital Adequacy Policy.

Credit Risk Policy

The Credit Risk Policy establishes the framework for credit risk management, control and monitoring, methods and responsibilities, and credit risk limits. Senior management is responsible for the execution of credit risk policies approved by the Board of Directors.

RISK MANAGEMENT AT İSBANK

İşbank's "Consolidated Risk Policies" lay out risk management principles related to the Bank's subsidiaries. Meanwhile, subsidiaries apply their own risk management policies in line with Consolidated Risk Policies and by taking into account their company-specific structures.

Monitoring credit risk is based not only on individual loans but also on the risk levels and composition of the loan portfolio. The monitoring and credit risk management process includes parameters such as maturity, industry, collateral, location, currency, loan type and credit risk ratings as a whole, in addition to the transaction and company related assessments.

Asset and Liability Management Risk Policy

Asset and liability management risk is defined as loss risk caused by the Bank's failure to effectively manage all financial risks arising from assets, liabilities and off-balance sheet transactions. All principles and procedures related to the composition and management of the Bank's asset-liability structure, and the Bank's risk appetite, are formulated and established by the Board of Directors.

The Board of Directors and Audit Committee are obliged to ensure that the Bank's capital is used optimally; in effect, they are required to keep risk limits under control and ensure that the necessary actions are taken. The Asset-Liability Committee is responsible for the governance of asset and liability management risk in accordance with the risk appetite and risk limits determined by the Board of Directors and within the principles and procedures expressed in this policy.

Operational Risk Policy

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, persons and systems, or from external events. The Risk Management Division is responsible for risk management related efforts on this particular risk.

Categorization of the inherent operational risks in the Bank's day-to-day business activities and processes is made possible by the Bank Risk Catalogue. It serves as the basic document to define and classify risks and is subject to modification as conditions change. The methodology employed to identify operational risks is referred to as "self-assessment." This methodology requires staff with roles and responsibilities in a particular business activity to become involved in the risk and control assessment process of that activity. The operational risk management process combines both qualitative and quantitative approaches in measurement and assessment. The measurement process uses data obtained from impact - likelihood analysis, loss database and risk indicators.

Consolidated Risk Policies

Compliance with risk management principles related to the Bank's subsidiaries are monitored according to Bank's Consolidated Risk Policies. Through Consolidated Risk Policies, subsidiaries identify their specific risk management policies which are approved by their boards that form the framework of their risk management systems and processes.

Information Systems Management Policy

The purpose of Information Systems Management Policy is to determine the principles which will constitute a basis for the management of information systems that the Bank uses to fulfill its activities and procedures; and to define, measure, control, monitor, report and manage the risks stemming from the use of information technologies.

Risks derived from information technologies are basically assessed within the scope of Bank's operational risk management. It is essential that those risks -which could be seen as multipliers of the other risks derived from activities-are measured, closely monitored and controlled within the framework of Bank's integrated risk management.

Detailed information on the risk policies implemented at İşbank is presented on pages 80-81 of the 2014 Annual Report, which is posted under the "Investor Relations/Financial Information" section of the www.isbank.com.tr website.

Adding to our success
*by providing the private sector
and individuals with pioneering
services...*



FOR OUR CUSTOMERS

Operating in line with the primary strategy “to be the bank closest to the customer,” İsbank has restructured the Bank’s products and services to a large degree.

İşCep

İsbank launched the first application-based native mobile banking service (İşCep) for the Bank’s customers.



İsbank’s products and services -which are tailor-made for the needs of customers in different areas, from savings products to loans, investment banking offerings to credit cards-are delivered to an extensive and diverse customer base through personal, corporate, commercial and private banking operations with a multichannel distribution strategy.

Having developed produced products and services that served as milestones for the Turkish banking sector throughout its long history, İsbank continues to pursue an innovative service approach based on customer satisfaction.

- Launched Turkey’s first mutual fund;
- Became Turkey’s first bank to introduce trading of investment securities;
- Initiated the first interactive telephone banking service;
- Opened the first online banking branch;
- Introduced the first WAP mobile banking service;
- Launched the first application-based native mobile banking service (İşCep) for customers;
- Offered the first term deposit product for customers in Turkey, “Floating Account,” with yields indexed to TRLIBOR;
- Launched the “Environmentally Friendly Housing Loan” product to support the development of environmentally friendly technologies in the housing sector;
- Introduced Mobile Signature, enabling customers to pay off loans without visiting a branch and to withdraw cash without using a bank or credit card;
- Developed and rolled out a multi-touch feature application, “Getiri Sihirbazı (Return Comparison Wizard),” that enables customers to compare yields on financial products;
- Developed and launched “İş’te Yatırım iPhone,” an iPhone app that allows users to monitor Borsa İstanbul data in real time;

Bankamatik

The launch of electronic banking in Turkey with the introduction of the country’s first ATMs: Bankamatik.



İsbank’s illustrious corporate history includes many firsts and pioneering initiatives, which have set the trends in the Turkish banking industry:

- Developed and introduced the “Moneybox” account to Turkey to foster a culture of savings;
- Introduced the first use of cheques as a convenient means of carrying out regular payments;
- Launched electronic banking in Turkey, with the introduction of the country’s first ATMs: Bankamatik;
- Became the first Turkish bank to open branches in Cyprus and Europe;
- Rolled out the first investment account service in the Turkish financial services industry;

Internet Branch

Always a standout with its commitment to develop innovative services, İşbank was the first in Turkey to launch an Internet branch for customers.

Parakod

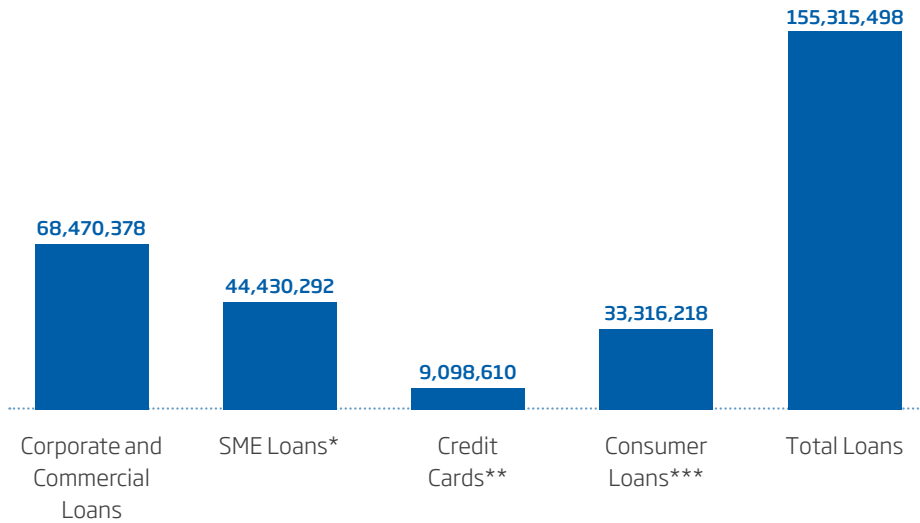
Continuously renewing the Bank's services infrastructure in keeping with recent technological developments, İşbank introduced the "Parakod" application, which employs QR code technology to allow customers to use their mobile phones to purchase any product or service either online without entering any card data or from the retail stores without carrying a credit card.

- Introduced "Mobile Key (Cep Anahtar)," a mobile phone app that strengthens the transaction security of the online branch and mobile banking channels, and also enables cash withdrawals from Bankamatiks (ATMs) without the need for a card;
- Developed and launched the world's first Bio-ID POS using fingervein-ID to authenticate a user's identity;
- Developed and deployed an interactive messaging system that transforms POS terminals into two-way communication channels;
- Developed "Üstü Kalsın," an innovative application, and a first in Turkey, that helps customers grow their savings by rounding up outstanding credit card debt balances to a specified limit, and uses the difference to purchase mutual fund shares;
- Developed the "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 increases in the exchange rate; "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 fluctuating interest rates; and Chinese Yuan credit and loans for customers who conduct business with China;
- Introduced the "Temassız Kartla Para Çekme (Money Withdrawal by Contactless Card)," a contactless card application that enables users to withdraw cash with a single keypress;
- Designed and opened a specialized branch with a completely different and unique structure to deliver services exclusively to companies backed by foreign capital, an unprecedented service offering in Turkey;
- Developed and launched the "Parakod" application that employs QR code technology to allow İşbank customers to use their mobile phones to purchase any product or service either online without entering any card data, or from retail stores without carrying a credit card;
- Became the first privately-owned bank in Turkey to introduce the 2B Loan;
- Developed and rolled out the "Karşılıklı Çek (Guaranteed Cheque)," a first in the industry that aims to reinstate payment by cheque as a reliable payment instrument;
- Launched the "Şipşak (Quickie)" product that allows customers to carry out instant shopping by scanning a QR code in print media, such as newspapers, magazines, banners or catalogues;
- Added the "Müzekart (Museum Card)" feature to credit cards, providing customers the opportunity to visit museums or archeological sites -which are operated by the Ministry of Culture and Tourism of the Republic of Turkey- free of charge for one month every year, in line with the Bank's socially responsible business approach;
- Provided customers with Intel Identity Protection Technology which enables users to login Internet Branch securely, removing the need to type a one-time password (OTP).
- Became the first bank in the world to provide customers with Intel Identity Protection Technology (Intel IPT) which enables users to login İşCep securely, removing the need to type a One-Time-Password (OTP).
- Became the first bank in Turkey to use Touch-ID technology which enables customers to login İşCep removing the need to type customer PIN.
- Became the first bank in the world, İşbank provided customers with a special banking application developed for Microsoft's new generation entertainment platform Xbox One.

FOR OUR CUSTOMERS

With a customer portfolio that includes diverse segments such as corporate customers, SMEs, tradesmen, small shop owners, İşbank's lending activities aim to create added value for Turkey's economy.

İşbank Loan Portfolio (Thousand TL) (December 31, 2014)



* SME refers to companies with annual turnover or total assets ≤ TL 40 million and ≤ 250 employees.

** Individual credit cards

*** Includes overdraft accounts.

For Companies

İşbank's customer portfolio ranges from corporate customers to SMEs, tradesmen to small retailers. Taking this fact into account, İşbank conducts lending activities with the aim to create added value for Turkey's economy. The Bank has continued to structure its credit product portfolio to providing customers with tailor-made and needs based terms and payment options. As a result, in 2014, once again the Bank contributed to increasing the competitive

advantage and economic strength of customers in domestic and international markets. Under the Bank's innovative services approach, İşbank closely follows new developments in the sector; in addition to transfer of funds, in the Bank delivers cash management, credit card, sector-specific package and custom-designed product solutions. Thereby, İşbank assumes a pioneering role in keeping Turkey's economic and commercial system on solid foundations. The broad geographic

placement policy of İşbank is a strong indicator that the Bank has realized its aim of becoming "Turkey's Bank," as İşbank's official slogan states.

Detailed information on İşbank's services and loans to the real sector during 2014 can be found on pages 22-39 of the Annual Report 2014, posted under the "Investor Relations/Annual Reports" section at www.isbank.com.tr.

In 2014, İşbank continued to carry out added value based lending operations. The Bank cooperated with Kredi Garanti Fonu A.Ş. (Credit Guarantee Fund Inc.) and with some Organized Industrial Zones. Through this cooperation, İşbank signed an agreement that grants guarantees of Kredi Garanti Fonu A.Ş. to credits for construction to be built on the land owned by its subsidiaries in Organized Industrial Zones. As in previous years, İşbank continued its efficient cooperation with KOSGEB (Small and Medium Enterprises Development Organization) in 2014. Part of this cooperation was an agreement signed to meet the cash needs of firms in Turkey's Soma region, where a devastating mining disaster occurred in May 2014. This agreement was titled "Agreement on KOSGEB's Interest Support for Working Capital Credits that are Used in Soma and Kırkağaç (Manisa) and Ceylanpınar and Akçakale (Şanlıurfa)."

İşbank continued to collaborate with the Turkish Grain Board (TMO) during 2014 and extended loans against TMO receipts to its own depositors who submitted their products (corn and rice) to the TMO.

KOSGEB and the Bank also signed a “Co-Financing Loan Program Agreement” to cover the co-financing needs of companies that are eligible to benefit from KOSGEB support, via the SME Project Support Program, Thematic Project Support Program, Cooperation-Collaboration Support Program, Entrepreneurship Support Program, and the R&D Innovation and Industrial Practices Support Program at the end of 2013.

İşbank also continues to offer a “KOSGEB Support Package” to meet the various financing needs of firms qualified to benefit from the recourse and non-recourse loans provided by KOSGEB. Under the Support Package, eligible companies are offered the following credit products: Bridging Loan, Co-Finance Loan and Letter of Guarantee.

İşbank continued to collaborate with the Turkish Grain Board (TMO) during 2014 and extended loans against TMO receipts to its own depositors who submitted their products (corn and rice) to the board. In addition, efforts under the “Framework Agreement of Cooperation for İmece Card Accepting Merchants” continued in collaboration with the Association of Beet Growers Cooperatives (PANKOBIRLIK).

The implementation of the cooperation agreements signed with the Turkish Pharmacists’ Association (TEB), under which the Bank intermediates in pharmacist health benefit payments to the Social Security Institution (SGK) and extends loans which are covered by the association’s mutual assistance fund, continued throughout 2014.

İşbank engaged in a comprehensive range of activities under the agreement framework and related to competitive calls issued by the Agriculture and Rural Development Support Institution (TKDK), under the EU’s Instrument for Pre-Accession Rural Development (IPARD) program.

İşbank successfully integrated the Agriculture Credit Assessment System (TARDES), which was put into service by the Credit Bureau (KKB) in order to evaluate customer credit requests, into its own system infrastructure in 2014.

Having a strong corporate foundation in education, İşbank designs programs based on the sharing of information and experience. These programs enable customers to better familiarize themselves with financial products and services, and significantly increase their decision-making capacity with regard to critical issues such as growth. İşbank reviews its activities in this area by establishing stakeholder dialogue and actively soliciting customer feedback.

While numerous enterprises in Turkey survive on the basis of their own capital and know-how, the percentage of those seeking professional support and using specialized banking products is low compared to more developed countries. İşbank sees answering basic financial questions posed by SMEs or small business owners such as “How can I get a loan?” or “What is factoring?” as one of the Bank’s main responsibilities. Therefore, İşbank

**TL 155.315
million**



İşbank extended TL 155,315 million in total cash loans to customers in 2014.

FOR OUR CUSTOMERS

To date, İşbank has organized a total of 38 İş'le Buluşmalar Meetings -bolstering the Bank's strong reputation in the eyes of customers- in 31 cities across Turkey, reaching out to nearly 20,000 enterprises.

strives to improve financial literacy among the general public. To this end, the Bank has adopted a new awareness-raising strategy and supports efforts to institutionalize the private sector in Turkey and increase its efficiency, while in turn contributing to the country's sustainable economic growth. A summary of activities completed in 2014 on improvements related to this aim is provided below.

İş'le Buluşmalar Meetings - An İşbank classic

Realising the lack of a widespread and comprehensive organization that would:

- broaden the vision of the commercial sector in general, and SMEs in particular, and enable discovery of potential business lines,
- enable monitoring development processes in different regions,
- offer a chance to analyze the developments in global and domestic economies,
- provide the means to scrutinize different topics depending on the different needs of localities,

İşbank collaborated with the Dünya daily newspaper and initiated "İş'le Buluşmalar Meetings" in 2008.

İş'le Buluşmalar Meetings is one of the most important organizations in the Turkish banking sector today. İş'le Buluşmalar meetings, which commenced in 2008 and has continued ever since, is a strong expression of İşbank's support to Turkey's economy and the private sector.

By the end of year 2014, 38 İş'le Buluşmalar Meetings have been held in 31 cities, reaching nearly 20,000 enterprises in total. İş'le Buluşmalar Meetings has become a traditional event where İşbank's top level executives contribute, generating a significant level of interest and participation. The meetings will continue in this fashion in the coming period.

İş'te Seminer Instructive Workshops

Since 2012, İşbank has launched instructive workshops under the title "İş'te Seminer," held in industrial zones in order to facilitate SMEs' sustainable growth and set competitive targets.

İş'te Seminer workshops with the title "Succeeding in China" were organized on May 6th in Istanbul, May 8th in Kayseri and May 9th in Konya, with the aim of realizing experience and information exchange on how to be successful in the Chinese market. These seminars targeted SMEs which wanted to increase their trade volume with China.

İş'te KOBİ

Providing detailed and up-to-date information on İşbank's recent products and services as well as on recent economic developments, the İŞ'TE KOBİ website (www.istekobi.com.tr) has received more than 7 million visitors in five years, of which 5.5 million were unique visitors. As of end-2014, the website boasts more than 68 thousand members and to date

has received 34 national and international awards. The İŞ'TE KOBİ website offers rich expert video content along with sector-specific interviews, current news, articles, industry-specific and economic reports for members. Furthermore, the website provides members with cost free professional support in 16 different areas including foreign trade, entrepreneurship, technology, tax and business law, agriculture, livestock farming under the İşin Uzmanları service. Since its launch, cost free professional support has been provided to more than 7,000 SMEs. Another service provided to registered members of İŞ'TE KOBİ is the KOBİ Pazarı section of the website, which gives users the opportunity to introduce themselves and advertise their services and products. As of end-2014, more than 9,000 enterprises have advertised their various activities through the KOBİ Pazarı, thereby increasing their market effectiveness.

One innovative application of İŞ'TE KOBİ, "SUNUMATİK" allows SMEs without experience in preparing English or Turkish presentations to become informed on this key topic. Helpful content is arranged according to various sectors and slide templates are provided, thereby lifting the language barrier and compensating for lack of IT know-how. As of year's end, the SUNUMATİK application was used by nearly 5,000 firms, helping improve the market effectiveness of these enterprises both within Turkey and abroad.

International Financial Institutions

İsbank provides strong support to the investment, production and employment capabilities of the real sector with long-term funds obtained from the international markets thanks to its high credibility. İsbank maintains its cooperation with numerous international financial institutions, with a particular focus on SME financing. Information on the funds obtained by the Bank from international financial institutions during 2014 is summarized below.

Thanks to the Bank's high credibility, İsbank can secure low-cost, long-term funds from international financial institutions.

Loan agreements signed with international financial institutions in 2014

CREDIT AGENCY	SIGNING DATE	LOAN AMOUNT	MATURITY	PURPOSE
European Investment Bank (EIB)	May 9, 2014	EUR 200 million	10 years	The loan will be used to improve earthquake security and energy efficiency at residential buildings, which are covered by Law no. 6306, "Law Concerning Transformation of Areas Under Natural Disaster Risk."
Overseas Private Investment Corporation (OPIC)	December 10, 2014	USD 220 million	14 years	The funds will be used in financing SMEs, with a portion allocated to women entrepreneurs and enterprises located in the priority development areas.
European Bank for Reconstruction and Development (EBRD)	December 19, 2014	USD 127.5 million	5 years	Funds will be used for the financing of agricultural enterprises, SMEs that want to improve their energy efficiency, small-size energy producers and companies managed by women.

FOR OUR CUSTOMERS

With long-term financial resources, İşbank provides strong support to investment, production and employment projects in the real sector.

EUR 150 million Loan to İşbank from European Investment Bank (EIB)

A loan agreement with an amount of EUR 150 million and a maximum maturity of eight years was signed between İşbank and the EIB. The loan was fully disbursed by İşbank in 2014. The loan was distributed to the SMEs and the enterprises defined as mid-caps having between 250 and 3,000 employees, for their financing needs. A part of the loan is being used for the financing of enterprises that have an environmental and social responsibility policy or for the financing of corporate social responsibility projects on issues such as energy efficiency, environment, protection against natural disasters and improvement on occupational health and working conditions.

