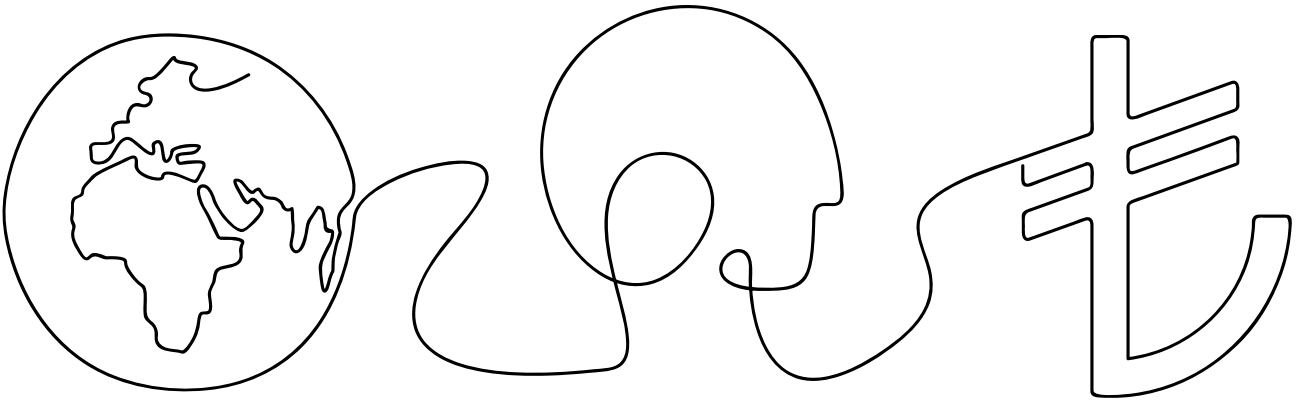


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# SUSTAINABILITY REPORT

# 2014

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# MESSAGE FROM THE CHAIRWOMAN

2014/SUSTAINABILITY REPORT

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WE BOLSTERED OUR DEEP-SEATED BUSINESS CULTURE, BACKED BY MANY YEARS OF EXPERIENCE AND KNOWHOW, WITH NEW INNOVATIVE PRODUCTS AND SERVICES IN 2014. BY BECOMING ONE OF ONLY 15 COMPANIES INCLUDED IN THE BORSA ISTANBUL (BIST) SUSTAINABILITY INDEX, AKBANK ALSO CLEARLY DEMONSTRATED THAT IT FIGURES AMONG THE LEADERS OF THE SUSTAINABILITY APPROACH IN TURKEY.

**SUZAN SABANCI DİNÇER**

CHAIRWOMAN OF THE BOARD OF DIRECTORS

## ESTEEMED STAKEHOLDERS,

WITH ITS COUNTLESS ACCOMPLISHMENTS IN THE TURKISH BANKING INDUSTRY SINCE THE DAY IT WAS FOUNDED, AKBANK HAS ALWAYS EMBRACED THE PRINCIPLE OF SUPPORTING TURKEY'S DEVELOPMENT. THE BANK DOES THIS PRIMARILY BY PROVIDING FINANCING TO VALUE-CREATING PROJECTS AND BY ADMINISTERING SOCIAL RESPONSIBILITY INITIATIVES. GLOBAL RISKS SUCH AS THE ONGOING THREAT OF CLIMATE CHANGE AS WELL AS THE

EVER-INCREASING CONSUMPTION OF NATURAL RESOURCES BROUGHT ABOUT A DEVELOPMENTAL APPROACH THAT IS MORE MINDFUL OF POSTERITY. AS PART OF THIS CONCEPT, COMMONLY KNOWN AS SUSTAINABILITY, COMPANIES FORMULATE LONG-TERM GROWTH PLANS AND EMBRACE A BUSINESS CULTURE THAT VALUES ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES AS MUCH AS FINANCIAL SUCCESS. RANKING AMONG THE BANKING INDUSTRY'S MOST RESPECTED ORGANIZATIONS, AKBANK IS ALSO ONE OF TURKEY'S LEADING COMPANIES TO INCORPORATE SUSTAINABILITY ACROSS ALL AREAS OF ITS BUSINESS.

# MESSAGE FROM THE CHAIRWOMAN

## 2014/SUSTAINABILITY REPORT

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POSITIONED AS A MODEL CORPORATE CITIZEN, AKBANK CONTINUED TO ENGAGE IN VALUE-CREATING SOCIAL RESPONSIBILITY PROJECTS IN 2014.

It is with great pride and satisfaction that I share with you the sixth Sustainability Report of Akbank. The report was prepared in accordance with Global Reporting Initiative (GRI) Sustainability Reporting Guidelines and United Nations Global Compact (UNGC) principles to illustrate the Bank's sustainability efforts.

### **A New Era Begins as the Fed Tapers Asset Purchases**

The global economy experienced some fundamental changes in 2014. The direction of international capital flows shifted from emerging markets to industrialized countries as the US central bank, the Federal Reserve, suspended its asset purchase program in October 2014. The Fed also began to signal that a rate hike might be imminent in response to major improvements in the country's unemployment and growth data. As a result, developing economies – former engines of global growth during the years of the international financial crisis – entered a new era. The new Fed policy made the external funding of their investment and growth strategies more challenging and costly. Grappling with recession and high unemployment rates for an extended time, the euro zone began implementing expansionary monetary policies under the stewardship of the European Central Bank (ECB) during the year. The ECB wound up adopting a roadmap similar to that pursued by the United States to shake off the lingering effects of the crisis.

### **Turkey Maintains Its Stable Macroeconomic Outlook and Growth Momentum**

Despite global economic developments unfavorable to emerging markets, Turkey's economy expanded by 3% in 2014. It also managed to maintain its stable macroeconomic outlook. The country adopted a current account deficit reduction strategy following a period of high growth rates. As a result, Turkey narrowed its current account gap to less than US\$ 46 billion as of year-end 2014. This was due in part to the favorable impact of declining global energy prices. Even as many developing countries, Russia in particular, saw their credit ratings downgraded by international rating agencies, Turkey was able to maintain an investment grade rating. We believe that Turkey will continue on a sustainable growth path during the period ahead. Thanks to a strategically important geopolitical location, dynamic demographics, and vibrant economy, the country's fundamentals remain strong.

Total assets of the banking industry, one of the pillars of the stable Turkish economy, climbed to TL 1.935 billion in 2014, up 11.7% for the year. Also achieving rapid lending growth, the sector expanded its loan book by 14.6% to TL 1,200 billion during the same period. The overall sector's capital adequacy ratio stood at 16.6% in 2014. The 50 active banks that comprise Turkey's banking industry employed some 216,000 total personnel.

## 2014/SUSTAINABILITY REPORT

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### **Akbank included in the BIST Sustainability Index...**

Thanks to an extensive nationwide service network and a product lineup that meets the needs and expectations of various customer segments, Akbank reported strong results in 2014. The Bank implemented ongoing training initiatives to keep the skills of its personnel up to date. We bolstered our deep-seated business culture, backed by many years of experience and knowhow, with new innovative products and services in 2014. Akbank also became one of only 15 companies included in the Borsa Istanbul (BIST) Sustainability Index.

### **Financial Literacy and Savings Focused Corporate Social Responsibility Approach**

Positioned as a model corporate citizen, Akbank continued to engage in value-creating social responsibility projects in 2014. For example, we carried out the "Children: Heroes of the Economy" project in partnership with the Istanbul Province Directorate of National Education and Akbank employee volunteers. As part of this initiative, we held successful events throughout the year in order to raise savings awareness among elementary school children.

In addition to conveying the importance of savings to youth through entertaining content on the [www.ekonomininkahramanicocuklar.com](http://www.ekonomininkahramanicocuklar.com) website, Akbank also delivered these messages to thousands of young persons via the "Family Tree" play. This innovative production was performed by Akbank Children's Theatre in Trabzon, Ordu, Samsun, Amasya, Ankara and Kayseri. Having reached a total of 45,000 children to date with the "Children: Heroes of the Economy" project, Akbank also plans to continue this effective initiative next year.

We hereby present our sixth Sustainability Report summarizing Akbank's corporate social responsibility projects in detail.

We plan to carry out more comprehensive initiatives in the future further to feedback received from stakeholders. We would like to thank all our stakeholders for contributing to our sustainability activities and sharing in our goal of "a more livable world."

Yours sincerely,



**SUZAN SABANCI DİNÇER**

CHAIRWOMAN

# MESSAGE FROM THE CEO

2014/SUSTAINABILITY REPORT

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AKBANK HAS FOCUSED ON CREATING SUSTAINABLE VALUE SINCE ITS INCEPTION. WE PIONEER INITIATIVES THAT IMPROVE AND MAINTAIN THE QUALITY OF LIFE OF OUR STAKEHOLDERS AND FUTURE GENERATIONS. OUR SERVICES, OPERATIONS, AND HUMAN RESOURCES POLICIES, ALONG WITH THE SOCIAL RESPONSIBILITY PROJECTS WE UNDERTAKE AND SUPPORT, MAKE A REAL DIFFERENCE TO PEOPLE'S LIVES.

**HAKAN BİNBAŞGİL**  
CEO

DEAR STAKEHOLDERS,

AKBANK TODAY IS THE "MOST VALUABLE BANKING BRAND OF THE COUNTRY", AS WELL AS ONE OF THE MOST VALUABLE COMPANIES IN TURKEY. WE DELIVER CONVENIENT, EFFECTIVE AND CONTEMPORARY SOLUTIONS TO MEET THE FINANCIAL NEEDS OF OVER 13 MILLION CUSTOMERS THROUGH OUR EXTENSIVE DISTRIBUTION CHANNEL OF NEARLY 1,000 BRANCHES. AKBANK'S INNOVATIVE PRODUCTS AND SERVICES, AND THE

SIGNIFICANT FINANCING SUPPORT WE PROVIDE, RAISE THE QUALITY OF LIFE FOR MILLIONS OF PEOPLE. WE ALSO HELP CUSTOMERS REALIZE THEIR DREAMS IN A MULTITUDE OF WAYS, FROM STARTING A BUSINESS TO OWNING A HOME.

HOWEVER, WE ARE FULLY AWARE THAT OUR OPERATIONS ARE NOT LIMITED MERELY TO BANKING. ACTIVITIES WE ENGAGE IN ON A DAILY BASIS HAVE AN IMPACT ON VARIOUS SEGMENTS OF SOCIETY AND LIFE, FROM OUR EMPLOYEES AND THEIR FAMILIES TO OUR SUPPLIERS AND THE ENVIRONMENT.

## 2014/SUSTAINABILITY REPORT

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IN 2014, AKBANK CONTINUED TO BOLSTER ITS CLOSE RELATIONSHIPS WITH STAKEHOLDERS ACROSS THE BANK'S VALUE CHAIN BASED ON TRANSPARENCY AND ACCOUNTABILITY. THROUGHOUT THE YEAR, THE BANK IMPLEMENTED EFFECTIVE SERVICE QUALITY ENHANCEMENT INITIATIVES AS PART OF THE "GROWING WITH THE CUSTOMER APPROACH." THIS INITIATIVE AIMS TO BETTER SERVE THE NEEDS AND EXPECTATIONS OF OUR CUSTOMERS, ONE OF OUR MOST IMPORTANT STAKEHOLDER GROUPS.

Akbank has focused on creating sustainable value since its inception. We pioneer initiatives that improve and maintain the quality of life of our stakeholders and future generations. Our services, operations, and human resources policies, along with the social responsibility projects we undertake and support, make a real difference to people's lives.

We are sharing with you the initiatives we undertake as part of our social responsibility perspective, outlined in our sixth annual Sustainability Report, which is aligned with Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

### **Increasing Foreign Trade Finance Support via Diverse International Cooperation Agreements**

We continued our efforts to increase trade between Turkey and other countries in 2014. Akbank signed cooperation agreements with leading international financial institutions to support the foreign trade transactions of companies in Turkey. To this end, cooperation agreements were signed with Hana Bank of South Korea and Barclays Africa Group Limited.

### **Innovative Products, Services and Applications for Further Convenience in Banking Transactions**

We continued to introduce innovative services to our customers by incorporating new technologies and trends into our banking products in 2014. Akbank's service quality and customer satisfaction levels rose even further during the year. Akbank Direkt Mobile was named the "World's Best Smartphone App" in the "Best App of the Year" category at the Global Mobile Awards, the world's most prestigious competition in this field. Akbank is the first and only bank in Turkey to win this coveted award. Akbank Direkt Mobile launched the iBeacon technology-enabled service -a first in the world- that allows customers to withdraw cash from ATMs with a "single click." In addition, a new feature developed by Akbank enables customers to approve certain Akbank Direkt transactions, such as money transfers, using their fingerprint, instead of entering a password. Thanks to advance applications, one-third of our customers complete banking transactions without visiting an Akbank branch.

# MESSAGE FROM THE CEO

## 2014/SUSTAINABILITY REPORT

### **“Savings Campaign” Has Reached 45,000 Students**

Akbank’s “Savings Campaign,” originally launched in 2012, kicked off its third year in Adana. We expanded the scope of the project in 2014 by launching a theatre play - “Family Tree” - performed by Akbank Children’s that fosters savings awareness. We have continued to broaden our savings campaign project, with the support of nearly 200 Akbank volunteers across the country, in 14 provinces in addition to Istanbul. To date, we have reached 45,000 students through classroom activities and children’s theatre. Our goal is to increase the number of children who have received savings training from Akbank to 50,000 by the end of the 2014-2015 academic year.

### **Support for Growing Entrepreneurial Awareness and Expanding the Entrepreneurship Ecosystem**

Akbank launched a loan pool for entrepreneurs selected by Endeavor Turkey, as part of the bank’s partnership with the organization. In addition to offering customized financial services to entrepreneurs, we continued to organize events together with Endeavor Turkey to support this key segment. The “İyiYatırım (Good Investment) Summit,” held for the third time under Akbank’s main sponsorship, brought together entrepreneurs, angel investors and business leaders. Another program launched by Akbank in support of start-ups is the Akbank Entrepreneur Development Program. This training program, developed as a joint program between Sabancı University and Akbank, continued to guide and support entrepreneurs at the beginning of their ventures.

### **Exhibiting the Works of Marcel Broodthaers to Art Enthusiasts**

We see culture and art as essential activities that enrich societies, and as invaluable assets that society can leave as a legacy for future generations. To this end, we undertake an extensive range of initiatives. Akbank organised major events that delighted art lovers in 2014. We hosted the “Words, Things, Concepts” exhibition of the Belgian artist and poet Marcel Broodthaers, one of the primary founders of contemporary conceptual art in Turkey. In addition, the International Istanbul Film Festival, organized by the Istanbul Foundation for Culture and Arts (IKSV), was held with Akbank’s sponsorship for the 10th consecutive year. Art enthusiasts also convened at the Contemporary Istanbul 2014 art fair which was organized by Akbank Private Banking as the main sponsor.

Akbank’s sustainability efforts will continue to be a Priority for our bank, demonstrating our commitment to help further enrich our society and support healthy growth of economy. I would like to extend my thanks to our employees, as well as all of our stakeholders, who stand behind our achievements in this area.



**HAKAN BİNBAŞGİL**

CEO



# AKBANK AND SUSTAINABILITY-A TIMELINE

## 2014/SUSTAINABILITY REPORT

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### Corporate Development of Akbank

- January 1948-** Established in the city of Adana to finance cotton producers in the region.
- 1950-** First branch in Istanbul opened in Sirkeci.
- 1954-** Akbank Head Office moved to Istanbul.
- 1963-** Automation of all banking operations.
- 1964-** First representative office opened in Frankfurt, Germany for bank transfers of Turkish workers.
- 1981-** All banking operations computerized and online transactions started.
- 1990-** Akbank shares offered to public.
- 1996-** AkSecurities established.
- 1996-** Investor Relations Group established to manage relations with shareholders.
- 1998-** With a secondary public offering, Akbank shares started trading in international markets as an American Depositary Receipt (ADR).
- 1998-** Akbank Representative Office in Frankfurt transformed into a branch.
- 1999-** Akbank Internet Banking started.
- 2000-** Ak-Portfolio Management and Private Banking Business Units established.
- 2000-** Akbank Malta branch opened.
- 2001-** Akbank N.V. established in the Netherlands.
- 2001-** Akbank Call Center started operations.
- 2005-** Akbank became the first bank to repurchase its founders shares.
- 2005-** AkLease incorporated.
- 2009-** Akbank International Advisory Board established.
- 2009-** Akbank (Dubai) Limited as the first Turkish bank established in Dubai International Finance Center.
- 2010-** Akbank Banking Center put into service with a capacity of approximately 5,000 people.
- 2011-** Send Money and Pay Mobile -the first of its kind in Europe- operations facilitated customers' access to financial services.
- 2012-** "Akbank Direkt" brand that combines the Internet and Mobile Banking services launched.
- 2012-** Akbank N.V. in the Netherlands ceased operations and merged with our 100% subsidiary in Germany: Akbank AG.
- 2014-** Akbank was chosen as one of only 15 companies to be included in the BIST Sustainability Index within Borsa Istanbul.

# TIMELINE OF AKBANK'S SUSTAINABILITY INITIATIVES

## 2014/SUSTAINABILITY REPORT

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### Timeline of Akbank's Sustainability Initiatives

2000-	Akbank Information Technologies obtained ISO 9001 Quality Certificate.
2003-	Became the first bank to publicly declare its dividend policy.
2003-	Became the first bank to announce Corporate Governance Principles in the annual report.
2004-	Became the first bank to publish Corporate Governance Principles in its website.
2005-	Became the sponsor of the "Make a Wish" foundation, established to fulfill the wishes of children aged 3-18, fighting against life-threatening diseases.
2007-	Became the first Turkish bank to sign the UN Global Compact.
2007-	Started cooperation with Endeavor-an international non-governmental organization aimed to contribute to economic development by supporting active entrepreneurs in developing countries.
2007-	Akbank Customer Complaint Management System obtained ISO 10002 Quality Certificate.
2007-	Supported entrepreneurs with its "Ideas Paving the Way to Business" program.
2008-	Established "Akbank Thinking Club" with the aim of thinking together with the young and co-creating values for the future of Turkey.
2009-	Corporate Governance and Social Responsibility Committee (CGSRC) established under the Board of Directors.
2009-	Women's Development Center "BİZ", established by KAGİDER (Women Entrepreneurs Association of Turkey) with the aim of helping women improve their individual productivities, opened with Akbank as the main sponsor.
2010-	Became the first Turkish bank to publish UN Global Compact Communication on Progress Report.
2010-	Drew attention to environmental transparency by supporting the implementation of the Carbon Disclosure Project (CDP) in Turkey.
2010-	Became the first Turkish deposit bank to publish a Sustainability Report in accordance with the GRI standards.
2010-	Became the first and only Turkish institution to take place in the CDP 2010-Global 500 reporting and received scores that carry the Bank to the World Sector Leaders category.
2010-	"Akbank Energy-Friendly Loan" put into effect.
2010-	A loan pool with favorable terms launched for entrepreneurs selected by Endeavor Turkey.
2010-	Supported the "Before They Disappear" Project implemented in Turkey in coordination with the Regional Environment Center (REC) with the aim of drawing attention to regions at risk due to climate change.
2010 and 2011-	Signed the Cancun and Durban Communiqués prepared prior to the United Nations 2010 and 2011 Climate Change Summits.
2011-	Akbank Volunteers System put into effect.
2011-	Akbank supported Global Student Entrepreneurs Awards.
2011-	Akbank employees started to attend sustainability trainings.
2012-	Became one of first companies in the world to sign the "Carbon Price Communiqué" prepared by The Prince of Wales's Corporate Leaders Group on Climate Change (CLG) to draw attention to the need to develop a clear and transparent pricing policy for carbon emissions.
2012-	To struggle with savings deficit which is an important barrier against the development of Turkey, Akbank initiated a social responsibility program named "Savings Campaign" to complement its banking products and services.
2013 -	Akbank consolidated its services for the artisans under the "Craftsmen Fraternity" concept. The "Pay When You Can Loan", the first product unveiled under this concept, provided artisans with the flexibility of making loan payments according to their income streams.
2014-	Under the "Craftsmen Fraternity" concept, Akbank continued to deliver exclusive products and services for craftsmen customers. These special offerings include Axess SME, "Pay as You Wish Craftsmen," complimentary tablet in return for POS turnover commitment, TESK (Confederation of Turkish Tradesmen and Craftsmen) cooperation agreement, Craftsmen Internship, and Craftsmen Festival.

## 2014/SUSTAINABILITY REPORT

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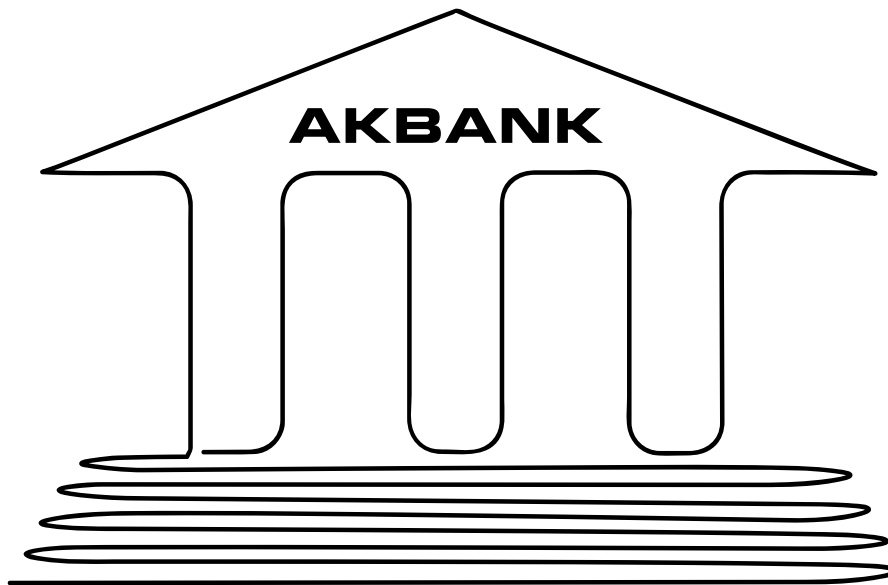
### Timeline of Akbank's Culture & Art Initiatives

- 1972-** Akbank Children's Theatre started performances.
- 1991-** Akbank Jazz Festival started with the aim of creating a well-established musical culture in Turkey, by bringing world's most famous jazz performers to large audiences.
- 1993-** Akbank Art Center established.
- 1998-2000-** Ottoman Calligraphy Exhibition "Golden Letters", containing numerous valuable works, exhibited in New York Metropolitan, Los Angeles County Museum of Art, and Paris Louvre with the sponsorship of Akbank.
- 2003-** Akbank Art Center restructured itself towards modern arts and accelerated artistic dynamics of our country by drawing attention to the local and international qualities of globalizing tendency of arts with its exhibitions.
- 2003-2007-** Became the sponsor of Rock'n Coke Festival where world-famous rock stars meet the youth.
- 2004-** Akbank Short Film Festival was initiated.
- 2004-** Akbank started to support the International Istanbul Film Festival and later became the main supporter.
- 2006-** Rodin's works were exhibited at Sakıp Sabancı Museum with support from Akbank.
- 2007-** Sponsoring the modern and contemporary arts event "Contemporary Istanbul", Akbank contributed to the realization of Turkey's most important contemporary arts fair.
- 2008-** With the sponsorship of Akbank, art fans had the opportunity to see the works of Salvador Dali -one of the most important artists of the surrealistic movement- at the Sakıp Sabancı Museum. The exhibition has been the largest Salvador Dali exhibition outside Spain.
- 2008-** Akbank Children's Theatre got on Hürriyet Newspaper's "Human Rights Train" to once again carry the excitement, gloom, and beauties of theatre to 45 cities in Turkey.
- 2008-** Rock legend Metallica came to Turkey with the sponsorship of Akbank and 37,000 fans had the opportunity to watch the band live on stage.
- 2009-** Latin Rock legend Carlos Santana gave a concert in Istanbul with the sponsorship of the Wings.
- 2010-** Around 75,000 people participated in the Sonisphere Festival that brought world-famous heavy metal bands with the sponsorship of our exi26 brand.
- 2011-** Akbank became the prominent supporter of Turkish National Youth Philharmonic Orchestra.
- 2011-** Akbank sponsored the "Cirque Du Soleil-Saltimbanco" show.
- 2012-** Akbank Children's Theater celebrated its 40th anniversary by performing the first musical version of the Oscar-winning animation Shrek in Turkish.
- 2013-** As part of its 65th establishment anniversary festivities, Akbank sponsored the first comprehensive exhibition in Turkey of the leading international artist Anish Kapoor.
- 2014-** Akbank Children's Theatre reached 6,500 elementary school children during an Anatolia Tour that spanned six provinces with a new play, "Family Tree," which communicates the importance of savings.

# 01. ABOUT AKBANK

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2014 / SUSTAINABILITY REPORT



# AKBANK IN BRIEF

## The Enduring Brand of the Turkish Banking Industry...

Akbank has succeeded in being one of the most notable, reliable and valuable brands of Turkey since 1948. Our Bank's sees sustainability as a strategic priority finding fast and long-lasting solutions to ever-changing needs, continuously renewing itself, creating sustainable values for employees, customers, country and itself.

Our Bank offers consumer banking, commercial and SME banking, corporate banking, private banking, foreign exchange, money markets and securities (treasury transactions), and international banking services and provides world-class services to customers. Non-bank financial services as well as capital markets and investment services are carried out by Akbank's subsidiaries.

## Sustainable Financial Performance...

Differentiated from the competition with solid capital, a sustainable deposit base, an ability to raise low-cost capital from overseas markets, and sound assets, the Bank continued to unveil applications that make Akbank an industry standout during 2014.

Through a strong and widespread domestic delivery network with approximately 1000 branches, 16,305 employees and almost 4,300 ATMs, Akbank operates via its Head Office in Istanbul and 23 regional directorates throughout Turkey. The Bank provides a vast array of banking products and services with more than 12.4 million consumers, more than 900,000 commercial and SME customers, and over 4,000 corporate customers via Alternative Delivery Channels such as internet and telephone banking.