EUR 200 million Framework Agreement between İşbank and the European Investment Bank (EIB)

A framework agreement with an amount of EUR 200 million and a maximum maturity of 10 years was executed between İşbank and the EIB on May 9, 2014. The loan will be used by İşbank to provide financial support to individuals who have the rights under Law 6303 on the Transformation of Areas Under Natural Disaster Risk to renovate, rebuild or reinforce buildings that are under natural disaster risk; to finance the tenants residing in such risky buildings for their purchasing houses at different locations and to provide funding for title deed acquisition for the owners of shanty houses.

Securitization Funds for İşbank from Overseas Private Investment Corporation (OPIC)

On December 10, 2014 İşbank completed a securitization transaction amounting to USD 250 million under the Bank's diversified payment rights securitization program, with the participation of the US development financing institution, Overseas Private Investment Corporation (OPIC) and Wells Fargo. The funds obtained through this transaction will mainly be used for financing SMEs, with a portion of the funds to specifically be used for providing women entrepreneurs with financing and meeting the financing needs of SMEs located in regions that fall under the Turkish Incentive Law.

EBRD Loans with a total amount of USD 127.5 million under TurSEFF, TurAFF and WIB

Loan agreements totaling USD 127.5 million with a maturity of five years were signed between İşbank and the EBRD on December 19, 2014.

Of this USD 127.5 million loan:

- USD 12.5 million will be used to finance SMEs owned or managed by women entrepreneurs under the Women in Business Programme (WiB),
- USD 90 million is to be used to finance activities in renewable energy and effective and efficient use of energy under the Turkey Private Sector Sustainable Energy Finance Facility (TurSEFF),

- USD 25 million is to be used to finance agricultural loans, which will be supplied to Turkey's regions with development priority, under the Turkey Agribusiness SME Financing Facility (TurAFF).

A Program for Sustainable Agricultural Development: IPARD

The IPARD program, which targets EU candidate countries, aims to contribute to the implementation of common agricultural policies and to the sustainable development of the agriculture sector and rural areas.

Support from İşbank to Agriculture and Rural Development

İşbank extends support to the agricultural sector and rural development under the agreement signed with the Agricultural and Rural Development Support Institution (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 through grants-in-aid allocated by the EU and the national budget set for the initiative under the IPARD program. IPARD aims to support the implementation of the common agricultural policy and contribute to the sustainable development of the agriculture sector and rural areas.

IPARD projects that are not directly supported by the program can be financed -besides equity financing- through loans provided by İşbank.

IPARD Partner: İş Bankası

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' capital. Based on the agreement signed with TKDK, İşbank offers Operating Loans with a 36-month maximum term at reduced interest rates and monthly installment-based repayments; or Investment Loans with a 1-year grace period and a 60-month maximum term to those who would like to benefit from the IPARD Program.

Which Activities does the IPARD Program Support?

- Investments that aim to restructure the processing and marketing of agricultural and fishery products, and to raise production to EU standards
- Processing and marketing of milk and milk products
- Processing and marketing of meat and meat products
- Processing and marketing of fruit and vegetables
- Processing and marketing of fishery products
- Diversification and development of rural economic activities

- Diversification and development of on-farm activities
- Development of local products and microenterprises
- Development of rural tourism
- Aquaculture development

Which Cities Does the IPARD Program Include?

Afyonkarahisar, Ağrı, Aksaray, Amasya, Ankara, Ardahan, Aydın, Balıkesir, Burdur, Bursa, Çanakkale, Çankırı, Çorum, Denizli, Diyarbakır, Elazığ, Erzincan, Erzurum, Giresun, Hatay, Isparta, Kahramanmaraş, Karaman, Kars, Kastamonu, Konya, Kütahya, Malatya, Manisa, Mardin, Mersin, Muş, Nevşehir, Ordu, Samsun, Sivas, Şanlıurfa, Tokat, Trabzon, Uşak, Van, and Yozgat.

İşbank and the Energy Sector

Energy Financing Amounting to an Installed Capacity of 13,000 MW

Since the 2000s, Turkey has figured among the countries where demand for energy has increased the most. Given this fact and the rapid pace of liberalization in world energy markets, İşbank focuses on providing financing to projects in the energy sector, primarily those related to renewable energy and energy efficiency. Thanks to the Bank's high brand value and reputation based on trust, it was able to rapidly diversify its sectorial customer portfolio resulting in

an increase of installed energy capacity to 13,000 MW. İşbank places great importance on undertaking business activities in the energy sector by considering their economic, social and environmental impacts. As a result, more than 3,300 MW of the Bank's current energy portfolio consists of renewable energy investments. İşbank's contributions to renewable energy total some USD 3.5 billion, considerably above sector average.

The renewable energy projects that are being financed by İşbank will significantly contribute to the transition from fossil fuels as Turkey's main energy source to renewable energy sources. Once these projects become fully operational, it is foreseen that Turkey's carbon emissions will drop by more than 5 million tons, while the country's dependence on foreign energy sources will be lessened and the current account deficit will decrease.

Wind Power Plant (WPP)s: İşbank's Priority

Wind Power Plants are among the priority projects that İşbank prefers to finance. During the pre-assessment phase, İşbank evaluates the environmental and social impacts of WPPs. Besides financing, İşbank also provides customers with support on the management of environmental and social impacts of WPPs.

As an important renewable source of energy, geothermal allows for continuous energy generation independent of weather conditions, while imposing less social and environmental risks compared to other resources if right technologies are chosen and implemented.

Financing for Promoting Alternative Renewable Energy Sources

Renewable energy, which has important advantages over fossil fuels, has developed in Turkey mainly through construction of hydroelectric and wind power plants due to infrastructure and investment preferences. However, other alternative renewable energy resources are available in the country, such as geothermal energy. Although Turkey is the World's seventh richest country in terms of geothermal energy, it is currently able to use only 4% of this energy potential. In recent years however, investments in geothermal energy have gained considerable momentum.

As an important renewable source of energy, geothermal allows for continuous energy generation independent of weather conditions, while imposing less social and environmental risks compared to other resources if right technologies are chosen and implemented.

As a sustainable resource, geothermal power not only allows for the generation of electricity with hot water resources available in the natural environment, but also creates significant employment opportunities in regions where it is located.

İsbank maintains interest in and provides support to geothermal power plant projects. Beyond the Bank's financial and operational goals, İsbank will continue to support this area in the future with

the main aim of creating added value for Turkey's economy by capitalizing on the country's existing national resources.

Solar Energy

İsbank attaches special importance to utilization of the currently unvalued long sunshine durations in Turkey through various investments.

Therefore, İsbank aims to encourage licensed and unlicensed solar energy investments that allow for the production of clean energy, thus reducing greenhouse gas emissions, in contrast to energy obtained through fossil fuels, which requires a high amount of raw material use. İsbank plans to use its experience in this field and guide investors of differing sizes in realizing the aim of a clean future for all.

A Key Concern of Modern Life: Energy Efficiency

Energy efficiency is the reduction in the amount of energy consumed per unit of service or product, without causing a decline in living standards and service quality in buildings, or a fall in the quality and amount of production in industrial facilities. By using energy efficiently for heating, lighting, transportation, household appliances and at every stage of our daily lives, a positive contribution to energy savings in Turkey can be achieved without reducing needs. This is crucial to leave behind a livable world for future generations.

With the Energy Efficiency and Environment Package that it has developed, İsbank provides support to firms looking to reduce costs by preventing losses of energy and enhancing energy efficiency via capital investments.

As the most important energy source in today's world, fossil fuels such as oil and coal are being depleted rapidly, and greenhouse gas (GHG) emissions arising during the generation and consumption of energy are among the major causes of global warming and climate change. As a result, more emphasis is being put on developing energy efficient solutions. Turkey's foreign energy dependence currently stands around 70%. According to data published by the Ministry of Energy and Natural Resources, which is actively working to lessen the country's foreign energy dependence, potential energy savings of up to 30% exists in the construction industry, 20% in the production industry and 15% in the transportation industry in Turkey.

An Alternative Energy Resource: Biogas

Turkey has massive potential in biogas, another important renewable energy resource.

Biogas technology, which allows for the disposal of environmentally problematic waste and their use in energy production after processing, is of tremendous importance in renewable energy production. In Europe, in particular, a significant portion of total energy consumption is met with electricity produced from a number of small biogas power plants.

Placing great importance on increasing the share of renewable energy resources in the total amount of energy produced in Turkey, İsbank supports biogas power plants that allow for continuous renewable energy production by eliminating the greenhouse gases caused by agricultural and domestic waste.

Energy Efficiency Based Product Portfolio

With the Energy Efficiency and Environment Package that it has developed, İsbank provides support to firms looking to reduce costs by preventing losses of energy and enhancing energy efficiency via capital investments. İsbank's Energy Efficiency and Environment Package covers the Audit Loan, Energy Efficiency Improvement Loan, and Green (Environmental) Automobile Loan.

SMEs are able to use the:

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

Having announced the Bank's full support to Turkey's transition to a low carbon economy in the fight against global warming, İsbank aims to provide support to environmentally friendly customers with long term credits and innovative banking solutions.

More information on İsbank's energy efficiency efforts and pertaining to agreements signed with international financial institutions and international banks can be found on page 43 under the "Collaboration with International Financial Institutions" heading.

İsbank's Approach to Project Financing and Sustainability

İsbank's project financing processes are being shaped around economic, environmental and social aspects of sustainability approach of the bank. The effects of global warming and climate change on our planet, which has begun to be more observable in recent years, have raised environmental and social awareness across the planet. This development has led banks and other financial institutions to undertake much more thorough reviews that aim to set common targets for all relevant actors in combatting global warming and climate change. As a result, lending policies and mechanisms were restructured accordingly. Global banks and, in particular, supranational institutions nowadays implement much more sophisticated assessment methodologies

İşbank provides financial support to biogas power plants, which allow for continuous and renewable energy production through the elimination of greenhouse gases caused by agricultural and domestic waste.

Reflecting İşbank's focus on environmental sustainability, the Energy Efficiency and Environment Package, developed for İşbank customers, supports firms looking to reduce costs by preventing losses of energy and improving energy efficiency via capital investments.

and stricter lending criteria for reviewing, utilizing and monitoring the financing of investment projects. One of the largest supporters of Turkey's economic, social and cultural development since its inception, İşbank integrates contemporary approaches in environmental sustainability into its processes for evaluating potential impacts of the projects to be financed. 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 community. The Bank also keeps a close watch on current or potential public reactions that may be triggered by the projects, incorporating these views in its evaluation process. As a matter of principle, İşbank takes care not to transfer resources to projects that lack the support of the local residents or generate a negative public reaction. As a manifestation of this approach, İşbank neither evaluates nor finances small-scale hydroelectric power plant projects with an installed capacity of less than 25 MW, due to public responses these projects arouse and their insufficiency with respect to environmental impact assessment processes. In financing projects that are considered to involve environmental and social risks as a result of the meticulously made assessments, İşbank requires customers to set up mechanisms that will eliminate the identified risks. The modifications and revisions required by the Bank may at times even go beyond the compulsory requirements stipulated by Turkish law.

İşbank does not provide financing to investments that attract significant opposition from local residents and nongovernmental organizations, and especially large-scale hydroelectric power plants that might have negative impacts on the cultural or historical assets of the region where the project will be realized.

As a prerequisite for lending, investors are required to obtain all necessary permits and approvals, including but not limited to the environmental impact assessment (EIA) reports and decisions regarding the projects taken into the evaluation. In order to estimate and manage the environmental and social impacts of major investment projects above a certain scale, İşbank set up an Environmental and Social Management Team under the Project Finance Unit. Following preparatory and initial set-up work, the team officially became operational and assumed important functions in the 2014 operating year.

As in all of the Bank's operations, İşbank resorts to systematic methodologies in environmental and social impact assessment activities. İşbank set up an Environmental and Social Impact Assessment Scoring System, for the assessment of environmental and social impacts of projects to be financed that are above a certain size regardless of the

For projects taken into the evaluation stage by İsbank, investors are required to obtain all necessary permits and approvals, including the environmental impact assessment (EIA) report; in fact, this is a prerequisite for lending.

project type. As a result of the scoring results, a management plan detailing how the risks will be eliminated for projects and providing a framework for dealing project specific risks is required from investors for the projects which are assessed to be environmentally or socially at higher risk. After the lending process is completed, this management plan is closely monitored by İsbank.

In projects whose environmental and social impacts are determined to be high risk, İsbank assigns well qualified environmental consultants or academics who provide support during the financing period with respect to the identification of negative environmental and social impacts caused or expected to be caused by the project, as well as the determination of necessary measures to eliminate such impacts to the maximum extent. In all projects that are subject to evaluation by İsbank, checks are conducted under this methodology ensures whether the risks that could arise during the investment and operation periods are appropriately managed or not.

İsbank aims to continue providing financing to energy, renewable energy and energy efficiency projects in the future with a management approach that takes into consideration both Turkey's economic development and social sensitivities.

For Individuals

İsbank's operations are based on the mission of being the "closest bank to customers" and a customer-based service approach. The Bank, guided by a life stage banking understanding, offers tailor-made banking products and services with quality-orientation to individual customers with a broad multi-channel delivery network, thereby creating added value for customers. In light of these principles and the Bank's meticulous work ethic, İsbank has occupied a stable and deeply rooted position in the lives of individuals for the past 90 years.

As of December 2014, the Bank registered 10.2% growth in consumer loans, to TL 42.4 billion, outperforming the sector average.

İsbank's total saving deposits increased 10.3% to TL 88.5 billion during the same period.

The primary factors contributing to İsbank's competitive edge in retail banking include the Bank's:

- Wide branch and ATM network throughout Turkey,
- Well-trained, highly-competent and skilled workforce,
- Transparency based customer relationship management,
- Broad product range enriched with day-to-day innovative solutions,

- Competencies in customer analytic and campaign management,
- Robust technological infrastructure, and
- Channel diversity in delivering services.

Leading the Sector in Customer Satisfaction for Five Consecutive Years

Today, consumer rights have become an important topic both for public authorities as well as for consumers themselves. By placing customers at the heart of its business, İsbank has established high quality standards thereby sustaining customer loyalty. As a result of the Bank's sensitivity in this regard, İsbank ranked first in the area of "Retail Banking" according to the 2014 Satisfaction Survey for Turkey conducted by the Turkish Society for Quality (KalDer).

The fact that İsbank has ranked first in this survey for five consecutive years, and for a total of six times, shows that the Bank has a stable performance and has reached high quality standards in customer satisfaction. According to the results of the same survey for the year 2014 on credit cards, İsbank's primary credit card brand -Maximum Kart- was designated the credit card offering the highest customer satisfaction. With this result, İsbank ranked first once again, the Bank's fourth first place ranking in this category.

FOR OUR CUSTOMERS

The fact that İsbank has ranked first in this survey for five consecutive years, and for a total of six times, shows that the Bank has a stable performance and has reached high quality standards in customer satisfaction.

Retail Banking Based on Customer Needs and Expectations

In retail banking marketing efforts, İsbank aims to deliver customer-centric solutions that are comprehensively designed in line with the basic strategy of being the bank closest to customers, thereby ensuring an improved customer experience and enhanced customer satisfaction. Working to rapidly integrate advancements in mobile technologies into very fabric of the Bank's products and services, İsbank focuses on bringing customer satisfaction to up to perfection using "big data." In order to gain insight into the broad customer base and contribute to making customer relationships permanent, İsbank actively uses various analytical models, such as customer segmentation, credit card segmentation, lifetime value, propensity to buy and customer churn of certain products and services. As part of the Bank's comprehensive operations in this area, the Marketing Optimization application, which aims to develop a business model that makes the right offer to the right customer at the right time, has been granted the bronze prize in the "Integrated Marketing Performance" category by International Gartner Awards. Furthermore, this innovative optimization approach received the "Outstanding Innovation" prize from Global Business Excellence.

İsbank takes a long-term perspective in managing customer relationships. Based on this approach, İsbank prioritizes the delivery

of products and services that will serve to increase customer satisfaction and loyalty, irrespective of the revenues generated.

Customers are guided to use whichever channel is more practical and more advantageous to them in fulfilling their banking needs; from among the service channels, these include the branches, Bankamatik (ATM)s, Internet Branch, Telephone Branch and mobile banking applications. Efforts to ensure sustainability such as knowing the customer base, good service delivery to customers and effective communication with customers are possible only if customer data is complete, accurate and up-to-date. İsbank expends systematic efforts in upgrading the quality of the Bank's customer data, which is vital in relationship management.

"5-Star" Service Standards

To ensure continuity in customer relationships, İsbank uses its extensive customer analytic capabilities, undertakes integrated use of the branches, Internet Branch, Call Center, ATMs, e-mail and SMS on a multichannel integrated campaign management systems infrastructure, and carries out a large number of customer communications simultaneously. In one-to-one communication, the Bank meticulously looks out for the rules of communication determined on the basis of customer preferences and customer groups.

Continuous Improvement Based on Customer Feedback

In line with the aim of achieving the highest customer satisfaction, İsbank considers every complaint, query, service request, suggestion and acknowledgment message received from customers carefully and improves its business processes accordingly. Messages submitted to the Bank by customers through the Telephone Branch on the 0850 724 0 724 number, the "Contact Us" link on the website at www.isbank.com.tr, the Internet Branch, or the branches and/or by postal mail or fax at 0212 316 04 04 are handled by and responded to by teams specialized in the relevant fields, to deliver customer satisfaction. The Bank applies its innovative management approach to customer relations and has also started responding to customer suggestions and expectations coming in via Twitter and Facebook in 2014. In İsbank's social media accounts, which include a "İsbank Support" follow-up function, language that is suitable to social media jargon is used.

The Bank systematically oversees the performance in this area, and swiftly works to address any aspects that cause complaints. At İsbank, products and services are shaped in line with customer requests, while customer rights are carefully monitored at every level. The situation in select business lines is summarized below.

İşbank carefully considers every complaint, query, service request, suggestion and acknowledgment message received from customers and improves the Bank's business processes accordingly.

Aiming to Resolve Complaints in One Business Day

İşbank bolstered the Bank's services infrastructure and human resources capacities to ensure that customer requests and complaints are answered in the fastest way possible. İşbank aims to respond to customer feedback coming in via especially alternative channels in one business day, in order to ensure the highest level of customer satisfaction.

The resolution time of İşbank customer complaints decreased from 2.62 to 1.69 working days in 2014.

İşbank's Difference: Life Stage Banking

The difference between İşbank and the competition is the close relationship it has with customers, which is closely linked to the lifelong banking approach. Based on the goal of providing lifelong support to customers, İşbank delivers tailor-made service packages to customers who are at different stages in their lives.

Under the Life Stage Banking concept, İşbank engages in efforts that specifically target the youth, young adults and pensioner segments.

For Youth

İşbank is the first bank to develop products for parents and children with the aim of improving financial literacy among the general public and further increasing national savings rates. Representing the national savings campaign launched by İşbank during the 1920s, the Moneybox Fund, a product version of İşbank Moneybox adapted to present-day encourages parents to start early in saving for the future of their children. The Moneybox Fund, which is a distinctive product in the Turkish banking sector, is the largest Type-A investment fund in Turkey as of end-2014.

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

For Young Adults

Another customer group that İşbank places high importance on in order to expand and renew the Bank's customer base, is university students. Given that today's university students will figure among the most important business partners of İşbank in the future, the Bank has developed "İş'te Üniversiteli Bankacılık Hizmet Paketi (University Banking Package at İş)." The limits of University Credit Cards that students are granted under this program are updated regularly after their graduation, thereby ensuring ongoing customer loyalty.