The Bank reported net profit of TL 3,379 million as of year-end 2014. Instilling confidence in stakeholders with a sustainable financial performance, the Bank's consolidated assets climbed to TL 218.7 billion (US\$ 94 billion), up 12% compared to year-end 2013. Akbank's consolidated capital adequacy ratio of 14.9% is one of the highest in the Turkish banking sector.

NUMBER OF EMPLOYEES*	16,305
NUMBER OF CUSTOMERS	13.3 MILLION
NUMBER OF BRANCHES *	991
NUMBER OF ATMS	4,260
NUMBER OF CREDIT CARDS	5.7 MILLION
NUMBER OF DEBIT CARDS	6.2 MILLION
NUMBER OF POS	~362 THOUSAND

\*Including the Malta branch.

## ABOUT AKBANK

### Our Main Brands

**AKBANK**

AKBANK DİREKT

20. YIL AKBANK  
SANAT



axess  
Wings

axess  
free

neo

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## AKBANK'S CORPORATE BUILDING BLOCKS: VISION, MISSION AND VALUES

**Vision:** To become a sustainable leader by rendering excellent banking experience and supporting the Turkey's growth.

**Mission:** To become the most admired Turkish company, by continuously delivering significant value to its stakeholders via its highly skilled human resources.

**Values:** Integrity, Credibility, Non-Discrimination, Compliance, Confidentiality, Transparency, and Sustainability.

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## STRONG FOUNDATION GUIDING OUR GOALS

### Strategic Goals

- To achieve a long-term sustainable return on equity of at least 14-16%.
- To be the leading bank in Turkey in terms of critical market shares.
- To be the best bank in Turkey in terms of customer experience and satisfaction.
- To be Turkey's most valuable bank.

### Strong Foundations

- Turkey's most valuable banking brand.
- One of Turkey's most valuable companies.
- Long-term strategic management with successful implementations.
- 990 branches and high-tech delivery channels throughout Turkey.
- Turkey's innovative force with countless "firsts" in the sector.
- Permanent and extensive funding base.
- Sustainable profitability as well as high return on equity and assets.
- A robust capital structure with 14.9% capital adequacy ratio.
- A superior asset quality with a very low non-performing loans ratio of 1.7%.
- High level of efficiency with an operational expense/assets ratio of 1.8%.
- Stronger growth advantage in loans thanks to its low leverage rate.

# AKBANK IN FIGURES

## Branch Network Encompassing All of Turkey...

Focused on delivering superior-quality products and services to customers in every corner of Turkey, Akbank expanded its branch network from 985 to 991 locations in 2014.

## Customer Base Comprised of Diverse Segments...

Aiming to deliver customized financial solutions to diversified customer segments, Akbank executes its business operations under five major business lines: Corporate Banking, Commercial Banking, SME Banking, Consumer Banking, and Private Banking. The Bank undertook innovative projects in accordance with long-term strategic goals and continued to increase the number of clients in each segment during 2014.

## Our Customers

As a result of its approach of customizing its services to the target client segment, the Bank successfully operates in five major business lines: Corporate Banking, Commercial Banking, SME Banking, Consumer Banking and Private Banking. Thanks to its investments and policies in 2014, Akbank registered major gains in the number of clients served by its target segments compared to the previous year.

Segments	Corporate Banking	Commercial Banking	SME* Banking	Consumer Banking	Private Banking
Branches	Corporate Banking Branches 8	Commercial, SME and Consumer Banking Branches 972			Private Banking Branches 10
Number of Customers	4,000	48,000	860,000	12,400,000	7,000

\*SME Banking serves customers that the Bank identified in accordance with its business model.

## SUSTAINABLE FINANCIAL ACCOMPLISHMENTS

### Key Financial Indicators

Akbank's key consolidated financial indicators for the last three years are presented in the table below:

Key Consolidated Financial Indicators (TL million)	2012	2013	2014
Total Assets	163,478	195,482	218,697
Loans	92,360	118,010	136,131
Deposits	90,688	112,473	122,294
Funds Borrowed	15,598	19,899	21,269
Shareholders' Equity	22,476	22,315	26,140
Net Profit	3,005	3,077	3,379
Return on Equity (ROE)	15.1%	14%	14.1%
Capital Adequacy Ratio (BIS)	17.9%	14.7%	14.9%
Market Capitalization (USD million)	19,802	12,580	14,887

### Loans

Breakdown of loans made by Akbank to clients by customer segment and currency denomination is presented in the table below:

Loans (*)	2013	2014
Corporate TL Loans (TL million)	6,532	7,724
Corporate Foreign Currency Loans (USD million)	14,176	15,508
Commercial TL Loans (TL million)	18,044	22,653
Commercial Foreign Currency Loans (USD million)	7,098	7,856
SME TL Loans (TL million)	6,237	8,906
Consumer (TL million)	27,591	30,840
Credit Cards (TL million)	13,504	11,508

\* Excluding accruals



### Stakeholder-Supported Value Creation

Executing its banking activities in pursuit of value added-oriented projects, Akbank generated TL million 17,588 in economic value in 2014, up 16% compared to the previous year. Payments made by the Bank to the employees, community investments, the government, investors and suppliers as well as the distribution of the economic value generated by Akbank in cooperation with various stakeholder groups are presented in the table below:

<b>Economic Value Generated and Distributed (TL million)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Direct Economic Value Generated</b>	<b>14,410</b>	<b>15,100</b>	<b>17,588</b>
a) Revenues	14,410	15,100	17,588
<b>Economic Value Distributed</b>	<b>10,853</b>	<b>10,607</b>	<b>13,250</b>
b) Operating costs	1,601	1,900	2,130
c) Employee wages and other benefits	1,205	1,423	1,485
d) Payments to providers of capital	7,027	6,371	8,333
e) Payments to the government	1,010	891	1,292
f) Community investments	9	22	10
<b>Economic Value Retained</b>	<b>3,557</b>	<b>4,492</b>	<b>4,338</b>

- a) Gross revenue in the Bank's income statement is taken into consideration (interest income, fees and commissions collected, dividend income, commercial profit-loss and other income).
- b) Covers all operating costs of the Bank, excluding employee expenses.
- c) Covers employee wages, bonuses, and all payments made to the government on behalf of employees.
- d) Covers dividends distributed to investors and all interest expenses of the Bank in the given year.
- e) Covers all taxes paid to the government.
- f) Covers donations to charities and expenses for various culture-arts events.

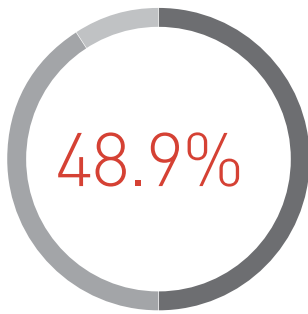
Note 1: Provisions for non-performing loans are not included in the calculation of the Economic Value Retained.

Note 2: This table is based upon Akbank's consolidated financial statements. Therefore, these figures also include consolidated subsidiaries.

# OUR STRONG SUBSIDIARY STRUCTURE

Akbank was established on January 30th, 1948 as a private-capital commercial bank and today it continues to operate in the same area. While Akbank stocks were traded at Stock Exchange Istanbul Market (BIST) with a free float rate of 31.0% in 2011, this rate increased to 41.2% in 2012 when Citigroup reduced its shares in Akbank to 9.9% as a preparation to Basel III.

Akbank's Level 1 American Depositary Receipts are traded at the OTC market in the USA. Our shareholder structure as of December 31st, 2014 is shown in the pie chart.



H.Ö. SABANCI HOLDING A.Ş., AFFILIATED INSTITUTIONS AND INDIVIDUALS **48.9%**

FREE FLOAT **41.2%**

CITIBANK OVERSEAS INVESTMENT CORPORATION **9.9%**

Detailed information on the Bank's operations and financial performance in 2014 is published in the Akbank 2014 Annual Report. Akbank 2014 Annual Report can be reached at the link below:

<http://www.akbank.com/yatirimci-iliskileri/yatirim-bilgileri/sayfalar/faaliyet-raporu.aspx>

### Our Subsidiaries

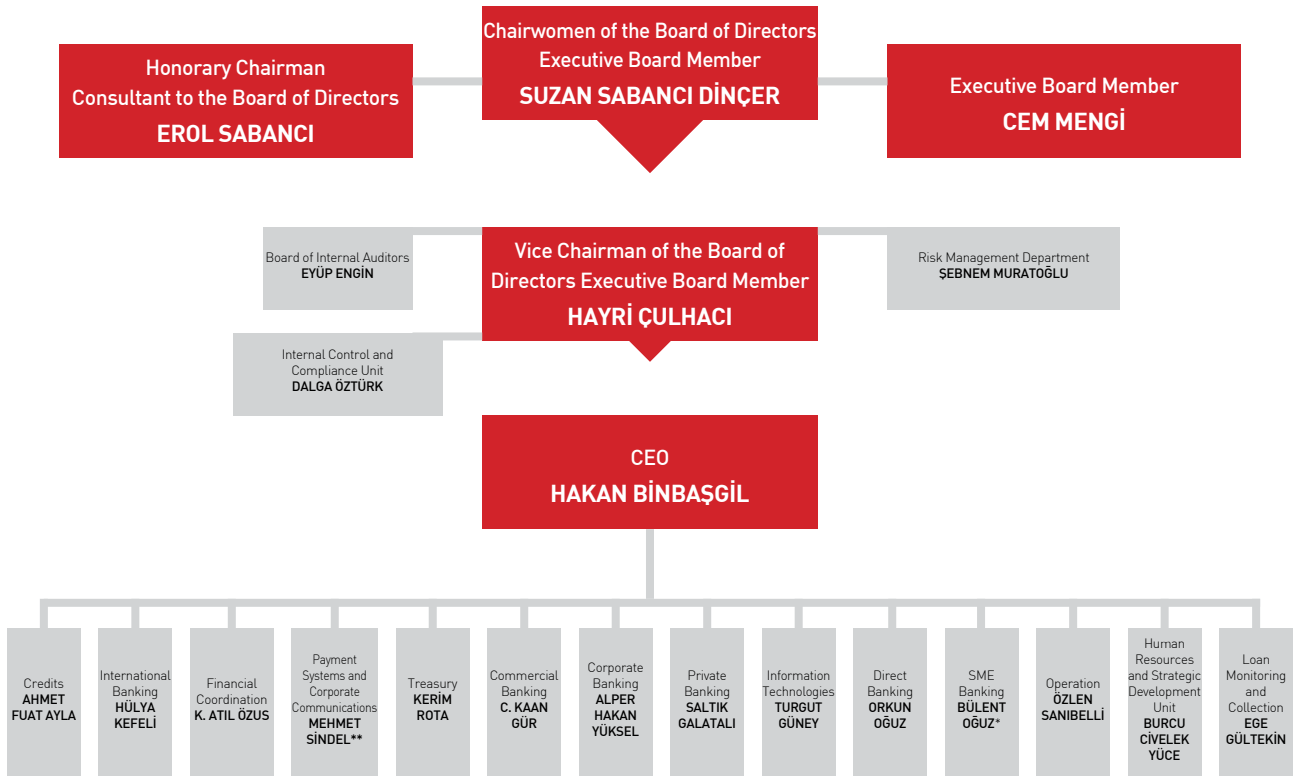
Akbank's direct and indirect subsidiaries and our shares as of December 31st, 2014 are presented below:

Direct and Indirect Subsidiaries	Area of Operations	Share (%)	Country of Operations
Akbank AG	Banking	100.00	Germany
Akbank (Dubai) Limited	Banking	100.00	UAE
AkLease	Financial Leasing	99.99	Turkey
AkSecurities	Stock Exchange Brokerage Services	100.00	Turkey
AkAsset Management	Portfolio Management	100.00	Turkey

\*Akbank's free float ratio rose to 51% after Citigroup divested its remaining 9.9% ownership in the Bank in March 2015.

### Akbank's Competency-Oriented Organizational Plan

The Bank's latest organization chart is presented below. As of December 31, 2014, there are 14 Executive Vice Presidents reporting to the CEO. Board of Internal Auditors, Internal Control and Compliance Unit, and Risk Management Department report directly to the Bank's Board of Directors.



\* Executive Vice President of SME Banking Bülent Oğuz served in proxy as Acting Executive Vice President of Consumer Banking between December 31, 2014 and March 2015. Arif İsfendiyoğlu was appointed Executive Vice President of Consumer Banking and Payment Systems as of March 2015.

\*\* Mehmet Sindel has served as Executive Vice President of Corporate Communication since March 2015.

# EXCELLENCE IN OPERATIONS RECOGNIZED BY AWARDS

IN ADDITION TO MEMBERSHIP IN INDUSTRY BODIES AT THE CORPORATE LEVEL, AKBANK ACTIVELY PARTICIPATES IN PUBLIC RELATIONS COMPETITIONS ORGANIZED BY INDEPENDENT ORGANIZATIONS IN AN EFFORT TO HAVE THE BANK'S PRODUCTS AND SERVICES ASSESSED IN LIGHT OF A DIVERSE RANGE OF CRITERIA.

Focused on perfecting its product and service quality, Akbank actively incorporates customer feedback and stakeholder expectations in the Bank's business development processes. In addition to membership in industry bodies at the corporate level, Akbank actively participates in public relations competitions organized by independent organizations in an effort to have the Bank's products and services assessed in light of a diverse range of criteria.

Receiving a large number of accolades each year thanks to a diversified range of outstanding products and services, Akbank was recognized with the following awards in 2014:

### **Brand Finance**

Brand Finance "World's Top 500 Most Valuable Banking Brands" Ranking - "The Most Valuable Banking Brand in Turkey" for the Fourth Consecutive Year, Akbank Ranks 81<sup>st</sup> among the World's Top 500 Banking Brands

### **Euromoney**

Best Bank in Turkey

### **Global Finance**

Best Bank in Turkey

### **World Finance**

Best Bank in Turkey

### **Euromoney**

Best Private Banking Services Overall in Turkey

### **The Banker**

Best Private Banking Services Overall in Turkey

**Global Finance**

Best Foreign Exchange Provider in Turkey

**GSMA- Mobile World Congress**

Akbank Direkt Mobile, "World's Best Smartphone App" Award

**Gartner**

Excellence in CRM

**Stevie International Business Awards**

5 Gold, 3 Silver and 7 Bronze Awards

Most Successful Turkish Company

One of the Three Most Successful

Companies in the World

**Stevie Awards for Sales & Customer Service**

2 Gold and 2 Bronze Awards

**LACP Vision Awards**

Akbank's 2013 Annual Report recognized as the Best Report in the World

1 Platinum and 3 Gold Awards

**Mercomm International ARC Awards**

Akbank's 2013 Annual Report Named the Best Annual Report in the World

1 Gold, 1 Silver and 1 Bronze Awards

**Gold Spider Web Awards**

5N1kariyer.com- The Best Website in the Careers and HR Websites Category

**Effie Turkey**

1 Gold and 1 Silver Awards

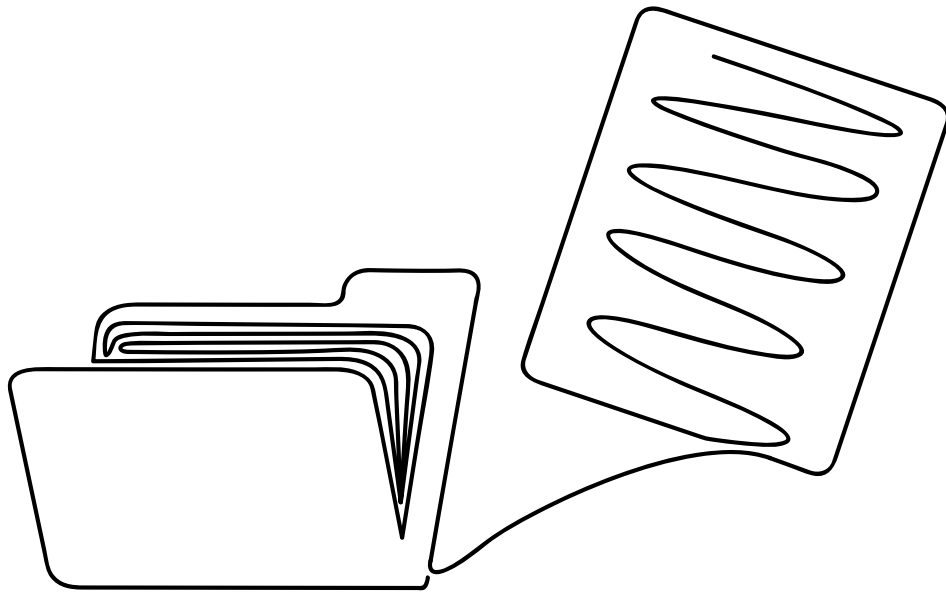
**Golden Drum International Advertising Festival**

2 Gold Awards

# 02. ABOUT THE REPORT

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2014 / SUSTAINABILITY REPORT



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AKBANK 2014 SUSTAINABILITY  
REPORT WAS PREPARED  
ACCORDING TO THE  
COMPREHENSIVE VERSION OF  
THE G4 REPORTING GUIDELINES  
DEVELOPED BY GLOBAL  
REPORTING INITIATIVE (GRI), THE  
WORLD'S MOST WIDELY ACCEPTED  
SUSTAINABILITY REPORTING  
FRAMEWORK.

## OUR APPROACH TO REPORTING

**G4-22**

**G4-26**

**G4-27**

Akbank hereby presents to its stakeholders its sixth Sustainability Report, which it has been publishing annually since 2009. Carrying out all its sustainability efforts voluntarily within the framework of corporate social responsibilities, Akbank also sees sustainability reporting as part of this approach. The Report, which offers material comparison opportunities and reference projects for all stakeholders within the Bank's sphere of influence, focuses on Akbank's social, environmental, ethical, and corporate governance initiatives as well as corporate performance.

### **Akbank: First Bank in Turkey to Launch GRI Reporting**

Akbank 2014 Sustainability Report was prepared according to the comprehensive version of the G4 Reporting Guidelines developed by Global Reporting Initiative (GRI), the world's most widely accepted sustainability reporting framework. Akbank, which formulates all of company business processes in light of reciprocal interaction with stakeholders, aims to systematically record all the sustainability initiatives it undertakes and publicly disclose target realization ratios and project progress reports via this report.

The first bank to publish a report within the framework of GRI Guidelines among the deposit banks in Turkey, Akbank continues to undertake reference initiatives in this area as it can be seen in the 2014 Sustainability Report.

## ABOUT THE REPORT

### Report Design Facilitates Access to Information

In an effort to make it easier and more convenient to access information, Akbank 2014 Sustainability Report was designed with a more reader-friendly layout. This report makes use of data compilation methods that were employed in previous years' reports. Further explanations are provided where new and different methods are used.

2014 Sustainability Report encompasses the active role the Bank plays in the growth of the Turkish economy and its approach to sustainability management, as well as the value Akbank creates for its customers by way of its products and services, benefits provided for the Bank's employees, efforts to reduce the environmental impact of its activities, and its cooperation with stakeholders to enhance social welfare.

## THE SCOPE AND FRAMEWORK OF THE REPORT

Akbank 2014 Sustainability Report covers the Bank's social, environmental and economic initiatives and its related corporate performance between January 1, 2014 and December 31, 2014. The Report was prepared according to the G4 version, the next generation reporting framework of the GRI Sustainability Reporting Guidelines, and complies with the requirements of G4's comprehensive option application level. A GRI Index is provided at the end of the Report in order to facilitate easy access to the information within the scope of the GRI indicators.

### Akbank's First Initiative under the G4 Reporting Framework

The GRI Guidelines allow the comparison of Akbank's sustainability performance to that of local and international peers while also serving as a reference for the Bank's stakeholders.

These guidelines also spearhead the continuous development of Akbank's sustainability initiatives. Version G4 of the GRI Sustainability Reporting Guidelines and the Turkish application booklet is available at the link below.

<https://www.globalreporting.org/resourcelibrary/Turkish-G4-Part-Two.pdf>

### Integrated Reporting Approach that Adheres to Global Reporting Principles and Standard Disclosures

This Report also includes the progress Akbank has made pursuant to its commitments within the scope of the United Nations Global Compact (UNGC). A UNGC Index that allows easy access to information regarding four elements of UNGC (labor, human rights, environment, and anti-corruption) and the related 10 principles is provided at the end of the Report.

## REPORT SCOPE AND BOUNDARY

### G4-17

Unless otherwise noted, data and information contained in Akbank's 2014 Sustainability Report encompass the banking operations and locations of Akbank T.A.Ş. in Turkey. While the figures in the "Our Employees" section of the report are inclusive of Akbank's Malta Branch personnel, the Report's scope does not include the impacts stemming from the Bank's overseas operations, joint ventures or suppliers. Generated and distributed economic value tables that include financial statements reflect consolidated figures.





# 03. OUR APPROACH TO SUSTAINABILITY

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2014 / SUSTAINABILITY REPORT



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## AKBANK SEES THE SUSTAINABILITY REPORT, WHICH THE BANK IS PUBLISHING FOR THE SIXTH TIME THIS YEAR, AS AN EFFECTIVE CHANNEL FOR STAKEHOLDER DIALOGUE.

### **G4-26**

### **G4-27**

Akbank achieved a material increase in value-added creation as a result of a sustainability approach that is incorporated in all the Bank's business processes. Also seeing sustainability initiatives as an opportunity to foster stakeholder dialogue, the Bank engages stakeholders in its sustainability goals using corporate communication platforms and makes improvements to business processes in line with the feedback it receives.

### **Sustainability Reporting: An Effective Tool for Stakeholder Dialogue**

Akbank sees the sustainability report, which the Bank is publishing for the sixth time this year, as an effective channel for stakeholder dialogue. Issued annually, the report shares with the public at large the contribution of stakeholders in the Bank's business processes.

## OUR SUSTAINABILITY VISION, STRATEGY, AND COMMITMENTS

### **Our Sustainability Vision**

Our sustainability vision is to become the leader in Turkey and one of the leading institutions in the world.

### **Our Sustainability Strategy**

In order for Akbank to reach its sustainability vision, we aim to efficiently manage significant and material environmental, social, ethical, and economic risks and opportunities that arise in our products, services and operations. By performing a materiality analysis, we identified the material issues that our stakeholders expect good performance from the Bank and that are required for the Bank to succeed. We created a sustainability strategy by identifying related risks and opportunities and started to implement this strategy.

### **Turkey's Development and Customer Satisfaction as Key Priorities**

As a bank standing upon strong financial foundations and attaching importance to stakeholder relations and transparency, our strategy is to support economic growth of our country and customers, to offer products and services that improve social welfare without sacrificing our ethical and secure banking principle, and to reduce environmental impact of our activities.

While implementing this strategy, our aim is to improve our performance day by day, following roadmaps we devise for each and every significant and material issue and making commitments.

### **Sustainability Management Model at Akbank**

The Corporate Governance Committee (CGC), which directly reports to the Board of Directors, is the highest executive post within the Bank that deals with sustainability related matters. The Committee is responsible for ensuring that sustainability issues are handled in a holistic manner at the senior management level. The CGC makes sure that the sustainability strategy is implemented and supervised throughout the Bank. Akbank's International Advisory Board, comprised of experts who have well-respected accomplishments in their respective fields, also adds value to the Bank's sustainability vision. (The International Advisory Board is discussed in more detail in Section 4 of this Report.)

## OUR APPROACH TO SUSTAINABILITY

### **Key Entity in Sustainability Initiatives: Corporate Governance Committee (CGC)**

The Committee is responsible for ensuring compliance with Akbank's Corporate Management Principles; monitoring the operations of the Investor Relations and Sustainability Department; determination, conformation of accordance and evaluation of ethical values; creating a transparent system to identify, evaluate and train suitable candidates for the Board of Directors; and working on related policies and strategies. The Chairman and majority of the members of the Committee are independent Board Members.

The Committee was established in 2009 with the name "Corporate Governance and Social Responsibility Committee" (CGSRC). In early 2012, "remuneration" task was also given to the Committee and thus its name was changed to "Corporate Governance, Remuneration and Social Responsibility Committee" (CGRSRC). In early 2013 "nominating candidates" was included in the Committee's tasks and thus the name was updated as "Corporate Governance Committee" (CGC).

The Committee meets at least twice a year. Among the items in 2014 agenda were the analysis of the Bank's current position in terms of sustainability, assessment of future steps, climate change strategies and action plan, and social responsibility projects as community investments.

### **Sustainability Reporting Coordination Unit: Sustainability Team**

The holistic management approach set forth by the Corporate Governance Committee covers issues such as integrating environmental, social and ethical aspects into our products and services with a strategic view and developing sustainability policies. An example is that our departments performing core banking functions and our purchasing departments internalize sustainability by integrating environmental and social elements into their own processes and products. Environmental loans for corporate and SME customers and environmental and social criteria applied to our suppliers are the results of the policies that we implement within the framework of our holistic approach. In addition, there are various significant and material issues handled by related departments of Akbank within the scope of our general business management. These cover issues such as employee satisfaction, ensuring equal opportunities for all employees, customer satisfaction, information security, and employee volunteering. These issues are

managed by related departments and have an important role in the Bank's sustainability strategy. Employee satisfaction and customer satisfaction are monitored and these are among the key success indicators for our executive management.

A Sustainability (Corporate Social Responsibility) Team composed of representatives from most of the business units in Akbank and operating under the leadership of the CSR Sub-Group performs the sustainability reporting process that feeds Akbank's annually issued Sustainability Report.