For Pensioners

In the package that İşbank has prepared for pensioners, who make up an important part of the Bank's customer portfolio, the needs and expectations of this age group have been carefully taken into consideration.

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

Innovative Products and Services That Add Value to People's Daily Lives

Besides the Bank's innovative services approach and strong information systems infrastructure, İşbank sets itself ahead of the competition by developing products, services and process innovations that create added value for customers. The Bank closely follows evolving customer needs and expectations in a rapidly changing, dynamic modern age, while providing customers with useful cash management applications.

İşbank's retail banking product portfolio comprises more than 110 banking offerings, ranging from automatic payment orders, investment products, to retail cash management, loans and deposits. Taking into careful consideration the transactions customers perform and the services they use, the Bank presents the most appropriate/suitable products via offers conveyed through ATMs and the Internet Branch, through promotional campaigns via branches, or via SMS and/or email offers.

FOR OUR CUSTOMERS

The resolution time of İşbank customer complaints decreased from 2.62 to 1.69 working days in 2014.

More Accessible and Secure Banking, Shortly "Instant Banking"...

İşbank's vision in alternative distribution channels is "being Turkey's best multichannel bank." The Bank, which has structured all of its applications in this field under the "Instant Banking" brand, promotes the use of alternative distribution channels in line with its notion of being the bank closest to its customers. In 2014, the ratio of comparable transactions performed through "Instant Banking" channels continued around 80%, a rate generally accepted as the success threshold worldwide. While the number of customers using İşbank's Bankamatiks (ATMs) climbed over 8 million in 2014, Internet Branch users reached 2.3 million. As the channel with the highest transaction volume as of end-2014, the Internet Branch performed 29% of all İşbank banking transactions during the year.

The number of İşbank's mobile application (İşCep) users increased by 100% compared to the previous year, rising to 1.5 million. The app, which allows customers to conduct more than 140 different types of transactions, maintained its pioneering position in the sector in terms of service diversity; 19% of total İşbank transactions (including branches and all other service channels) were performed using İşCep, up significantly from previous years.

With numerous innovative applications in the area of alternative distribution channels, İşbank once again received various international awards in 2014. The Bank's applications presented with awards this year are listed below.

- The İşbank website(isbank.com.tr), updated based on customer needs and user experience and featured a visually attractive design, was deemed worthy of following awards in 2014: "Silver" award from Stevie International Business Awards 2014 in the "Website/Financial Services" category, "Outstanding Award" from Web Awards 2014 in the "Bank" category, "Silver" award from W3 Award 2014 in the "Banking" category, "Silver" award from Davey Awards 2014 in the "Financial Services" category, "IMA Outstanding Achievement Award" from Interactive Media Awards 2014 in the "Financial Services" category.
- İşbank also won the "Bronze" award for "Login İşCep with Intel Identity Protection technology (IPT)" application at Stevie International Business Awards 2014 in the "Best New Product/Service" category.

With a total number of 6,290 Bankamatiks (ATMs), İşbank continues to lead the Turkish banking sector with the largest domestic ATM network in Turkey.

İşbank's alternative distribution channels under the "Instant Banking" brand

- Bankamatik (ATM)
- Internet Branch
- İşCep
- İşPad
- İşWap
- Telephone Branch

Examples of numerous practices implemented by the Bank in 2014 within the scope of "Instant Banking", are listed below:

- The Bank maintained efforts to offer Instant Customer service through various alternative distribution channels throughout 2014.
- In the Commercial Internet Branch, the duration of Electronic Funds Transfer (EFT) transactions were extended by 1 hour, resulting in increased customer satisfaction.
- İşbank introduced innovations that enabled faster access and more user-friendly solutions to the Personal Internet Branch.
- "Chat Banking" Service (Canlı Yardım), by which customers are able to obtain information about the Bank's products and services and the Instant Banking channels by chatting with customer representatives, has begun to serve Private Banking Customers on Personal Internet Branch
- In order to ensure that incoming requests from customers via the Telephone Branch are handled more effectively, İşbank upgraded

In 2014, İşbank once again received numerous international awards for its innovative applications in alternative distribution channels.

the interfaces of the customer representative's response system to improve customer satisfaction.

- Customers whose cash or card became stuck in Bankmatiks (ATMs) were prioritized in the Bank's Telephone Branch voice response system, and subsequently the Bank provided a fast refund, after the completion of certain checks by relevant customer representatives.
- If an interruption occurs during a Call Center call, the Bank sends an informing SMS to the customer and prioritize the customers sooner call.
- The Bank ensured a Damage Notification and Support Line to the Telephone Banking Voice Response System. This line serves customers who have an insurance policy from İşbank and responds to their customer support requests after the checking policy. This new line is expected to significantly contribute to customer satisfaction at İşbank.
- The quality standards of the service provided by İşbank's Call Center representatives is guaranteed under EN15838:2009 Quality Standards.
- İşbank renewed the corporate website (isbank.com.tr) in 2014 under the Digital Assets Project and equipped it with SharePoint support; subsequently, the website was presented to users with a new user-friendly and responsive design and with new content. Thanks to the recent updates, the website offered easy and swift customer access, compatibility with mobile devices, and

financial data directly on the homepage. Furthermore, with the renewed website and increased sales transaction functionality, customers could more easily become informed about or apply for campaign offerings through SMS, İşbank's websites (isbank.com.tr; maximum.com.tr or maximiles.com.tr) and via mobile devices. In addition, the "Instant Customer" function added to isbank.com.tr's English website made it easier for expats in Turkey to become İşbank customers.

- Under the Digital Assets Project, the Bank aligned all foreign websites, using a uniform format both in terms of content and visual design. Furthermore, the Bank undertook new initiatives to present customers with products and services that create added value via the websites. For example, a calculation module showing currency changes was added to İşbank's London website, and a calculation module for house loans was added to İşbank's Georgia and İşbank Georgia real estate websites, thereby giving customers the opportunity to calculate needed loan amounts and directly apply for house loan through the websites.
- Within the scope of international banking activities, in 2014, İşbank brought new Bankamatiks(ATMs) in Prizren/Kosovo, Tbilisi/Georgia, Edmonton-London/UK, Baghdad/Iraq and Intourist Hotel/Georgia. In addition, for cases in which customers want to block their cards due to theft or loss, a voice response system in the local

languages was established in Georgia/Batumi, Kosovo/Prishtina and Iraq/Erbil.

- Use of alternative distribution channels by customers to conduct transactions, instead of using branches, contributes significantly to the protection of the environment in view of the energy and paper consumed for services at branches.
- Besides using the e-mail and SMS channels to inform customers about new applications, services and promotion of alternative distribution channels, İşbank also uses an instant information application under the infrastructure support by EVAM. Efforts to enhance the technical systems infrastructure of İşbank have continued throughout 2014. İşbank customers were regularly informed about new services and applications through Instant Banking applications integrated into social media channels and through communications on various other digital platforms.
- Efforts to diversify the transactions on İşbank's mobile banking application İşCep were furthered by putting into service the "Support Line" module that ensures faster customer access to İşbank's Call Center.
- The Intel Identity Protection Technology (Intel IPT), which enables users to login İşCep securely, removing the need to type a One-Time Password (OTP) and Touch-ID technology which enables customers to login İşCep removing the need to type customer PIN were introduced for customers.

FOR OUR CUSTOMERS

In response to customer needs and expectations, İşbank launched a significant number of new Instant Banking applications in 2014.

Also a special banking application developed for Microsoft's new generation entertainment platform Xbox One has been launched. With this application, users can carry out banking transactions on the TV screen by using Personal Internet Branch and they can also calculate loans, follow the latest financial data, view Daily financial news via "Economy Bulletin" and watch İşbank product demos/videos easily. With these innovations, the Bank has aimed to strengthen customers' perception that İşbank is "innovative and uses technology effectively."

Saving Based Products...

As the pioneer of savings since the very day it was founded, İşbank has been at the forefront of producing services and products to encourage savings and to foster a savings culture among the wider public as well as among different age groups. Thereby, the Bank has been contributing to the accumulation of savings that will finance investments and boost employment in Turkey.

İşbank has continued with various communication campaign efforts in 2014 through traditional media channels or the Bank's services channels under Gold Banking, Kumbara Fonu (Moneybox Fund), Private Pension, Regular Savings Order, and Üstü Kalsın (Keep the Change) products. The Bank's goal is to ensure that mattress savings become part of the economy that personal savings increase. Giving due consideration to its social responsibility in

all the Bank's business activities, İşbank continues with efforts to raise awareness on the importance of savings with small amounts, contributing to the fact that savings occupies an important place in society.

Üstü Kalsın® (Keep the Change)

"Üstü Kalsın® (Keep the Change)" is an innovative credit card service - the first of its kind in Turkey- that demonstrates how a credit card product, which usually offers opportunities for shopping, can also be used as a savings tool and enable investing. This service encourages customers to save without changing their spending habits. The balance due shown in the monthly 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. Üstü Kalsın is available to all customers who have both a credit card and investment accounts with İşbank. As a result, all Maximum Kart users are able to save while shopping with their credit cards.

Saving for the Future of Our Children: Kumbara Fonu (Moneybox Fund)

İşbank's products and services always acquire new features and functions in order to meet changing customer needs and expectations, and thus reflect the Bank's sustainability approach to services. The İşbank Kumbara (Moneybox), which the Bank has offered to customers for over 85 years to raise awareness of savings among children, transformed into the İşbank Moneybox Fund in the 2000s, turning

into a savings plan that guarantees the future of our youth. First introduced in May 2001, the Moneybox Fund has maintained a pioneering position in the market ever since. With the mission to guarantee the future of our children, the Moneybox Fund is a significant contributor to the establishment and development of the awareness of long-term investment that is currently lacking in Turkey.

With a share of nearly 22.76% of the Type A funds market at end-2014, the Moneybox Fund was the biggest Type A fund in Turkey, and stands apart from competitor products in that it targets youth to encourage savings.

Well aware of its environmental responsibilities, İşbank's thematic retail banking products contribute to leaving a more livable world for future generations.

Investing in the Future: The Retail Pension System

For the purpose of widening the use of the Private Pension System, which is an important instrument in terms of national savings, the State Contribution practice was introduced at the beginning of 2013. Through this new practice, the Turkish state contributes an amount equal to 25% of the contributions paid to the private pension account in the name of the participant, provided that the State Contribution is limited to 25% of the minimum wage. In addition, İşbank undertook innovative efforts to provide customers with additional contributions.

Regular Saving Order Service

Rolled out in 2013, the Regular Saving Order product allows İsbank customers to conduct regular transfers to their time deposit accounts from their current accounts.

The instruction sum collected from the current account is transferred to the time deposit account on the due date. These orders may be placed through our branches or the Internet Branch. Helping customers save on a regular basis with small amounts, the regular savings order may be in TL, USD, Euro or GBP.

Europe's Largest Biometric ATM Network

With 2,546 Biyokimlik (Bio-ID) Bankamatik (ATMs) nationwide, İsbank serves customers with Europe's largest Biometric ATM network. As of end-2014, the number of customers using Biyokimlik (Bio-ID) reached 83,000.

In keeping with the policy to make it easier for disadvantaged individuals to use the Bank's services, İsbank designs special services for disabled customers.

İsbank continued to conduct various projects in 2014 in the area of alternative distribution channels to help disabled customers perform their banking transactions easily. The number of "Talking Bankamatiks (ATMs)" that facilitate transactions by visually impaired customers using Bankamatiks topped 2,078. Moreover Bank designed Bankamatiks with

new cabins that are suitable for wheelchair users and they were launched to put into service all across the nation.. Meanwhile, the Bank maintained compatibility with screen reading software used by visually impaired individuals of İsbank Internet Branch, with renewed design features. After the mobile banking application İşÇep, İşPad (used in tablet PCs) has become accessible by visually impaired customers.

İsbank's Sustainability Themed Products

With a range of thematic retail banking products, İsbank contributes to raising environmental awareness and protecting natural life.

Maximum TEMA Card and Maximum TEMA Business Credit Card

While Maximum TEMA Card and Maximum TEMA Business Credit Card holders have full access to installment-based shopping and "MaxiPuan" extra loyalty bonus points, all campaigns and all other privileges offered by the world of Maximum, they also have the opportunity to contribute to the TEMA Foundation, which works to protect natural assets and the natural environment. While customer benefits derived from the card remain intact, a contribution calculated at a specific percentage of the purchases made using the card, is transferred to the TEMA Foundation from İsbank's own resources.

In addition to being cards that provide support for the TEMA Foundation, Maximum TEMA Card and Maximum TEMA Business Credit Card are also

known for their environmentally friendly characteristics, starting from the production phase. Both cards are made of recycled plastic material, from a production method used for the first time in Turkey. Furthermore, all paper materials related to the cards are obtained without harming the natural environment and ecological life. Holders of Maximum TEMA Card or Maximum TEMA Business Credit Card, like all other İsbank credit card holders, are able to prevent paper waste by requesting to have their account statements sent to them by email only. Continuing with business development efforts to support TEMA Foundation, İsbank offered the TEMA Business Credit Card to customers as of March 2014.

MaxiPara (MaxiMoney) Project with the Kartal Municipality

İsbank has collaborated with the Municipality of Kartal to introduce a pre-paid card, MaxiPara Kartal Card, to provide social aid to individuals in need. İsbank plans to expand the scope of MaxiPara Kartal Card in the near future, enabling all Kartal inhabitants who would like to obtain a card to receive certain discounts at contracted stores and shops.

Environmental Investment Fund

A first in the Turkish banking industry, the Environmental Investment Fund gives environmentally friendly companies the opportunity to both make long-term use of their savings and to contribute to efforts to protect the environment. As one of the most original investment instruments in

FOR OUR CUSTOMERS

In keeping with the policy to make it easier for disadvantaged individuals to use the Bank's services, İsbank designs special services for disabled customers.

the banking sector, the Environmental Fund results in the creation and transfer of resources to the TEMA Foundation, which receives sustainable financing to implement environmental projects.

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 adopting environmentally friendly measures now will be more profitable than others over the long run.

The pioneer of mutual funds in Turkey, İş Portföy Yönetimi (İş Asset Management - an İsbank subsidiary) manages the Environmental Investment Fund with a team of specialists in light of financial and environmental criteria, and offers investors the opportunity to support environmental projects and companies with high environmental awareness while investing.

The Environmental Investment Fund had 1,009 investors at end-2014, with a total portfolio size of TL 7.34 million. The Environmental Investment Fund was designed to be as environmentally friendly as possible and provides customers with the option of receiving their investment account statements via e-mail.

Environmentally Friendly Housing Loan

With the Environmentally-Friendly Housing Financing Loan, İsbank extends loans at preferential interest rates in an effort to raise the attractiveness of purchasing structures that are compatible with nature and are designated as sustainable, ecological, green and environmentally friendly.

Environmental Vehicle Loan

To encourage the purchase of vehicles equipped with state-of-the-art technology to protect the environment and which are increasingly popular, and to contribute to the preservation of the environment, İsbank designed the İsbank Green (Environmental) Auto Loan. This lending product offers attractive interest rate options to finance the purchase of environmentally friendly vehicle models.

Parakod Şipşak (Instant Money Code)

Since November 2012, İsbank has offered the "Parakod (Instant Money Code)" application to customers as a simple, reliable and innovative method of payment. In 2014, İsbank administered promotional campaigns to encourage wider uptake of Parakod Şipşak in collaboration with İş Kültür and Limango companies.

This technology enables İsbank customers to purchase any product or service either online without entering any card data or from retail stores using their mobile phones, without a credit card.

Currently, the solutions offered to customers who use mobile payment systems require the installation of an additional device on the consumers' phones or replacement of the SIM card.

In contrast, the Parakod Şipşak application enables customers to make purchases without the need for an additional device or card. The fact that the app can be quickly downloaded on smartphones, which have an in-built camera and Internet connection, and can be used immediately, is considered to be a major advantage for customers.

With Parakod -offered as an extra feature in İşÇep, İsbank's mobile banking application- İsbank customers may do their shopping in retail stores and on e-commerce websites without any credit card by using their QR code. In addition, Parakod users can also pay their Turkcell phone bills instantly through their mobile phones by scanning the barcode on the invoice. Furthermore, with the new feature Parakod Şipşak feature, customers can shop instantly by using their smartphones to scan product QR codes printed in newspapers, magazines, posters or other similar platforms.

İsbank is committed to offering innovative products to customers in parallel with developing technologies in payment systems.

Card Program that Goes Beyond Shopping to Provide an Excellent Customer Experience

In 2014, İşbank continued to enrich and widen the Bank's credit card program pursuant to the mission of creating added value for customers. To this end, İşbank further improved the services provided to customers under the Maximum Kart Program, as it has uninterruptedly for 13 years now, by responding to the emergency cash needs of customers with an eye toward achieving business excellence. İşbank has also introduced innovation into the Credit Card Program, and has targeted enriching the cultural lives of customers via the Müzekart (Museum Card) and Cinemaximum initiatives.

In 2013, İşbank introduced the Müzekart (Museum Card) feature to all credit cards with the Maximum feature, a first in the sector. The Bank offers credit cardholders the chance to visit more than 300 museums or archaeological sites -which are under the responsibility of the Republic of Turkey's Ministry of Culture and Tourism- for one month every year, free-of-charge. With this practice, which sets Maximum Card apart from other similar offerings in the sector, İşbank takes justified pride in this unrivaled cooperation, which contributes to the protection and promotion of our country's cultural assets and their transfer to next generations, while providing a unique value proposition to customers.

With the Müzekart project launch campaign, İşbank was deemed worthy of the Golden World Award in the "New Service Launch" category at the competition held in 2013, an annual event of the International Public Relations Association (IPRA). The campaign also won the Bronze award in the "Marketing Campaign of the Year in the Banking Industry" category at Stevie Awards. In addition, in 2014, with the "Maximum Kart is Müzekart" campaign, the Müzekart Project won the Silver Effie award (first prize) in the Effie Turkey Advertisement Competition in the Card Payment Systems category.

Under the cooperation between İşbank and Mars Entertainment and Sportif İş. A.Ş. Group, owner of Turkey's largest cinema chain, İşbank began offering the "Cinemaximum" service under the sponsorship of Maximum Card on 589 cinema screens at 67 different locations in 27 cities. The Cinemaximum initiative is not merely limited to the creation of a new brand of movie theatres and advertising campaigns; it also targets spurring the development of the cinema industry that has grown significantly in the country in recent years, thereby contributing to growing film viewing interest at all age segments from children to adults. Various events and occasions are carried out to make the cinema experience more enjoyable for İşbank credit card customers, including previews, premieres, free tickets and product promotions, as well as campaigns that target different segments of society. İşbank's cooperation with the

Mars Entertainment Group is not just restricted to the cinema industry. Maximum Card holders have access to privileges at gyms, restaurants and other various venues affiliated with Mars Entertainment Group, resulting in added value for customers.

İşbank continued its collaborations with well-known organizations in the cinema sector in 2014. The !F Istanbul International Independent Film Festival and !F Music Festival received supported from İşbank. With this support, İşbank provided customers with ticket discount and preview opportunities.

Through its credit card program, İşbank continued to support the advancement of kiteboarding in Turkey in 2014. The sport of kiteboarding, which is rapidly becoming more popular in the country, attracts a great deal of attention from people of all ages. To reach these diverse age groups, the Bank began to provide special privileges under the newly created "Kitemaximum" brand to İşbank's Maximum Card holders. Kiteboarding schools located in Akyaka, Gökova and Burç Beach, İstanbul, and joined in 2014 by a kiteboard instructional facility in Çeşme, were given support from İşbank. In this way, the Bank reached out to even more sports enthusiasts than merely İşbank credit cardholders. İşbank also lent support to the first World Kiteboard Championship and Kiteboard Turkey Championship, garnering the appreciation of fans of this growing sport.