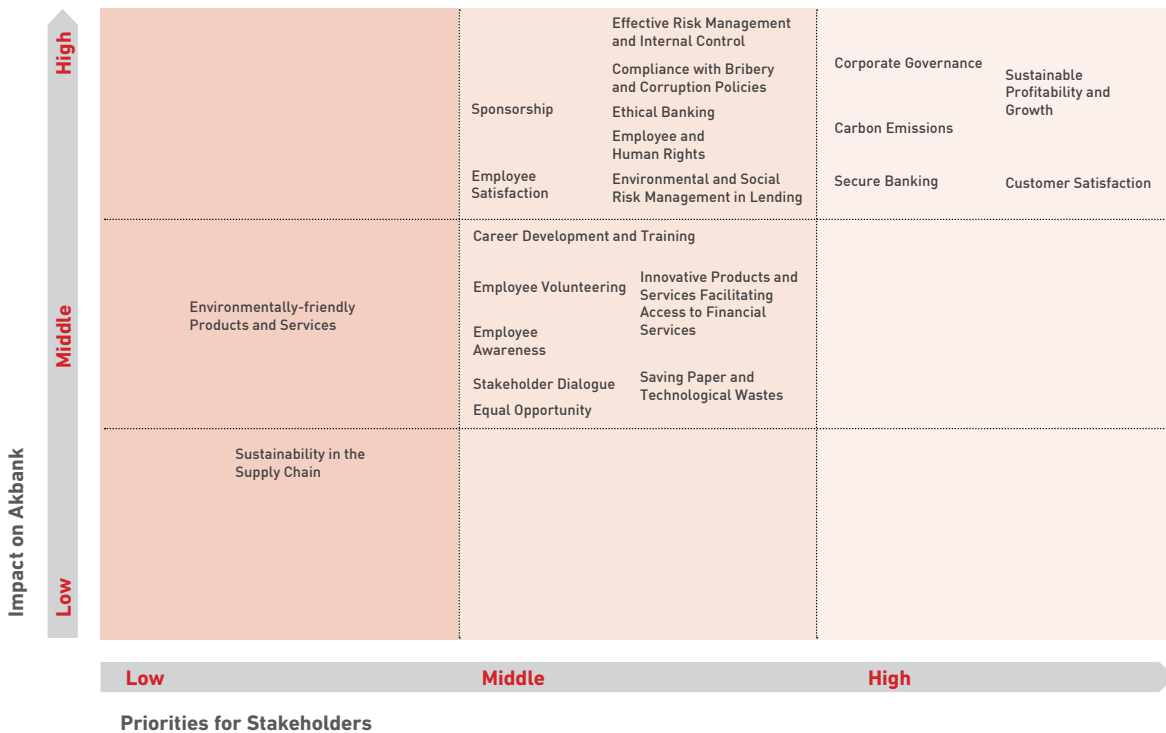
### **Our Sustainability Approach and Priority Topics**

The Corporate Social Responsibility Sub-Group under the Investor Relations and Sustainability Department coordinates the process of prioritizing topics to be included in the Bank's 2014 Sustainability Report, which is prepared according to the "comprehensive" application level of the G4 Version of GRI. The Working Group conducted a survey that asked the Bank's Sustainability Organization and stakeholders to rank by importance the topics that form the basis of G4 Reporting Guidelines. Based on the feedback received, it came up with the prioritization analysis presented below that informed the reporting process.

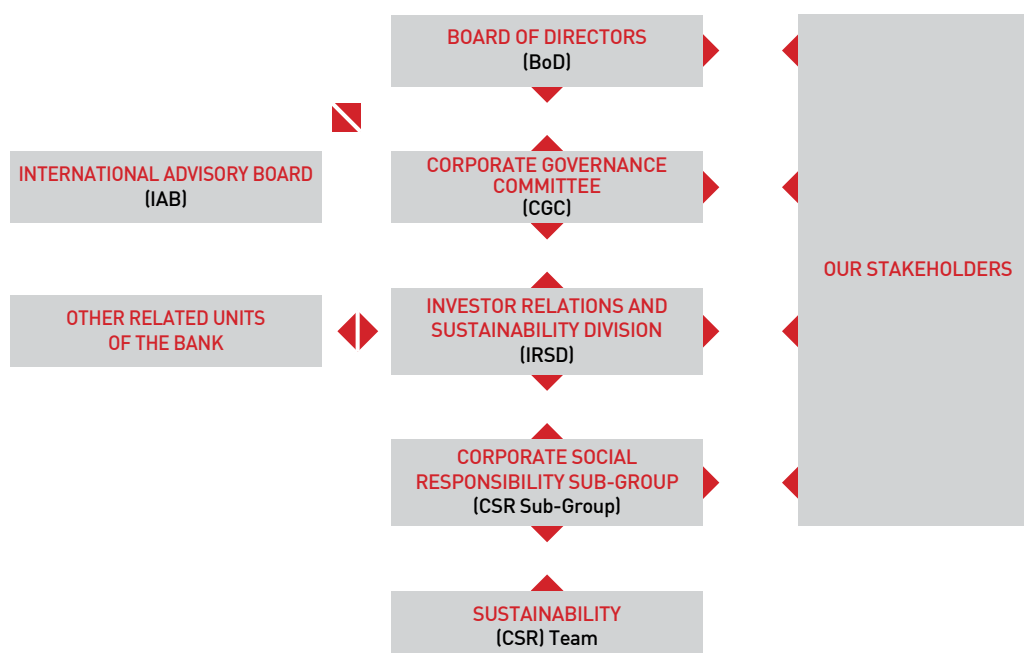
The Topics Prioritization Study carried out by the Akbank Corporate Social Responsibility Sub-Group, in keeping with stakeholder opinions, identified the topics of Corporate Governance, Sustainable Profitability and Growth, Reduction of Carbon Emissions, Secure Banking, and Customer Satisfaction as those with the highest priority both for Akbank and the Bank's stakeholders. As a result of this effort, the sections "Corporate Governance at Akbank," "Value Created for Customers," "Our Operations and the Environment," and "Our Sustainability Approach" were added to the 2014 Sustainability Report. The priority-setting study revealed that "Effective Risk Management and Internal Control," "Compliance with Bribery and Corruption Policy," "Ethical Banking," "Employee and Human Rights," "Environmental and Social Risk Management in Lending," "Sponsorship," and "Employee Satisfaction" as second tier priorities for both Akbank and its stakeholders. As a result, we focused on the Bank's related initiatives and added the "Risk Management and Legal Compliance" and "Our Contribution to the Society" sections to the 2014 Sustainability Report. In addition to the sustainability reporting, Akbank also intends to use the prioritization of topics study as a guide for internal corporate sustainability initiatives.

## Akbank 2014 Sustainability Report Topics Prioritization Study

G4-18



## Akbank's Sustainability Management Model



## OUR APPROACH TO SUSTAINABILITY

NEARLY 50% OF THE COMPANIES WITHIN THE BANK'S SUPPLIER PORTFOLIO HAVE SIGNED DECLARATIONS OF COMMITMENT TO COMPLY WITH AKBANK'S PRINCIPLES AND POLICIES.

### **Employee Training Focused on Sustainability Goals**

Akbank has established effective channels of communication in order to contribute to raising the knowledge level and awareness of the Bank's employees regarding sustainability. The Bank notifies employees about its ongoing sustainability initiatives and corporate sustainability goals by way of information sharing through these channels as well as e-learning programs administered on the corporate portal or other similar venues. Akbank also carries out field-work in various parts of the country in order to raise awareness among branch personnel.

### **UN Global Compact as a Guide for Our Training Initiatives**

The more prominent such channels include classroom training and e-learning programs as well as the corporate portal. Thanks to the classroom training sessions organized to increase the awareness of branch employees, the Bank administered sustainability training to its field employees serving in every corner of Turkey. As a result of these efforts, 2,985 employees in 2012, 1,274 employees in 2013 and 1,082 employees in 2014, for a total of 5,341 employees, received basic sustainability training. As part of this applied training effort based on the 10 principles of the United Nations Global Compact, participants were educated particularly in sustainability management initiatives in banking.

Another comprehensive classroom training instituted by Akbank in this subject is the Sustainability Approach training that is mandatory for all new employees of the Bank. This training aims to arm new employees with basic sustainability awareness through a training package the content of which is custom-designed by the Bank. As part of this effort, 2,069 new employees hired in various locations and functions attended sustainability training in 2013 and 2014.

### **Sustainability-Oriented E-Learning Programs**

The Sustainability Approach e-learning program has been completed by 17,144 employees since its launch in 2011. In an attempt to increase the awareness on Akbank's sustainability initiatives within the Bank, the Akbank Sustainability Report published in light of the GRI Guidelines is shared with all managers and senior vice presidents annually. Criticisms and suggestions are assessed as feedback and help inform the content development process.

There is "Corporate Social Responsibility" section of the corporate portal, to which employees have full access, in the report. As part of this effort, the related section was enriched with a wide variety of contemporary information, from the Bank's sustainability approach to its corporate social responsibility projects. We present information on volunteer efforts and opportunities in the "Volunteering" section on our internal communication portal. In addition, the Bank's sustainability initiatives are also shared with the employees via corporate TV screens located in Akbank branches as well as through e-mail messages.

# AKBANK ENCOURAGES ALL STAKEHOLDERS INVOLVED IN THE BANK'S BUSINESS PROCESSES TO EMBRACE ITS SUSTAINABILITY APPROACH, IN ACCORDANCE WITH THE BANK'S VALUE-ADDED GENERATION OBJECTIVE.

## **Sustainability Approach Encompassing All Links of the Value Chain**

Akbank encourages all stakeholders incorporated in the Bank's business processes to embrace its sustainability approach, in accordance with the Bank's value-added generation objective. To this end, under Akbank's Supplier Management Policy, the Bank supports supplier firms in complying with the principles stipulated in the United Nations Global Compact. In addition, Akbank gives priority to vendors who employ more environmentally friendly and socially sensitive systems in purchasing services and products as part of its procurement strategy. The Company pays utmost attention to using transparent and accountable procurement processes that comply with national and international standards as well as laws, rules and regulations.

Managing all supplier relations through an effective central organization, Akbank places great importance on employing standard principles in supplier management, increasing transparency in internal and external communication, and developing new supplier management strategies using the total quality management principle.

## **50% of our suppliers have committed to complying with Akbank's sustainability principles.**

Within this scope, nearly 50% of the companies within the Bank's supplier portfolio signed declarations committing to complying with Akbank's principles and policies. The Bank continuously audits its supplier firms to ensure that they fulfill their public obligations such as paying taxes and social contributions and they do not employ child labor.

# OUR APPROACH TO SUSTAINABILITY

## Our Sustainability Commitment

Akbank conducts operations with a strong and sustainable financial performance objective, with an eye toward the Bank's social and environmental impacts. A summary of the Bank's sustainability-related commitments to stakeholders is provided below.

Subject of Commitment	2014 Status Evaluation	Our Commitments
<b>Financial Performance</b>		
Sustainable profitability and growth	Thanks to a deep-seated business culture, Akbank maintained successful sustainable growth in 2014.	Akbank aims to diversify its lineup of products based on customer needs and expectations and ensure the sustainability of the Bank's financial and operational success.
<b>Sustainability Management</b>		
Roles and Responsibilities	We officially included related responsibilities into the job definitions of Sustainability Team leader and its members. We took the necessary steps to include sustainability in the performance evaluation criteria of team members.	In coordination with the Investor Relations and Sustainability Department, the Bank aims to formulate action plans to guide the Akbank sustainability strategy and to implement them by way of the Sustainability Team.
Sustainability in the supply chain	Nearly 50% of the companies within the Bank's supplier portfolio signed declarations committing to complying with Akbank's principles and policies as well as with the UN Global Compact.	Akbank plans to secure from the Bank's suppliers declarations of commitment to comply with Akbank's Code of Ethics and sustainability policies.
Employee awareness	As of year-end 2014, the Bank delivered sustainability approach awareness training to nearly 9,000 employees via the custom-designed classroom sustainability training course.	Akbank intends to leverage advances in education and training technologies to deliver more comprehensive and creative sustainability training to stakeholders.
Dialog with shareholders	Akbank bolstered stakeholder communications during the year via a wide variety of activities, tools and platforms. These included: Akbank For You Get-togethers; Craftsmen Festivals; special gatherings for designated sectors such as agriculture and tourism; customer satisfaction surveys; Akbank branches; Akbank Call Center; Contact Us website; social media (total number of followers: 1.5 million); Customer Relationship Manager (CRM) efforts; Leaders' Summit; e-mail notifications; customer business development meetings; SME informational meetings; www.kobilersizinin.com website; Akbank Art Center events; media, advertising and promotional campaigns; workshops; and other events.	Akbank aims to increase stakeholder engagement and further improve operational efficiency.
<b>Corporate Governance, Risk Management and Legal Compliance</b>		
Transparent corporate management	The Investor Relations and Sustainability Division, in conjunction with the Bank's senior executives, participated in a total of 20 investor conferences in Turkey and abroad in 2014 and met with nearly 325 international investor funds and four rating agencies.	Embracing the principle of developing mutual trust-based relations with shareholders as well as current and potential investors, Akbank is committed to strengthening the Bank's corporate governance in terms of accountability.
Information security	Akbank carried out initiatives to raise information security awareness among employees, conducted various surveys to measure the level of such awareness, and, in light of the results of these efforts, devised new actions related to its business processes.	Closely monitoring advances and developments in information security, Akbank plans to design and administer more comprehensive training programs.
<b>Our Customers</b>		
Customer Satisfaction	As a result of the improvements in the Bank's customer complaint management system infrastructure, average time of resolution for the 1 million customer complaint submittals annually was reduced from three days to two days.	Akbank plans to continue improving its products and services in pursuit of unconditional customer satisfaction.
Environment-friendly products and services	Between 2011 and 2013 Akbank disbursed the entirety of the USD 100 million MidSeff credit facility, which was obtained from the EBRD to finance medium-scale renewable energy and energy conservation projects in Turkey; nearly 83% of this resource was deployed to fund four energy efficiency projects.	Akbank aims to contribute to environmental sustainability by extending loans to energy conservation and renewable energy projects.



Subject of Commitment	2014 Status Evaluation	Our Commitments
Environmental and Social Risk Management in Loans	Akbank's Loan Appraisal Supervisors are charged with effectively managing risk in the Bank's lending processes, including environmental risks.	Akbank intends to raise the environmental and social risk management awareness among all employees involved in lending processes.
Innovative products and services to facilitate access to financial services.	Direct Internet, which combined Akbank's internet and mobile banking services under a single roof, serves more than 2 million customers as of year-end 2014. The Bank aims to maintain its competitive edge by launching high-tech services.	The Bank aims to continue using an innovative approach and maintaining a competitive edge in technology.
<b>Our Employees</b>		
Employee Engagement	The Bank continued to carry out initiatives to ensure the sustainability of employee engagement in 2014.	Akbank aims to properly identify employee expectations and elicit employee feedback through periodically conducted Employee Engagement Surveys.
Training	Akbank employees attended a total of 1,022,382 hours of training in 2014, corresponding to 8.97 business days of training per employee.	Conducting its business activities in line with the principle of continuous improvement, Akbank aims to contribute to the personal and professional development of the Bank's employees via internal training programs.
Equal opportunity	In the evaluation conducted based on 22 criteria within the scope of the "Equal Opportunity Model Project", Akbank received FEM certificate.	Akbank strives to ensure the sustainability of operational efficiency by providing an equal opportunity-based professional environment for Bank personnel.
<b>Environmental Impacts of Our Operations</b>		
Our environmental impact	Akbank continued to reinforce the system infrastructure in 2014 in order to manage the environmental impacts of its operations conducted through its Head Office and service buildings as well as nearly 1,000 branches. Akbank embraces the principle of mitigating the environmental impacts of its operations to the maximum extent possible and striving to conserve natural resources.	Akbank plans to minimize the environmental impact and natural resource utilization of its operations in the coming period.
Carbon emissions	Akbank continued to attain major reductions in carbon emissions from its operations in 2014 owing to the energy efficiency projects it has implemented.	Akbank intends to continue its multidimensional support for the Turkey-based initiative of the Carbon Disclosure Project (CDP), an international project, in the period ahead.
<b>Investing in Communities</b>		
Community investment through sponsorships	Akbank continued to carry out the "Children: Heroes of the Economy" Project with an expanded scope in 2014. Akbank Children's Theatre reached 7,000 elementary school children and their families during its Anatolia tour of six provinces with a new play titled "Family Tree" that conveys savings-related messages.	Akbank, which positions itself as an exemplary corporate citizen, plans to continue of lending sponsorship support to qualified projects in education, youth, entrepreneurialism, culture-art and environment in next period.
Community investment through employee volunteering	Under the "Akbank Volunteers" system, the Bank carried out volunteering projects in every corner of Turkey with the support of Volunteer Leaders from across the country.	Akbank embraces the principle of encouraging its employees to volunteer in community projects.

# STAKEHOLDER ENGAGEMENT

**G4-24**

**G4-25**

**G4-26**

**G4-27**

All companies and organizations that are affected by Akbank's activities, products and services or that directly or indirectly impact its performance are the Bank's "key" stakeholders. In full awareness of the fact that stakeholder engagement is the basic principle in corporate responsibility, the Bank considers expectations and opinions of its key stakeholders while developing and implementing its sustainability strategies and pays ultimate attention to creating a regular, continuous, and trust-based communication with them.

### Dialogue Platforms Based on Accountability and Transparency

The Bank implements a multi-channel stakeholder communication strategy that leverages the strength of the Bank's long-standing corporate structure and the latest advances in information technology. Akbank website ([www.akbank.com](http://www.akbank.com)) and the regularly issued Annual Report and Sustainability Report are the main platforms used to inform the stakeholders. In addition, Akbank also benefits from multi-faceted dialogue platforms specially designed for each stakeholder group in order to receive feedback from and establish dialogue with them.

Examples of the Bank's dialogues with key stakeholders are presented in the table below:

Stakeholder Groups and Dialogue Platforms	Our Approach	Examples
<b>Shareholders, Investors, Analysts</b>		
General Assembly Meetings and Minutes, Face-to-Face and E-Dialogue (Meetings and Conferences in Turkey and Abroad, Presentations and Briefings via Webcast and E-mail), Public Disclosure Platform, Annual Report, "e-Manage: Corporate Governance and Investor Relations Portal" of the Central Registry Agency, Capital Markets Board of Turkey (CMB) Corporate Governance Principles Compliance Report Press Releases, Investor Presentations	The dialogue mechanism that was developed to ensure continuous communication between the Bank management and shareholders is based upon the principles of "transparency, accountability, and regular information dissemination".	Akbank's Corporate Social Responsibility Sub-Group within the Investor Relations and Sustainability Department informs investors on the Bank's environmental, social and economic sustainability performance both in writing and verbally.
<b>Employees</b>		
Quarterly live TV broadcasts by the Bank's CEO, live broadcast of "Permanent Leadership Meetings," Breakfast with the CEO events, Akbank Volunteers program Akbank Volunteers Program, Employee Satisfaction Survey, Corporate Performance System, Meetings (e.g. Regional Directorates and Customer Relationship Management Performance Reviews, Leaders' Summit, Brainstorming Sessions), Coaching system, Corporate Portal "For Us", Suggestion System, BANKSIS (Union of Bank and Insurance Employees), Akbank Retirement Fund, Ethics Line, E-Bulletins	Akbank is aware that high motivation and satisfaction levels among its employees are determinant in ensuring long-standing business performance. The Bank takes heed of regularly eliciting its employees' opinions and expectations and tries to bring related practices to life. Akbank established effective channels of communication to ensure effective internal communication	Messages of the senior management and the Bank's quarterly performance results are communicated first-hand to employees via the quarterly-held live TV broadcast by the CEO, an initiative that started in 2012. This project aims to keep internal synergy dynamic, improve bilateral communication, and increase all employees' motivation to reach common goals. Participants from various departments of the Bank are provided the opportunity to exchange opinions with Akbank's CEO at monthly "Breakfast with the CEO" meetings. As part of the "Akbank Volunteers" program, volunteer leaders across the entire country carry out social responsibility projects that create value for the locations they live and work in.

Stakeholder Groups and Dialogue Platforms	Our Approach	Examples
<b>Customers</b>		
<p>"Akbank For You Meetings", Craftsmen Festivals, Exclusive Industry Meetings for Agriculture and Tourism Sectors, Customer Satisfaction Surveys, Akbank Branches, Akbank Call Center, Akbank Website, Contact Us Website, Social Media (1.5 million total followers), E-mail Notifications, Business Development Meetings for Customers, Informative Meetings with SMEs, www.kobilersizininicin.com website, Akbank Art Center Activities, Media, Advertising and Promotion Campaigns</p>	<p>Customer satisfaction is Akbank's first priority. Opinions and expectations of customers guide the Bank in developing products and services. In order to sustain customer satisfaction; Akbank implements numerous practices, from information security to responsible marketing communications, innovative and environmentally friendly products, and supporting customers in business development.</p>	<p>"Akbank for You Meetings" were held in 15 provinces this year in order to meet with customers and local authorities to exchange opinions in keeping with Akbank's philosophy of "being Turkey's bank"; hearing local problems and finding solutions; and sharing the economic developments in the world and in Turkey with customers. In addition, Craftsmen Festivals were organized in nine provinces in an attempt to get together with craftsmen, who constitute a significant share of the nation's SMEs. Akbank is in constant contact with customers via 19 different Akbank accounts in the social media. Our agents, specially trained for this media and offering services 24/7, respond to more than 20 thousand comments monthly, offer solutions to complaints, and record the suggestions.</p>
<b>International Financial Institutions</b>		
<p>One-to-One and Joint Meetings, Audits, Negotiations, Reports, Presentations</p>	<p>Loans that Akbank secures from international financial institutions such as IFC, EBRD, and EIB to be lent out to customers mostly carry the conditions of being environment-friendly and supporting development. Akbank establishes dialogues with these institutions with the aim of building management systems to monitor environmental and social performances of its customers pursuant to the conditions attached to these loans.</p>	<p>The Sustainable Energy Financing Fund (TurSEFF) of USD 60 million that Akbank had obtained from EBRD in 2010 was made completely available to customers in 2012 and a total of 50 customers benefited from this fund. As a result of this process, EBRD granted Akbank excellence awards in areas such as "the first bank to make the whole of TurSEFF available, the first bank to perform supplier financing, and the bank with the highest loan volume in renewable energy projects".</p>
<b>Legislators and Regulatory Bodies</b>		
<p>Public-Private Sector Cooperation Workshop, Meetings, Forums and Conferences, Various Working Groups, Verbal and Written Notifications, Declarations, Press Releases, Compliance Reports</p>	<p>Akbank is committed to thoroughly complying with all related laws and regulations in all of its activities. Akbank participates in forums, conferences and working groups with the aim of closely following the agenda, identifying trends, and developing and adapting its products and services in line with expectations of customers and legislators in a timely manner. In addition, the Bank closely monitors developments related to the banking industry and presents its opinions on legislation amendments to related authorities.</p>	
<b>Suppliers</b>		
<p>Supplier Identification Forms, Meetings, Akbank Code of Ethics</p>	<p>Akbank expects its cooperating suppliers to act in accordance with the Bank's principles and values. The Bank also supports their development through continuous information transfer.</p>	<p>As a result of informing the companies in its supplier portfolio on Akbank's Code of Ethics and sustainability policies, approximately 50% of them declared their commitment to comply with Akbank's principles and policies.</p>

## OUR APPROACH TO SUSTAINABILITY

Stakeholder Groups and Dialogue Platforms	Our Approach	Examples
<b>University Students</b>		
Activities Organized and Supported Directly by Akbank, Akbank Thinking Club, Information Meetings, Youth Banking, Campus Branches, Brochures and Promotion Campaigns	Caring about university students' requests, opinions, and expectations, Akbank continuously improves its investments in support of their education and development. Akbank cooperates with student clubs to support university students in entering the business world and to further introduce Akbank to those who will graduate soon	"Global Akbank Thinking Club that aims to provide a platform for development of young people as future adults reached 146 members in 2014. Akbank held a "job interview simulation" at Boğaziçi University and had one-to-one interviews with students pretending that we were in a recruiting process. Participants were provided with feedback after the mock interviews.
<b>Local Community</b>		
Activities Akbank organizes and participates (e.g. "Akbank for You Meetings"), Arts and Culture Activities, Press Releases	Akbank strives to support numerous activities that offer social benefits and to reach local communities in areas it operates	The Bank held "Akbank for You Meetings" in 21 cities and shared the economic developments in the world and in Turkey, met with local authorities to hear local problems and find solutions, and exchanged opinions. Akbank volunteers across the nation carry out social responsibility projects that create value for the locations they live and work in.
<b>Non-Governmental Organizations</b>		
Cooperation in Social Engagement Practices, Sponsorships, Meetings, Conferences	Akbank pays attention to improving cooperation with non-governmental organizations, being in continuous communication with them, taking their opinions and expectations about its activities into consideration	While developing its social investment projects, the Bank cooperates with non-governmental organizations. Akbank invites representatives of NGOs to its events and receives their opinions on related issues.
<b>Media</b>		
Press Conferences, Press Releases, Daily Economic Bulletins	Akbank aims to maintain continuous dialogue with national and international media, to inform them promptly and accurately through press releases, and to share opinions with opinion leaders at press conferences.	Akbank senior management and relevant managers regularly meet with prominent figures of the media community and exchange opinions at press conferences organized to discuss industry trends and the Bank's products and services.

### **Memberships in Associations and Unions, Signed Initiatives**

As a good corporate citizen keenly aware of its social responsibilities, Akbank places great importance on being an active corporate member of various associations and unions. The Bank chooses which organizations to join while remaining mindful of the Bank's corporate reputation.

Our memberships in associations and unions, as well as the local and global initiatives we signed within the framework of sustainability are grouped below on the basis of relatedness:

- The Banks Association of Turkey (TBB)
- Turkish Industry and Business Association (TUSIAD)
- Corporate Governance Association of Turkey (TKYD)
- Turkish Ethics and Reputation Society (TEID)
- European Union Green Banking in the Mediterranean Project
- United Nations Global Compact (UNGC)
- Turkish Industry and Business Association (TUSIAD) Sustainable Development Task Force
- Istanbul Stock Exchange Sustainability Index (ISESI) Project
- The Banks Association of Turkey, Role of Financial Industry in Sustainable Growth Task Force
- Carbon Disclosure Project (CDP)
- Cancun and Durban Communiqués drawn prior to Conference of the Parties to the United Nations Framework Convention on Climate Change to make a call of action to governments from the private sector
- The Prince of Wales's Corporate Leaders Group on Climate Change (CLG)
- Climate Platform and Turkish Leaders Group on Climate Change established by REC and TUSIAD
- Interbank Card Center (BKM)
- Visa Colorful Horizons
- Credit Cards Registry Office
- Association of Corporate Communicators
- Association of Advertisers
- Istanbul Foundation for Culture and Arts
- Private Sector Volunteers Association
- Endeavor Assessment (Support for Active Entrepreneurs)
- Financial Literacy and Inclusion Association (FODER)

### **Total Harmony with United Nations Global Compact**

The biggest evidence of Akbank's commitment to universal principles of human rights, labor conditions, environment, and anti-corruption is its signature under the United Nations Global Compact (UNGC) – one of the important corporate social responsibility initiatives worldwide. With this signature, Akbank takes responsibilities such as respect for human rights, providing a safe and healthy work environment, protecting the environment, offering sustainable values and benefits to employees and the society by means of policies and practices that cover transparent corporate management. Thus, Akbank pledges to fulfill its duties in creating a more humanistic globalization.