FOR OUR CUSTOMERS

İşbank strives to swiftly integrate technological advancements in into its own business operations and therefore continuously carries out product development efforts.

Similarly, under a special collaboration with Vialand - Turkey's first theme park- the Bank continued to offer a privileged entertainment experience to Maximum Card holders with special opportunities in ticket purchases and parking in 2014. A promotional campaign at the end of the 2014 school year gave children a 50% discount as a reward for their successful report cards, thus making a theme park visit more affordable for many İşbank Maximum Card customers.

In order to enhance the value of the portfolio of offerings, İşbank established collaboration with İstanbul Yiyecek İçecek Group (Istanbul Food and Beverages Group) and started provide customers with privileges and opportunities in the following restaurants owned by the Group: NumNum, Mikla, Trattoria Enzo, Terra Kitchen and Kronotrop.

Raising Awareness on Financial Literacy

By improving financial literacy, İşbank believes that customers may access the Bank's services and products more quickly and efficiently. To this end, the Bank makes systematic use of branches, alternative distribution channels and external communication platforms, in addition to its professional staff, in awareness raising efforts on financial literacy. A significant part of the process of informing customers about financial products is carried out through face-to-face communication with

customers. Having a relationship culture focused on listening to and understanding the customer, İşbank shares information and offers solutions that respond to the needs of individual customers from different societal segments, thus helping them reach appropriate, informed and objective financial decisions.

In addition to in-person communications with customers, İşbank maintains an interactive relationship with retail and commercial customers through all electronic media, including the website, telephone banking branch, call center and social networks. The Bank makes extensive use of these media to share financial matters in formats that are as entertaining as they are informative and educational, to raise customer awareness in an enjoyable way. Numerous informational content types and a Q&A section are accessible at www.isbank.com.tr, including materials on a broad variety of products and services, from borrowing terms and conditions to private pension and insurance. Demonstrations on the use of Instant Banking channels and security-related features are also available to customers.

İşbank was the first Bank to provide financial support in the form of credit products under the long-term Urban Transformation Project, which was initiated by the Ministry of Environment and Urban Planning in 2013, to ensure that citizens reside in safe and secure buildings.

With the primary aim of conducting its operations while considering the common public good, İşbank has been undertaking field activities -all around Turkey and especially in cities where the density of transformation is higher- informing those in need of financial support about the Urban Transformation Program and the Bank's Urban Transformation Credit Program. Under the Mobile Vehicle project, more than 10,000 individuals in 24 different cities were informed about the availability of urban transformation credits.

İşbank makes the economic value it creates with research and analysis work accessible to customers. The analysis efforts undertaken by the Bank's economists are published on a user-friendly portal at research.isbank.com.tr first and foremost for the Bank's customers, as well as to all İşbank stakeholders. By regular updates to market data such as foreign currency exchange rates and stock published on the Bank's digital platforms, İşbank provides guidance to customers in making financial decisions. The calculation applications integrated into İşbank's websites provide opportunities to easily compare and become informed on a wide variety of topics, from mortgages to personal loans.



*Achieving continuous success by
implementing the right strategies and
there by **winning the future
for our country...***

FOR OUR EMPLOYEES

İşbank aims to create a modern working environment in which the scope of respect for human rights, social justice and workers' rights is constantly expanded.

İşbank places great importance on increasing employee satisfaction, considering diversity and equal opportunities in the workplace, establishing an ethically sound and fair remuneration system, and providing continuous support to the professional development and motivation of employees.

The workforce, who has a strong faith in and enthusiastically embraces the shared values of the Bank, plays a key role in achieving İşbank's targets and building a long-term future. The sustainability of the spirit of being a member of İşbank is highly important at this point in time, and is only possible through the sustainability of a workforce made up of highly motivated employees who are respected and valued by their managers and colleagues.

İşbank aims to create a modern working environment in which the scope of respect for human rights, social justice and workers' rights is constantly expanded.

İşbank's Human Resources Policy

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

İşbank designs human resource management processes and practices to support the Bank's vision of being the bank most preferred by customers, shareholders and employees in Turkey, by maintaining the market position as the leading, pioneering and most reliable bank.

Basic human resource processes at İşbank, such as career management, recruitment, dismissal, compensation and benefits, and performance management are undertaken in an open and transparent manner and are shared regularly with the Bank's employees.

Importance of Diversity and Equal Opportunity

Granting equal opportunity to all employees is the foremost of İşbank's key responsibilities towards employees. İşbank perceives diversity in the workforce as a key component of the Bank's intellectual capital. This perspective enables the permanence and advancement of a modern working environment that allows thinking differently, acting differently and building on innovation and individual competencies at İşbank.

24,308

At the end of 2014, the number of banking professionals working at the İsbank Head Office and branches totaled 24,308.



Human Rights and Working Life at İsbank

Working life at İsbank is governed by constitutional freedoms, human rights, rule of law, social justice and democratic order. İsbank employees, who are well-informed on mutual rights and responsibilities, are aware of the fact that good personal relations are key to business success and to establishing a sustainable work environment.

Workforce Planning at İsbank

Workforce planning is carried out in alignment with İsbank's business activities and strategies. İsbank's human resource needs are met through the recruitment and employment of individuals who have the required qualifications and competencies for the specific job using modern evaluation tools and methods.

The Bank's basic recruitment criteria are put into writing and hiring processes are carried out according to these criteria. Newly hired employees work in the positions of officer, assistant specialist, assistant inspector or specialist staff. The Bank also recruits individuals as support personnel. By generating employment under different banners in all of Turkey's 81 provinces,

İsbank makes a strong contribution to the country's economy. By implementing local hiring processes, personnel are hired to positions closest to their places of residence. With that, İsbank aims both at realizing more effective and efficient use of the local workforce and at increasing the contribution of these regions to overall growth, well-being and stability in Turkey.

İsbank has launched the "İş'e Merhaba (Welcome to İş)" orientation program to facilitate the process of adaptation to work for newly hired employees, support them in technical know-how, guide them in their daily work routines and ensure that they have access to the necessary information through appropriate and fast channels. Under this program, each newly hired employee is paired with a "Teammate" to support the employee's transition process in the first four months of employment. Furthermore, a "Training Consultant" supports new hires during the first four months with regular e-mail communication and remote training, thereby enabling the new employee to receive up-to-date information on topics crucial for successfully fulfilling their job requirements.

FOR OUR EMPLOYEES

The workforce, who has a strong faith in and enthusiastically embraces the shared values of the Bank, plays a key role in achieving İsbank's targets and building a long-term future.

After the first stage as a manager, employees are provided with equal opportunity of advancement based on their performance, irrespective of the initial path they took when they joined the Bank.

Career Management Based on Expertise and Experience

A variety of career paths are available at İsbank, including the positions of inspector, specialist and officer. The career paths of employees who join İsbank within these positions lead up to senior management positions. Trainee assistant specialists and trainee assistant inspectors who start work at İsbank are entitled to be promoted to the positions of assistant specialist or assistant inspector depending on the result of the assessment performed after the completion of the first year of employment. After completing a certain prescribed period of employment in such positions, individuals may be promoted to the posts of specialist or inspector, provided that they successfully pass their qualification exams. Once specialists and inspectors complete the period of time they are required to spend in these positions, they are appointed to management roles according to their performance and İsbank's staffing needs.

If the newly hired officers successfully pass the Supervisor Selection Exam they take at the end of a specified period of employment, they are appointed to supervisor positions. After completing the prescribed period of time in such roles, these employees will be appointed to manager positions as sub-manager, if they successfully pass the exam for the promotion to the position of sub-manager. Employees holding the title of sub-manager

have the opportunity to rise to higher ranks depending on their performance and İsbank's staffing needs.

After the first stage as a manager, employees are provided with equal opportunity of advancement based on their performance, irrespective of the initial path they took when they joined the Bank.

İsbank's "Employment Policy":

- deems every employee as a talented individual with high potential,
- is based on the principle of training and equipping the qualified personnel needed for any managerial or specialized position across different levels, from within the Bank's own employees.

HR Processes Boosted by Information Technology

İsbank focuses on undertaking efficient use of human resource information systems and other technology tools in all activities related to human resource management. The Bank's strong organizational infrastructure ensures the active participation of employees in human resource processes and supports employee satisfaction. An integrated human resource infrastructure has been developed for the Bank's constantly expanding organization in order to create:

- human resource processes which enable employees to play a more active role,

Health requirements of İsbank employees and the family members who benefit from health care are met within the framework of specified principles.

- faster action and response by human resource professionals, and
- decision support systems for decision-makers to make more efficient use of human resource data.

In order to more efficiently manage different processes within İsbank's human resources function, the Bank continued to use the Human Resources Management System in 2014. During the year, innovations such as integrating health processes, that were previously handled manually, automatically into the operation system and paperless banking applications helped İsbank transform the Bank's internal activities towards achieving more sustainability. As a result of these innovations, targets such as decreasing the operational workload and reducing costs for regular mail were reached. Improvement requests in the current system and recent legal changes led to more efficient business processes. Furthermore, new applications were put in place to ensure higher employee satisfaction.

İsbank's Remuneration Policy

İsbank implements remuneration practices that comply with Labor Law and legal and regulatory requirements applicable in Turkey, as well as with the structure and scope of the Bank's business activities, strategies, long-term goals and risk management structures.

It is essential that the remuneration of İsbank's managers and employees at any grade should also comply with the Bank's

- ethical values,
- internal budgets and strategic objectives, and should be determined in line with 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.

Compensation and Benefits at İsbank

İsbank determines employee salaries and social benefits in accordance with market conditions and the Collective Bargaining Agreement. Entry-level salaries are determined fairly based on the position hired for. The Bank's employees also receive bonuses and allowances as required by their positions. Furthermore, a foreign language allowance is paid to those employees who prove their competence in a foreign language with an internationally recognized certificate acceptable to the Bank. Additionally, along the lines of provisions agreed to by both sides under the Collective Bargaining Agreement, employees are entitled to the following benefits: cash deficit compensation, foreign exchange and financial analyst allowance, relocation allowance, death and physical

injury compensation, moving allowance and insurance, per diem allowances, lunch payments, clothing assistance, financial assistance for marriage and nursing, child allowance, natural disaster and death assistance. Furthermore, employees are able to make use of health benefits, social recreational facilities and shuttle services. Besides these payments, a premium bonus payment can be made once a year, according to the Articles of Incorporation of İsbank and Collective Bargaining Agreement.

The healthcare demands of İsbank employees and their family members, who also make use of these healthcare insurance rights, are met based on a set of predetermined criteria. Where necessary, information on health related issues is provided to the Bank's employees by İsbank's staffed medical doctors.

The following issues are regulated in the Collective Bargaining Agreement signed between İsbank and the Bank-Finance and Insurance Workers' Union (BASİSEN): working hours, healthcare support, warnings, penalties, disciplinary measures, occupational health and safety.

FOR OUR
EMPLOYEES

İşbank views its occupational health and safety related efforts not only as a legal requirement, but also as a means to both prevent on-the-job accidents and illnesses, and to ensure the establishment of an occupational health and safety culture at İşbank.

In order to ensure that İşbank employees receive affordable and high quality healthcare services, İşbank enters into agreements with private healthcare providers.

Healthcare Support

Healthcare support at İşbank is provided in accordance with the conditions set in the Healthcare Support Implementation Regulation and in line with Healthcare Support Implementation Guidelines.

Agreements with Private Healthcare Institutions

In order to ensure that İşbank employees receive affordable and high quality healthcare services, İşbank enters into agreements with private healthcare providers. The number of private institutions with whom İşbank has executed an agreement for this purpose as of December 31, 2014 is indicated below.

Doctor:	3,333
Clinic:	351
Laboratory:	78
Optic:	221
Hospital:	296
Pharmacy:	4,196

In order to ensure patient satisfaction and control for service quality at healthcare institutions, the İşbank Human Resources Department together with the Bank's medical doctor staff, when needed, pay regular visits to healthcare institutions where İşbank personnel and other beneficiaries are being treated.

International Standards in Occupational Health and Safety

Harmonization efforts that were implemented with Law no. 6331, which entered into force on January 1, 2013 as the Occupational Health and Safety Law, to expand the occupational health and safety culture at İşbank are managed by İşbank's Human Resources Management Department.

In all of İşbank's operational buildings, risk assessments with regard to occupational health and safety are conducted. Furthermore, projects to ensure healthier and more effective working conditions are actively implemented. As of end-2014, all employees working in a total of 1,181 branches have received two hours of occupational health and safety training, while 6,930 personnel working in the Bank's 30 main buildings have received four hours of occupational health and safety training. In addition, all employees were provided with a 4-hour Occupational Health and Safety (OHS) e-learning opportunity.

İşbank views its occupational health and safety related efforts not only as a legal requirement, but also as a means to both prevent on-the-job accidents and illnesses, and to ensure the establishment of an occupational health and safety culture at İşbank.

Occupational Health and Safety Boards

In order to plan and coordinate occupational health and safety (OHS) activities at İşbank, the Bank established an Occupational

Employee Performance Management System at İşbank requires annual assessments of employee performance on the basis of competencies based on position titles and measurable goals estimating employees' contribution to business results.

Health and Safety Unit that reports directly to the Directorate General. Furthermore, in 29 buildings where more than 50 employees work, İşbank set up OHS Boards. In addition, occupational safety experts and medical doctors have been appointed to the Directorate General facility and to buildings where OHS Boards are in place. The ratio of representation of OHS Boards to the total İşbank workforce amounted to 30% as of end-2014. Improved measures encompassing all employees were developed based on findings obtained from systematic risk assessments.

Within OHS, besides healthcare provided to employees and their dependents, the following services are also provided: periodic health check-ups, OHS training, first aid training, information on measures to be taken in order to prevent occupational accidents and illnesses.

There were no fatal occupational accidents in 2014.

İşbank's Employee Performance Management System

Employee Performance Management System at İşbank requires annual assessments of employee performance on the basis of competencies based on position titles and measurable goals estimating employees' contribution to business results. Even though performance appraisals at İşbank are conducted annually, managers are encouraged to meet with their subordinates periodically and give them constructive feedback about their

performance level and opportunities for improvement without waiting the appraisal period.

Balanced scorecard results are considered as goals for managers. On the other hand employees' goal evaluation is based on measurable goals defined by their line managers at the beginning of the performance period, according to employee's specific job description. The line managers are supposed to inform the employee of these goals before assigning the goals and embedding them on to the system.

Devised every year in cooperation with related business units, the "Sample Goal Set" is shared with all employees in order to guide managers in goal setting and to ensure that the individual goals are coherent with position titles. In addition, supplementary resources are presented on the Bank's corporate portal pages, which include presentations, articles, case studies and the like that are prepared to make the employee performance management process more efficient. The Bank's Executive Committee conducts annual evaluation about İşbank's managers reviewing all data and information obtained from a wide variety of sources like performance scores, reports prepared by the Board of Inspectors, administrative decisions, rewards/penalties, employee and customer satisfaction ratios, goal achievement ratios, balanced scorecard results, credit risk rating performance.

İşbank's Employee Performance Management System

The Performance Management System is an important tool used for:

- attracting well qualified human capital to İşbank,
- considering and developing each employee as a potential source of talent,
- planning and managing employee performance in line with the Bank's corporate goals and to guarantee corporate success.

The priority objectives of İşbank's Employee Performance Management System include assessing employees' contribution to İşbank's success using systematic, periodic and measurable indicators; supporting the adoption of the Bank's high performance culture and enhancing employee engagement and motivation in alignment with employee expectations; identifying personnel development needs; and supporting the staff's professional and personal development through constant feedback.

Across the Bank, Employee Performance Management System is considered as a tool that will provide the adoption of customer-oriented and innovative approach by all employees and accelerate success at the individual and institutional level by strengthening communication between employees and managers. The system is continuously improved according to corporate needs.

FOR OUR EMPLOYEES

İşbank constructed a qualified training program for the employees through its deep-rooted corporate structure and expert staff.

In training planning, İşbank pays close attention to the diverse requirements and employees' access to opportunities for development in all manner of needs.

Training Activities at İşbank

İşbank offers training, learning and development programs on any topic required by its staff, by taking the respective position and career track of employees into account.

The wide variety of training programs is intended to meet any development need by which business results are affected, and to support a structure that will improve and sustain the Bank's operations and performance. The common objective in all training programs is to provide support to İşbank employees in relation to their changing job descriptions as well as the Bank's needs and the sustainability of operations. In training planning, İşbank pays close attention to the diverse requirements and employees' access to opportunities for development in all manner of needs.

Training Activities Crowned with Awards

In recognition of its efforts to develop a culture of continuing education within the organization and innovative applications that make a difference, İşbank was presented with the BEST 2014 award by the Association for Talent Development (ATD), an internationally renowned organization in the field of education/ training.

In order to ensure the sustainability of its human resources, İşbank supports employees with diversified personal/ professional development programs tailor-made to their competencies. İşbank offers employees training programs which include innovative applications to support them in meeting their business targets in line with their occupational roles. Furthermore, personnel have the opportunity to participate in ongoing programs such as "Sales Academy."

Alternative Training Methods

Instructor-led training is supported with new learning approaches and tools; in this way continuous development is ensured on different platforms, via corporate tube -İşTube and corporate wiki-İşpedia applications, as well as online books, e-games, and regular informational mailings. In addition, the e-learning platform is accessible for employees at any

İşbank's leadership culture oriented towards continuous development and change and passing it on the next generation of managers, while establishing İşbank leadership as a hallmark of the Company, current senior and middle level managers as well as prospective managers are supported through a range of structured tools.

time and is used as an efficient source to provide continuity of knowledge and access whenever needed.

Orientation Training for New Employees

Newly hired employees participate in tailor-made orientation programs to become informed on roles they are required to assume as part of their new job. One of the basic aims of the orientation program is to make new employees feel valued and to create a first enjoyable, memorable venue of interaction that will enable them to gain insights into the Company. To ensure this is achieved, the orientation program includes learning via games.

Designed according to employees' initial positions, Orientation Training aims to equip the new hires with the knowledge and skills they need at the time they start working.

These programs are designed according to the blended learning model and are organized to provide ongoing development that continue after the instructor-led training, under supporting development programs provided afterwards. As part of the orientation process, each class is assigned a training mentor. These mentors continue to advise individuals on any relevant issues that may arise post-training. The ultimate goal of these practices is to ensure the lasting presence of the knowledge and skills acquired during training.

Training Catalogue for Personal Development

The İşbank Training Catalog plays an important role in the self-identification of improvement areas by employees. Designed as a key tool for self-development and career needs, the İşbank Training Catalog is an application where all employees can communicate their requests.

Management Development Programs

One of the Bank's basic objectives is to foster a leadership culture oriented towards continuous development and change. With the aim of creating this culture and passing it on the next generation of managers, while establishing İşbank leadership as a hallmark of the Company, current senior and middle level managers as well as prospective managers are supported through a range of structured tools.

The Management Development Programs and Conferences are administered for the manager and prospective managers, and are aligned with their needs and differentiated on the basis of job family requirements. The İşbank Management Development Programs are also important and exemplary in supporting sustainable employment and securing employee satisfaction.

Legal Compliance and Other Issues

During Orientation Trainings, newly hired employees are provided with print copies of the section in the Collective Bargaining Agreement on "Discipline and Disciplinary Measures"; they are also reminded of the fact that they must abide by these measures during their tenure at İşbank. In the management training programs, newly promoted managers are informed about procedures to disclose irregularities and misconduct at the Bank's branches. Moreover, training sessions – regarding the detection and prevention of fraud and abuse – are organized for the members of the Bank's Audit Board at certain periods in their careers.