### **Contribution to Public Policy Based on Vast Experience**

It is an utmost priority for Akbank representatives to participate in forums, conferences and working groups as a speaker or an observer in order to make the Company's banking industry experience and knowhow available to stakeholders. The Bank also sponsors events that are in line with its corporate policy and strategy.

With the capability to make coordinated use of various communication channels thanks to a sound corporate structure, Akbank's Senior Management attends President and Cabinet level meetings regarding such issues as the country's economy and financial affairs as part of the Bank's leader communications. A good example of Akbank's contributions to public policy are the initiatives of Ms. Suzan Sabancı Dinçer, Chairwomen of the Board of Directors of Akbank, as a Member of the Board of Trustees of Chatham House, in promoting Turkey's economic and strategic role internationally through this platform.

## OUR APPROACH TO SUSTAINABILITY

### Events Supported by Akbank in 2014

The Bank lends regular support to various reputable activities focusing on environmental sustainability and economic and social development topics. Representatives of the Government, Legislators, supranational and international institutions as well as local and international institutions are among the participants of the conferences that we sponsor.

Examples of activities we supported and participated in 2014 are given below.

### Events Bringing Together Finance Industry Thought Leaders

#### FT Turkey Summit 2014

The second Financial Times Turkey Summit was held in Istanbul with the sponsorship of Akbank and Citibank in partnership with the Turkish-British Business Council of Foreign Economic Relations Board of Turkey (DEİK). The Summit was organized around the theme "Can Turkey Become Europe's Next Powerhouse?" and included discussions on opportunities and challenges in doing business in the country. The Summit's opening addresses featured Ms. Suzan Sabancı Dinçer and David Gardner, International Affairs Editor of the Financial Times.

Participants highlighted the importance of continuing on the path of reform to ensure Turkey's steady growth. Many journalists, businesspersons and academics who attended the summit as speakers brought up the importance of foreign direct investment for Turkey and discussed the steps the country needs to take for the continuation of capital inflows. The FT Turkey Summit convened senior government officials together with new and experienced investors to share perspectives of Turkey, which is playing a growing role in the political and business environment for international investors.

#### Eurofinance 2014

Provided with "Gold Sponsor" support from Akbank Cash Management and Foreign Trade Business Unit since 2012, the EuroFinance Conference gives the Bank an opportunity to showcase its cash management solutions and promote various offerings by directly

interacting with a large number of corporate and commercial clients. Akbank highlighted its expertise in cash management and trade finance products to meet the financial and risk management objectives of multinational and local, corporate and commercial clients. Akbank made major strides in differentiating the Bank in the eyes of the customers.

#### Forum Istanbul 2014

Since 2009, Akbank has sponsored "Forum Istanbul," a national and international platform to facilitate medium and long-term thinking on Turkey's present and future. Forum Istanbul brings together academics, statesmen, international organizations, trade unions, media, civil society organizations, politicians and clerics in order to discuss the problems of Turkey, Eastern and Southern Europe, the Balkans, Middle East and Asia; promote entrepreneurship for the benefit of the people of these regions; debate these problems and offer solutions; and contribute to real and lasting change. The conference drew some 950 participants in 2014.

#### Stars of Export 2014

Held by Dünya newspaper in partnership with DHL, the "Stars of Export - Export Incentive Awards" competition has been organized under the Bank's main sponsorship since 2002. Ali Babacan, Deputy Prime Minister responsible for the economy, also delivered a speech at the event. Companies that won awards also received a certificate and a gift from Akbank.

#### "İyiGirişim (Good Venture)" and "İyiYatırım (Good Investment)" Summits

Akbank organizes the "İyiGirişim (Good Venture)" and "İyiYatırım (Good Investment)" Summits each year in order to provide support to the country's nascent entrepreneurship ecosystem. The 2014 İyiGirişim (Good Venture) Summit featured the first screening in Turkey of the inspiring documentary on Chinese e-commerce giant Alibaba.com. Meanwhile, the 2014 İyiYatırım (Good Investment) Summit included a session where entrepreneurs competed by promoting their companies to angel investors. During this session, entrepreneurs learned about the key issues angel investors consider when placing investments.

# CORPORATE SPONSOR OF CARBON DISCLOSURE PROJECT

Akbank closely monitors projects that work to combat climate change, a top agenda item among global sustainability initiatives. Akbank is among the pioneering private sector corporations in Turkey that are committed to reporting greenhouse gas emissions in accordance with the international standards. The Bank carries out efforts to increase the awareness of other companies and organizations in Turkey on climate change, effect constructive initiatives for reducing emissions, and raise social awareness on this issue.

## **Contribution to the Annual Carbon Disclosure Project Report**

Akbank's most important climate change related initiative is the corporate support it has provided since 2010 to implement the global Carbon Disclosure Project (CDP) in Turkey. As a participant in the project administered by Sabancı University, the Bank demonstrated to stakeholders that it is also the industry leader in environmental sustainability.

The Carbon Disclosure Project Report, introduced with the participation of nearly 100 people consisting of academicians, representatives of non-governmental organization and officials from private corporations each year, encompasses the analysis of submissions of Turkish companies included in the Carbon Disclosure Project as well as major trends in climate change.

## **Carbon Disclosure Project: A Voluntary Global Initiative**

The Carbon Disclosure Project is a voluntary global initiative launched in 2000 to collect and share information in a way that allows companies, investors, and governments to take measures against the threat of climate change. As the only independent international institution to globally report how climate change-induced risks are managed by companies, CDP operates on behalf of 822 corporate investors that manage global assets of USD 95 trillion. Every year, member institutions and corporations report the strategies and policies they apply in their struggle against climate change, amount of greenhouse gases they emitted, and their targets to reduce these emissions to the public and investors. These data and information are shared with a large audience, including corporate investors, companies, public policy leaders, public institutions, and academicians.

## **Climate Change Management Under Corporate Governance Committee Guidance**

Akbank's solution strategies for the global climate change are shaped by the Corporate Governance Committee that directly reports to our Board of Directors. In addition, the International Advisory Board, which includes Lord Stern, one of the world's leading experts in climate change, also contributes to the Bank's vision. Investor Relations and Sustainability Department ensures coordination and management of the issue within our Bank. Other departments such as Branch Operations, Architectural Works, and Personnel Management are responsible for collecting data, including energy consumption and implementation of energy saving practices.

## OUR APPROACH TO SUSTAINABILITY

### **Risk and Opportunity Oriented Assessment Approach**

Climate change, which is caused by increasing levels of greenhouse gas emissions in the earth's atmosphere, poses major risks for societies today. Heat waves of increasing frequency and intensity, floods, droughts, and extreme weather conditions due to climate change have the potential to have negative impacts on industries such as forestry, fishing, agriculture, healthcare, tourism, and construction, among others. Climate change laws, rules and regulations that have been enacted or are likely be put into effect in Turkey and its trading partners pose the risk of legal incompliance and extra investment costs to fight climate change. It is anticipated that companies with large amounts of greenhouse gas emissions such as the ones in transportation and aviation industries will be impacted by the aforementioned laws and regulations.

### **A Service Approach to Mitigate Risks**

Akbank added new categories to its risk management approach in response to the adverse effects of climate change on human activity. The Bank aims to leverage its initiatives in this area to effectively manage risks stemming from climate change and to turn threats into opportunity.

In this regard, the Bank is undertaking conscientious efforts particularly in following the new laws and regulations in energy efficiency and renewable energy that became effective as well as complying with this new legal framework. In addition, Akbank continues to offer products and services in energy efficiency and renewable energy to corporate clients on relatively favorable terms. Further, the Bank measures its carbon emissions resulting from its operations and business travel and implements various measures to reduce these emissions.

### **Carbon Management Practices that Encompass All Business Units**

Following its participation in the Carbon Disclosure Project in 2009, the Bank began undertaking more comprehensive and systematic studies to measure the greenhouse gas emissions (in equivalent carbon dioxide terms) resulting from the Bank's operations and to take measures to reduce this emission level. A number of initiatives were launched geared toward measuring, tracking and reducing the greenhouse gas emissions resulting from electricity and fuel use in Akbank buildings and from fuels used in employees' business and training travels. Akbank launched a system to systematically monitor and report energy consumption and greenhouse gas data of its branches. Thanks to this system, Akbank began to track the data for business units. (Detailed information on energy and carbon management is presented in the "Our Operations and the Environment" section of this Report.)

Akbank shares its climate change strategies and greenhouse gas emissions data with stakeholders by way of the annually-published Sustainability Report as well as the CDP Report. The Bank submitted the fifth Report to the CDP Secretariat in 2014 and plans to release the sixth report in 2015.

### **"Climate-Friendly" Products and Services**

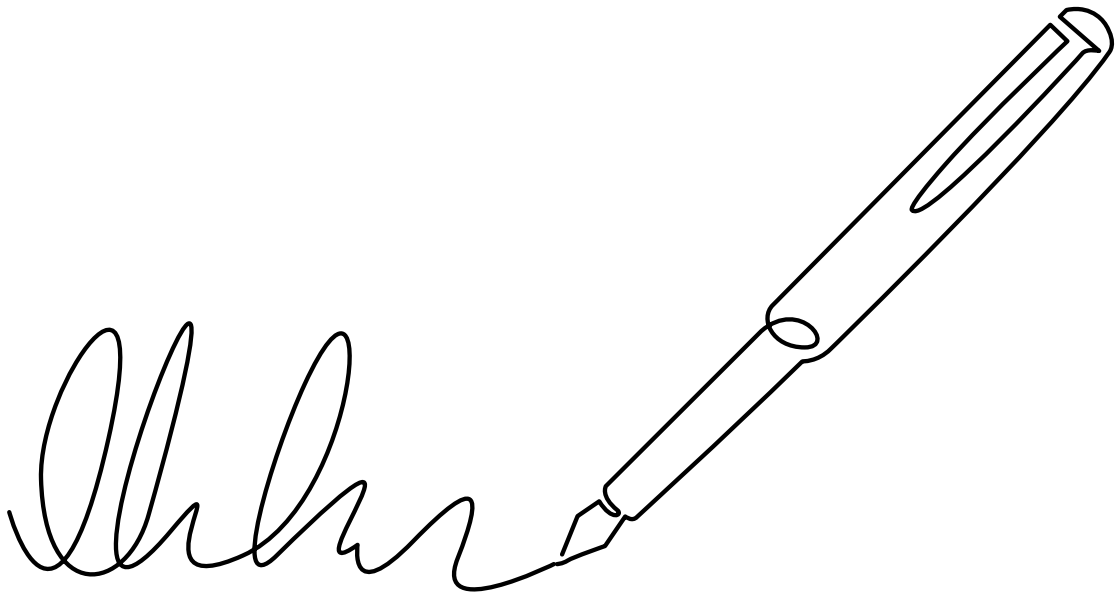
In addition to efforts to reduce greenhouse gas emissions resulting from its own operations, the Bank offers innovative products and services to encourage loan customers to conserve energy and thus reduce their CO2 emissions. Detailed information on these products, including the Akbank Energy-Friendly Loan, is provided under the sub-title of "Climate-Friendly Loans" within the "Value Added to Our Customers" section of this Report.



# 04. CORPORATE GOVERNANCE AT AKBANK

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2014 / SUSTAINABILITY REPORT



# CORPORATE GOVERNANCE AT AKBANK

Always striving to carry out projects that differentiate the Bank from the competition, Akbank has embraced a professional corporate governance approach at internationally recognized standards and in keeping with applicable laws, rules and regulations. Akbank's corporate governance practices are assessed under the following categories:

- Relations with Shareholders
- Public Disclosure and Transparency Policy
- Duties, Responsibilities, and Authorities of the Board of Directors
- Relations with Stakeholders

## **Akbank: The First Bank to Publicly Announce a Dividend Policy**

Relations with Stakeholders are covered in another section of the Report, the other three subjects have been detailed in this section.

In Turkey, Akbank is the first bank;

- to publicly announce its dividend policy (2003).
- to announce its Corporate Governance Principles in its annual report (2003).
- to announce its Corporate Governance Principles in its website (2004).
- to buy back its founders' shares (2005).

Akbank is committed to abiding by the Corporate Governance Principles as set forth by the Banking Law, Capital Markets Board, and Turkish Commercial Code. The Bank pays utmost attention to the implementation of these principles. Akbank is in compliance with the mandatory provisions of the Corporate Governance Principles as published by the Capital Markets Board in the Official Gazette No. 28871 dated January 3, 2014.

## RELATIONS WITH SHAREHOLDERS AND INVESTORS

Having established strong ties with shareholders based on transparency and mutual interaction, Akbank has embraced the principle of treating all shareholders equally. The Bank's goal in this approach is to solidify its position as an attractive and predictable investment vehicle for current shareholders and potential investors.

## **Investor Relations Policy Based on Transparency and Accountability**

In order to manage and strengthen relations with both existing and potential shareholders, Akbank established an "Investor Relations Group" in 1996. The Investor Relations and Sustainability Department (IRSD) replies all questions that are not related to commercial secrets, taking the principle of equality into consideration and thus it is ensured that the Bank management and shareholders are in continuous communication. In addition, there is a "Financial Accounting and Shareholders Transactions Directorate" in Akbank to facilitate monitoring the rights of shareholders.

## **Comprehensive Information Disclosure Processes for Investors**

The Investor Relations and Sustainability Department is responsible for presenting the Bank's performance and strategies accurately and transparently to existing and potential investors. IRSD also plays an active role in facilitating protection and use of shareholders' rights – especially the rights of getting information and examining the data. The Department informs investors on environmental, social and economic sustainability.

## **Strong Representation in Investor Conferences...**

In 2014, the Investor Relations and Sustainability Department attended a total of 20 domestic and foreign investor conferences together with executive management of Akbank and had meetings with approximately 325 international investment funds and four rating institutions. Also, more than 500 questions posed by investors and analysts via telephone and e-mails were answered.

Information on the General Assembly meetings is announced in the Turkish Trade Registry Gazette, in a national newspaper, on the corporate website, at the Public Disclosure Platform [www.kap.gov.tr](http://www.kap.gov.tr), e-Governance Corporate Governance and Coordination and International Reporting on the Central Registry Agency [www.mkk.com.tr](http://www.mkk.com.tr), and on the e-GEM Electronic General Assembly System at least three weeks before the event. The Annual Report is submitted to the shareholders through our Bank's website, at the Shareholder Transactions Subdivision, as well as at the Ankara, Adana and Izmir Commercial Branches three weeks before the General Assembly. In addition, matters stipulated in article numbered 1.3.1 of the Capital Markets Board Corporate Governance Principles are disclosed to the shareholders on the Bank's website correspondingly with the announcement for the General Assembly Meeting of Shareholders.

According to Akbank Articles of Association, shareholders may assign another shareholder as a representative with a right to vote. Shareholders may exercise their right to vote either in person or through another person or shareholder at General Assemblies.

#### **Mechanisms for Shareholder Representation at the General Assembly**

General Assemblies are held in Akbank Head Office (Sabancı Center) in a way that increases participation of shareholders, avoids injustice, and allows for participation with a minimum cost for shareholders. Those who have the right to participate in the Bank's General Assembly meetings may also vote via the Electronic General Assembly System.

## **OUR PUBLIC DISCLOSURE POLICY**

The Bank's Public Disclosure Policy has been formed by the Board of Directors within the framework of the CMB Corporate Governance Principles, and then approved and announced to the public on Akbank's Website. The Board of Directors is authorized and responsible for informing the public, as well as for monitoring, supervising, and improving the public disclosure policy. The Financial Accounting and International Reporting Subdivision and Investor Relations and Sustainability Department as well as the Corporate Communications Department are assigned to supervise and monitor all issues regarding public disclosures.

#### **Various Information Disclosure Channels for the Public at Large**

Akbank Website, material disclosures, Akbank branches, Call Center, social media (Twitter, Facebook), media, advertising and promotion campaigns, Annual Report and Sustainability Report are the most important platforms to inform the Bank's shareholders. In addition, the "e-MANAGE: Corporate Governance and Investor Relations Portal" of the Central Registry Agency is also utilized in disseminating information to stakeholders.

## **AKBANK BOARD OF DIRECTORS**

#### **Structure of the Board of Directors**

As of year-end 2014 there are three executive and seven non-executive members on Akbank's Board of Directors. The Chairman of the Board of Directors of the Bank is also an Executive Member with responsibility in all areas. The Bank's Board of Directors had three Independent Members during 2014.

According to the Capital Markets Board's corporate governance practices, audit committee members of banks are considered independent members of the board of directors. Hayri Çulhacı and Yaman Törüner, Members of the Audit Committee, are Independent Members. The other Independent Member of the Bank's Board of Directors is Aykut Demiray, who satisfies all the independence criteria of the Capital Markets Board and who was ratified for a one-year term by the shareholders at the Ordinary General Assembly Meeting on March 27, 2014. The report of the Corporate Governance Committee dated January 23, 2014 stating that Aykut Demiray satisfies all the independence criteria was submitted to the Board of Directors; the Board of Directors resolved to refer Aykut Demiray to the Capital Markets Board as an independent board member nominee.

# CORPORATE GOVERNANCE AT AKBANK

The terms of the Members of the Board of Directors who were elected in March 2014 will expire in 2015. All Members of the Board of Directors attend meetings unless excused.

There is a secretariat for informing and communicating with the Members of the Board of Akbank. The Board meets at least 12 times a year. Board Members pay attention to participating and contributing to every meeting. The Chairman consults to other Board Members and the CEO to define the agenda of the meeting. Information and documentation on the agenda are presented to the Members of the Board prior to the meeting.

In order for the Board of Directors to make a resolution, one more than half of its members must attend the meeting. Therefore all resolutions are made with the majority of members attending the meeting. Negotiations of the Board are routinely recorded by a secretary selected amongst the members or by someone hired outside the Bank. Minutes must be signed by attendees and if there are opponent members, the reason of opposition to the resolution must be stated in the minutes which must be signed by the voter. Board Members are not entitled to have weighted votes and/or to veto resolutions.

## **Roles and Responsibilities of the Board**

The core duties of Akbank's Board of Directors include making the strategic decisions that strike the optimal balance between risk, growth and return, and pursuing a rational and cautious risk management approach that safeguards the long-term interests of the corporate organization that it represents.

## **Strategic Goals Guiding All Operations**

The Board of Directors sets the Bank's strategic objectives, determines the human and financial resources Akbank will need, and supervises the performance of the management team. The Board of Directors oversees the compliance of the Bank's activities with the laws and regulations, the Articles of Association, internal regulations and policies.

The Board of Directors operates in a transparent, accountable, fair, and responsible manner. The

Board plays an active role in maintaining an efficient communication between the Bank and shareholders as well as in resolving potential disputes.

## **Akbank's Highest Approval Body**

The Board of Directors approves Akbank's annual budget and strategic plan, closely monitors actual comparisons with the budget, receives information on deviations, and reviews the resolutions made. If there are any significant deviations in macroeconomic conditions compared to the budget estimates, the budget is revised and resubmitted to the Board of Directors for approval. The Board monitors strategic goals, budget targets and actual figures on a daily, weekly or monthly basis, depending on the nature of the issue.

The Bank's administrative structure and organization is given in the third section of the Articles of Association. This section explains roles and capacities of the Board Members and other executives: Roles and responsibilities of the Board of Directors are subject to the provisions of the Turkish Commercial Code and Banking Law as well as to the provisions of the Articles of Association.

## **Board of Directors Committees**

In Akbank's Board of Directors, there are various committees for different tasks. In addition to such committees, Board of Internal Auditors, Internal Control and Compliance Division, and Risk Management Department directly report to the Board of Directors.

## **Board of Internal Auditors: The Oversight Body of the Board of Directors**

The Audit Committee helps the Board in the performance of supervision and oversight functions; oversees the functioning and adequacy of the internal systems as well as the accounting and reporting systems. The Committee convenes at least four times a year.

### **The Body that Sets Governance Principles: Corporate Governance Committee**

CGC was established in 2009 with the aim of monitoring compliance with corporate governance principles and supervising the implementation of corporate social responsibility activities, under the name of "Corporate Governance and Social Responsibility Committee" in 2009. In 2013, "nomination" task was also given to the Committee and its name was changed to "Corporate Governance Committee". The Committee is responsible for ensuring, monitoring and communicating compliance with Akbank's Corporate Management Principles; monitoring the operations of the Investor Relations and Sustainability Department; creating a transparent system to identify, evaluate and train suitable candidates for the Board of Directors; and working on related policies and strategies. Members of the Remuneration Committee are responsible for monitoring, auditing, and reporting remuneration operations on behalf of the Board of Directors. The Committee convenes at least twice a year. The chairman and majority of the members of the Committee are independent Board Members.

### **The Body in Charge of Managing Lending Processes: Credit Committee**

The Credit Committee is a loan assignment resolution center that examines loan offers which have passed loan processes of the General Directorate in terms of compliance with legal regulations, banking principles, the Bank's goals and loan policies.

### **The Body that Determines the Risk Policy: Executive Risk Committee**

Executive Risk Committee (ERC) is responsible for creating risk policies, identifying methods to measure and manage risks, setting and monitoring suitable risk limits. All risk policies are put down in writing and integrated into the long-term overall strategy of the Bank.

### **Effective Cash Management Processes: Asset-Liability Committee**

The Asset-Liability Committee (ALC) is chaired by the CEO and is responsible for the daily liquidity and cash management. ALC meets at least twice a week to discuss the latest developments in the economy and the markets. It is also responsible for devising investment, pricing, and funding strategies.

### **Rights of the Board Members**

Remuneration policy of the Bank is implemented in accordance with the regulations by the Banking Regulation and Supervision Agency (BRSA) and the CMB. Basis of remuneration for the Board Members and senior executives are communicated at the Bank's website.

### **Compensation Policy Open to Stakeholder Review**

According to the Akbank Articles of Association, Members of the Board of Directors are paid a monthly fee or remuneration is fixed by the General Assembly. Salaries paid to board members who assume various prescribed duties at Akbank are determined within the scope of authorization granted by the General Assembly. The Bank's compensation policy complies with the regulations of the Banking Regulation and Supervision Agency (BDDK) and Capital Markets Board (SPK). The compensation policy has been documented in writing, presented to the shareholders at the General Assembly, and published on the Bank's website. These payments are determined annually by the Board of Directors. The Banking Code limits loans to be granted by Akbank to the Board Members and they are not granted any loans against this mandate.

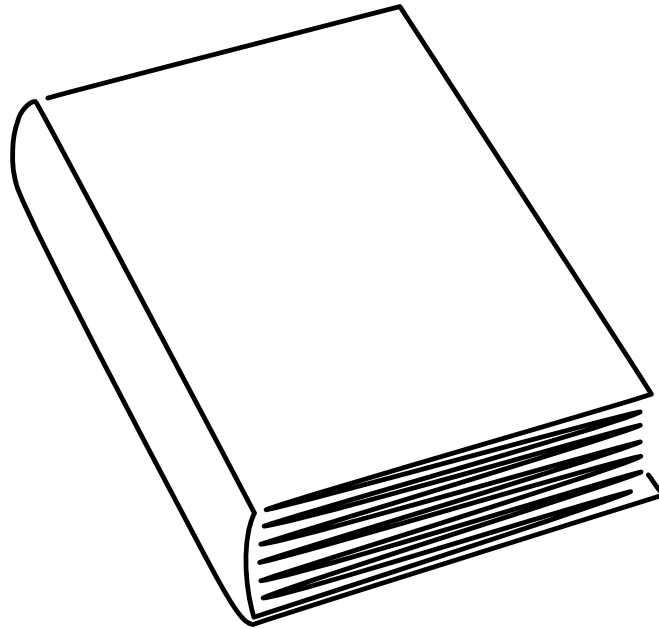
### **International Advisory Board: A Body Guiding Our Strategy**

The Akbank International Advisory Board was established with the aim of monitoring global and local economic developments and making strategic inferences for Akbank. The Board consists of a total of 12 Turkish and foreign members, each with profound knowledge and experience in their areas. Mr. Kemal Derviş, former President of the United Nations Development Programme (UNDP) and former Minister of Economic Affairs in Turkey, and currently Vice President for global economy in the Brookings Institute and Member of the International Board of Overseers of Sabancı University, is the Chairman of the Akbank International Advisory Board. The Akbank International Advisory Board met twice in 2014. At these meetings, latest trends in the global economy, main trends in monetary and finance policies, and current opportunities for the Turkish economy were discussed with a global perspective.

# 05. RISK MANAGEMENT AND COMPLIANCE

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2014 / SUSTAINABILITY REPORT



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RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT UNITS THAT REPORT DIRECTLY TO THE BOARD ARE RESPONSIBLE FOR COORDINATION AND ASSESSMENT OF ACHIEVING THE EXPECTED EFFECTIVENESS.

## **RISK PERCEPTION DEFINED IN LIGHT OF CURRENT DEVELOPMENTS**

The Board of Directors is charged with the primary responsibility of establishing and executing an effective risk management policy across the entire organization. The Board of Directors, with the help of the Audit Committee and the Executive Risk Committee, assess current developments and determine Akbank's risk categories.

The Risk Management, the Internal Control and Compliance Division and the Board of Internal Auditors units, which report directly to the Board of Directors, perform coordination and assessment functions to ensure the expected efficacy.

### **Risk Management Practices Deepened by Employee Awareness**

All Akbank employees are responsible for compliance with policies and strategies drawn by the Board of Directors, for effective management of risks related to their own areas of operation, and for taking necessary actions to comply with the legislation.

### **Effective Risk Management**

Akbank formulates the Bank's risk policies in consideration of long-term strategies, corporate goals and the scope of operations. The Bank has adopted a multi-faceted approach that encompasses risk management, legal and regulatory compliance, and environmental-social impact analysis in making major decisions such as capital allocation, portfolio/investment choices, and launching new products or initiatives.