In accordance with legal and regulatory requirements, the Bank administers training programs in order to employ a sufficient number of first-aid personnel at İşbank's branches and headquarters. Furthermore, employees are supported with internal and external programs on stress management. In addition, personnel are also provided with personal improvement opportunities on healthy nutrition through videos, conferences and other educational activities.

An average of 22.8 hours of training was provided for each employee in 2013 and it increased to 28.2 hours in 2014.

İşbank regularly measures the loyalty, satisfaction and content with managers of employees through systematically employed surveys.

Training at İşbank - Key indicators

Training time per employee by gender (hours)		Title		
		Support Staff	Specialist Positions	Management
Gender	Men	21.55	33.39	25.47
	Women	6.17	26.45	27.59

Training time per employee by gender (hours)	
Men	29.81
Women	26.50

Training time per employee by title (hours)		
Support Staff	Specialist Positions	Management
21.28	29.31	26.42

Note: Training programs which are held for Private Security Guards are monitored under the Support Staff category. These programs affect the gender-based breakdown of training time per employee.

Regular Employee Satisfaction Surveys

İşbank regularly measures the loyalty, satisfaction and content with managers of employees through systematically employed surveys. The results of these surveys are used to improve human resources practices and to guide manager's personal and managerial development.

Feedback Mechanisms to Communicate Requests and Suggestions to the Senior Management

İşbank employees have the opportunity to directly communicate issues on human resources functions to the senior management through the Human Resources Information System. The Human Resources Information System, which allows employees to convey complaints and requests to the management on any issues, provides important feedback and thereby contributes to the Bank's decision-making processes.

İşbank encourages employees to sports events and ensures that its human capital comes together and works toward common goals.

İşbank aims to increase the motivation of "We" of human capital through sport organizations towards to employees.

Efforts to Increase the Perception of Being a "Preferred Brand"

The activities carried out to strengthen the sense of belonging that

- represents the most powerful aspect of the İşbank culture,
- to enhance the perception of being most preferred employer,
- to boost employee motivation

have occupied an important place within human resources practices.

The İş Players Theater Company was established to ensure that İşbank employees socialize more through different arts activities and thereby develop a sense of corporate belonging. This Company staged "Twelfth Night" by William Shakespeare. The revenues collected from the performances, in which employees participate on a voluntary basis, are donated to various foundations. The Theatre Company has already started planning the plays it will stage in 2015.

İşbank has the aim of contributing to the personal development of employees and therefore plans to establish in-house social exchange workshops. Furthermore, İşbank aims to produce content on forming in-house social exchange platforms for

employees. In order to support new theater actors who will become active members of the İş Theatre Company, İşbank held Improvised Theatre Workshops under the slogan of "Let's Play Together."

İşbank encourages employees to intensively participate in teams in in-house or external sports events in order to strengthen the feeling of "We" in the Bank. Thereby, the Bank ensures that its human capital comes together and works toward common goals.

Placing great importance on adding value to the social lives of employees, İşbank carries out various campaigns and provides advantages for the Bank's employees with different contracted companies; it also organizes and holds "Hobby workshops" for the benefit of employees.

İşbank and its employees have been supporting the Blood Donation Drive of Turkish Red Crescent for the last years, donating blood and, for the first time, stem cells, at different campaign locations in Turkey in 2014. İşbank will continue to encourage the Bank's employees to participate in such initiatives in the coming period.

FOR OUR EMPLOYEES

İşbank strengthens its organization structure which is based on conducting different financial business processes with efficient and coordinated way, by its competent human capital.

İşbank aims to develop and implement innovative practices that increase applicant satisfaction in recruiting processes in 2015.

İşbank Continues to be the "Preferred Employer Brand"

İşbank aims to develop and implement innovative practices that increase applicant satisfaction in recruiting processes in 2015. With these new practices, the Bank targets strengthening the perception of being a "preferred employer brand," and thereby bolstering the loyalty of high-performing and high-potential employees.

Key Human Resources Indicators of İş Bank (December 31, 2014)

İşbank HR Key Indicators (December 31, 2014)

The Number of Employee	People	%
Women	12,418	51.09
Men	11,890	48.91
Total	24,308	100
Distribution of personnel by age groups	People*	%
0-30	6,125	25.21
31-45	17,519	72.10
46-65	647	2.66
66+	7	0.03
Total	24,298	100

*Board Members are not included in the numbers mentioned above

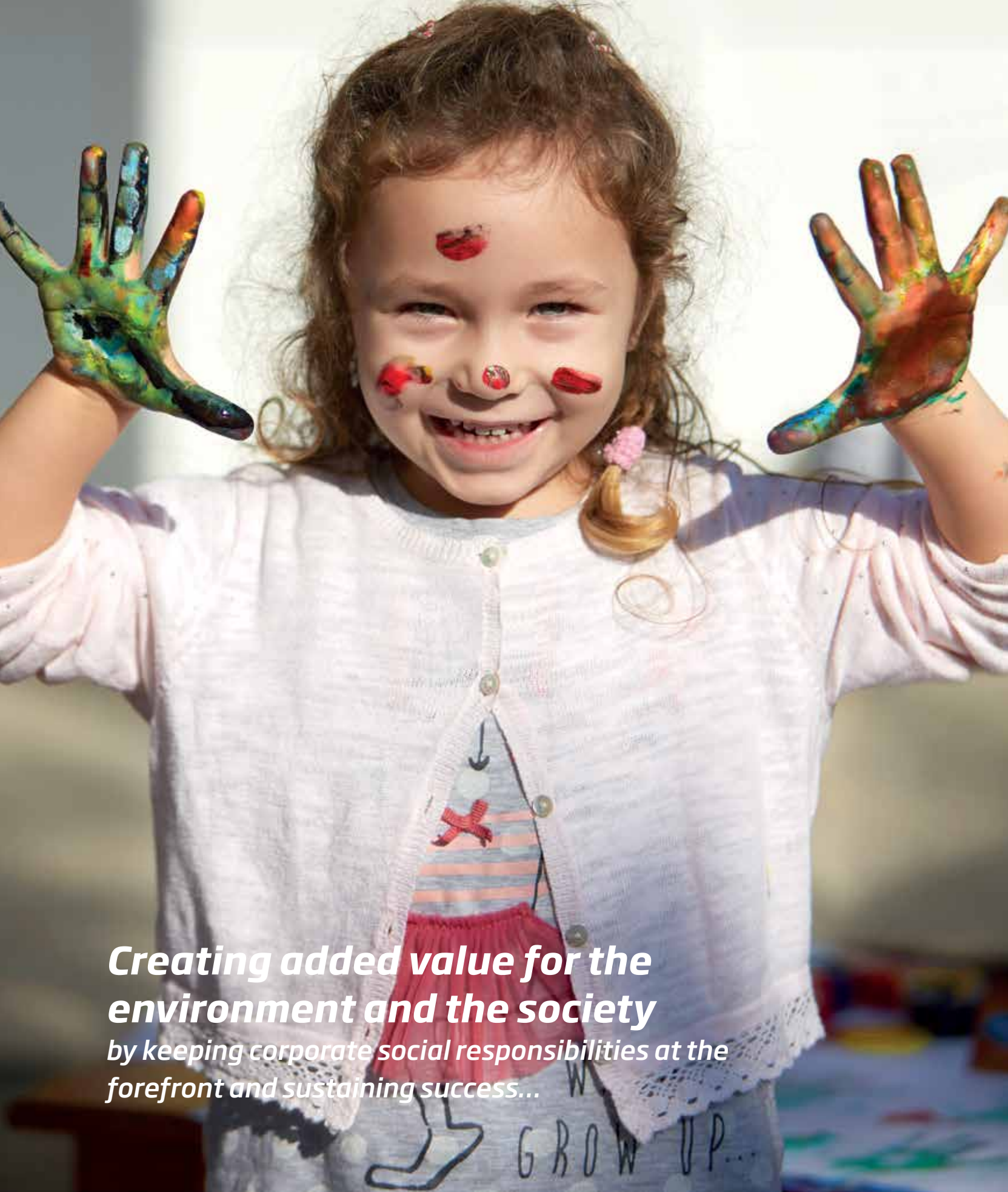
Distribution of personnel by educational background	People	%
Middle School	101	0.42
High School	4,544	18.69
Graduate School for 2 or 3 years	510	2.10
University	18,190	74.83
Master Degree	954	3.92
Ph.D Degree	9	0.04
Total	24,308	100
Distribution of personnel by HO-Branch-Region	People	%
Head Office	5,876	24.17
Branches	17,676	72.72
Region	756	3.11
Total	24,308	100
Geographical distribution of personnel	People	%
Turkey	24,009	98.77
International	299	1.23
Total	24,308	100
Labor turnover	Number of Leavers (Excluding Deaths)	Turnover rate %
Women	391	3.18
Men	473	4.01
Number of personnel employed during the reporting period	People*	%
Women	534	50.57
Men	522	49.43
Total	1,056	100
Distribution of personnel employed during the reporting period	People*	%
21-23	129	12.22
24-26	518	49.05
27-29	332	31.44
30-32	49	4.64
33+	28	2.65
Total	1,056	100

*First entry, second entry and entry from subsidiaries were included.

FOR OUR
EMPLOYEES

Distribution of Board Members by gender	Women	Men
Chairman	0	1
Vice Chairman	1	0
Member	1	8
Distribution of Audit Committee Members by gender	Women	Men
Member	1	1
Distribution of Corporate Social Responsibility Committee Members by gender	Women	Men
Member	2	3
Distribution of Risk Committee Members by gender	Women	Men
Member	3	3
Distribution of Senior Management by gender	Women	Men
Chief Executive Officer	0	1
Deputy Chief Executives	1	10
Executives*	924	1,342

*Titles higher than the II. Manager positions are taken into account.



***Creating added value for the
environment and the society
by keeping corporate social responsibilities at the
forefront and sustaining success...***

W
GROW UP...

FOR OUR EARTH

In order to contribute to the fight against climate change globally, İsbank is committed to further boosting the Bank's efforts to reduce environmental impacts.

Since its establishment in 1924, İsbank has conducted business activities by being aware of the Bank's social responsibility of leaving behind a liveable world to future generations. With this understanding, supporting economic growth by considering the environmental and social dimensions has always been a priority for İsbank. In order to manage the Bank's concurrent activities in these areas, İsbank implemented the Environment and Social Management Strategy in 2013, and the "Environmental and Social Policy" in 2014. The Bank has formulated its environmental policy in line with the following principles:

- optimizing the environmental footprint of activities that constantly evolve and diversify in line with the organizational growth
- placing greater emphasis on the environmental focus in the products and services delivered to customers
- continuing to work intensively and interactively with stakeholders engaged in the environment and encourage their voluntary involvement, and raise social awareness on issues related to the environment.

Please refer to page 19 for the ESMS.

Thanks to İsbank's comprehensive efforts, the Bank furthers its work on sustainability, an area in which it has acquired experience and know-how over the years, by applying

a multidimensional approach. The Bank focuses both on efficiently managing the environmental impact of its service processes to meet climate change and environmental sustainability targets, and aims to incorporate stakeholders into the sphere of impact with social responsibility projects on environmental awareness.

İsbank's Environmental Footprint

In parallel with the Bank's continuously growing business, İsbank's operations and customer base are expanding. Organizational expansion increases the importance of efforts such as scientific measurement, management and reduction of environmental footprint.

In this context, İsbank's most important targets are to identify and to minimize the negative environmental and social impacts that may arise from the Bank's lending activities by fulfilling certain criteria, particularly in those projects financed by the Bank, and to restructure internal sustainability-related practices within a more systematic framework.

İsbank's Carbon Footprint

In keeping with the target to measure, manage and reduce its carbon footprint, İsbank initiated the operational emissions management in 2011 to cover the years 2008-2011. The first phase of the İsbank Green House Gas (GHG) inventory and carbon emissions management was completed in April 2011.

Systematically carrying out work to reducing the environmental impact of the Bank's business activities, İşbank achieved a 4.5% decrease in its carbon footprint in 2014.

Environmental and Social Policy (ESP)

The "Environmental and Social Policy" (ESP) was one of the important developments at İşbank in 2014.

The basic steps of the first phase covered data collection and determination of the technical framework for computing the carbon footprint. Within this framework, the following steps were taken for the Head Office:

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

In its Sustainability Report released in the first quarter of 2013, İşbank publicly disclosed data on its gas emissions and resource utilization during the 2008-2012 period.

Scope of carbon footprint computation

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

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

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

According to the GHG Protocol, İşbank's natural gas and fuel resources 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 Bank's carbon footprint was reduced by nearly 7% in 2013.

Thanks to İşbank's comprehensive efforts, the Bank furthers its work on sustainability, an area in which it has acquired experience and know-how over the years, by applying a multidimensional approach.

İşbank's Carbon Footprint (2008-2014)

Breakdown of scope (tons)	2012	2013	2014
Scope 1	4,063	3,504	2,769.63
Scope 2	15,234	14,361	14,280.28
Scope 3	-	-	-
Out-of-scope ^[1]	-	-	-
Total carbon-equivalent emissions (tCO ₂ e)	19,297	17,865	17,050

^[1] GHG not covered by the Kyoto Protocol, HCFC-22

Emission Ratios per Employee, Consolidated Assets and Revenue

	2012	2013	2014
"Emission per employee (tCO ₂ e/total number of employees)"	3.518370	3.513274	3.441663
"Emission according to total consolidated assets (tCO ₂ e/ billion USD)"	0.000173	0.000156	0.000143
"Emission according to consolidated net profit (tCO ₂ e/ billion USD)"	0.009273	0.010463	0.010572
Number of employees (Head Office)	5,471	5,085	4,954
Total consolidated assets (USD, -,000)	112,646,913	114,371,924	119,177,369
Consolidated net profit (USD, -,000)	2,081,083	1,707,389	1,612,807

A total of 2,205,000 saplings have been planted under the “81 Forests in 81 Cities” project, resulting in an estimated annual carbon capture capacity of 27,000 tons/CO₂.

Resource Usage

	2012	2013	2014
Electricity (KWh)	32,969,258	31,061,752	29,624,209
Natural gas (m ³)	1,454,126	1,237,672	1,022,875

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

The positive impacts of forestry area development projects on carbon emissions are regarded as carbon-offsetting mechanisms in several other countries.

Under İşbank’s “81 Forests in 81 Cities” initiative that commenced in late 2008, a total of 2,205,000 saplings have been planted on an area of 1,500 hectares. Furthermore, some 35,200 saplings in total have been planted on a 22 hectare area in the Turkish Republic of Northern Cyprus (TRNC). The estimated annual carbon capture capacity of these saplings amounts to 27,000 tons/CO₂.

FOR OUR EARTH

Since İşbank operates in the banking sector and does not develop/produce water based products, it does not undertake business operations in locations where water resources might be threatened. In addition, the Bank also closely monitors water consumption out of general respect to nature and with the aim of reducing its consumption of natural resources.

Since its establishment in 1924, İşbank has conducted business activities by being aware of the Bank's social responsibility of leaving behind a livable world to future generations.

İşbank's Water Footprint

Starting in 2013, İşbank began to disclose data on the Bank's water footprint in its Sustainability Report. Since İşbank operates in the banking sector and does not develop/produce water based products, it does not undertake business operations in locations where water resources might be threatened. In addition, the Bank also closely monitors water consumption out of general respect to nature and with the aim of reducing its consumption of natural resources.

İşbank is not involved in business activities that might constitute a threat to water resources. Despite this fact, the Bank closely monitors the use of natural resources, abides by applicable rules and regulations, out of general respect towards nature. The use of water resources is also closely monitored in order to be able to take necessary measures. Data from the Directorate-General Headquarters was collected and categorized in terms of water use as 'used water from the grids' (blue), 'waste water' (grey) and 'spring water' (green). The measurement figures are presented in the table below.

Water (m³)

2012	2013	2014	2014
Mains water	64,958	67,365	58,970
Wastewater	32,479	33,683	47,678
Spring Water (Green) ⁽¹⁾			66,498
Total	97,437	101,048	173,146

⁽¹⁾ In the report of the World Water Forum 2014, new criteria were set by adding spring water (green) to measurements in Istanbul.

In 2014 İşbank undertook efforts to raise the BREEAM (green building) certification rating of the Bank's Head Offices to "EXCELLENT."

Water consumption by number of employees and area of usage

2012	2012	2013	2014
Amount of mains water used (m ³)	64,958	67,365	58,970
Number of employees	5,471	5,085	4,954
Area of usage (m ²)	226,461	207,087	200,534
Amount of mains water used per employee (m ³ /employee)	11.87	13.25	11.9
Amount of mains water used per area of usage (m ³ /m ²)	0.29	0.33	0.29

BREEAM In-Use Building and Building Management Certification

Within the BREEAM In-Use (green buildings) certification of İşbank's Head Offices located in Levent, Istanbul, the Bank conducted the following efforts to raise its rating from "VERY GOOD" to "EXCELLENT" in 2014.

- Monitoring, reporting and documenting on current policies, operating systems and consumption levels,
- Initiating the use of energy efficient lighting luminaires (LED) in certain areas to be able to assess their contribution to overall energy efficiency in the building,
- Preparation of a risk assessment report for the building,
- Reporting on and improving preparation and coordination of activities to be undertaken in cases of natural disasters,
- Providing staff working in the building with occupational safety training programs,
- Making improvements to the landscape surrounding the office facilities and increasing their value by adhering to ecological standards,
- Development of cycling and motorcycling parks,
- Taking initiatives to obtain part of the needed energy supply in 2015 from suppliers that use renewable energy sources.

On December 31, 2014, the Bank completed work to raise its rating to "EXCELLENT"; it is waiting for finalization of BREEAM's assessment process in first quarter 2015.

FOR OUR EARTH

The BREEAM In-Use, Building and Building Management Certification process conducted for İşbank's Head Office Tower1 located in Levent, İstanbul was completed in 2013. With the improvement work performed in the building, the Bank's rating was raised from "GOOD" to "VERY GOOD". The certification process and the improvement efforts performed were summarized in the table below:

The green building certification process was launched for Tower 1.	Tower 1's current status was analyzed. Areas of improvement were identified.	Improvement work was completed. The Bank applied for the BREEAM In-Use certificate.
2012	2013	January 2014
At the beginning of the process:	• The Building User Manual was prepared.	At the end of the process:
Building Performance: GOOD Building Management Performance: GOOD	• The Building Operation policies are renewed and started to implementation.	Building Performance: VERY GOOD Building Management Performance: VERY GOOD
	• The Building Operation&Maintenance Manuals were offered for easy access.	
	• A Noticeboard was placed showing how to arrive at the Kule Çarşı Shopping Mall.	
	• A survey was made for building users to evaluate the quality of indoor air quality and comfort conditions.	
	• Training was provided to users of the building.	
	• Recycling bins were placed.	
	• An Ecological Report and Flood Risk Report were prepared.	
	• The use of electrical small home appliances (e.g. hot water kettles) was terminated. Alternatives with high energy efficiency began to be used instead.	
	• Warning signs were posted to raise awareness on energy conservation among users.	

With the aim of paperless banking, İsbank makes use of all technological possibilities and undertakes themed awareness raising activities for employees.

İsbank's paperless banking target

İsbank offers its products and services to millions of customers on a 24/7 basis through diversified distribution channels. The interactive service relationship with customers requires the production and sending of tens of millions of account statements, bank receipts, agreements and similar documents, all of which require a huge amount of paper consumption.