### **Internationally Accepted Risk Management Practices**

The Bank constantly reviews the risks that it may be exposed to during the course of its operations and makes the necessary policy, procedure or application updates as required by prevailing circumstances. Such updates are performed by closely following and implementing changes, innovations, arrangements and models in internationally-recognized risk management principles. All of the analyses, calculations, simulations, scenarios, stress tests and other efforts play a determinant role in the strategic decisions made by our Bank's Board of Directors and senior executive management.

### **Sustainability-oriented Pluralistic Risk Perception**

The issues below come to the fore when sustainability in risk management is considered:

# RISK MANAGEMENT AND COMPLIANCE

## Market Risks

Market risks emerging due to fluctuations in foreign exchange rates, interest rates, and market prices of stocks are measured by using internationally-recognized models. Limits are identified for the Bank or Group and compliance with these limits is continuously monitored.

## Liquidity Risks

Akbank has created a liquidity management framework for maintaining required liquidity resources to perform legal liabilities in a timely manner to depositors, creditors and corporations that it has made a commitment to. The Bank protects itself from any negative impacts to be caused by liquidity risks thanks to its widespread deposit base, robust capital structure, and varied foreign borrowing sources. In addition, extra liquidity sources are made available with limits allocated by the Central Bank, BIST Repo Market and the Settlement and Custody Bank as well as the liquid securities portfolio in hand. By being cautious in foreign currency liquidity management, reserves sufficient to fulfill liquidity needs are maintained.

Management and monitoring of market and liquidity risks had an increasingly important role in the cautious and farsighted management of the probable negative impacts of the crises and challenges experienced recently in the global economy.

## Credit Risks

All banking products with credit risks (such as credit placements and commitments to customers, letters of credit) are managed with assistance from cautious loan policies and procedures in Akbank. In all credit transactions, loan quality (credit worthiness), purpose of use, and environmental and social effects are assessed via an internal customer rating system. Sector, customer, loan type, customer segment-based limits are identified in order to monitor credit risks.

## Reputation Risks

Reputation risk is a significant risk in terms of sustainability. All Akbank employees, notably the Board of Directors, are held responsible for the management of this risk. Within the scope of the management of this risk, policies and practices were identified (including areas such as full compliance with legislation, establishing and exercising trust-based relationships with stakeholders, efficient and fast solutions to customer complaints) and these have been put down in writing. Akbank Ethical Principles serve as an important guide in this sense.

## New Products and Services Risks

In addition to risks identified for existing products and activities, risks that may arise from development of new products and services are also assessed. Potential financial, operational, legal and reputation risks of newly-developed products or services; methods to be used in measuring and managing these risks; and control mechanisms to be established are identified with contribution from related departments of the Bank. Since 2011, "New Product and Service Evaluation Committee" comprising managers of all departments involved in product development decides on the suitability of all product and service in terms of legislation and technical qualifications. When the Board of Directors approves the extensive risk assessment made by the Committee, necessary actions are taken for risk management.

## Operational Risks

Operational risks are among the most important and extensive risks in banking. In general, operational risks result from overlooking errors and irregularities due to failures in the control of business processes, bank management's and employees' failure to act in accordance with the time and conditions, errors and irregularities in IT systems, or natural disasters. In Akbank, mechanisms such as differentiated and diversified controls, insurance, and limits are used in the management of risks related to all risk categories, mainly legal and reputation risks. The Operational Risk Committee, which was established at the Senior Management level in 2011, discusses subjects that are of importance from operational risk perspective and actively monitors the actions taken at its regularly-held meetings.



### Legal Risks

Operating flawlessly in terms of compliance with legislation is a fundamental priority for us. For following legislation related to the banking sector and adaptation to developments and changes, various departments work to ensure compliance in the Bank's system infrastructure, business processes, rules, and limits.

## INTERNAL CONTROL AND INTERNAL AUDIT SYSTEM

By way of the Bank's internal control system, Akbank aims to protect its assets; conduct operations effectively and efficiently, in compliance with laws, rules and regulations; and establish a reliable and holistic accounting and financial reporting system. The responsibility of managing the system in a way that creates value-added for the Bank falls on all employees, led by the Board of Directors. The Audit Committee's function is to aid the Board of Directors in its activities within this scope.

### Strong Audit and Control Infrastructure

The most important component of an effective internal control system is the control environment. The control environment in Akbank is defined within certain rules and designed to contribute to all business processes. In addition, arrangements on issues such as organization structure, Ethical Principles, distribution of authority and responsibility are also performed. Our employees are encouraged to identify and assess risks that may prevent the Bank from reaching its targets and are continuously reminded of the importance of control activities in managing such risks.

In line with this understanding, effectiveness of the internal control system is ensured by using certain mechanisms including;

- Identification of functional differences, separation of the functions of marketing and operations,
- Documentation of job definitions and specific responsibilities in the control system of each employee at every level,

- Documentation of all workflows and checkpoints throughout the Bank via the Business Process Management (BPM),
- Establishing information systems that are in compliance with the volume and quality of the Bank's activities,
- Establishing effective and comprehensive communication channels, hearing suggestions of employees on processes and activities, and implementing them.

### The Internal Control and Compliance Division

The Division performs periodical controls in branches and the Head Office Departments to measure the effectiveness and adequacy of internal controls performed during the execution of the Bank's operations and to see whether the internal controls are in conformity with the laws and internal legislation and are performed effectively and efficiently. The Division also works to establish control systems in required areas.

### Four-Pronged Control Processes

The Internal Control and Compliance Division conducts its operations under four main categories: branch controls, which are designed in accordance with the Bank's Regional and Branch organization; Head Office controls, which include reviewing processes and transactions throughout the bank by business line; information system controls; and compliance controls. Findings from control related activities are shared with the related branches and head office units, and the Division monitors the status of improvements and mitigation actions.

In order to ensure timely and full legal and regulatory compliance, the Division analyzes the impacts of new regulations on Akbank's operations, assesses whether the Bank is compliant under existing arrangements, and informs the management of the relevant units. These initiatives are planned with the participation of the relevant units and developments are monitored. The Division also conducts controls related to the Bank's information security and information technology systems infrastructure.

## RISK MANAGEMENT AND COMPLIANCE

### **The Board of Internal Auditors**

The Board of Internal Auditors performs audits and evaluations in order to ensure that the Bank's activities are in accordance with legislation as well as with strategies and policies identified by the Board of Directors, productivity is improved, service quality is enhanced, effectiveness and competence of the Bank's internal control and risk management systems as well as corporate governance processes are retained.

### **Risk Oriented Internal Audit Planning**

Internal audits are performed in a way that covers all units, processes and operations and are planned with a risk-oriented point of view. Examples to the work done by the Board of Internal Auditors are evaluating the compliance of branch transactions with the provisions and liabilities stated in internal and external legislation investigating; analyzing and assessing existing or probable, actual or potential risks resulting from negligence, misconduct, fraud etc. in our branches, units and affiliates; and eliminating risks.

### **Audit Mechanisms against Claims of Irregularity**

The Board of Internal Auditors examines the reliability and integrity of the Bank's information systems and checks whether information is accessed on time. It performs information security audits based upon international standards. It also puts in effort to identify and solve probable irregularity notifications from legal bodies (including those via the Ethics Line), the Bank itself, and our customers. The Board of Internal Auditors also investigates and resolves all probable fraud notifications.

As a result of the operations of the Board of Internal Auditors, findings are identified through internal control and suggestions are made to develop the processes, increase efficiency, and strengthen internal systems. Furthermore, actions taken accordingly are actively monitored.

Results of the operations by the Board of Internal Auditors and the Internal Control and Compliance Division are regularly monitored and evaluated by the Control Committee and Board of Directors.

## TOTAL HARMONY WITH LEGAL LEGISLATION

Akbank executes the compliance process stemming from legal, rule and regulatory changes with the coordination of various units and the support of all Akbank employees.

As part of the Bank's sustainability approach, Akbank places great importance on legal compliance initiatives in two areas in particular:

### **Prevention of Laundering of Proceeds of Crime**

Akbank pays meticulous attention to prevention of laundering proceeds of crime and financing of terrorism activities under its legal compliance and risk policy. In this context, implementation details of precautions and principles aimed to identify, rate, monitor, evaluate, and prevent potential risks are fulfilled by considering the liabilities in relation to knowing the customer.

### **World-Class Measures**

Akbank operates within the framework of the "Know Your Customer Policy" ("Know Your Customer Policy and Principles to Prevent Laundering of Proceeds of Crime and Financing of Terrorism") prepared in accordance with national legislation as well as principles, regulations, and standards set by international authorities. In line with the standards issued by the United Nations Security Council and Financial Action Task Force, systemic controls are made to prevent mediating in banking transactions for laundering proceeds of crime, financing of terrorism, and illegal activities.

The Internal Control and Compliance Division is also responsible for conducting the controls regarding the transactions with high-risk countries in accordance with the regulations published by international regulatory authorities (OFAC, EU, UN, etc.). In addition, the policies and procedures formulated regarding this subject are announced to the entire Bank.

### **Compliance in Product Promotions and Marketing Communication**

All kinds of communication operations performed with the aim of promotion and marketing of banking products and services are subject to various laws and regulations. Every employee who communicates with customers, including the Corporate Communications Department, is responsible for the compliance of our communication activities with the laws and regulations.

### **Product Promotion Efforts that Protect Customer Rights**

In all activities regarding product promotions, sales and marketing communications (including advertisements and sponsorships), our priority is to abide by the generally accepted ethical rules, privacy of personal information, laws and regulations (Turkish Commercial Code, Consumer Protection Law, Directive for Commercial Advertisement and Announcement Principles and Codes of Practice by the Turkish Ministry of Industry and Commerce, Banking Law, Capital Market Law, regulations of the Banking Regulation and Supervision Agency regarding our products, and regulations by the Banks Association of Turkey and Interbank Card Center), industry standards, all rules of institutions that we are a member of, such as Visa and MasterCard.

### **Transparent Information Disclosure Policy**

Akbank pays maximum attention while promoting and marketing its products and services in order to avoid any loss of rights of its customers. For instance, in credit card commercials broadcast on TV, the Bank makes sure that informative subtitles are used and the size of letters as well as the flow rate of subtitles is appropriate and legible. Akbank announces the campaigns and innovations regarding its products on the Akbank corporate website as well as transmitting them via e-mail and SMS to customers who opt for such communication. Pursuant to its transparent pricing policy and taking legal obligations into consideration, Akbank announces to its customers the terms and conditions of all of its banking products and services, and information such as fees, commissions and interest rates, through various channels, including Akbank website.

## **SECURE BANKING WITH STATE-OF-THE-ART TECHNOLOGY APPLICATIONS**

Security in banking products and services can be addressed under two main areas: confidentiality and safety of customer information and information safety.

Responsibility in providing secure banking services begins as soon as the product or service is sold and continues for the entire lifecycle of it. Any negative experience in any phase of this cycle could result in losing a customer and adversely affect our reputation and thus, "secure banking" principle is fundamental to Akbank's services.

### **Confidentiality of Customer Information is an Utmost Priority**

Ensuring confidentiality of customer information is a requirement by the law as well as by our Bank's rules and ethical principles. Therefore, only related and authorized employees can have access to customer information and transactions made using such information are regularly monitored and recorded. Using customer information outside the Bank is limited only to legally authorized people and institutions.

Our new employees are trained in information security when they first start working and are regularly updated on the issue throughout their careers. Surveys are held to measure our employees' level of awareness in information security. In accordance with the results of these surveys, we plan information security awareness activities and provide training and information to employees on issues to be paid attention to.

## RISK MANAGEMENT AND COMPLIANCE

### **Information Security Oriented Online Banking Service**

Operations held in cooperation with companies providing support services should be approved after security processes are applied and only those that meet the security standards of Akbank are approved. As a part of secure banking, to ensure maximum financial security of our customers, our systems are protected with various information security measures and technology-based threats are regularly monitored. Additional measures such as sector, transaction, and total sum limits and multi-digit password use are employed especially in products including the Internet, telephone, and credit card products. VirtualCard, Mobil Signature, SMS Agent and the "Security Picture" proving that the website seen on the screen belongs to Akbank are among the safety measures we take for customers who want to shop safely on the Internet.

We cooperate with security companies to take measures against virtual attacks that may have adverse effects not only on Akbank, but also on the banking sector itself.

### **Safety and Information Security Committees against Potential Threats**

Committees including the Security Committee and Information Security Committee monitor such potential threats and test our systems, follow technological innovations, and evaluate all kinds of upgrading and development alternatives. In addition, to increase awareness, we continuously inform customers on measures they can take and make announcements in our website regarding the threats they must pay attention to.

## BUSINESS CONTINUITY MANAGEMENT

In order to ensure continuity of critical business processes as well as to ensure recovery of the system in case of failure, to prevent customer losses, and to maintain corporate reputation, Akbank executes the Business Continuity Management Program. This Program is devised on the basis of business continuity and disaster management system defined in the British Standard Institute's internationally recognized BS 25999 Standard and was updated in 2012 following the release of ISO 22301:2012 Social Security Business Continuity Management System standard.

### **Advanced Technical Infrastructure that Ensures the Sustainability of Efficiency**

In Akbank, organization chart, roles and responsibilities for business continuity is defined clearly. The Business Continuity Committee that convenes twice a year monitors the performance of the Business Continuity Management Program, checks and guides the operations, and provides the resources required for business continuity. Emergency plans are devised to handle actions to be taken in extraordinary cases in a detailed way. There is a Disaster Recovery Center in Izmir in order to continue critical services if the IT Center fails to operate.

Disaster drills are performed every year to measure the efficiency of business continuity plans, increase internal awareness on business continuity, and test the operability of critical operations via the Disaster Recovery Center.

# OUR ETHICAL BANKING APPROACH

Akbank has embraced a management approach that values financial success and brand reputation equally. As part of this approach, stakeholders and employees are expected not just to comply with Akbank's code of ethics, but also to embody these principles before various actors.

## **Strengthening Akbank Business Culture with a Code of Ethics**

The Code of Ethics, which went into effect after the approval of the Board of Directors, governs the behavior and conduct of Bank employees, as well as their relations with persons and institutions within and outside the Bank. Akbank's Code of Ethics is made available on the Bank's website and corporate portal; all personnel also receive obligatory e-training on these principles.

## **Respect for Society and the Environment Included in Code of Ethics**

Last updated in 2015, the Code of Ethics includes four main headings. The first subject covers our responsibility towards the society and the environment in accordance with our commitment to the UN Global Compact.

## **Notifications of Suspected Violations of Ethical Principles**

In case of suspected violations of Ethical Principles, employees and stakeholders can notify Akbank's related units within the framework of the confidentiality principle via various channels.

## **Ethics Line: A New Channel for Stakeholder Interaction**

The Bank's stakeholders can inform the Board of Internal Auditors of suspected violations directly at our Call Center - 444 25 25. Such notifications can also be made through e-mails to be sent to etik@akbank.com.

Akbank's employees believe that there are practices contradicting to the Ethical Principles in their units, but refrain from taking actions as being part of the same unit, to solve the problem, they can use our Ethics Line. The existence of the Ethics Line, areas of practice, means to reach the line are announced to all employees regularly via e-mails. Employees may have access to the Ethics Line any time of the day via telephone and e-mail. Callers are not required to give their names and if they do, the information is kept confidential.

All notifications are evaluated by the Ethics Line Officer (an auditor assigned by the Board of Internal Auditors). The notification is transferred to the Board of Internal Auditors in cases that require examining or investigation, otherwise to the Executive Vice President (EVP) of the related business unit to take necessary actions. In accordance with the disciplinary regulations, any employee found to be failing to abide by our Ethical Principles despite all communication and training efforts, warnings and measures is subject to various disciplinary actions, including discharge.

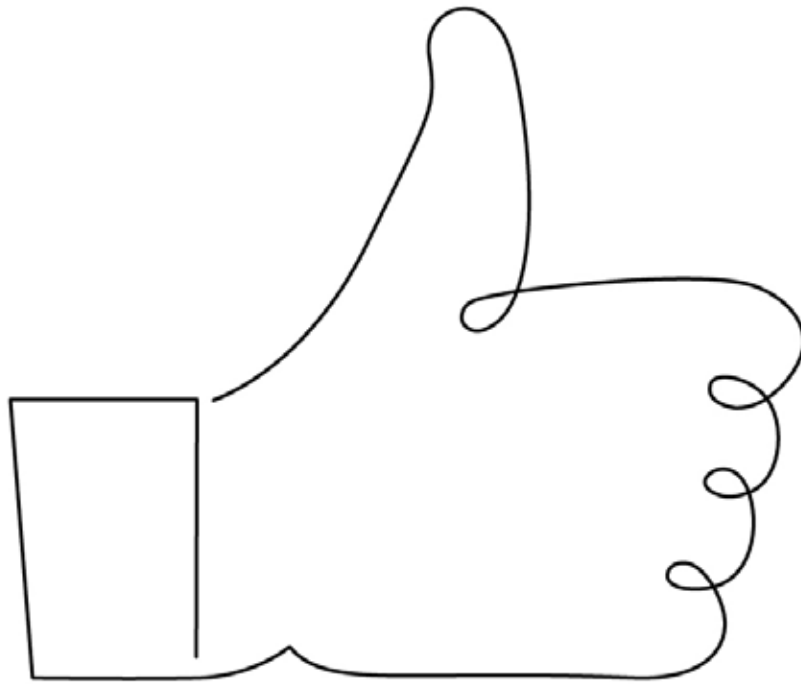
## **Active Fight against Bribery and Corruption**

The Anti-Bribery & Anti-Corruption Policy, formulated to comply with the anti-bribery and anti-corruption laws and regulations in effect in all countries in which Akbank operates, with code of ethics and professional principles, and with universal rules, was approved by the Board of Directors and announced publicly.

# 06. VALUE ADDED TO OUR CUSTOMERS

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2014 / SUSTAINABILITY REPORT



Industry players that develop fast and effective financial solutions to meet evolving customer needs and expectations gain a competitive edge in the current market environment. As demonstrated by the Bank's high customer satisfaction scores, Akbank figures among the industry leaders with a diversified portfolio of products and services that address a range of customer expectations. Developing products and services with an eye toward environmental and social impacts, the Bank invests in distribution channels that benefit the local economy while organizing business development information meetings for SMEs, the engines of the economy. Akbank also rolls out various innovations to facilitate easier access to financial services for every individual across the country.

## DIFFERENTIATING BANKING SERVICES

Akbank's core banking services consist of Consumer Banking and Private Banking services for retail customers as well as SME Banking, Commercial Banking and Corporate Banking offered in light of the differentiating needs of SMEs, commercial customers and corporate clients, respectively. In addition, Akbank's International Banking unit provides overseas-based financing to customers. Credit cards for customers in every segment are also an important part of Akbank's banking services. Non-banking financial services and capital markets investment services are provided by Akbank's subsidiaries.

### **Innovative Services in Consumer Banking**

Akbank continues to be the industry leader in consumer banking with its service approach based on customer characteristics, continuous innovation in technological infrastructure, and extensive domestic branch network. In consumer banking, the Bank embraces the principle that each and every product and service developed and offered is customer-oriented. The Bank's consumer banking services evolve constantly on the basis of customer satisfaction and in light of the expectations of more than 12,5 million retail customers, requirements of the day, market conditions, and its social responsibilities.

### **Primary Solutions Partner of Corporate Clients**

Serving nearly 3,700 corporate clients as of year-end 2013, Akbank strives to be the main solution partner of its customers. To this end, the Bank offers long-term investment financing as well as financial advisory services in treasury, foreign trade and cash management to clients, in addition to providing them with structured finance solution based on their needs. Thanks to the synergy created with AkInvestment, AkLease, AkInsurance, AvivaSA, Akbank AG (Germany) and Akbank (Dubai) Limited, Akbank's corporate banking customers have convenient access to a wide variety of financial products and services. As a result of Turkey's increasing attraction for foreign investors in recent years as well as rising numbers of multinational corporations doing business in Turkey, Akbank created a Multinational Segment Unit under Corporate Banking. The Bank aims to leverage this unit to become the local solution partner of multinational corporations operating in Turkey.

### **Extensive Commercial Banking Product Portfolio**

As part of its commercial banking operations, Akbank generates innovative solutions in such areas as cash management, foreign trade, treasury and project finance with its specialist staff and products tailored to customer needs with the aim of being the main bank and solution partner of medium-sized and large companies.

The Bank serves its commercial segment clients via Commercial Customer Relationship Managers while also offering access to a large number of financial products and services thanks to its synergy with AkInvestment, AkLease, AkInsurance, AvivaSA, Akbank AG (Germany) and Akbank (Dubai) Limited.

## VALUE ADDED TO OUR CUSTOMERS

### Products and Services of SME Banking

Akbank's SME Banking Department offers products, services and solutions tailored to the needs of small businesses and micro enterprises. SME Banking Department continued to offer innovative financial products and services to SMEs and organize informational meetings and various campaigns in 2014. Customer Relationship Managers within the Akbank branches serve clients in this segment.

### Special Products for Customers

Offering Private Banking service since 2001, Akbank renders its services in this segment to clients at 10 private branches –six in Istanbul and one each in Ankara, Izmir, Bursa and Adana. In addition, the Bank has a representative in the Dubai and Zorlu Center branches which also operate in this segment. Akbank Private Banking team assists individuals who have assets exceeding TL 500,000 with their investment decisions, provides tailor-made solutions as needed, and serves its customers' such financial requirements as pension, insurance and leasing as a one-stop-shop with specialized solutions in cooperation with the Akbank Group companies. The team consisting of employed investment advisors in addition to Customer Relationship Managers continuously monitors customers' investment decisions.

Akbank expends painstaking effort to supporting its private banking services with innovative solutions. For instance, the iPad app used in customer visits allows us to make the best use of time and opportunities by instantly displaying portfolio and market conditions. As part of its art consultancy service developed by the Private Banking Unit, the Bank supports its clients' art investments through internationally-acclaimed auction houses.

### Strong Telephone Banking and Call Center Background

The 444 25 25 Akbank Telephone Branch and Voice Response System, which allows customers to perform a wide variety of core banking transactions quickly and easily, continued to be used by many clients in 2014. As one of the biggest call centers in the banking sector, Akbank Call Center handled more than 61 million customer contacts in 2014.

### A Banking Approach that Combines Cash Management and Foreign Trade Services

Akbank Cash Management and Foreign Trade Department offers financial solutions for domestic and overseas operations of the Bank's clients with an integrated approach via products and applications designed for the Corporate, Commercial, SME and Consumer segments. With the vision of being the technology business partner of clients, the Bank aims to always back customers with solutions to meet all domestic/overseas cash flow, inventory management and financing needs from the initial order to the payment process. Developing service packages for all parties within the value chain of clients, the Cash Management and Foreign Trade Department contributes to the operational efficiency and business processes of customers through and innovative technology systems infrastructure and flexible customized customer solutions.

## ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT FOR LENDING PROCESSES

Depending on certain factors, such as the funding source of the loan, Akbank performs an environmental and social risk assessment for the loans it extends to clients in the Corporate, Commercial and SME Banking segments. Pursuant to the environmental sustainability policy it has adopted, the Bank gives priority to projects that turn risks into opportunities during the process of forming the loan portfolio.

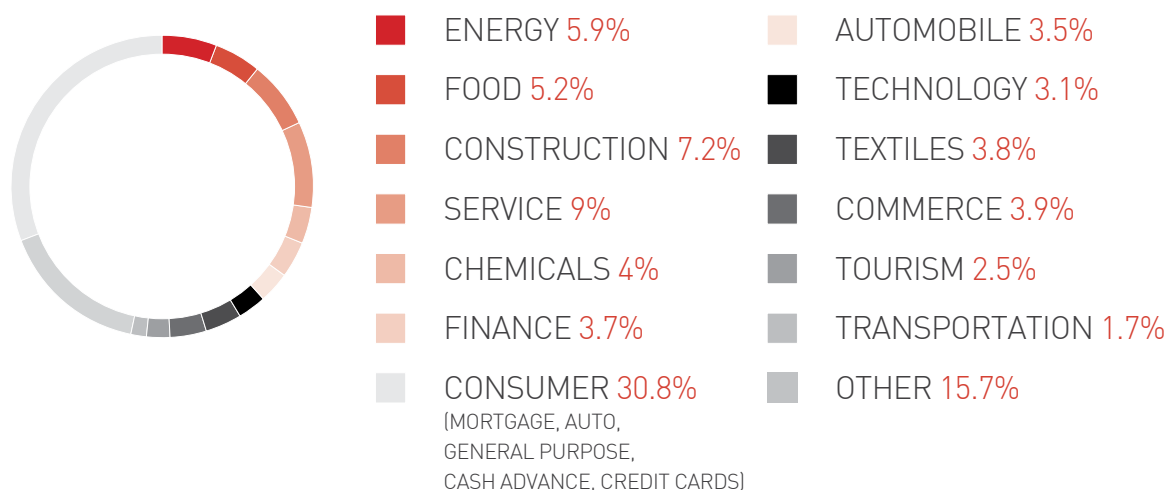
### Breakdown of Customer Loans by Industry

Akbank offers borrowing options to customers operating in various industries for a wide variety of purposes, from growing sales volume to expanding into overseas markets.



Breakdown of Akbank's consolidated cash loans by industry as of year-end 2014 is as follows:

### Breakdown by Industry



### Environmental and Social Policy Practices

Since 2010, projects with a loan sum exceeding USD 50 million and with a term of over five years are subject to "Akbank Environmental and Social Policies". Project financing loans with a sum less than USD 50 million are also evaluated in terms of environmental risks. With this system, we aim to proactively and effectively manage potential environmental and social risks and opportunities during the project, including pre-project phase.

### Environmental and Social Impact Assessment of Loan Customers

Pursuant to Akbank's Environmental and Social Policies, we pay due attention that all elements stated in the United Nations Global Compact are implemented by the customers that we grant loans to. For instance, in line with our social criteria, businesses that are proved to employ child labor are not granted any loans. In accordance with our Policies, considering that a project may cause severe and important impact on the environment, we request submission of Environmental

Impact Assessment (EIA) reports or proof of exemption from EIA in financing projects in sectors within the scope of the Environmental Impact Assessment Regulations. Among projects that require EIA approval certificate are long-term infrastructure projects that have a high level of impact on the environment, such as hydroelectric power plants (HEPPs) and highways.