Focusing on conducting business processes based on a sustainability approach, İsbank has initiated various efforts to minimize paper waste in all business processes to the extent possible. As part of these efforts, the following targets have been prioritized: Bringing the use of paper under control, raising awareness on environmentally friendly approaches, saving more on paper and space, and lessening the workload. The Bank has also started to evaluate all printed documents within the paperless banking vision that aims to reduce paper use to the extent possible.

In line with this project, the Bank launched a slew of innovative practices between 2011 and 2013. Contributing to cost control processes, each of these practices represents a valuable step towards protecting the environment. Along the same lines, İsbank took steps to raise

awareness among its customers and encourage them to choose to receive various documents, such as receipts and account statements, by e-mail.

Activities conducted by İsbank under the vision of paperless banking in 2014 are listed below.

Registered E-mail System (RES)

İsbank initiated efforts to ensure secure e-mail communication through the Registered E-mail System (RES) in 2014. RES based pilot implementations were put into place with selected institutions. The aim is to expand the use of RES to all public institutions in the coming period.

Automatic Shut Down of Computers

In 2014, İsbank completed systems infrastructure activities to ensure the automatic shutdown of computers on the Bank's network that are still running after 20:00h. The aim of developing such a systems infrastructure is to conserve energy and extend the operating life of computers.

Removal of Current Account Statements for Debtors

The current account statements for debtors that were sent by İsbank to commercial customers by regular postal mail, were completely abandoned as of 2014.

E-mail Functionality on Bankamatiks (ATMs)

With the new application launched by İsbank in 2014, the option of sending e-mail receipts of transaction carried out on Bankamatiks(ATMs) has been provided to customers.

Regulation on Double-Sided Printing

In order to decrease paper consumption at İsbank, the default settings of printers in use have been set to double-sided printing. With this new practice, the aim is to save around 100 million pages per year.

Investment Account Statement Campaign

A new campaign was implemented in order to change the receiving of investment account statements from paper to e-mail in 2014. Customers who receive their account statements in paper form were suggested to change to e-mail notification. These customers were offered this option during their visits to İsbank branches under the Counter Opportunity Initiative and based on the sales offer of the customer representative.

Termination of Printing of Transaction Registry Lists (T8 - BCH Transaction List and ELJ)

İsbank terminated printing of T8 lists received by all branch managers in the Bank's services network and of ELJ lists received daily by branch employees in 2014.

FOR OUR EARTH

One of İsbank's priorities under the Bank's environmental and social policy is to take close care with the management of environmental and social impact of projects it finances.

Termination of Mass Printing of BHS

With recent arrangements within İsbank, the branches now automatically monitor new BHS versions and these are only printed if absolutely necessary. In this way, mass printing of BHS, which had caused problems with regard to updating the documents and disposal of the used ones, was fully abandoned.

Cooperation with TEMA in Waste Paper Management

Another area of cooperation that İsbank entered into with TEMA is waste paper management.

With a project conducted in 2014, waste paper from all İsbank branches was recycled through the TEMA Foundation. Within the framework of the project, documents which are stored in branch archives and which must be destroyed as a result of coming to the end of their preservation period are collected by the TEMA foundation as soon as they reach an economically beneficial size. The TEMA Foundation plants one sapling on behalf of our Bank for every 100 kg of paper collected. The first forest with 3,800 saplings was planted in Manisa in 2013.

Investment in "Green" Information Technologies

As part of the Bank's comprehensive efforts related to information technologies, İsbank allocates a significant amount of resources to projects related to energy use and energy efficiency. In 2014, PDUs were installed in the Banks' systems rooms and energy use cabinets have started to be monitored regularly. Thanks to these activities, systems that use too much energy were identified and this contributed to first steps towards replacing these with more energy efficient versions.

With the Data Center Monitoring Software Integration, which was implemented in 2014, the Bank's systems started to be monitored as a whole. The temperature of the systems rooms were increased from 19C to 23C, taking into account ASHREA standards. Through this modification, the Bank achieved lesser energy use for cooling. In addition, the Bank installed new panels and plans to install hot corridor closure technology to prevent a mixture of warm and cold air and increase energy efficiency in cooling.

A Model to Calculate Environmental Risks: ERET

One of İsbank's priorities under the Bank's Environmental and Social Policy is to take close care with the management of environmental and social impacts of projects it finances. The Environmental and Social Management Team which is a part of Project Financing Unit, makes use of the Environmental Risk Evaluation Tool (ERET), a tool that assist in assessment of the environmental and social risks of investments of corporate customers who require a facility amount of USD 10 million or more and ensures that the investor company takes precautions in line with the identified risk category. Suggested monitoring activities are also shared with investors upon which a consensus is reached between the parties as part of financing agreements. Projects are monitored based on their risk categories. Especially in projects that are in high risk categories (A and B+), independent environmental consultants are hired to support pre-assessment and monitoring processes. In high risk projects, the investor company is expected to provide guarantees with regard to adherence to the Environmental and Social Action Plan which is prepared and monitored by the independent consultant and sets the requirements that the investor company has to fulfill based on project specific risks.. Adherence to the action plan is monitored on a regular basis once the project is initiated. Monitoring periods are generally specified as quarterly, semi-annually or annually depending on the project specifics.

The number of İsbank-supported projects whose risk assessment has been conducted by using ERET totaled 35 as of the end of 2014. A sample cross section of the model and summary information regarding the projects that are rated via tool are provided below.

Sample ERET Model Cross Section

RISK ASSESSMENT ISSUE AREA	DIMENSIONS AFFECTED BY ISSUE AREA			MANAGEABILITY OF RISKS AND RESULTS	PROBABILITY/ FREQUENCY OF RISK REALIZATION	---	---	LEVEL OF RISK
Evaluations of risk levels on issue areas are made under categories 1, 2, and 3; with 1 being the lowest risk level	---	Impact on Environment and/or Local Community	---					
Impact on Wild Life or Sensitive Areas	---	1	---	1	2	---	---	B-
Raw Material and Waste Management	---	1	---	2	3	---	---	B+
	---	---	---	---	---	---	---	
Impact on Air and Water Quality	---	2	---	1	1	---	---	C
---	---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	---	---

Environmental and Social Risk Level of Project

B-

Environmental and social risks are categorized under C, B, B+, and A; whereby, the lowest risk level is signified by C and highest risk level is signified by A.

C

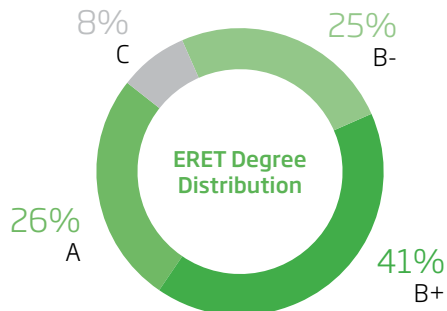
B-

B+

A

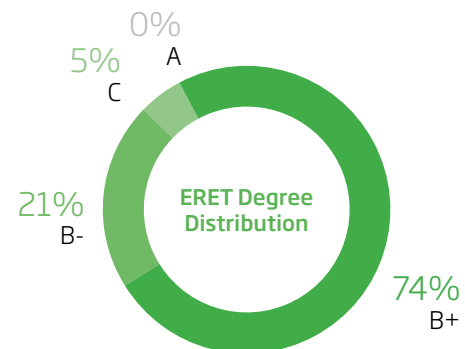
ERET Degree Distribution

(Percentile in the Scaled Portfolio According to Financing Amount)



ERET Degree Distribution

(Percentile in the Scaled Portfolio According to Financing Amount in 2014)



FOR OUR EARTH

İşbank aims to further the Bank's stable growth in the coming period by using resources more efficiently.

With the aim of protecting the environment and raising environmental awareness among different societal segments, especially children, İşbank implemented the "81 Forests in 81 Cities" project, which commenced in late 2008.

SOCIAL AND ENVIRONMENTAL RISK LEVEL OF PROJECT

Environmental and social risks are categorized under C, B, B+, and A; whereby, the lowest risk level is signified by C and highest risk level is signified by A.

Stakeholder Dialogue and Achievement Rate of High Targets

With the aim of protecting the environment and raising environmental awareness among different societal segments, especially children, İşbank implemented the "81 Forests in 81 Cities" project, which commenced in late 2008. With this initiative, which is being implemented in collaboration with TEMA Foundation and the Ministry of Forestry and Water Works, the Bank has once again proved that it is a good corporate citizen aware of its environmental responsibilities.

Targets for Future

In this context, the Bank will continue;

- to manage the use of energy and other natural resources and consumption of paper in a systematic manner and to reduce their direct negative impacts on the environment;
- to launch innovative practices in order to reduce the indirect environmental impacts of the products and services that it offers to its customers; and
- carry out its systemic efforts for the expansion of forested areas in particular within the scope of social responsibility projects.



***Adding color and value to
people's lives*** as a company with one of the
largest social responsibility budgets...

FOR THE SOCIETY

Pursuant to the planning completed by the Social Responsibility Committee, which operates under the Board of Directors, İsbank continued to the projects and initiatives that create social added value in 2014.

Social Responsibility Approach Based on Creating Lasting Value

İsbank, which maintains a highly reputable corporate culture in line with the principles of the Republic of Turkey, views corporate social responsibility activities as inseparable from the Bank's main business activities. The Bank closely follows society's needs and expectations, ranging from culture to arts, and thereby continues with its social responsibility efforts in a long-term, integrated, wide-ranging, and sustainable fashion. Pursuant to the planning completed by the Social Responsibility Committee, which operates under the Board of Directors, the Bank implemented projects and initiatives that create social added value in 2014. Viewing social responsibility related activities as a way to intelligently contribute to the future of Turkish society, İsbank undertook efforts in this area under the guidance of the Corporate Social Responsibility Committee and the supervision of the Board of Directors.

The İsbank Corporate Social Responsibility Committee;

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

İsbank's corporate social responsibility approach

Our Mission

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

Our Strategy

İsbank's corporate social responsibility activities are carried out in accordance with a strategy molded at 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,
- aim to preserve and further the social values created by the Republic,
- support bringing up generations that espouse the principles of Atatürk, and which will play a role in advancing our society to the level of contemporary civilization,
- provide opportunities for the progress of Turkish art and culture, and to promote the same across the world,
- bring our people together with world art and culture,
- undertake a pioneering role in protecting the environment and raising environmental awareness among people.

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

Permanent value

İşbank's corporate goal is to create permanent value through social responsibility activities.

Our Priorities

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

- education
- environment
- art and culture

İşbank's efforts in the areas of education, environment, art and culture in 2014 are summarized below.

EDUCATION

Chess

The Main Sponsor of the Turkish Chess Federation

Next year, İşbank will celebrate its 10th anniversary as the main sponsor of the Turkish Chess Federation. The Bank has designed its support to chess, a sport that highly contributes to children's intellectual development, in a wide-ranging and long-term fashion. In sponsorship activities that expand day by day, the Bank has set itself the following targets: making chess more popular among school children, increasing accessibility of the sport, eliminating existing deficiencies in chess training,

turning the sport into a popular and demanded one in Turkey, and reaching out to more children and thereby increasing the international success of Turkey in chess.

Thanks to the Bank's nearly 10-year main sponsorship, the Turkish Chess Federation has taken the following steps:

- Registered players increased from 30,000 to 455,370 in number,
- Chess trainers increased from 2,000 to 69,556 in number,
- Chess tournaments increased from 400 to 3,900 in number,
- Chess clubs increased from 600 to 2,004 in number.

The number of medals won in international chess tournaments has risen to 260.

Main Sponsor of the Chess Federation of the Turkish Republic of Northern Cyprus (TRNC)

As the Bank with the most extensive network in TRNC, İşbank signed a main sponsorship agreement with the TRNC Chess Federation in 2013; thereby, the Bank demonstrated that its contribution to TRNC is not only limited to banking services.

FOR THE SOCIETY



While undertaking corporate social responsibility activities, İşbank encourages stakeholder participation in its projects and initiatives.

Setting up Chess Classes in Elementary Schools

Within the Bank's main sponsorship of the sport of chess, İşbank continued to undertake important projects in 2014. The Bank's efforts during the year included: turning chess into an easily accessible sport in elementary schools, directing parent and teachers' attention to this field, eliminating material deficiencies at schools in need, and opening chess classes at schools in line with previously set targets. During the Bank's tenure as main sponsor, İşbank opened chess classes in a total of 11,841. In 2014 alone, the Bank set up classes at 1,600 schools.

Under the Bank's sponsorship of the TRNC Chess Federation, the first chess class was opened at 23 Nisan Elementary School, which hosts more than 1,000 pupils and is located in Kyrenia, on November 17, 2014. The total number of schools where chess classes have begun in TRNC with İşbank support is 59.

Distribution of Chess License Cards through İşbank Branches

Since 2007, the licenses granted by the Turkish Chess Federation to registered players have been issued in the form of ATM cards, in an effort to establish a strong and ongoing relationship with the players and their families.

License cards come in three types:

- Electron Bankamatik Cards for players who are over 18 years of age,
- Maestro "First Signature" Bankamatik cards for players in the 12 to 18 age group,
- a token plastic card for players under the age of 12.

Playchess.com

In 2008, İşbank entered into a comprehensive collaboration with Playchess, the world's largest online chess platform with some 250,000 registered users. As a result, the content on the website was translated into Turkish and the site became accessible from www.tsf.org.tr. More than 7,000 licensed chess players who log on to Playchess.com from Turkey can now play online chess via the website, free-of-charge.

İşbank Chess Festival for Children under 8

Conceived as a way to offer children a chess playing environment which is fun while also supporting their parents' efforts to encourage them to play the game, İşbank has conducted the "İşbank Chess Festival for Children under 8" every year since 2006, right after the end of the academic school year. Formerly held only in Istanbul, the festival this year for the first time also took place in Ankara and Izmir. A total of 777 young chess players participated in the ninth edition of festival in 2014.



Turkish Youth Chess Championship (U12)

The Turkish Youth Chess Championship (U12) was held January 26- 31, 2014 in Antalya Kemer with İşbank's support. Some 1,459 young chess players aged 7-12 from 63 cities participated in the championship tournament.

Turkish Youth Chess Championship (U18)

The Turkish Youth Chess Championship (U18) was June 30 - July 6, 2014 at Konya Rixos Hotel with İşbank's support. Some 299 young chess players, ages 13-18, from 34 cities in Turkey and the TRNC participated in the championship. 74 of these participants were registered in the player pool of the National Chess Team of Turkey.

İşbank Chess League

Istanbul Technical University Socar K.N.I. won the 2013-2014 season of the İşbank Chess League. The İşbank Chess League is the strongest league in Turkey in chess and ranks among the best chess leagues in Europe.

Tournament at İş

Another aim of İşbank's main sponsorship of the Turkish Chess Federation is to spread this sport among the Bank's employees and subsidiaries. Therefore, İşbank strives to enhance communication among employees and provides them with opportunities to improve their chess playing skills. As a result, chess has also become one of the tournaments traditionally held by İşbank every year for employees. "Tournament at İş" took place for the fifth time in 2014. Players who ranked among the top three in this year's tournament received awards.

Meetings with Successful Chess Players

Twenty-eight young chess players aged 7-17 who had won awards at international tournaments, their families, representatives of the Turkish Chess Federation, members of the press and İşbank senior management, all came together at a meeting on September 9, 2014. During the ceremony held for the young prize-winning chess players on the 41st floor of İşbank's Head Offices, certificates were presented to them by Ersin Özince, Chairman of the Board of Directors and Adnan Bali, CEO.

Akil Oyunu Documentary

In order to foster interest in chess among different segments of the society, İşbank supported another project in 2014: Akil

Oyunu (Mind Game) documentary. This documentary, in which the importance of chess, its function in education and the Bank's sponsorship activities are touched upon, was broadcast on İZ TV in December.

81 Students from 81 Cities Project

In cooperation with Darüşşafaka, İşbank has authored one of the longest-running and largest social responsibility projects ever conducted in the field of education in Turkey: "81 Students from 81 Cities" which started during the 2008-2009 academic year. Under the project, İşbank meets the educational expenses of 81 children from 81 cities who successfully pass the Darüşşafaka entrance exam each year. Thereby, the Bank supports educational expenses of these children starting from the fifth grade through to the final year of high school. İşbank plans to continue supporting these students through their university education. By the time the first students admitted to the project in 2008-2009 academic year graduate from Darüşşafaka, the total number of student receiving support is expected to reach more than 1,000.

In 2014, in addition to 81 new students, 5 more children who lost their fathers in the Soma mining disaster were also accepted to the program.

FOR THE SOCIETY

In addition to 81 students who received support, 5 more children who lost their fathers in the Soma mining disaster were also accepted to the program in 2014 on a full scholarship.

İşbank also provides students at Darüşşafaka with social development opportunities. Some of these activities include:

- “Welcome Party” for newcomers at the beginning of the academic year,
- New Year’s reception,
- Hosting of students in Istanbul within the “One Million Books, One Million Children” campaign,
- Inviting students to exhibitions and workshops at İşbank Museum and shows in İş Sanat.

“One Million Books, One Million Children” Campaign

İşbank launched one of the largest book drives ever with the “One Million Books, One Million Children” campaign, in the 2007-2008 academic year. In academic year 2013-2014, the campaign was implemented for the 7th time and 8 million books were distributed to elementary school children.

Under the campaign, the following books were distributed to 1 million children who brought their school reports to İşbank branches in Turkey and the TRNC:

- “Alice in Wonderland” in 2008,
- “Yazarlarımızdan Masallar ve Öyküler (Fairy Tales and Stories by Our Writers)” in 2009,
- “Yazarlarımızdan Öyküler (Stories by Our Writers)” in 2010,

- “Halime Kaptan (Captain Halime)” and “Küçük Mavi Gezegen (Small Blue Planet)” in 2011,
- “Sait Faik’ten Çocuklara Öyküler (Children’s Stories by Sait Faik)” in 2012,
- “Aziz Nesin’den Çocuklara En Güzel Öyküler (The Best Stories for Children by Aziz Nesin)” in 2013,
- “Yazarlarımızdan Öyküler (Stories by Our Writers)” in 2014.

Besides Turkey and TRNC, the campaign also distributed books to 1 million elementary school children who brought their school reports to İşbank branches in Germany, Bulgaria, France, Georgia, the Netherlands, Iraq, the UK, Switzerland, Kosovo and Russia. As in previous years, a number of books for visually impaired children were published in the Braille alphabet and were sent to the libraries of schools where visually impaired children are educated. Furthermore, books were distributed to pupils studying at Regional Boarding Schools and youth residing in children’s homes.

Book Donations to Schools and Libraries

As an extension of the Bank’s social responsibility initiatives that contribute to education, İşbank continues to send the books published by the İş Bankası Kültür Yayınları publishing house to schools and public libraries throughout the country. As of end-2014, İşbank sent nearly 10,000 books to 1,050 schools and public libraries.



İşbank Firefly Mobile Education Unit

One of the Firefly Mobile Education Units of the Educational Volunteers Foundation of Turkey (TEGV) was administered by İşbank.

The vehicle, which houses an educational room equipped with 12 PCs, has so far visited the cities of Sivas, Trabzon, Erzurum, Bayburt, Rize, Düzce, Bolu, Karabük, Zonguldak, Bartın and İstanbul since beginning its travels in 2001. To date, the mobile education unit has reached out to some 44,880 students with creative educational activities.

Golden Youth Awards

Every year since 1971, a number of students equal to the age of the Bank who are successful in the university entrance exam are recognized under the "Golden Youth Awards." To date, some 3,000 have received Golden Youth awards.

ENVIRONMENT

81 Forests in 81 Cities Project

İşbank's "81 Forests in 81 Cities" project, implemented in collaboration with TEMA Foundation and the Ministry for Forestry and Water Works, was initiated in late 2008 and has planted a total of 2,205,000 saplings on an area amounting to 1,500 hectares in 81 cities in Turkey. Furthermore, a total number of 35,220 saplings have been planted on an area of 22 hectares in the TRNC. Maintenance and care efforts, to be conducted in the 5-year period after the planting, continued throughout 2014.

ART AND CULTURE

Kültür Yayınları

İş Bankası Kültür Yayınları is a publishing house that was established in 1956 by Hasan Âli Yücel, a former Minister of Education, and continues publishing operations by providing rich content and high quality printing services to customers.

Kültür Yayınları attracts much attention with the works that it publishes, and thereby has become an indispensable publishing house, first and foremost for researchers, but also for all interested readers.

In 2014, around 2.5 million books published by Kültür Yayınları were sold to readers.

İş Bankası Kültür Yayınları releases its publications under 15 separate headings:

- Hasan Âli Yücel Classics
- History and Memoirs
- Modern Classics
- Books for Children and Young Adults
- Examples of Turkish and World Literature
- Biographical Interviews (Nehir Interviews)
- "99 Sayfada" (99-Pages) Article Series
- Life & Culture
- Chess
- The Arts
- Economics, Business Administration and Personal Development
- Researches and Analyses

- Social Sciences and Humanities
- Biography Series
- Osprey Military History Series

The Sait Faik Story Award, presented every year in collaboration with Darüşşafaka and Kültür Yayınları and in commemoration of Sait Faik Abasıyanık, was given to Mahir Ünsal Eriş this year for his book titled "Olduğu Kadar Güzeldik (We were Beautiful as Much as Possible)."

İş Sanat Concert Hall

Since 2000, İşbank's exhibition and performing arts activities have been carried out under the aegis of İş Sanat. Having celebrated its 14th anniversary last year, İş Sanat hosted 32 concerts, 7 children's activities and 5 poetry readings. Under the "Shining Stars" concerts, the following young artists performed in the National Reassurance in the 14th season: Denizcan Eren (flute), Ülker Tümer (cello), Deniz Şensoy (violin) and İlayda Zeynep Köksal (violin). Among these artists, Deniz Şensoy was presented with the "Shining Stars Meriç Soylu Award."

İş Sanat Concert Hall, one of the country's leading arts platforms where major Turkish and international artists perform, regularly hosts children's plays, poetry readings and exhibitions; it has organized more than 1,100 events in 14 years of operation, and welcoming over 500,000 arts-lovers. In 2014, some 28,437 people attended İş Sanat events.

FOR THE SOCIETY



The Laboratory of Conservation and Restoration of Art Works at MSGSU, established with the support of İşbank, tends to the care and maintenance of art works in the Bank's collection.

Türkiye İş Bankası Müzesi (İşbank Museum)

Opened in November 2007, the İşbank Museum is dedicated to the mission of securely housing and protecting documents, banking equipment, communication devices, photographs, pictures, advertisements, promotional materials and films which bear witness both to the Bank's own corporate history, and to the economic development of Turkey.

The İşbank Museum collection mainly consists of three-dimensional objects that depict the transformation phases of banking in Turkey during the Republican Period, and objects that have become an indispensable part of people's daily lives. The pieces in the collection have been obtained from İşbank's branches. In order to secure longevity of the pieces, international museum protection standards are applied to preserve the collection for posterity. Workshops are held at the museum to provide children with a venue to learn about topics such as Budget Thrift and Saving, Museum Memory and Reading. Furthermore, financial literacy training is also provided for adults at the museum. In 2014, more than 12,000 individuals participated in workshops held at İşbank Museum.

İşbank Museum welcomed almost 80,000 visitors in 2014. The total number of museum visitors since the initial opening of the museum has climbed to 400,000.

Preparations for Painting Museum

İşbank is home to Turkey's largest private painting collection; established in the 1940s, the collection now includes more than 2,000 art works. İşbank's collection holds paintings by the founder of Mimar Sinan Fine Arts University (MSGSU) Osman Hamdi Bey, Şeker Ahmet Pasha, Hoca Ali Rıza, İbrahim Çallı and many other renowned artists. In order to exhibit this invaluable collection, İşbank aims to transform the Bank's historical building in the Istanbul district of Beyoğlu into a museum.

After having been established at Mimar Sinan Fine Arts University (MSGSU), the Laboratory of Conservation and Restoration of Art Works immediately launched efforts for the care and maintenance of art works in İşbank's collection. In addition, the Conservation and Restoration of Art Works undergraduate program started accepting students in the 2013-2014 academic year.



As a member of the Board of Trustees of the Istanbul Culture and Arts Foundation (İKSV), İşbank provides support to international film, theatre, jazz and classical music festivals, and to the International Istanbul Music Festival organized by the Foundation.

İş Sanat Galleries

Since 1976, İşbank has regularly opened arts galleries to showcase pieces from the Bank's prized collection. The İş Sanat Kibele (Istanbul) Gallery and İzmir Art Gallery exhibit paintings, sculptures and ceramics not just from established masters but also from promising newcomers. The works of the artists put on display at the Bank's galleries are included in the collection, which is thus expanded further. The collection aims to ensure that masters of the Turkish plastic arts are remembered. The Kibele Arts Gallery located in the Head Offices building in Istanbul, hosted retrospective exhibitions of Eşref Üren, Cihat Aral, Mehmet Mahir and Meriç Hızal in the 2013-2014 season with 21,187 visitors in total during this period.

In the 2013-2014 season, the İzmir Art Gallery staged seven exhibitions in which a large number of paintings, prints and ceramics went on display for visitors. Interest in these art works among visitors was very high. Besides exhibitions, the gallery organizes workshops to contribute to the education of new generations about the value of the arts.

Excavation Sponsorship for "Muzalar (Muse) House" in the Ancient City of Zeugma

One of the archaeological project sites situated on the banks of Birecik Reservoir, in the southeastern province of Gaziantep's

Nizip district, is "Muzalar (Muse) House," which was discovered in 2007. Believing that excavations in the ancient city will make valuable contributions to protecting our country's cultural heritage, İşbank has agreed to sponsor excavation efforts of Muzalar (Muse) House for a 5-year period. With İşbank's support, excavations at Zeugma Ancient City's Muzalar House were furthered in 2014; during the year, three new mosaics were identified and shared with the public. Among the excavated mosaics, which were all very well-preserved, is a depiction of four idealized women in the second guest room representing the mythological muses and Hera, as known during ancient times. In the courtyard penthouse-roof the pictures of two mythological women heroine figures were found. In addition, in the courtyard of the house, Oceanos and Thetis figures among numerous marine animals were also excavated.

İstanbul Foundation for Culture and ArtsThe İstanbul Music Festival

As a member of the Board of Trustees of the Istanbul Foundation for Culture and Arts (İKSV), İşbank provides support to international film, theatre, jazz and classical music festivals organized by the Foundation.

İşbank functioned as a sponsor for the "Sinfonia Varsovia & Julian Rachlin" concert held in the Hagia Irene Museum as part of the 42nd Istanbul Music Festival on June 17, 2014.

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.
1928	First moneyboxes were started to be distributed.
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.
1930	The Bank disbursed 2,000 liras to Milli Tasarruf Cemiyeti (National Thrift 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 Thrift Society) as grants-in-aid.
1931	500 liras were granted to Darüşşafaka as financial aid. İş Kumbarası (İş Moneybox) children's magazine started to be published.
1932	150 liras were donated to Darüşşafaka.
1933	Ankara Cinema became a subsidiary of İş Ltd.
1934	200 TL was granted as financial aid to Himaye-i Etfal Cemiyeti (Society for the Protection of Children).
1938	The Bank acquired the painting "Magnolias" by İbrahim Çallı. Scholarships were granted to five students at İstanbul University.
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.
1953	İclal Rıza Ersin became Turkey's first woman bank manager, who was appointed to İşbank Nişantaşı Branch.
1956	İş Bankası Kültür Yayınları publishing house was established.
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 50 th 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 "50 th Anniversary of the Republic" was opened at Zafer Çarşısı in Ankara on occasion of the 50 th anniversary of the Turkish Republic.
1974	Travelling exhibitions were launched under the title Anatolian Exhibitions.
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.

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.
1981	Sivas Student Dormitory was opened. Sivas Cumhuriyet University Sivas Student Dormitory was opened.
1999	Educational grants were started to be provided to students who suffered losses in the Marmara Earthquake.
2000	İş Sanat was established. Sakarya University İşbank Student Dormitory was opened.
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.
2005	The Bank became the main sponsor of the Turkish Chess Federation.
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.
2008	"One Million Books, One Million Children" campaign was launched. An exhibition titled "The Story of a Moneybox" 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.
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.
2010	The exhibition "Grand Bazaar in 10 Steps" was mounted at the İşbank Museum. The Moneybox Magazine started to be republished. The cooperation established with the Mimar Sinan Fine Arts University for the establishment of Turkey's first Painting Conservation and Restoration Laboratory was publicly announced.
2011	"Writing History in Glass since 1935" was opened at the İşbank Museum.
2012	A student dormitory accommodating 300 students was built at the 100. Yıl University after the Van Earthquake. The Fine Arts Conservation and Restoration Laboratory set up in cooperation with the MSGSU was opened. The "House of Muses" excavation in the Ancient City of Zeugma was sponsored.
2013	Set up at the Mimar Sinan Fine Arts University (MSGSU), the Laboratory of Conservation and Restoration of Art Works immediately launched its efforts for the care and maintenance of the art works in İşbank's collection. In line with the "81 Forests in 81 Cities" project conducted in Turkey, the "Türkiye İş Bankası Forest" was founded in T.R.N.C. İşbank signed a main sponsorship agreement with the T.R.N.C. Chess Federation.
2014	In addition to the support given to 81 pupils under the "81 Students from 81 Cities" project implemented in collaboration with Darüşşafaka Schools, five other children who lost their fathers in the Soma mining disaster were also accepted to the program in 2014 on a full scholarship. As part of İşbank's main sponsorship of the Northern Cyprus Chess Federation, the first chess class was opened in the TRNC in 2014.

İŞBANK'S CORPORATE SOCIAL RESPONSIBILITY COMMITTEE



Aysel Tacer
Board Member

Born in 1959 in Siverek/Şanlıurfa, Aysel Tacer graduated with a 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. Ms. Tacer was elected as a member to İşbank's Board of Directors on March 31st, 2011, as a member to the Corporate Social Responsibility Committee on April 1st, 2011, and as an alternate member of the Credit Committee on May 30th, 2011.



Ulaş Moğultay
Board Member

Born in 1979, İstanbul, Ulaş Moğultay graduated from Boston University, Economics Department. He began his professional career as economic advisor at the World Bank in 2005. Mr. Moğultay was elected to the Board of Directors of İşbank on March 28th, 2014, and to the Corporate Social Responsibility Committee on July 24th, 2014.



Yalçın Sezen
Deputy Chief Executive

Born in 1965 in İzmir, Yalçın Sezen completed a 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. Mr. Sezen was appointed as a Deputy Chief Executive on April 13th, 2011.



Senar Akkuş
Deputy Chief Executive

Born in 1969 in Diyarbakır, Senar Akkuş graduated with a degree in economics from the Faculty of Economics and Administrative Sciences at the Middle East Technical University. She joined İşbank as an assistant specialist at the Treasury Department in 1991. Ms. Akkuş was appointed as a Deputy Chief Executive on April 13th, 2011.



Suat E. Sözen
Head of Corporate Communications Division

Born in 1970 in Kars, Suat E. Sözen graduated with a degree in economics from the Faculty of Economics and Administrative Sciences at the Gazi University. He joined İşbank in 1991 as an assistant training specialist trainee in the Training Division. Mr. Sözen was appointed to the Corporate Communications Division on January 31st, 2008.

ABOUT THIS REPORT

This is the 3rd Sustainability Report published by İşbank.

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

This second Sustainability Report released by İşbank covers the period January 1st - December 31st, unless otherwise stated. The report is published annually and the Bank aims to release the next report in March 2016.

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

- establishing relevant trends,
- communicating developments and progress in relation to the headings addressed,
- bringing forth the permanence of İşbank's performance. The data herein will provide a benchmark for the sustainability reports to be released by İşbank in the future.

Report content

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

The financial data set forth in the section, İşbank in Numbers (page 10-15), and financial data for the reporting period reflect İşbank's consolidated figures as of December 31st, 2014.

Method for defining the report content

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 the day-to-day operations of the Bank's different units also served as a valuable database for this study.

The reporting process and determination of the report content are carried out based on the:

- "AA1000 APS Standard", a widely-recognized standard developed by Account Ability, and grounded on the principles of "comprehensiveness, prioritization and accountability" and
 - "GRI Sustainability Reporting Principles"
- The report content was prepared by taking into account the topics that are essential and preferential in terms of the İşbank's strategy, as well as stakeholder reviews and recommendations gathered through various forms and channels of communication. Please refer to the section, "İşbank's Stakeholders", page 20-22.

Statement of Compliance with GRI Guidelines

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 A.

The report's GRI approval process is completed.

UN Global Compact Communication on Progress

This report also represents the annual Communication on Progress 2014 within the scope of the UN Global Compact, which İşbank is a signatory of. The UN Global Compact - Communication on Progress 2014 is provided on page 94-95 in this report to ensure the follow-up of disclosures made by the Bank in the context of the primary elements of the Global Compact, including labor force, human rights, anti-fraud, the environment, and the associated ten principles.

Publication of the report

The İşbank Sustainability Report has been published in Turkish and English. The report's electronic version is accessible on the Bank's website at www.isbank.com.tr.

UN GLOBAL COMPACT 2014 - COMMUNICATION ON PROGRESS 2014

Principle	İşbank's Approach	Section on Additional Explanations	Page No
The business world ought to support and respect internationally accepted human rights standards.	İşbank acts in accordance with domestic and international legislation regulating human rights standards, including the UN Declaration on Human Rights.	For Our Employees	56-68
The business world shall not tolerate human rights abuses.	İşbank supports protection of human rights on a global scale.	For Our Employees	56-68
The business world ought to support the right of forming trade unions and recognize the right of collective bargaining.	İşbank has accepted the freedom of its employees to organize in trade unions and has recognized the right to collective bargaining. In this vein, İşbank is an exemplary corporation in Turkey. As of the date of this report, 24,308 employees are part of the collective bargaining agreement. İşbank employees are members of the BasiSen trade union.	For Our Employees	56-68
The business world ought to prevent any form of forced labor.	Equal opportunities and diversity constitute the main pillars of İşbank's human resources policy. Granting equal opportunities to all employees is one of the main responsibilities of İşbank. İşbank, which values diversity in its workforce, perceives diversity as an integral component of the bank's intellectual capital. This approach enables development and constant improvement of a modern working environment at İşbank that encourages thinking and acting outside of the box, and fosters innovation and personal development. In addition, İşbank stands strongly against any form of discrimination in the workplace, forced labor and child labor in Turkey and around the world.	For Our Employees	56-68
The business world ought to stand against child labor.	İşbank is against child labor and supports all initiatives taken for its elimination.	For Our Employees	56-68

The business world ought to fight against discrimination in hiring and work processes.	İşbank is against discrimination in hiring and work processes and supports all initiatives taken in this direction in the business world.	For Our Employees	56-68
The business world ought to support all approaches directed towards prevention of environmental problems and protection of the environment.	İşbank intensively continues efforts related to the protection of the environment by staying in close contact with relevant stakeholders.	For Our Earth	70-80
The business world ought to support all activities and developments that will increase responsibility towards the environment.	İşbank supports numerous activities and developments in Turkey in order to increase environmental responsibility and raise awareness on environmental problems in Turkey.	For Our Customers For Our Earth	34-54 70-80
The business world ought to support the development and expansion of environmentally friendly technologies.	İşbank supports development and expansion of environmentally friendly technologies, mainly through renewable energy and energy efficiency projects, by financing different sectors and by developing targeted products.	For Our Customers	34-54
The business world, ought to fight against any form of corruption, including bribery and racketeering.	İşbank fully, rightly and efficiently supports the fight against corruption and terrorism financing in the framework of the established national legislation and the Bank's own policies.	For Our Customers Corporate Governance at İşbank	34-54 26-32

G3.1 CONTENT INDEX



Standard Disclosures Part 1-Profile Disclosures

1. Strategy and Analysis

Profile Disclosure	Description	Level of Reporting	Location of Disclosure
1.1.	Statement from the most senior decision-maker of the organization	Fully	CEO's Message pg. 4-5
1.2.	Description of key impacts, risks and opportunities	Fully	Chairman's Message pg. 2-3 CEO's Message pg. 4-5

2. Organizational Profile

Profile Disclosure	Description	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	Who we are? pg. 7-14 http://www.isbank.com.tr/EN/about-isbank/Pages/about-isbank.aspx
2.3.	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures	Fully	Corporate Profile, pg. 8-9 İşbank and its Subsidiaries, pg. 14-15
2.4.	Location of organization's headquarters	Fully	İş Kuleleri 34330 Levent/İstanbul
2.5.	Location of organization's headquarters	Fully	Activity map of İşbank, pg. 12-13
2.6.	Nature of ownership and legal form	Fully	Shareholding Structure, pg. 10
2.7.	Markets served(including geographic breakdown, sectors served and types of customers/beneficiaries)	Fully	Corporate Profile, pg. 8-9 İşbank in Numbers, pg. 10-19 İşbank and its Subsidiaries, pg. 15
2.8.	Scale of the reporting organization	Fully	Corporate Profile, pg. 8-9, 14 İşbank in Numbers, pg. 10-13 İşbank and its Subsidiaries, pg. 14-15

2.9.	Significant changes during the reporting period regarding size, structure and ownership	Fully	Within the reporting period, 49 new branches and 622 new ATMs started providing services while 969 new İşbankers were employed.
2.10	Awards received in the reporting period	Fully	For detailed information, visit the below web address and see İşbank 2014 Annual Report pg.24, pg.28, pg.37, pg.40: http://www.isbank.com.tr/TR/hakimizda/yatirimci-iliskileri/finansal-bilgiler/yillik-ve-ara-donem-faaliyet-raporlari/Documents/FaaliyetRaporu2014.pdf

3.Report Parameters

Profile Disclosure	Description	Level of Reporting	Location of Disclosure
3.1.	Reporting period (e.g. fiscal calendar year) for information provided	Fully	2014
3.2.	Date of most recent previous report(if any)	Fully	2013
3.3.	Reporting cycle (annual, biennial etc.)	Fully	Annual
3.4.	Contact point for questions regarding the report or its content	Fully	You can submit your additional information requests within the scope of the Sustainability Report via kurumsal.iletisim@isbank.com.tr
3.5.	Process for defining report content	Fully	İşbank's Sustainability Approach pg. 17-19, About this report pg. 93 İşbank made a prioritization analysis in interaction with its shareholders and determined the content of the 2014 Sustainability Report. Following topics were determined by taking Bank's priorities and shareholders' opinions into consideration: <ul style="list-style-type: none"> • Effective corporate governance • Customers (responsible products and services) • Employees • World (effective processes and operations in terms of ecosystem) • Corporate social responsibility Findings of the Prioritization Analysis and the draft report were presented to the İşbank Top Management and the feedback they gave was used in finalizing the report.
3.6.	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Fully	The content of this report is limited with the İşbank's activities in Turkey. Thus, it does not cover the subsidiaries, associate partners and branches of the Bank outside the country.
3.7.	State any specific limitations on the scope or boundary of the report.	Fully	See GRI Index, Report Parameters, Indicator 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 organization	Fully	This report does not cover the subsidiaries of the Bank.