### Assessment under the Responsibility of the Credit Preauthorization Committee and Loans Business Unit

Our branches, Pre-Credit Committee at the Head Office, and Credits Business Unit are responsible for the evaluation of loans in terms of compliance with the policies and preparation of the required action plans. Loans are approved by the Credit Committee within the Board of Directors.

Engineers in the Credits Business Unit make field controls both during the evaluation of loan applications and during execution of projects – especially those requiring construction.

## VALUE ADDED TO OUR CUSTOMERS

### **Taking into Consideration the Expectations of the Local Population**

In pre-project controls, issues such as project's compliance with EIA and local community's reactions to the suggested project are investigated. During the project, main focus shifts to issues such as compliance with occupational health and safety standards.

Within the framework of Akbank Environmental and Social Policies, projects that allow transforming environmental risks into opportunities are given priority. Among these are renewable energy investments, waste recycling investments or those which reduce carbon emissions or improve efficiency.

### **Environmental Risk Analysis of Corporate and Commercial Loans**

Pursuant to a practice that Akbank adopted internally in 2011, aside from the loan applications that require Credit Committee and Board of Directors approval, the Bank began authorizing Loan Appraisal Supervisors for all loan applications submitted to corporate and commercial branches. The specialists working in this role, who also receive environmental and social risk training, assess all risks that need to be evaluated in loan applications and record their analysis results in the application file.

### **International Financing Facilities for Sustainability Lending**

With the business partnerships that we establish with international financial institutions, we aim to continuously offer new loan opportunities to our customers and contribute to the economic growth in Turkey. Loans obtained from international financial institutions such as IFC, EBRD, and EIB are of environment-friendly nature and generally support sustainable development.

In such loans we require our customers to abide by a variety of social and environmental performance criteria depending on the source of the loan. In addition, we provide our customers with financing from international sources for affordable loans to be used in energy efficiency and renewable energy projects.

### **Akbank Social & Environmental Management System (SEMS)**

Within the scope of the loan contract we signed with IFC in 2010, we established the Akbank Social & Environmental Management System (SEMS), which is based upon IFC's social and environmental performance standards. SEMS Social & Environmental Management System covers issues such as environmental and social assessment and management; labor force and working conditions; prevention and mitigation of pollution; public health, safety and security; protection of biological diversity; sustainable management of natural resources; and protection of cultural heritage. Through SEMS, we evaluate and manage the social and environmental risks of the projects of the SME and Corporate customers that we finance with IFC loans.

### **World-Class Environmental and Social Performance Criteria**

Akbank SEMS is managed by a committee composed of representatives of Credits, Marketing and Sales Management, International Banking, and Corporate Social Responsibility Departments, in the leadership of a coordinator. In 2011 IFC administered a training course to SEMS Committee members and the Bank's staff who are in charge of disbursing similar loans on environmental and social performance standards. As part of the Akbank Social and Environmental Management System (SEMS), the Bank continued to monitor the compliance of IFC loans that were disbursed during 2013 with environmental and social criteria.

### **EBRD Loans: An International Fund for Energy Investments**

Loans that we offer to our customers via the European Bank for Reconstruction and Development (EBRD) finance renewable energy and energy saving projects. In addition, loan contracts include criteria that require identification and mitigation of environmental and social impacts that such projects may have in the related region. In projects that we offer loans from EBRD, compliance with the requirements of national environmental, health and safety legislation as well as with EBRD's environmental and social performance criteria is sought. EBRD offers independent project consultancy to our customers and environmental and social compliance audits are performed as well.

### European Investment Bank Loans

European Investment Bank (EIB) is an international financial institution that aims to provide financing for sustainable investments in EU member and candidate countries. As an important business partner of EIB in Turkey, Akbank obtained loans amounting to EUR 150 million to meet project financing needs of commercial and corporate customers. Loans to be offered to customers within the framework of this loan will also be evaluated according to environmental sustainability criteria of EIB. Akbank signed a EUR 150 million credit agreement with the European Investment Bank on December 23, 2014 to meet the working capital and investment loan needs of SME-Commercial clients. The facility secured from the EIB will be extended to SME customers as well as Commercial segment clients.

## CLIMATE-FRIENDLY LOANS

Akbank uses the Bank's own resources as well as borrowings from international funding facilities to develop financing solutions for energy efficiency and renewable energy projects, which figure among the most important areas of global sustainability initiatives.

### Financing Solutions for Renewable Energy Projects

Making significant contributions to help develop Turkey's energy industry, Akbank pays close attention to environmental impacts in the Bank's project financing operations. Conducting its business activities in line with this approach in 2014, the Bank undertook initiatives that became model practices in the industry.

### OPIC Loan: A New International Source

Akbank signed an agreement for a 15-year, US\$ 175 million credit facility with Overseas Private Investment Corporation (OPIC), the development finance agency of the US government, on September 26, 2014 to finance renewable energy and energy efficiency investments. Akbank plans to extend funds from this OPIC facility to renewable energy projects as well as to companies that will undertake infrastructure investments that reduce energy consumption.

### Renewable Energy Investments to Reduce Dependence on Foreign Energy

Dependence on foreign energy plays a significant role in the magnitude of the country's current account deficit, which ranks among Turkey's leading economic problems. As a result, renewable energy investments that will reduce dependence on imported fuels such as natural gas and coal are critically important.

For this reason, the Bank channels low-cost and long-term resources to finance renewable energy projects. In addition, Akbank secures long-term, low-cost facilities from overseas markets and deploys these funds for renewable energy financing projects.

### US\$ 100 Million MidSeff Facility

Between 2011 and 2013, Akbank successfully disbursed the entirety of the US\$ 100 million MidSeff credit facility, which was obtained from the EBRD in 2011 to finance medium-scale renewable energy and energy conservation projects in Turkey. When completed, the projects financed by MidSeff loans will conserve 161 GWh of electricity and avoid 132,000 tons of carbon dioxide emissions annually.

In an effort to ensure the sustainability of the Bank's support for renewable energy projects, Akbank signed an agreement for a 15-year, US\$ 175 million credit facility with Overseas Private Investment Corporation (OPIC), the development finance institution of the United States, in October 2014. This attractive loan package will be made available in 2015 for customers' energy efficiency investments and machinery & equipment purchases that achieve energy savings of at least 20%. The Bank also intends to finance renewable energy investments under the terms of the OPIC facility.

## VALUE ADDED TO OUR CUSTOMERS

### 40% of Energy Project Loans Go to Renewable Energy

Akbank extended project finance loans to renewable energy projects valued at US\$ 10+ million totaling US\$ 980 million as of December 31, 2014. Meanwhile, the share of renewable energy loans in total energy project loans rose to 40%.

Renewable energy investment projects that total 790 MW of installed capacity financed by the Bank are expected to generate 3,000 GWh of electricity and reduce CO2 emissions by 1.8 million tons each year.

One of the biggest supporters of renewable energy project investments among banks in Turkey, Akbank provided long-term financing of the following in 2014:

- EUR 42 million for the 57 MW installed capacity wind energy project to be built in Hatay province,
- US\$ 40 million for the 57 MW installed capacity Süloğlu Wind Energy project,
- US\$ 20 million for the 15 MW installed capacity Som and Fer Solar Energy projects.

The renewable energy projects financed in 2014 are expected to generate 418 GWh of electricity and reduce CO2 emissions by 262,000 tons once they commence operation.

## FINANCING SOLUTIONS FOR ENERGY EFFICIENCY PROJECTS

### Innovative Approaches to Project Financing

In 2014, Akbank continued efforts to provide structured financing to many different “greenfield” projects among Turkey’s leading infrastructure project portfolio, such as public-private partnership hospitals and the Gebze-Izmir Highway project.

### Diversified Loan Portfolio

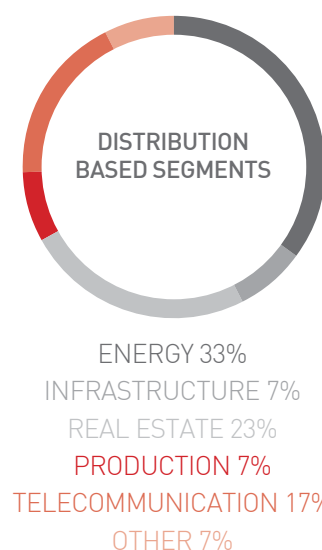
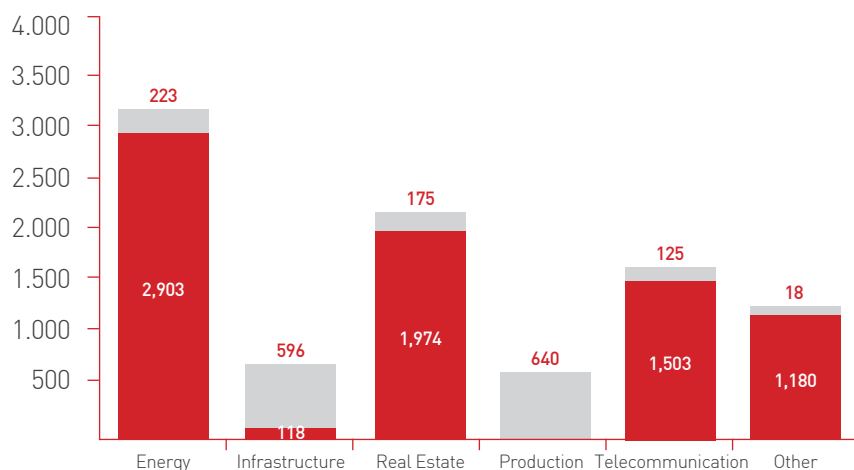
Akbank shares its deep-rooted knowhow in project financing with clients at the investment planning stage and creates roadmaps for structuring the financing deal. During this process, by cooperating with local and international banks as well as multilateral financial institutions such as IFC, EBRD, and EIB, the Bank strives to create the financing structure that offers the greatest value-added to all parties, and especially to our customers.

Differentiated from the competition with a diversified loan book, Akbank has one of the lowest non-performing loan ratios in the industry. Akbank originates loans to the energy, infrastructure, real estate, telecommunication, transportation, and petrochemicals industries in order to maintain a balanced and diversified credit portfolio.

Breakdown of project financing loans by industry share is presented below:

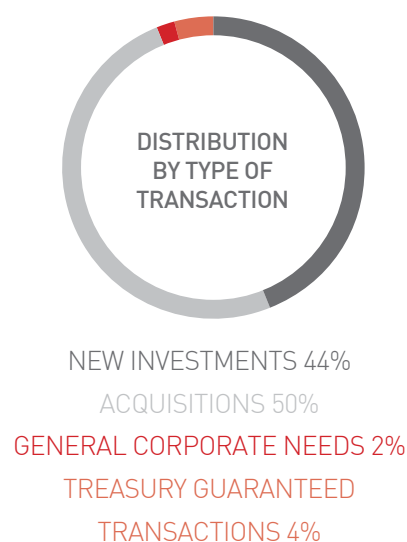
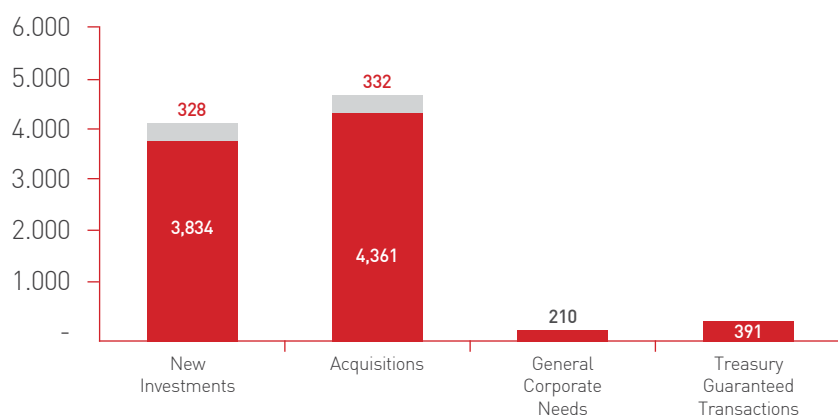
### Project Financing Loans (By Industry) (US Dollar million)

■ TOTAL RISK CAPITAL ■ COMMITMENTS



### Project Financing Loans – by Type of Transaction (US Dollar million)

■ TOTAL RISK CAPITAL ■ COMMITMENTS



# EXCLUSIVE SERVICES FOR CORPORATE AND COMMERCIAL CLIENTS

### Multinational Corporations Segment Unit

In parallel with growing foreign direct investment in the country, which makes a major contribution to Turkey's economic development, the number of foreign multinationals operating in Turkey has soared in recent years. Focused on meeting the demands and expectations of foreign companies that have launched operations in Turkey recently, Akbank created the Multinational Corporations Segment under the Corporate Banking Department in order to better manage these efforts from a single point.

### World-Class Service Quality with Local Knowhow

Akbank is focusing on developing customized solutions in line with the "primary local bank of multinational corporations" approach via the Multinational Corporations Segment created within the Corporate Banking Department. The Bank aims to leverage Akbank's local client experience, extensive branch network, and sound technology systems infrastructure as components of its fundamental competitive edge as part of this initiative.

# INNOVATION SUPPORT FOR SMES

SMEs have an important role in economic development. They need not only financing support but also information and guidance in marketing, strategy, and innovation. We, as Akbank SME Banking, create solutions to facilitate our SME customers' banking transactions and to support them with innovative operations that contribute to their growth.

### Akbank's Initiative to Boost Exports

Turkey's sustainable growth is among Akbank's utmost priorities. To this end, the Bank places great importance on improving the country's export performance and develops innovative projects to bolster exports. As part of the effort we call Export Support Initiative, Akbank stands by companies with export aspirations at all stages, from production and customs to insurance and collections. Through this comprehensive range of support, Akbank aims to open new horizons to enterprises that have no prior experience in exporting and contribute to boosting Turkey's export volume.

### Global Trade Specialists

The Bank's Global Trade Specialists employed at the Akbank Global Trade Center provide foreign trade advisory to companies. The Bank leverages highly skilled staff members and an international network of more than 2,500 correspondent banks to help exporters reach new markets easily and transact under advantageous terms and conditions. The Foreign Trade Law Banking Practices Support Service, reachable by dialing 444 23 23, is the embodiment of Akbank's commitment of being just a single phone call away for exporters.

### Customized Products for SMEs (KOTA)

Based on the most frequently performed banking transactions by SME customers, Akbank developed a number of fee options, including KOTA Annual, KOTA 10, KOTA 20, KOTA 30, KOTA Direct, KOTA Craftsmen, and KOTA POS. "SME Tariffs (KOTA)" allow a given number of banking transactions included in the tariff, such as money transfers, EFT, check collection, checkbook and running account book/activity, for a fixed monthly or annual fee. Thanks to SME Tariffs, SMEs avoid paying separate fees for banking transactions and know in advance how much they will pay to conduct banking transactions. This permits them to budget accordingly. They also save money by choosing the most cost-effective tariff based on the transactions they will be performing the most.

### **Special Packages, Funds, and Products for SMEs**

In addition to our existing products, we offer approximately 20 product and service packages such as SME, Merchants, Entrepreneur, Tourism, and Jeweler Support Packages to our customers of various segments, sectors and regions.

In these packages we offer not only advantages in banking transactions, but also loans that suit the company's cash flow and products and services that focus on sectorial needs. Almost in all packages an extra value is offered to customers with 3-month advantages in banking transactions including transfer/EFT, check collection.

### **Cooperation with KOSGEB - "Co-financing Loan"**

Akbank extends loans under attractive terms and conditions to SMEs whose project support applications for KOSGEB-sponsored SME Project Support, Thematic Project Support, Cooperating-Leaguings Support, R&D and Innovation, Industrial Application Support, and Entrepreneur Support Programs are approved by KOSGEB (Small and Medium Enterprises Development Organization). The Bank finances these KOSGEB-supported projects with commercial loans featuring equal installments and loan terms of up to 36 months.

### **An Insider Service Approach with Craftsmen**

In Turkey artisanship is not just a profession but also a "culture". Being an artisan is synonymous with integrity, sincerity and hard work. Artisans expect the same sincerity and sense of trust from their banks. Armed with this awareness, Akbank works hard to create value for its artisan customers. Akbank designs products not just to meet the needs of craftsmen, but also to understand this customer segment deeply and become part of their culture. Launched with the "Pay When You Can Loan," which offers flexible repayment terms for the credit craftsmen need, the customized offerings in this segment continued with "Axess SME," "Pay as You Wish Craftsmen," and "Complimentary Tablet in Return for POS Turnover Commitment" campaigns. Akbank also signed a cooperation agreement with TESK (Confederation of Turkish Tradesmen and Craftsmen), the trade body of tradesmen and craftsmen.

### **Pay When You Can Loan**

The "Pay When You Can Loan" is the first product Akbank rolled out under the "Artisan Fraternity from Akbank" concept. Artisans' payment and collection periods, i.e. their cash flows, are not as predictable as those of commercial and corporate firms.

Therefore, credit needs of artisans should be served while giving them the flexibility to pay their loans back based on their income streams.

Aware of this need and informed about the artisan tradition in Turkey, Akbank developed the "Pay When You Can Loan" for artisans. Artisans who take out the Pay When You Can Loan can make principal payments at the time and in the amount of their choice within the life of the loan. Saying "get your loan today, pay it back when you have the money" to the artisans, the Bank permits "more or less" repayment amounts based on their cash flows.

### **Axess SME**

Unveiled after the Pay When You Can Loan, Axess SME differs from other commercial cards in that it carries a ready-to-use Installment Commercial Loan limit separate from and in addition to the credit card limit. Cardholders can also access their Installment Commercial Loan on a 24/7 basis without having to visit a branch using Akbank ATMs, Akbank Direkt Internet and the 444 23 23 Akbank SME Line.

### **Pay as You Wish Craftsmen**

Due to the irregular nature of their cash flows, the Bank's craftsman customers would like to have flexibility in making loan payments. In response to this need, Akbank developed another innovative financing model exclusively for craftsmen allowing them to meet their cash needs under their own terms with various repayment alternatives. The "Pay as You Wish Craftsmen" campaign offered craftsmen loans of up to 36-month maturity and TL 50,000 with six different repayment options, thus permitting craftsmen to make loan payments according to their business cycle and preferences.

## VALUE ADDED TO OUR CUSTOMERS

### **EkoPOS Tariffs for TESK Members**

In an effort to reach craftsmen in every corner of Turkey with the Bank's products, services and support, Akbank signed a cooperation agreement with TESK (Confederation of Turkish Tradesmen and Craftsmen), the umbrella organization of this key segment. Tradesmen and craftsmen generally do not know their POS cost in advance due to expenses such as low turnover and per-transaction commission. As part of this cooperation, all craftsmen represented by TESK have access to EkoPOS tariffs on discounted terms. "Craftsmen EkoPOS Tariffs" fix POS expenses of TESK members at the beginning of the month, giving them certainty about their monthly budgets and costs.

### **Complimentary Tablet in Return for POS Turnover Commitment**

The Bank presented complimentary tablets to customers in return for POS turnover commitment as part of the campaign organized pursuant to its mission of "introducing technology to craftsmen." Craftsmen who take advantage of this promotional campaign can use the Akbank Direkt Mobile app on the tablet to easily access the account activity and POS transactions for their businesses anywhere they wish, in the workplace, at home or on holiday.

### **"Craftsman Internship" for Customer Relationship Managers**

Under the Akbank-TESK cooperation, Akbank SME Customer Relationship Manager (CRM)s visit tradesmen and craftsmen that are referred to the Bank by TESK, which operates across the entire country, as part of their career training. CRMs spend time with craftsmen and monitor their daily business cycle more closely, from the viewpoint of the customer, the Bank and the supplier, allowing CRMs to grasp the craftsmen's most pertinent issues, learn their concerns and problems, and help the Bank develop effective solutions for them. CRMs are also able to learn the fundamentals and basics of the trade from a master. In addition, Akbank aims to get to know the craftsmen better during craftsman internships so as to make their lives easier by tailoring products to meet their needs.

### **"Craftsmen Festival" in Partnership with TESK**

With the support of TESK, Akbank held various events under the concept of "Craftsmen Festival" in several provinces that have large clusters of tradesmen and craftsmen. Contests, concerts, games and other similar activities were organized on the streets and in areas with a high density of tradesmen and craftsmen on the day of the festival in order to attract consumer interest. Numerous advantages such as chip-money and additional installment were provided to those shopping at affiliated craftsmen during the week of the event. Participants enjoyed the fun-filled activities during the day while craftsmen were able to increase their turnover due to increased customer traffic. In addition, all Akbank branches in the province offered Installment Commercial Loans to craftsmen customers without an application fee throughout the festival week. The same branches also performed commission-free EFT/money transfer and check collection transactions.

### **"Face-to-Face" Product Promotions to Craftsman Customers**

The Bank paid surprise visits to craftsmen customers and promoted the "Pay When You Can Loan" to this key segment in the Beşiktaş, Tahtakale, Kadıköy, Ümraniye, Üsküdar, Sefaköy and Bakırköy districts of Istanbul; additionally, "Axess SME" was promoted to craftsmen in Istanbul, Bolu, Ankara, Trabzon, Rize, Denizli and Manisa provinces.

### **Cooperation with Craftsman and Tradesmen Chambers**

In an effort to boost local economies and regional development, Akbank forges collaborations with unions of craftsmen and tradesmen chambers in various provinces and regions and offers loans and other banking services under attractive terms and conditions to members of these organizations.

### **Business Development Support for SMEs**

Not limiting its SME service offerings to just providing financial support, Akbank SME Banking also organizes business development programs, informational meetings and partnerships in areas that will help move customers' businesses forward.



### **“Agriculture Campaign”**

Agriculture sector is among the most significant components of the Turkish economy. The Bank meets the needs of the agriculture sector with banking products and insurance services with an eye toward the seasonal nature of the cash flows of this industry.

As resource availability declines in the agriculture sector, the importance of “smart farming,” which generates higher value-added, is growing by the day. To this end, Akbank also informed farmers about solutions that will aid their production as well as innovative practices that they can adopt in their businesses. As part of this effort, the Bank launched an “Agriculture Campaign” in Turkey’s Thrace, Marmara, Aegean and Mediterranean regions and visited hundreds of villages within one month. Akbank administered İyi Tarım (Good Agriculture) Training to thousands of farmers in the villages of Silivri, Tekirdağ, Kırklareli, Edirne, Bursa, Balıkesir, Çanakkale, İzmir, Manisa, Aydın, Muğla, Antalya, Burdur and Denizli while also promoting the Akbank Agriculture Card.

### **Value-Added Products for the Entrepreneurship Ecosystem**

Akbank unveiled the “Entrepreneur Support Package” for entrepreneur customers who have recently started up their own business. The package provides entrepreneurs with the Artı Para (Plus Money) Loan to meet short-term cash needs immediately, a check book to purchase goods and make payments, and the “Acess Business Entrepreneur” card, which is the first of its kind in Turkey. In addition to the financing support, many other solutions that create value for the entrepreneurship ecosystem are provided to clients under this initiative. Akbank continued to support efforts to develop entrepreneurship into a healthier structure and to enhance opportunities for entrepreneurs in 2014. The Bank only provided financing support, but also continued to offer a number of solutions adding value to the ecosystem for entrepreneurship. The projects within this scope are taken in detail in “Our Community Investment” section of this Report.

### **Support for Entrepreneurs - Endeavor Program**

Within the scope of the cooperation with Endeavor, Akbank continued to offer loans with advantages such as more favorable collateral requirements, longer terms and lower interest rates to effective entrepreneurs in 2014.

### **Akbank Family-Owned Business Academy**

Akbank unveiled a new program in partnership with Sabancı University’s Executive Development Unit (EDU) for family members who own or work for the family business. “Akbank Family-Owned Business Academy” aims to increase the competitive power of these unique businesses, help them grow healthily, and support their sustainability and corporate development efforts.

### **“Tourism is the Future” Meetings**

In cooperation with the Turkish Hoteliers Federation (TUROFED), Akbank held “Tourism is the Future” meetings in Bodrum and in Marmaris, with the participation of industry representatives and tourism investors and professionals. At these events, the 2014 season was assessed and expectations, targets and forecasts for the 2015 season were discussed. Akbank shared the solutions it developed for the tourism industry during the meeting.

## VALUE ADDED TO OUR CUSTOMERS

### **Indispensible Foreign Trade Solution Partner**

We, as Akbank, continue to offer elaborate and quick support to customers with their foreign trade activities, payment transactions, and investment projects via various financial tools. We provide affordable, longterm financing through our contracts with export credit agencies of various countries. The "Foreign Trade Support Package" prepared to meet the exports and imports transaction and financing needs of SMEs that do business with foreign companies contain current and new loans, cash management and insurance products and offer a number of opportunities. We also started foreign exchange and deposits transactions in Chinese currency, Yuan.

Our customers can reach general information on foreign trade transactions, alternative financing techniques and foreign trade regulations, as well as answers to other frequently asked questions about foreign trade transactions via [www.akbankmevzuat.com](http://www.akbankmevzuat.com) (available only in Turkish).

Akbank served as the main sponsor for the 10th conference of EuroFinance, a global influencer in cash, treasury and risk management. The event was held in Turkey in 2014, helping finance professionals stay abreast of current domestic and international developments in these key areas in addition to future trends. Akbank will also be the main sponsor of the 11th EuroFinance conference to be held in 2015.

### **Responsible Practices in Consumer Banking**

Financial habits and service expectations of individuals may vary depending on age, education, and occupation. Based upon this fact, Akbank addresses different financial needs of customers with its wide variety of personal loan and deposit products.

### **Encouraging Deposits and Facilitating Investments Savings Campaign**

The biggest challenge in the Turkish economy which has become highly stable in recent years is the current account deficit resulting from the low levels of domestic savings. In order for Turkey to attain its goal of rapid economic growth, current account deficit must be reduced and thus personal savings must increase.

To support this important national objective, Akbank launched a "Savings Campaign" in April 2012. As part of this campaign, Akbank offers advantageous products and services to encourage savings while also carrying out corporate social responsibility projects to raise awareness on savings. Akbank Volunteers also support the broad-based financial training projects. Detailed information on these projects is presented in "Our Community Investment" section of this Report.