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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	Fully	In the information collection process, İşbank uses various standards and data collection systems, and implements a meticulous internal and external audit method. Furthermore; as well as implementing international reporting standards, the Bank fully complies with the applicable laws and regulations 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	In the amended sections, footnotes are added to the tables.
3.11.	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	Fully	No amendments were made in reporting period.
3.12.	Table identifying the location of the Standard Disclosures in the report	Fully	See GRI Index, Report Parameters, Indicator 3.1.
3.13.	Policy and current practice with regard to seeking external assurance for the report	Fully	Consulting, content development and editorial services for the Sustainability Report were provided by Finar Kurumsal in conformity with the GRI 3.1 Reporting Principles. Specific financial performance indicators were independently audited by KPMG. For more detailed information, see İşbank 2014 Annual Report: http://www.isbank.com.tr/TR/hakkimizda/yatirimci-iliskileri/finansal-bilgiler/yillik-ve-ara-donem-faaliyet-raporlari/Documents/FaaliyetRaporu2014.pdf

4. Governance, Commitments and Engagement

Profile Disclosure	Description	Reported	Explanation
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	Organization Chart of İşbank pg. 24-25 Corporate Governance pg. 26-29
4.2.	Indicate whether the Chair of the highest governance body is also an executive officer	Fully	Chairman of the Board of Directors is a non-executive member.

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	Corporate Governance pg. 26-29 As of 24.01.2014, Hüseyin Yalçın is an "Independent Member" in the İşbank Board of Directors. For detailed information please look at the Annual Report 2014 of İşbank http://www.isbank.com.tr/TR/hakimizda/yatirimci-iliskileri/finansal-bilgiler/yillik-ve-ara-donem-faaliyetraporlari/Documents/FaaliyetRaporu2014.pdf
4.4.	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Fully	Mechanisms for the communication of İşbank employees' opinions and suggestions pg. 64
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 pg. 26-29 For detailed information about Profit Distribution Policy of İşbank: http://www.isbank.com.tr/EN/about-isbank/investor-relations/corporate-governance/dividend-distribution-policy/Pages/dividend-distribution-policy.aspx
4.6.	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Corporate Governance pg. 26-29 For detailed information, see İşbank Articles of Association given in the link below. http://www.isbank.com.tr/TR/hakimizda/yatirimci-iliskileri/kurumsal-bilgiler/ana-sozlesme/Sayfalar/ana-sozlesme.aspx
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 pg. 26-29 For detailed information, see İşbank 2014 Annual Report pg.60-61 "Committees That Carry Out Activities At İşbank" and pg.74 "Activity Principles of the Board of Directors": http://www.isbank.com.tr/TR/hakimizda/yatirimci-iliskileri/finansal-bilgiler/yillik-ve-ara-donem-faaliyet-raporlari/Documents/FaaliyetRaporu2014.pdf
4.8.	Process for determining the compositions, 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	Vision, Objectives, Values and Strategies of İşbank pg. 7, Environmental and Social Management Strategy (ESMS) pg. 19
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 pg. 26-29, İşbank's Sustainability Approach pg. 17-19
4.10.	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	Fully	This issue is one of the tasks of the İşbank Corporate Governance Committee which was established in 2013. For detailed information please see: Corporate Governance: pg. 26-29

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4.11	Explanation of whether or how the precautionary approach or principle is addressed by the organization	Fully	In all its activities, İşbank supports the precautionary approach of the UN Global Compact. In conformity with this principle, the Bank has adopted a risk based approach that is implemented in its activities.
4.12.	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses	Fully	İşbank's Stakeholders, pg. 20-21
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	İşbank's Stakeholders, pg. 20-21
4.14.	List of stakeholders engaged by the organization	Fully	İşbank's Stakeholders, pg. 20-21
4.15.	Basis for identification and selection of stakeholders with whom to engage	Fully	İşbank's Stakeholders, pg. 20-21
4.16.	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Fully	İşbank's Stakeholders, pg. 20-21 İşbank's Sustainability Approach pg. 17-19
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	Main issues about the shareholders' participation are specified in detail in the following sections: For Our Customers, pg. 34-54 For Our Employees, pg. 56-68 For Our Earth pg. 70-80 For Our Society, pg. 82-91

Standard Disclosures Part II Disclosures on Management Approach (DMAs)

Profile Disclosure	Description	Reported	Location of Disclosure
Aspects	Product Portfolio	Fully	İşbank in Numbers, pg. 10-13 For Our Customers, pg. 34-54
FS1	Policies with specific environmental and social components applied to business lines	Fully	Environmental and Social Management Strategy (ESMS) pg. 19

FS2	Processes for assessing and screening environmental and social risks in business lines	Fully	Environmental and Social Management Strategy (ESMS) pg. 19 İşbank's Sustainability Approach pg. 17-19
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Fully	Environmental and Social Management Strategy (ESMS) pg. 19 İşbank's Sustainability Approach pg. 17-19 A model to calculate environmental risks: ERET pg. 78-79
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Fully	Environmental and Social Management Strategy (ESMS) pg. 19 İşbank's Sustainability Approach pg. 17-19 For Our Employees, pg. 56-68
FS5	Interactions with clients/investees/ business partners regarding environmental and social risks and opportunities	Fully	Environmental and Social Management Strategy (ESMS) pg. 19 A model to calculate environmental risks: ERET pg. 78-79 İşbank's Stakeholders, pg. 20-21
Audits		Fully	Environmental and Social Management Strategy (ESMS) pg. 19
Active Ownership		Fully	Within the reporting period, there were no significant issues that would require İşbank to develop a voting policy in its subsidiaries where it has the right to vote or right to advice on voting.
DMA EC	Disclosure on Management Approach EC		
Aspects	Economic performance	Fully	İşbank in Numbers, pg. 10-13
	Market Presence	Fully	Corporate Profile, pg. 8-9
	Indirect Economic Impacts	Fully	For Our Customers, pg. 34-54 For Our Earth pg. 70-80
DMA EN	Disclosure on Management Approach EN		
Aspects	Materials	Fully	For Our Earth pg. 70-80
	Energy	Fully	For Our Earth pg. 70-80
	Water	Fully	For Our Earth pg. 70-80
	Biodiversity	Not Applicable	
	Emissions, effluents and waste	Fully	For Our Earth pg. 70-80
	Products and Services	Fully	For Our Earth pg. 70-80 For Our Customers, pg. 34-54
	Compliance	Fully	Corporate Governance pg. 26-29
	Transport	Fully	For Our Earth pg. 70-80
	Overall	Fully	For Our Earth pg. 70-80

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DMA LA	Disclosure on Management Approach LA		
Aspects	Employment	Fully	For Our Employees, pg. 56-68
	Labor/Management Relations	Fully	For Our Employees, pg. 56-68
	Occupational Health and Safety	Fully	For Our Employees, pg. 56-68
	Training and Education	Fully	For Our Employees, pg. 56-68
	Diversity and Equal Opportunity	Fully	For Our Employees, pg. 56-68
	Equal remuneration of women and men	Fully	For Our Employees, pg. 56-68
DMA HR	Disclosure on Management Approach HR		
Aspects	Investment and Procurement practices	Fully	For Our Employees, pg. 56-68
	Non-discrimination	Fully	For Our Employees, pg. 56-68
	Freedom of association and collective bargaining	Fully	For Our Employees, pg. 56-68
	Child Labor	Fully	For Our Employees, pg. 56-68
	Prevention of forced and compulsory labor	Fully	For Our Employees, pg. 56-68
	Security Practices	Fully	For Our Employees, pg. 56-68
	Indigenous Rights	Not Applicable	
	Assessment	Fully	For Our Employees, pg. 56-68
	Remediation	Fully	For Our Employees, pg. 56-68
DMA SO	Disclosure on Management Approach SO		
Aspects	Local Communities	Fully	For Our Society, pg. 80-91
	Corruption	Fully	For Our Society, pg. 80-91
	Public Policy	Fully	For Our Society, pg. 80-91
	Anti-competitive behavior	Fully	For Our Society, pg. 80-91
	Compliance	Fully	For Our Society, pg. 80-91

DMA PR	Disclosure on Management Approach PR		
Aspects	Customer Health and Safety	Fully	For Our Customers, pg. 34-54
	Product and service labelling	Fully	For Our Customers, pg. 34-54
FS15	Policies for the fair design and sale of financial products and services	Fully	Financial Awareness Process, pg. 34-54
	Marketing Communications	Fully	For Our Customers, pg. 34-54
	Customer Privacy	Fully	For Our Customers, pg. 34-54
	Compliance	Fully	For Our Customers, pg. 34-54
Standard Disclosures Part III - Performance Indicators			
Product Portfolio			
FS6	Percentage of the portfolio for business lines by specific region, size(e.g. micro/ SME/large) and by sector	Fully	Credit Portfolio of İşbank, pg. 36
FS7	Monetary value of products and services designed to deliver a specifics social benefit for each business line broken down by purpose	Fully	İşbank in Numbers, pg. 36
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Fully	Products within the scope of Environmental Sustainability, pg. 51-52
Audit			
FS9	Coverage and frequency of audits to assess implementation of social and environmental policies and risk assessment procedures	Fully	Environmental and Social Management Strategy (ESMS) pg. 19 A model to calculate environmental risks: ERET pg. 78-79
Active Ownership			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Fully	Environmental and Social Management Strategy (ESMS) pg. 19 A model to calculate environmental risks: ERET pg. 78-79
FS 11	Percentage of assets subject to positive and negative environmental or social screening	Fully	Environmental and Social Management Strategy (ESMS) pg. 19 A model to calculate environmental risks: ERET pg. 78-79
FS12	Voting policies applied to environmental and social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	Fully	İşbank's Sustainability Approach, pg. 17-19 İşbank and its Subsidiaries, pg. 14-15

G3.1 Content Index

Economic			
Profile Disclosure	Description	Reported	Explanation
Economic Performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and government	Fully	Key Financial Highlights, pg. 10-13
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Fully	For Our Earth pg. 70-80
EC3	Coverage of the organization's defined benefit plan obligation	Fully	For Our Employees, pg. 56-68
EC4	Significant financial assistance received from the government	Fully	İşbank is not utilizing any government incentives or financial supports.
Market Presence			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Fully	For Our Employees, pg. 56-68
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation	Fully	Relations with Suppliers, pg. 20
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Fully	Having a widespread branch network, İşbank pays utmost attention to recruiting from local communities. İşbank's managerial staffs including the General Manager, Assistant General Managers and managers are all Turkish citizens.
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	Fully	For Our Customers, pg. 34-54 For Our Society, pg. 80-91
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Fully	For Our Customers, pg. 34-54 For Our Society, pg. 80-91

Environmental			
EN1	Materials used by weight or volume	Fully	For Our Earth pg. 70-80
EN2	Percentage of materials used that are recycled input materials	Partially	For Our Earth pg. 70-80
Energy			
EN3	Direct energy consumption by primary energy source	Fully	For Our Earth pg. 70-80
EN4	Indirect energy consumption by primary source	Partially	For Our Earth pg. 70-80
EN5	Energy saved due to conservation and efficiency improvements	Fully	For Our Earth pg. 70-80
EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives	Fully	For Our Earth pg. 70-80 For Our Customers, pg. 34-54
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Fully	For Our Earth pg. 70-80
Water			
EN8	Total water withdrawal by source	Fully	For Our Earth pg. 70-80
EN9	Water sources significantly affected by withdrawal of water	Not Applicable	
EN10	Percentage and total volume of water recycled and reused	Not Applicable	
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	Fully	İşbank does not own or rent any land property in or near the "protected areas" and "areas with high biodiversity".
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Fully	Within the scope of the "81 Forests in 81 Cities" project of İşbank, 2.205.000 young trees were planted. For Our Society, pg. 87
EN13	Habitats protected and restored	Fully	See GRI Index, Report Parameters, Indicator 3.6.
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	Not Applicable	
EN15	Number of IUCN Red List Species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not Applicable	

G3.1 Content Index

Emissions, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	Fully	For Our Earth pg. 70-80
EN17	Other relevant greenhouse gas emissions by weight	Partially	For Our Earth pg. 70-80
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Fully	For Our Earth pg. 70-80
EN19	Emissions of ozone-depleting substances by weight	Partially	For Our Earth pg. 70-80
EN20	NOx, SOx and other significant air emissions by type and weight	Not Applicable	
EN21	Total water discharge by quality and destination	Fully	For Our Earth pg. 70-80
EN22	Total weight of waste by type and disposal method	Fully	For Our Earth pg. 70-80
EN23	Total number and volume of significant spills	Fully	Within the reporting period, there were no significant leaks caused by İsbank.
EN24	Weight of transported, exported, imported or treated waste deemed hazardous under the terms of the Basel Convention Annex I,II, III and VIII and percentage of transported waste shipped internationally	Not Applicable	
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Not Applicable	
Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Fully	For Our Earth pg. 70-80
EN27	Percentage of products sold and their packaging materials reclaimed by category	Fully	For Our Earth pg. 70-80

Compliance

EN28	Monetary value of significant fines and total number of non-monetary sanction for non-compliance with environmental laws and regulations	Fully	Within the reporting period, there were no financial/non-financial penalties given as a result of not complying with environmental laws and regulations.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations and transporting members of the workforce	Not Applicable	

Overall

EN30	Total environmental protection expenditures and investments by type	Partially	For Our Earth pg. 70-80 For Our Society pg. 80-91
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Social: Labor Practices and Decent Work**Employment**

LA1	Total workforce by employment type, employment contract and region, broken down by gender	Fully	For Our Employees, pg. 56-68 For Our Society, pg. 80-91
LA2	Total number and rate of new employee hires and turnover by age group, gender and region	Fully	For Our Employees, pg. 56-68
LA3	Benefits provided to full time employees that are not provided to temporary or part time employees by major operations	Not applicable	
LA15	Return to work and retention rates after parental leave, by gender	Partially	For Our Employees, pg. 56-68

Labor/Management Relations

LA4	Percentage of employees covered by collective bargaining agreements	Fully	Every two years, a Collective Bargaining Agreement is signed between İsbank and BASİSEN. The Collective Bargaining Agreement covering the period between 01.01.2014 and 31.03.2016 was signed on the 26 th of June 2014.
LA5	Minimum notice periods regarding significant operational changes, including whether it is specified in collective agreements	Fully	For Our Employees, pg. 56-68

Occupational Health and Safety

LA6	Percentage of workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs	Not Applicable	
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LA7	Rates of injury, occupational diseases, lost days and absenteeism and a number of work-related fatalities by region and by gender	Fully	Within the reporting period there were no injuries, no work accidents that resulted in death, while there were no working days lost and no absenteeism due to occupational diseases.
LA8	Education, training, counselling, prevention and risk control programs in place to assist workforce, their families and community members regarding serious diseases	Fully	For Our Employees, pg. 56-68
LA9	Health and safety topics covered in formal agreements with trade unions	Fully	For Our Employees, pg. 56-68
Training and Education			
LA10	Average hours of training per year per employee by gender and by employee category	Fully	Training Activities at İşbank, pg. 56-68
LA11	Programs of skill management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Fully	Training Activities at İşbank, pg. 56-68
LA12	Percentage of employees receiving regular performance and career development reviews by gender	Fully	For Our Employees, pg. 56-68
Diversity and Equal Opportunity			
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	For Our Employees, pg. 56-68
Equal Remuneration for Women and Men			
LA14	Ratio of basic salary and remuneration of women to men by employee category by significant locations of operation	Fully	For Our Employees, pg. 56-68

Social: Human Rights

Investment and Procurement Practices

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or that have undergone human rights screening	Fully	Vision, Objectives, Values and Strategies of İsbank, pg. 7 İsbank's Sustainability Approach pg. 17-19
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	Fully	Relations with Suppliers, pg. 20
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Fully	For Our Employees, pg. 56-68

Non-discrimination

HR4	The total number of incidents of discrimination and corrective actions taken	Fully	Within the reporting period, there were no issues of any kind of discrimination at İsbank.
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Freedom of association and collective bargaining

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	For Our Employees, pg. 56-68 There were no issues/cases in 2014.
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Child Labor

HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to effective abolition of child labor	Fully	For Our Employees, pg. 56-68 There were no issues/cases in 2014.
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Prevention of Forced and Compulsory Labor

HR7	Operations and significant suppliers identified as having significant risk for incidents of forced and compulsory labor, measures to contribute to elimination of all forms of forced and compulsory labor	Fully	For Our Employees, pg. 56-68 There were no issues/cases in 2014.
HR8	Percentage of security personnel trained in the organization's procedures concerning aspects of human rights that are relevant to operations	Fully	For Our Employees, pg. 56-68

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HR9	Indigenous Rights	Not applicable	
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	Fully	Within the reporting period, none of the activities of İşbank were investigated or evaluated within the scope of human rights.
Remediation			
HR11	Number of grievances related to human rights field, addressed and resolved through formal grievance mechanisms	Fully	Within the reporting period, there was no breach of human rights.
Social: Society			
Local Community			
S01 (FSSS)	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	Fully	Environmental and Social Management Strategy (ESMS) pg. 19 A model to calculate environmental risks: ERET pg. 78-79
S01 (FSSS)	Percentage of operation with implemented local community engagement, impact assessments and development programs	Fully	For Our Society, pg. 80-91 For Our Customers pg. 34-54
FS13	Access points in low-populated or economically disadvantaged areas by type	Fully	With its 1.333 branches in Turkey, İşbank has the largest branch network among the private banks while with its 6.290 ATMs throughout the country it has the widest ATM network in the sector.
FS14	Initiatives to improve Access to financial services for disadvantaged people	Fully	For Our Customers p. 34-54
S09	Operations with significant potential and actual negative impacts on local communities	Fully	Environmental and Social Management Strategy (ESMS) pg. 19 A model to calculate environmental risks: ERET pg. 78-79
S010	Prevention and mitigation measures implemented in operations with significant potential and actual negative impacts on local communities	Fully	Environmental and Social Management Strategy (ESMS) pg. 19 A model to calculate environmental risks: ERET pg. 78-79

Corruption			
S02	Percentage and total number of business units analyzed by risks related to corruption	Fully	Corporate Governance at İşbank, pg. 26-29 Risk Management at İşbank pg. 30-32
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	Partially	For Our Employees, pg. 56-68
S04	Actions taken in response to incidents of corruption	Fully	For Our Employees, pg. 56-68 Risk Management at İşbank pg. 30-22
Public Policy			
S05	Public policy positions and participation in public policy development and lobbying	Fully	İşbank's Stakeholders, İşbank's Memberships pg. 20-22
S06	Total value of financial and in kind contributions to political parties, politicians and related institutions by country	Not applicable	
Anti-competitive Behavior			
S07	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	Fully	For detailed information please see page 147 of Annual Report on the link http://www.isbank.com.tr/TR/hakimizda/yatirimci-iliskileri/finansal-bilgiler/yillik-ve-ara-donem-faaliyetraporlari/Documents/FaaliyetRaporu2014.pdf
Compliance			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Fully	For detailed information please see page 142 of Annual Report on the link http://www.isbank.com.tr/TR/hakimizda/yatirimci-iliskileri/finansal-bilgiler/yillik-ve-ara-donem-faaliyet-raporlari/Documents/FaaliyetRaporu2014.pdf
Social: Product Responsibility			
Customer Health and Safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Partially	For Our Customers pg. 34-54
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not applicable	

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Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Partially	For Our Customers pg. 34-54
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	There were no complaints received by İşbank within the reporting period.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	For Our Customers pg. 34-54
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Fully	For Our Customers pg. 34-54
Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	Vision, Objective, Values and Strategies of İşbank pg. 7, For Our Customers pg. 34-54
PR7	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	There were no complaints received by İşbank within the reporting period.
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Fully	There were no complaints received by İşbank within the reporting period.
Compliance			
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Fully	There were no complaints received by İşbank within the reporting period.

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