"Akbank Deposit Savings Account" – a product unveiled as part of the Savings Campaign – was met with heavy interest by Akbank customers thanks to its innovative approach. Akbank Deposit Savings Account has a 5-year maturity and enables individuals to gain the habit and discipline of saving money. The Account allows monthly transfer of a pre-determined amount of money from a regular deposit account to the savings account. As a result, savings holders can earn interest even on very small term deposits. Every month, approximately 220,000 Akbank customers save money with this approach.

Another product to encourage savings is the "Akbank Flexible Savings Account", which allows savings in gold and foreign currencies (US Dollars, Euro, Japanese Yen, British Pound, Russian Ruble) without any term limits simply by giving orders for transfer from credit cards or deposit accounts. With the Flexible Savings Account, customers wishing to save money even in very small sums can open savings accounts and save in various currencies.

### **Gold Deposit Account Creates Value for Individual Savings**

The value of the gold held by households in Turkey is estimated to be around USD 100-300 billion. The fact that a great portion of this stock is kept under the mattress means the contribution of such savings to the economy is very little. On the other hand, savings injected into the banking system are transferred by banks to those in need of resources and thus support the Turkish economy.

Akbank developed a product to encourage contribution of idle under-the-mattress savings to the economy. With the “Gold Deposit Account” launched in 2012, Akbank customers can buy gold even with a savings of TL 2. In addition, with the “Invitation for Gold” service, scrap gold and jewelry are converted into equivalent grams of gold by special experts at the Bank’s branches and then these can be deposited to Gold Deposit Accounts in Turkish liras. The amount deposited into the savings account fluctuates in parallel with gold prices while Akbank customers can invest their gold without the risk of theft or loss under the Bank’s guarantee.

### **NAR Account Channels Small Savings into the Economy**

The “Nar Account” is a new product that rolled out in 2012 with the aim of offering accretion even for small savings and thus bringing these savings into the financial system. As a product that offers solutions for all cash management needs of customers, the most important feature of the Nar Account is that it offers daily interest for even small sums.

“One-to-one” banking approach that aims to raise investor awareness levels within the scope of One-to-One Banking, Akbank’s Customer Relationship Managers offer financial support to customers who have TL 100,000 in assets and who expect specialized service in investment products. As of year-end 2014, 340 One-to-One Customer Relationship Managers located in more than 270 Akbank branches render “One-to-One Banking” service to more than 300 thousand clients.

In addition, Akbank One-to-One Expert Line provides qualified investment service to customers in every corner of Turkey via telephone. This innovative system has become an important channel that serves 70,000 customers by 80 specialists, regardless of province and region. In an attempt to endow One-to-One Banking Customer Relationship Managers and One-to-One Specialist Line Representatives with the most accurate information on economic developments in Turkey and in the world, market movements and the status of investment products, Investor TV produced

by AkPortfolio experts is broadcast each morning. In addition, they receive reports generated by experts from AkPortfolio and from the Bank’s Economic Research Department. In addition to being able to obtain accurate and up-to-date information from One-to-One Banking Customer Relationship Managers and Specialist Line Representatives, the Bank’s customers also have access to the reports by Akbank Investor Portal, Akbank Investor Center, and AkPortfolio.

### **Products that Speak Life’s Language**

#### **exi26: Banking Services for the Youth**

A significant majority of the people in Turkey who have not yet been introduced to banking services is the young people. Akbank has developed products to serve the banking needs of these students and to support them. An example of the products and applications offered to students between the ages of 16 and 26 who are part of the customer segment Akbank refers to as Exi26 is the “Student Account”. Young accountholders can withdraw money free of charge at any ATM abroad with their neoexi26 debit card, withdraw money at other banks’ ATMs free of charge twice a month to facilitate fast money transfer with their families, and shop on the Internet. Axxess exi26 credit card is yet another product Akbank offers students. Axxess exi26 credit card holders benefit from special campaigns for education, school expenses, and stationary expenses as well as all Axxess campaigns free of charge.

#### **Refinancing Solutions for Consumer Loan Debt**

In recent years, with the increase in the debts of individuals and the effect of economic fluctuations, we try to provide a certain level of convenience for customers who had trouble in paying back personal loan or credit card debts, by taking into consideration the limitations imposed by legal authorities. We evaluate the requests of customers who demand changes in payment plans or who are believed to recover defaults and make regular payments with a new payment plan. We offer some of such cardholders and loan users the opportunity to pay their debt before legal proceedings are initiated.

## VALUE ADDED TO OUR CUSTOMERS

### Responsible Loans and Insurance Products

#### Contribution to Professional Development: “From Kitchen to Life”

“From Kitchen to Life” is a special loan package that we created for the Culinary Arts Academy of Istanbul (MSA) students in cooperation with Endeavor Turkey. Approved by the Turkish Ministry of National Education, MSA is the first and only private vocational education institution to give internationally accepted diplomas in the area of professional cookery, pastry and bakery. With this loan, MSA students only pay the interest rates during their education and make the principal repayments in installments when they start working. With the “From Kitchen to Life” loan, we aim to support future chefs in their professional lives.

#### Solutions for the Rapidly Growing Housing Market

Over 300,000 Akbank customers purchased houses since 2005 when the mortgage market gained huge momentum. We offer mortgage loans for up to 75% of the house value with up to 120-month terms and exemption from Banking and Insurance Transaction Tax and Resource Utilization Support Fund on condition that the house to be purchased is given as guarantee. By cooperating with construction companies such as the Housing Development Administration of Turkey (TOKİ) and Emlak Real Estate Investment Trust, we support urban transformation activities through earthquake-resistant, exclusive architectural projects with strong infrastructures not only in metropolitan cities, but also in Anatolia.

Customers applying to the Bank’s special call center (Big Red Line – 44 44 253) can both obtain all kinds of legal and technical assistance from mortgage consultants and apply for mortgage.

### Strong Relations with Associated Companies

#### “Have it insured is more easy”

Our major principle in bank assurance is allowing customers to reach insurance and pension products in the easiest and fastest way thanks to our widespread delivery channels. Considering lifetime risks of customers, Akbank offers products with affordable prices and coverage for all customer segments. Private pension and corporate insurance products of AvivaSA Pension and Life and AkInsurance can be reached through all delivery channels including Akbank ATMs and Call Center.

#### Debit and Credit Cards which add value to life

In 2014, Akbank continued to create value for the lives of customers with the Axess, Axess Business, Axess exi26, Wings, Wings Business, and Free credit cards as along with the Neo debit card.

A portfolio of approximately 5.7 million credit cards with our four leading credit card brands – Axess, and Free, A portfolio of 6.2 million debit cards (Neo). Credit card lending of TL 11.6 billion, “Member Business Network” of 281,000 members (those using our POS machines).

## OUR CUSTOMER-FRIENDLY CREDIT CARD BRANDS



### **Axess: A Credit Card with Special Benefits**

Axess, one of the Bank's major credit card brands, continued to offer exclusive benefits to cardholders in 2014, such as convenient shopping anywhere in the world, earning chip-money, installment opportunities, and special offers from distinctive brands. Other features include helping customers with their cash needs including fast money, cash advance, installment cash advance, and SMS money that can be purchased via SMS.

### **Ever-Expanding Portfolio of Features**

Cardholders who commit to using Axess in purchases continue to earn additional chip-money or benefit from interest discounting. A new feature introduced in 2014 allows customers to obtain an interest-free installment cash advance by making a purchase commitment. Further, Shopping Tariffs give instant discounts to clients for fuel station and grocery store purchases as well the opportunity to pay for credit card purchases in three installments.

Also providing convenient repayment options for cardholders, Axess promotional campaigns offer payment in installments and deferred payment. "Installment Request" presents an installment opportunity after a purchase is made from merchants not participating in the campaign while "Deferral Request" allows payment for purchases to be deferred to future months.

### **Reward Campaigns for Customers**

As a new feature, Axess cards were enhanced with a prize draw in 2014. Cardholders receive one entry in the drawing for each TL 10 purchase for a chance to win a BMW each month. Registration is not necessary to participate in the drawing.

In addition to the opportunities provided to Axess cardholders domestically, Akbank began conducting campaigns that offer chip-money, installment options, and hotel and restaurant discounts for overseas purchases this year.

Akbank actively communicates with Axess cardholders through its updated website and social media channels such as Facebook and Twitter. The Bank also has the Axess exi26 credit card for university students and young professionals.

For more information please visit:  
<http://www.axess.com.tr/>



### **Wings: Standing out with Its Miles Program**

Wings is a credit card for Akbank's high-income customers who have an active social life and who travel frequently for either business or pleasure. Cardholders earn miles with each purchase as part of Wings' exclusive miles program. They can then use their Wings Miles to purchase airline tickets as well as hotel accommodation, international travel insurance, and tours via [www.GezinlerAlemi.com](http://www.GezinlerAlemi.com). Wings holders can also use the advance miles feature to book their trips even if they do not have a sufficient miles balance for their travel plans.

## VALUE ADDED TO OUR CUSTOMERS

### Exclusive Services for Wings Cardholders

The installment and campaign opportunities offered expressly for Wings holders provide special benefits for cardholder purchases while rapidly accumulating miles brings them closer to realizing their travel dreams. With the "Miles on Land" program, cardholders can use their Wings Miles to make payments at about 150 Wings Style-member restaurants, hotels, spas, and sports centers. Thanks to the rich travel and lifestyle content available on wingscard.com.tr, Wings cardholders can make advance travel plans, access information on dining venues and events in the city, and lead well-informed social lives. Cardholders can pass their time comfortably in the Wings Lounges located at the Domestic and International Terminals of Istanbul Atatürk and Sabiha Gökçen Airports while waiting for their flights and enjoy the rich menu offerings. In 2015, Akbank plans to offer 55% discount on valet parking and Wings Shuttle service to cardholders at these same airports.

For more information please visit:  
<http://www.wingscard.com.tr/>



### Free: A No-Annual Fee Credit Card

Customers of Free, another important card in the Bank's portfolio, earn substantial chip-money and enjoy installment benefits at hundreds of thousands of Axess member merchants without paying an annual credit card fee. In addition, many other benefits are available to Free cardholders, including cash solutions, tariffs, orders, additional card, and insurance.

### SMS Notification Option from Free My Budget Service

The Free Budget service allows cardholders to manage their budgets by sending an SMS notification stating that they reached the pre-determined expense level. They can also learn about their available limit, current debt balance, and payment due date via SMS. In addition to not paying an annual card fee, Free cardholders have the option to enroll in periodic campaigns such as extra installments, payment deferrals, and chip-money. They can benefit from these campaigns in return for a certain fee.

For more information please visit:  
<https://www.kartfree.com/>



### Neo: A Debit Card with Special Discounts

Neo, the debit card that gives chip-money for purchases and allows cardholders to use their chip-money balances for free shopping, boosted the card's frequency of use by also offering purchase discounts. Carrying either the MasterCard or the Visa brand, Neo also contributed to the prevention of off-the-books transactions thanks to its widespread use in shopping, e-commerce and installment payments.

For more information please visit:  
<http://www.akbank.com/consumer/cards/neo.aspx>

### Innovative Applications in Debit Cards and Credit Cards

Akbank continued to render innovative services in 2014 in line with the expectations of its credit card and debit card customers whose numbers soared compared to the previous year. These innovations include:

#### Debit Cards and Prepaid Cards

Combining Neo, the debit card of limit-conscious consumers, with the Artı Para (Plus Money) product, Akbank offered installments for customers who prefer to use debit cards for shopping. This practice boosted the bank's interest income while encouraging the use of Neo in shopping transactions.

### **Innovative Benefits in the Debit Card Sector**

In addition to the Neo-related marketing initiatives carried out throughout the year, Akbank began issuing Neo instantly at branches to enhance operational efficiency. This resulted in material savings in card delivery costs as well as faster card activation and improved customer satisfaction. As a first in the debit card sector, Akbank unveiled a loyalty program for a select group of Akbank customers with high propensity to travel where they can convert the points earned from purchases made by Neo into airline tickets. This innovation differentiated Akbank in the industry.

### **Business Credit Card Products**

Akbank serves the business credit cards segment with the Axess Business and Wings Business brands so that small, medium and large-size enterprises can meet their various needs, such as fuel and wholesale purchase, business travel, accommodation, and office supplies. The Bank increased its client count in this segment to more than 125,000, up 24% compared to the previous year. Companies can monitor their business card payments regularly, earn mile points and chip-money, and benefit from a variety of promotional campaigns.



### **Axess SME: A Card Designed to Meet SME Needs**

A new commercial card product that emerged from the development phase in 2014, Axess SME is now an integral part of the Akbank Commercial Cards portfolio. Offered exclusively to craftsmen, Axess SME differs from other commercial cards in that it carries a ready-to-use Installment Commercial Loan limit separate from and in addition to the credit card limit. Since launch, it has gained brand recognition very quickly and boasts a customer base of some 16,000. In line with the Bank's focus on the SME sector, Akbank intends to increase the penetration of its commercial cards in this segment in the coming period.

For more information please visit:

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

<https://www.wingscard.com.tr/wings-business>

### **Insurance Services Providing Coverage for Cardholders**

#### **Responsible Practices in Debit and Credit Cards Insurance Services in Credit Cards**

We offer our credit card customers a variety of insurance products so as to protect them in the event of accidents, loss, and theft. If the cardholder loses his/her job, AKSigorta Credit Card Unemployment Insurance insures all credit card debts of the card-holder. With Bodycard Protection Insurance, in case of loss or theft of personal goods such as cards of all banks, keys, mobile phones, wallet, and luggage, professional support is provided.

#### **Environmental E-Statement Solutions**

Since 2008, we have had the capability to send customer credit card account statements via e-mail or SMS. To encourage our customers to receive their account statements exclusively via e-statements, the Bank continues its communication efforts under the slogan "Give Life to Trees" via IVN calls and SME notifications. An application launched in 2014 allows customers to switch to e-statement for all of their cards with a single SMS. Growing steadily thanks to these initiatives, cardholders who receive statements via email climbed to 2.73 million as of year-end 2014.

#### **Member Merchant Department**

Expanding its member merchant network by 15,000 in 2014, Akbank boasted 281,000 member merchants and 362,000 POS terminals as of year's end. The Bank plans to continue providing innovative products and services to customers via the ever-growing member merchant network in the coming year.

#### **Member Merchant Activities and Campaigns**

The Bank's shared POS terminal initiatives continued in 2014, with 149,000 shared POS terminals, 51,000 of which are Akbank-owned. Akbank has further strengthened its market position by broadening the Bank's member merchant network via agreements with sector-leading companies and conducting consumer-oriented promotional campaigns. As of end-2014, some 199,000 member merchants offers installment and rewards benefits to Axess cardholders.



## VALUE ADDED TO OUR CUSTOMERS

### **Growing Contactless POS Network**

Akbank expanded the Bank's contactless POS network during the year to more than 10,000 devices at year-end. In 2013, the Bank introduced EkoPOS tariffs which allow Akbank member merchants to operate with a fixed monthly fee of as little as TL 19, without incurring any other commission or member merchant fees. The number of member merchants using EkoPOS jumped to more than 14,000 in 2014. Implementing promotional campaigns to activate Akbank member merchants throughout the year, the Bank successfully activated more than 15,000 member merchants. Major improvements were made in the Physician POS application, an exclusive service for medical doctor member merchants. The Bank worked on innovative payment methods extensively and supported mobile wallet applications.

In 2014, Akbank customers were enabled to perform transactions with different terms using the Bank's Virtual POS terminals. Pursuant to communiqués numbered 69 and 70 published by the Revenue Administration, as of October 1, 2013, taxpayers who operate a cash register and use a portable POS device are required to start using a next generation payment-recording device. Akbank performed the requisite work with cash register manufacturers and offered member merchants the option of using one of four different cash register POS brands in conjunction with Akbank's POS application. As of year-end 2014, Akbank has ongoing cash register POS initiatives with nearly 17,500 member merchants.

## INNOVATIVE BANKING APPROACH TO FACILITATE ACCESS TO SERVICES

Continuing to support the Bank's highly qualified human capital with significant investments in technology in 2014, Akbank rolled out a large number of new, customer satisfaction-oriented applications that will facilitate the access of every member of the society to banking services.

### **Standing by Our Customers Wherever They Need Us**

Following a major increase in the number of Akbank ATMs as a result of the Bank's ATM network expansion initiative in 2010, Akbank ranks second among private sector banks with 4,260 ATMs deployed as of year-end 2014 as well as in shared ATM commission market share. ATMs account for 90% of all cash withdrawals and 76% of all cash transactions at Akbank.

### **New Initiatives that Expand Service Reach**

Akbank ATMs, which are part of Turkey's ATM sharing platform, are open to all credit or debit cardholders in Turkey. In addition, Akbank ATMs accept a variety of transactions including making consumer loan payments, term deposit account, mutual fund transactions, money transfers such as bank transfers/EFT/Western Union, bill payments and foreign currency and gold trading. Akbank pays attention to accessibility and visibility of its branch and ATM network in order for customers who prefer to visit branches and ATMs for financial services to find and reach these service points easily.

### **Call Center Serving 6 Million Customers Annually**

Akbank continued to expand its portfolio of internet and mobile banking products and services in 2014 for customers who opt to perform bank transactions through channels other than ATMs and branches. In particular, Akbank.com stood out as a new service channel. Additionally, more than 1,000 employees staffing the Akbank Call Center help nearly 6 million customers each year to carry out a range of banking transactions.



In addition to the efficiency gains achieved from the constantly rising transaction migration, customer propensity to use digital channels to transact is also increasing. The share of Direct Banking channels in the Bank's overall transactions went up from 75% in 2013 to 79% in 2014.

### **Innovative Steps in Call Center Management**

While handling more than 61 million contacts with customers in 2014, Akbank Call Center continued to upgrade operational processes to ensure that customer transactions are completed in a single call, without the need for a follow-up call on the same issue. Answering every call in order for customers to internalize the "we are here to serve your needs in the shortest possible time" message, Akbank Call Center also racked up major sales totals during the year. Akbank Call Center accounted for a significant share of the Bank's sales in insurance, credit card, and revolving credit card loan products while making major contributions to the Bank's total general-purpose and home mortgage loan sales.

### **Pairing Customer Satisfaction with Superior Quality Standards**

Continuing its efforts to combine customer satisfaction with outstanding service quality, Akbank Call Center enjoyed another award-filled period during its 14th year of operation in 2014. At the Eighth Stevie Awards, where the world's best sales and customer services are recognized, Akbank won Gold Stevie awards with Akbank Call Center in the "Contact Center of the Year (Over 100 Seats) - Financial Services Industries" category and with Akbank Customer Complaints Management Division in the category "Customer Service Complaints Team of the Year - Banking, Financial Services & Insurance Industries." The Bank was also recognized with two Bronze awards, in the "Front-Line Customer Service Team of the Year - Financial Services Industries" category with Akbank Affluent Remote Center, and in the "Telesales Team of the Year" category with Akbank Call Center Telesales Team.

### **Continuously Improving Technology Infrastructure**

Using technology in innovative applications to deliver an unparalleled customer experience, Akbank Call Center maintained its leadership in the industry during 2014. Efficiency and customer satisfaction got a major boost from the new technology rollouts and completed projects as well as process improvements. The Speech Analytics application was put in service during the year in order to

assist the Customer's Voice initiatives; as a result, the Bank began to analyze every call. Akbank Call Center made a strong push to position teams of experts and specialists on a customer segmentation basis in 2014, making substantial contributions to the related business units. The One-to-One Specialist Line, which renders high-quality banking services to 70,000 clients, and the SME Specialist Line, which is designed exclusively for SMEs, have become major service and sales channels for these respective segments. Additionally, the Expat Specialist Line, which is designed to serve foreign national customers, and the Stock Market Specialist Lines are highly efficient solutions that help meet specific customer needs.

### **Customized Capital Markets Communication with Clients**

In an effort to boost the Bank's equity trading market share and commission income in a broad-based manner, Akbank launched a customer communication strategy exclusive to this service area with the STOCKS DIRECT staff positioned within the One-to-One Specialist Line. The Bank aims to enhance the broad-based communication, which we call Direct Banking, and show that it also stands by its customers in the capital markets.

### **Training Programme for Employees**

Thanks to internal improvements and employee training programs, Akbank Call Center achieved major efficiency gains in terms of meeting the customer's need on a single call. Leveraging 14 years of sales and service culture experience, Akbank Call Center continues to record major accomplishments in customer calls, product sales, specialist lines, complaint management, and other related operations. Akbank Call Center employees are also a source of skilled human resources for all other Bank units (e.g. Head Office and branches).

### **ATM Network Innovations**

In line with the strategic goal of transforming the Bank's ATM network into a cash transactions center available to everyone whether Akbank customer or not, a number of innovations were unveiled in 2014. These included iBeacon-enabled card-free cash withdrawal, tax payments (Motor Vehicles Tax, Traffic Fines), ÖSYM (Measuring, Selection and Placement Center) payments, card-free bill payments, and the DCC (Dynamic Currency Conversion) service for foreign nationals withdrawing cash from ATMs.

## VALUE ADDED TO OUR CUSTOMERS

### Customer Experience Management

The Bank is undertaking systematic efforts to make interfaces, processes and flows at all Akbank direct banking contact points more customer friendly. To this end, feedback is elicited from customers for all contact points via surveys and tests and actions to be taken are identified. The end goal is to be the most preferred channels as well as to become the most popular Direct Banking brand.

The Bank conducted measurements for all channels using globally accepted metrics and monitored the customer experience scores of the channels in 2014 as part of efforts to continually improve Akbank Direkt's customer experience.

### Innovations in Akbank Direkt

Akbank Direkt is positioned as an online service and sales platform where frequent contact with customers is converted into product and service sales. Internet and Mobile Banking stand out as attractive channels for customers thanks to special interest rates on deposits and cost advantages in transacting. To this end, Akbank Direkt serves more than 2 million customers as of year-end 2014.

### Primary Objective of Enriching the Customer Experience

In June 2014, Akbank Direkt was retooled and began offering a better user experience to clients with a new design that resembles a tablet interface. In July, Akbank Direkt was further enriched with the rollout of two additional interfaces.

### Akbank Direkt Plus and Akbank Direkt Business

Continuing to invest in video chat in 2014, Akbank Direkt broke more new ground by unveiling video customer services as part of Akbank Direkt Plus and began providing an exclusive service to clients in digital banking. Akbank Direkt Plus enables Bank customers to reach customer service and get support whenever they need via "Live Support and Video Chat." In addition, customers can take advantage of special deposit rates, a rich array of investment options, brand partnerships and campaigns exclusive to Akbank Direkt clients.

As a first in Turkey, Akbank's business-owner clients can manage their enterprise and personal bank accounts from a single point using "Akbank Direkt Business." The cash flow support function available on Akbank Direkt Business allows users to easily monitor their inflows and outlays, view forward-looking balance estimates on a daily basis using their information at the Bank, and monitor all cash transactions in their accounts along with their respective dates using the "Agenda" feature. Users can also view the reminders created for them by Akbank and record important dates and transactions in their agendas. Akbank Direkt Plus and Akbank Direkt Business allow the Bank to deliver the most suitable service to meet the diversified needs of different customer segments.

### Internet-Based Solutions for Legal Entity Clients

Akbank continues to expand the Bank's efforts and offerings to meet the diversified financial needs of Akbank's legal entity clients appropriately on digital platforms. Systems developments put in place during 2014 allow clients to complete POS and additional POS applications and access member merchant reports through the Akbank Direkt Corporate Internet, Akbank Direkt Business-Internet and Akbank Direkt Business-Mobile channels, without having to visit a branch. This application process creates value-added for clients while improving the operational efficiency of branches significantly.

As a first in Turkey, Akbank completed offer-based automatic product registration processes for business-owner legal entity clients. As a result, the Bank began making Commercial Artı Para (Plus Money), Commercial Card, Axxess SME Card, Pay When You Can Loan, Rotating Loan, and Installment Commercial Loan product sales through the Call Center, ATM, Akbank Direkt Corporate & Consumer Internet Branch, and Akbank Direkt Mobile Business channels.

### Online General Purpose Loans via Akbank Direkt

Akbank Direkt broke new ground with another major innovation when it commenced extending general purpose loans through web-based channels in 2014 for the first time in Turkey. In keeping with the approach of enabling customers to access every Bank product through every feasible channel, Akbank made general purpose loans, one of the most important banking offering, available through Akbank.com without having

to visit a branch after the practice became legal under Turkish banking law. This development, which will increase customer satisfaction, reduce the operational load of branches, and generate income, is scheduled for rollout to other non-branch channels in 2015.

In addition, Akbank Direkt Serbest Hesap (Freedom Account) was unveiled in late 2014. This unique offering allows Akbank customers to earn attractive yields on their savings while adding to and withdrawing from their accounts, without having to wait for the expiration of the account term. Freedom Account transactions are performed on Akbank Direkt Internet and Mobile, permitting customers to easily manage their savings from anywhere at any time using their computers or mobile phones.

#### **Akbank Direkt Card Available Instantly for Virtual Transactions**

Issued virtually and available for use immediately, Akbank Direkt Card flung open the doors of online shopping for Akbank customers. Customers who do not have a credit card are also able to create an Akbank Direkt Card at Akbank Direkt and use it for online purchases.

Akbank Direkt Card also broke new ground in Turkey as the first prepaid virtual card that can be issued through internet banking. Users can load cash onto their Akbank Direkt Cards either through Akbank Direkt or at Akbank ATMs. Akbank Direkt Card can be issued through direct channels and used straightaway without having to wait for courier delivery or visiting a branch, neither does it occupy space in customer wallets or purses.

#### **Innovations in Mobile Banking**

In February 2014, Akbank Direkt Mobile, designed for iOS, Android and Windows 8 operating systems, was named the "World's Best Smartphone App" in the "Best App of the Year" category at the GSMA - Global Mobile Awards, the most prestigious awards competition of the mobile industry. The app's roaring success is due in large part to an exceptional user experience, user-friendliness, and single-password login features. Akbank once again pioneered the industry in Turkey by becoming the first bank in the country to win this coveted award thanks to the Bank's vision of prioritizing the human factor while making technology available for the use of customers.

#### **Innovative Product and Service Approach**

All Akbank customers who clicked the "Direkt" button on m.akbank.com or visited the <http://mobilsube.akbank.com.tr> website began receiving service through the new Mobile web channel. In addition, the iBeacon-enabled cash withdrawal service, which is offered for the first time in the world by Akbank, was rolled out at six Akbank ATMs in 2014. Thanks to this new application, iPhone-owner Akbank clients are now able to withdraw cash from iBeacon-enabled ATMs within seconds by holding their phones in proximity of the ATM without a card or a reference code by merely downloading the free app from the Apple Store.

Akbank updated the Akbank Direkt Mobile app following the launch of iOS 8. Thanks to the Touch ID feature recently added to the Akbank Direkt Mobile app, users of iPhone 5s and higher who had upgraded to iOS 8 gained speed in approving transactions simply by scanning their fingerprint using the new Akbank Direkt functionality. As a result of this innovation that was unveiled in 2014, customers need only scan their fingerprint in order to approve transactions such as money transfers on Akbank Direkt rather than entering their Akbank Direkt passwords.

#### **Akbank Direkt Mobile Available for Corporate Clients**

Through the Widget function available only to iOS users, Akbank Direkt also provides quick access to frequently used foreign exchange rate and stock price information on the phone's main menu without logging into the application. In addition, the Widget settings within the app allow users to change the services offered by the Widget. The Widget is available to all users who install iOS 8 and the updated version of the Akbank Direkt app on their iOS devices. Being an Akbank customer is not a requirement to be able to use the Widget on iOS 8 based mobile devices. Users who download the Akbank Direkt app also receive the Widget automatically. Further, Akbank Direkt Mobile for corporate clients was launched in 2014.

## VALUE ADDED TO OUR CUSTOMERS

Corporate customers began performing the following transactions on Akbank Direkt Mobile:

- Viewing transactions awaiting approval and approving them quickly,
- Using the Widget on their iOS 8 devices to easily track their approval queue, foreign exchange rates and stock prices, and finding the closest Akbank ATMs and branches,
- Making Tax Withdrawal, Customs Duty, and Motor Vehicle Tax (MTV) payments.

### **Revamped Akbank.com**

Akbank.com, re-launched following the completion of an overhaul project in November 2014, transported the branch experience onto the digital platform thanks to a user-friendly interface, advanced search capabilities, and links to social media. All of these new features of the revamped Akbank.com heralded a new era in banking. The new Akbank.com allows Bank customers to quickly locate answers to all their questions through advanced search capabilities as if they were interacting with branch staff, delivering them a fast and convenient banking experience. Visitors can find all products and services related to their special situations and events, such as making wedding preparations, going back to school, getting ready to retire, setting up a new business, and starting a new job, all in one place.

### **Stage of Life Banking Approach via Akbank.com**

Currently, visitors to the new Akbank.com click the option that represents their "Stage of Life" and obtain detailed information on the products and services most suitable for them while also enjoying the opportunity to examine options recommended by the upgraded website. The new Akbank.com recognizes users who have previously visited the site and makes recommendations about the products/services and campaigns they may be interested in based on their site browsing history. The retooled website also allows users to link to their Facebook accounts. Akbank customers who take advantage of this option are provided with personalized notifications and advantages on the new Akbank.com. The refreshed interface of the Akbank.com developed specifically for different devices delivers the same experience to visitors whether they log into the website on their computers, mobile phones or tablets.

## DECISIVE STEPS TOWARD OUTSTANDING CUSTOMER SATISFACTION

Pursuant to its customer satisfaction-centric service approach, Akbank expends continuous efforts to constantly improve customer satisfaction and raise it to new heights. The Bank executes various measurement, evaluation and enhancement processes in accordance with its objective of ensuring outstanding customer satisfaction at every point of contact with clients.

### **Service Quality Measurement, Evaluation and Enhancement Processes**

Akbank employs advanced "customer satisfaction measurement and evaluation" systems pursuant to its service approach centered on customer satisfaction. Service quality levels at points of contact with customers, which comprise Branches, Direct Channels, and Customer Complaint Management staff, are measured regularly and they are certified twice a year. Measurements are conducted daily and feedback is solicited from more than 100,000 customers each year. Measurement results are monitored at the branch and employee level and they are shared with related personnel transparently. In addition to daily feedback, "Service Quality Scorecards" are created every six months in order to identify strengths as well as areas of improvement. Actions plans are devised for areas of improvement; enhancements and continuous development are accomplished through these closely-monitored plans.

### **Service Quality Measurement in Light of Customer Feedback**

In addition to daily measurements, Akbank periodically organizes focus groups that bring together customers from various segments to listen to their opinions on the Bank's services in person. Akbank conducts in-depth interviews at customer visits and elicits feedback on service quality. The feedback gathered from these interviews is used as input into customer satisfaction enhancement initiatives.

### Practices Regarding Internal Processes

Service levels of Head of Units, which support the points of customer contact, are also of utmost importance in enhancing customer satisfaction. Within Akbank, quality levels of support services given to branches and Alternative Delivery Channels are put under the guarantee of Service Level Agreements (SLA). SLAs cover features such as quality, amount, frequency, delivery date, involvement and problem solving time expected from the units providing the support service. The situation in SLAs is regularly reported, actions for improvement are adopted in areas where the target is not met and targets are increased in areas where SLAs perform better than the target.

### Internal Customer Satisfaction Survey

In addition to SLAs, satisfaction level of Akbank's branches with internal teams is assessed via Internal Customer Satisfaction Survey. Results of the survey are shared transparently in the Bank and action plans are devised for continuous development.

Providing comprehensible, simple and user-friendly screens at every point of contact with Akbank customers and employees is an integral element of service quality. In 2014 Akbank began measuring the user experience of its screens via lab studies participated by customers. Designs of the Bank systems and user interfaces are reviewed continuously based on the results of these measurements.

### Permanent Solutions for Areas in Need of Improvement

Akbank regularly analyzes customer complaints and demands that are received from various channels and generates permanent solutions for frequently mentioned areas of improvement. A senior-level committee tracks the changes in the number and content of customer feedback and implements concrete and permanent actions in the areas in need of improvement.

### Customer Satisfaction Survey

Our customers can inform us on their expectations via different channels but in addition to these, we also perform regular customer satisfaction surveys and researches to get feedback. Within this scope, we daily monitor customer satisfaction levels with feedback from the kiosks (interactive information terminals), web applications, and direct phone calls. Outputs of the surveys and areas to be improved are regularly shared with the channels and employees delivering the related services in a special area in the portal. Areas that are below the target scores are considered as areas for improvement and development and efforts are started. In addition, in order to assess expectations and satisfaction levels of our customers from various segments and to identify areas to be improved, we hold a Customer Satisfaction Survey every year.

### 2014 Survey Covering a Sample of 5,000 People

Akbank surveyed 5,000 customers for its 2014 Customer Satisfaction Survey aimed at identifying the level of satisfaction of customers in the Corporate, Commercial, SME, Private, One-to-One, Consumer, and Credit Card segments with Akbank and with rival banks; uncovering the Bank's strengths and weaknesses; and determining the course of action.

### Innovative Ideas of Our Customers and Employees

Akbank takes heed of customer feedback and creative ideas and suggestions from its employees in light of its target to fulfill the ever-changing and diversifying customer demands and to serve them better.

Initiatives are carried out throughout Akbank to develop innovative ideas and to objectively evaluate and implement these ideas. There is a team of Innovation Envoys, made up of 178 employees from the Head Office, Regional Directorates and branch employees. Innovation Envoys attend periodical workshops to create new ideas identified in accordance with the Bank's strategy and needs of its business units, using their learning on creative and innovative thinking techniques and internal innovation leadership.

## VALUE ADDED TO OUR CUSTOMERS

### Innovation-Oriented 1001 News Bulletin

In order to create awareness among the employees on innovation, 1001 Haber (news) -a monthly bulletin- is issued. 1001 Haber gives examples of innovative practices in both the banking and other sectors, while also containing articles on the issue and success stories from all around the world.

### 1001 Ideas Suggestion System

All of the employees can make suggestions via the 1001 Ideas and Suggestions System. After a pre-evaluation, ideas that are considered to be applicable are selected and action plans are made. Every month "suggestion of the month" is chosen and the suggestion and its originator are announced to all of the employees. In addition, customer suggestions received via Akbank Call Center and the social media are also regularly included in the Suggestion System and evaluated in the same way.

### 3,818 Suggestions were submitted

During the 2014 operating year, a total of 3,818 suggestions -2,745 from employees and 1,073 from customers- were submitted to the Akbank Suggestion System. Since the launch of the Suggestion System in 2008, a total of 5,201 suggestions were accepted and 32% of these were implemented. Examples of received and realized suggestions are:

- Making university tuition payments through "Akbank Direkt,
- Allowing consumer banking customers with Artı Para (Plus Money) lines of credit to pay the Artı Para (Plus Money) loans that they withdraw from ATMs as cash or use for purchases in installments,
- Transferring member merchant POS information to the new customer information during company mergers or business title changes,
- Masking customer names, in addition to the card numbers, in the ATM receipts for card-free credit card balance payment transactions,
- Ability to send teller transaction receipts via e-mail,
- Listing cash loan information in the Corporate Internet Branch by type and feature of loan,
- Adding "remember transfer" button to the company payments function so that customers can retrieve this information during subsequent transactions.

## COMPLAINT MANAGEMENT

Sustainable financial success is dependent on high customer satisfaction and loyalty in today's fiercely competitive environment. Attaining and retaining the loyalty of existing customers is just as important as acquiring new clients. Addressing complaints effectively, the single most important determinant of customer satisfaction, helps the Bank understand customers' experience, improve its services and processes, meet customer expectations in new products at the highest level, and boost its credibility and reputation.

Akbank Customer Complaint Management Team was established in 2003 to listen to customers within this extensive scope and to address their complaints and expectations. The Team, positioned centrally at single location and highly visible to the entire organization, renders outstanding services to its one million-strong customer base.

### Customer Complaint Management

The Bank's Customer Complaint Management offers result-oriented solutions to all complaints, demands, objections, suggestions and information-based submittals; evaluates customer feedback diligently; and responds to customers from multiple channels in a paperless environment. In addition to resolving complaints, the Management performs root cause analyses, makes recommendations for improvement and thus becomes the voice of the customers.

The Customer Complaint Management Department has an integrated and flexible infrastructure and it has established a management system that performs the end-to-end management process of customer feedback submitted through any channel including the branches; monitors many details within this life cycle including SLA/OLA compliance; operates in a paperless environment; is capable of effective reporting; and, most importantly, can be enhanced based on needs.

### Average Resolution Time Down from Three to Two Days

Akbank Customer Complaint Management reduced the resolution time for more than one million customer inquiries annually from three days to two days, raised SLA compliance to 85% from 60s, and increased the ratio of resolutions with a single contact from 65% to



94%. Focusing on customer satisfaction and outstanding service quality, the Customer Complaint Management Department won the Gold Award in the Customer Service Complaints Team of the Year - Banking, Financial Services & Insurance Industries" category at the Stevie Awards in 2014 in its first year of participation in this competition.

This infrastructure project was published as a success story in the Bank implementation category in 2009. In 2012, interface and upgrade to CRM version 7.0 projects were completed in order to enhance performance and to take advantage of SAP's technical and new functionalities. Correspondingly with the improvement in the infrastructure, Akbank was issued the ISO 10002-2004 Complaint Management quality certification by BSI the same year (2007). The certification efforts further improved business conduct and processes in terms of quality and standardization. The Bank goes through the audit stages with the same enthusiasm and discipline each year for the certification, which was renewed for the seventh time in 2013. As part of Akbank's customer complaint management system, customers are informed while their submissions are being taken up and evaluated. 29 Service Level Agreements were signed with business units that are consulted for resolution. In addition, automatic notification and escalation processes for SLA/OLA tracking are functioning flawlessly within the system.

### **Continuous Personnel Training in Customer Complaint Management**

Customer Complaint Management is in close interaction with the entire organization due to the nature of its existence. In an effort to increase the complaint management processes and awareness and to integrate inputs and outputs into the corporate culture, awareness-oriented actions are implemented for the entire organization including e-learning training, animated brochures and handbooks. In addition to general training, the Complaint Management Staff is supported via technical, personal and innovative training applications as required by the job.

The Bank performs periodically customer surveys and Mystery Shopper Studies to measure the satisfaction levels at every channel that comes into contact with customers, including the complaint management

function, and tracks this metric at the channel scorecard level. Customer calls made after the resolution of the complaint measure speed, engagement and conduct, likelihood of working with the Bank, satisfaction from the process and from the resolution, which are used as inputs to generate satisfaction indices, considered to be a key performance indicator.

### **Successful Performance Solidified by Awards**

The Bank's Board of Directors and Senior Management receive regular reports on customer complaint trends, root causes; recommended solutions, efficiency and satisfaction measurements from the customer's perspective; opinions and support are sought in matters and projects that require implementation and system development. Increased level of awareness, extraordinary penetration of mobile and internet, rapid advances in technology all require the Bank to be by the customer 24 hours a day, seven days a week, and on a full-circle basis. Customers voice their problems and complaints through the social media, blogs, sharing websites, which allow the complaint to spread faster and further. Adapting to change, Akbank Complaint Management also tracks all customer experiences on the platforms on a 24/7 basis and includes all negative experiences in the complaint process. Direct Internet, Big Red House/Mortgage finally, the Bank provides specialist support via "Live Chat" through the Mobile channel. It is indisputable that the Bank's current chat and social media interaction with customers will be more important and pervasive than many traditional service channels in the near future. The Bank's Social Media Management initiative, carried out proactively and systematically since May 2012, registered a major accomplishment by winning the gold award in the "Customer Complaint Management Department of the Year" category at the competition organized by "IMI Conferences" in October 2012.

2014 has been a year where consumer sensitivity increased in the overall industry and, as a result, customer satisfaction, image and reputation gained even more prominence. Akbank is determined to maintain its leadership in Complaint Management and continue its service quality and customer-centric approach at full pace in the period ahead in an attempt to ensure unconditional customer satisfaction and provide the best banking experience for clients.

## VALUE ADDED TO OUR CUSTOMERS

### Digital (Social) Media and Community Management

Akbank has a total of 2.4 million followers in social media channels. The Bank communicates with customers through 30 Akbank accounts in social media channels. New accounts will be added to this lineup in 2015. Our agents, specially trained in this area and operating on a 24/7 basis, respond to more than 23,000 customer comments monthly, offer solutions to complaints, and record suggestions. For example, the [Twitter.com/AkbankDestek](#) application, which is a first among Turkish banks, allows customers to reach Akbank customer representatives via their Twitter accounts, simply as if calling the Call Center.

### A Financial Institution Using Social Media Effectively

Customers receive instant support thanks to the infrastructure integrated with the Call Center systems. Using the sales-oriented "Custom Audience" application based on customer data on Facebook, Akbank began showing users products and campaigns they need with targeted ads.

Akbank Art Center used its Twitter account to identify Twitter users who want to attend art events and took action to get them involved. This helped to create a positive perception of Akbank and Akbank Art Center in social media group management while getting people to talk about them.

### Customer Relations Management (CRM)

Akbank CRM Department completed comprehensive projects under the major categories of sales and marketing automation, real-time marketing, customer analytics, pricing and optimization, and designed and implemented its CRM approach in 2010. Through its real-time marketing systems, Akbank makes 3.2 million real-time offerings and more than 300,000 product sales for over 100 different products in all of its inbound channels (ATM, Internet, Call Center, Mobile Branch) as of year-end 2014.

### Continuing CRM Investments in 2014

Akbank received the "CRM Excellence" Award from GARTNER in the "Integrated Marketing" category in 2011, "Customer Analytics" category in 2013, and "Sales Effectiveness" category in 2014, becoming the first Turkish bank and Turkish company to win the

"CRM Excellence" Award for the third time. Initiatives under the integrated CRM vision continued in 2014, particularly in the gamification, pricing, optimization, High Performance Analytics, and social CRM areas. The Bank's Big Data and High Performance Analytics projects carried out as part of international business partnerships pioneer the industry. Akbank will sustain its industry leadership in CRM, particularly in next generation analytic solutions, customer-based pricing, and revenue optimization, will continue in 2015 under digital and real-time banking vision.

## PROCESS MANAGEMENT AND BUSINESS DEVELOPMENT

Akbank adopted the Business Process Management (BPM) approach as the methodology for business processes management. With this approach, all elements are evaluated in a holistic manner (especially information technologies, data, organization and product) and thus customers' needs are met more efficiently and quickly. Akbank adopted the Business Process Management (BPM) approach as the methodology for business processes management. Customer-oriented and efficient processes are designed and implemented under this approach.

### Continuous Development is Main Goal

Akbank's business development initiatives are carried out using "Continuous Improvement" techniques and the "Lean Methodology". Continuous Improvement refers to using the results of the customer satisfaction surveys and service level reports to review and improve business processes from the viewpoint of customers as well as improving existing processes, products and services so as to meet customer expectations as effectively as possible. The "Lean Methodology" consists of radically overhauling and redesigning business models in a customer-centric manner and rearranging the organization and roles.



# OPERATIONAL EFFICIENCY

Akbank strives to continuously increase both operational efficiency and customer satisfaction. In efficiency efforts, feedback received from Bank employees and customers serves as the starting point. Armed with this awareness, the “Improvements for You” program initiated in 2012 to increase business efficiency at the branches and the Operations Center and the “Lean Branch” program launched in 2013 to redesign the branch service model with a lean approach continued in 2014.

## “Improvements for You” Focused on Continuous Improvement

As part of the “Improvements for You” program that is focused on continuous improvement, Akbank closely analyzed more than 1,350 processes and implemented over 355 process improvements in 2014. The initiative to expand the “Lean Branch” program, which was unveiled in 2013, was completed successfully in 2014. In addition to these programs, the Bank initiated the “Lean Operations Center” program in order to analyze the service model at the Operations Center with the lean approach and to implement an efficiency-focused redesign.

As a joint outcome of the “Improvements for You”, “Lean Branch” and “Lean Operations Center” initiatives, during the 2.5 years from mid-2012 until year-end 2014, operational efficiencies were attained and the resulting time was used for serving customers better. The Improvements for You” program increased the total time used for serving customers by 4.5 million hours annually.

## Business Continuity Management

In order to ensure the continuity of critical business processes as well as to ensure recovery of the system in case of failure, to prevent customer losses, and to maintain corporate reputation, Akbank executes the Business Continuity Management Program. This program is devised on the basis of business continuity and disaster management system defined in the British Standard Institute’s internationally-recognized BS 25999 Standard and was updated in 2012 following the release of ISO 22301:2012 Social Security Business Continuity Management System standard.

Organization structure, roles and responsibilities for business continuity are defined clearly at Akbank. The “Business Continuity Committee” that meets twice each year monitors, oversees, and guides the initiatives carried out under the management program and provides the resources required to ensure business continuity.

## Information Security Investments against Risks

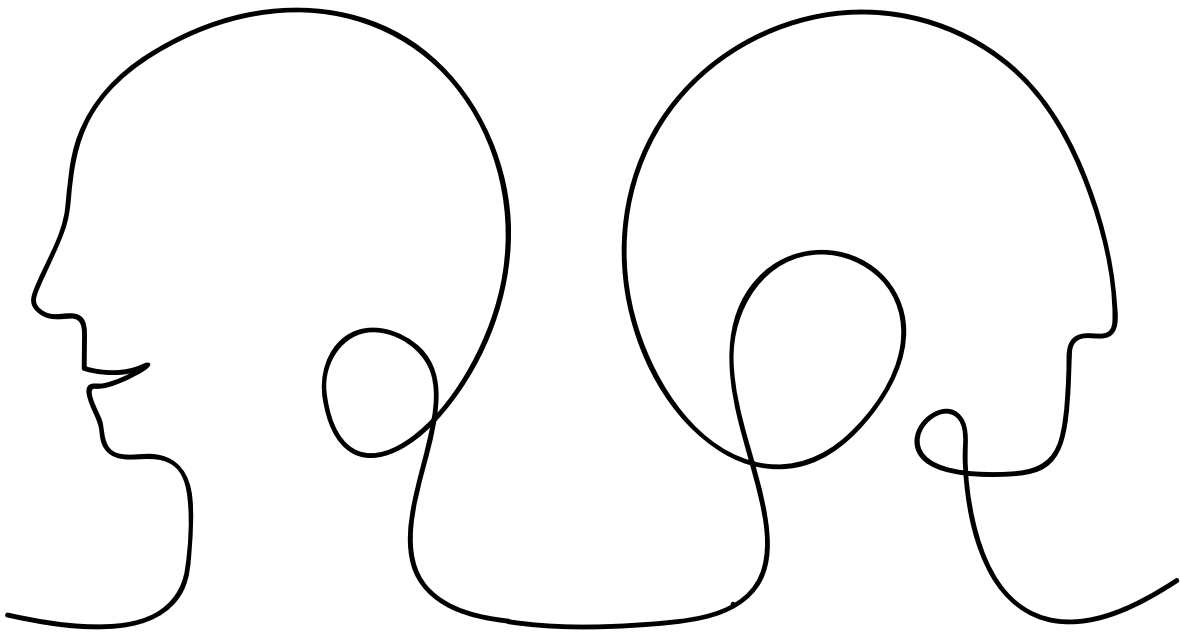
The Bank’s business continuity management identifies threats that can disrupt services as well as the impacts of the realization of these threats on business operations ahead of time and devises plans to ensure that operations continue without disruption under all circumstances. To this end, Akbank set corporate goals and responsibilities for recovering critically-important services in the event of an emergency; defined the priorities; devised business continuity plans to ensure fast and accurate actions; and created a back-up for all Akbank information systems at the Disaster Recovery Center in Izmir. Business continuity plans are reviewed, updated and tested via unannounced drills on a regular basis.

In an effort to instill “Business Continuity Management” into the corporate culture and raise business continuity awareness within the organization, Akbank undertakes training and educational activities and ensures high participation in the annual emergency drills.

# 07. OUR DISTINCTIVE EMPLOYEES

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2014 / SUSTAINABILITY REPORT



## OUR HUMAN RESOURCES VISION

Employing the most qualified human resources in the Turkish banking industry and investing in this resource to create value for all of our stakeholders.

## OUR HUMAN RESOURCES MISSION

In an effort to support the Bank in its journey toward "Sustainable Leadership", retaining highly qualified human resources at Akbank and recruiting new ones, improving the existing human resources systems and practices as part of this process, designing new ones and carrying out effective communication regarding these.

## PURPOSE OF OUR HUMAN RESOURCES MANAGEMENT

- Recruiting the best candidates for the Bank,
- Constantly developing the corporate culture and business conduct,
- Building the organizational structure in accordance with strategic objectives and ensuring its continuity in order to safeguard the Bank's effective and productive operation,
- Making effective investments in human resources in accordance with targets and strategies,
- Carrying out participatory career planning,
- Rewarding mechanism that encourages and supports superior performance of employees by way of a goal and competence-based, transparent performance management system,
- Undertaking system and process improvements for employee engagement. During the course of carrying out these objectives, Akbank's Human Resources Department embraces the principle of being the "strategic business partner" of the business units.

## HUMAN RESOURCES OPERATING PRINCIPLES

- Structuring and assessing all employees in accordance with the objectives and performance of the organization,
- Recruiting new employees who will fit in with the Bank's culture and values,
- Being internal and external customer-oriented, always prioritizing this focus in work relationships,
- Supporting all employees with the best human resources applications without discriminating on the basis of language, religion and sect, race, gender, age, political belief or faith,
- Ensuring the coherence between business objectives and HR practices by having a technical understanding of major business lines of banking and speaking the same language with other employees in the organization on a technical level,
- Continuously helping the Bank's employees with its expertise, know-how and experience in order for them to improve the performance of their units as well their own personal performance,
- Respecting open communication, confidentiality of personal information, sense of justice, and compliance with code of ethics,
- Planning and implementing proactive applications and activities with regard to the management of the organization and its human capital without waiting to be asked to do so,
- Establishing and implementing coherent, integrated and sustainable systems throughout the Bank, creating a harmonious synergy by ensuring the participation of all units in this effort,
- Developing practices to help individual business units attain their goals or making adjustments to existing Bank practices on an as-needed basis,
- Creating an environment where employees can improve themselves and support their development,
- Ensuring that everybody at the Bank acts with the awareness that human resource management is the core function of all managers,
- Taking heed of and solidifying the Bank's corporate culture in all decisions taken and all practices carried out.

## OUR DISTINCTIVE EMPLOYEES

### **The Essential Compass of the Employees: “Akbank Values”**

In order to solidify its corporate culture and approach, Akbank initiated the “Revision of Corporate Values” project. The Bank formed a sample group of 120 people coming from various geographical locations and functions such as vice presidents, managers, directors, assistant directors, specialists, call center agents, and security officers and gathered 13 different focus groups in order to assess how the Bank’s existing values are brought to life and internalized throughout the organization.

As a result of this initiative, seven common values that define Akbank and being an employee of Akbank were identified:

#### **1 We Are Bankers from the Heart**

Energized by being an employee of Akbank, we work with enthusiasm and affection.

#### **2 We Believe in Growing with Our Customers**

We look at the past and the future together with our customers and we create value for them.

#### **3 We Are Ready for the Future**

We continuously improve ourselves and our business, we pioneer the industry with technology and innovation.

#### **4 We Make Life Easier with Smart Solutions**

We think analytically, approach issues systematically, and generate quick and cooperation-oriented solutions.

#### **5 We Appreciate Trust**

We create success by trusting each other and transparency, we instill the same trust in our customers.

#### **6 We Support Open Communication**

We communicate with each other and with customers in a clear, sincere, and timely manner.

#### **7 We Invest in the Community**

In full awareness of our social responsibilities, we work for a sustainable community.

In 2014 we continued to integrating these seven shared values of Akbank and its employees into our human resources system and on internal communication activities.

### **Akbank: The Choice of Talented Young Professionals**

Akbank strives to be the choice of “best professionals” in its recruiting practices in order to ensure the sustainability of its financial and operational success. Akbank’s human resources practices are aimed at making the Bank “the leader among the most preferred employers where creative, dynamic and confident people who create value choose to work and a company which employees are proud to be a part of.”

### **Human Capital’s Constant Thirst for Learning**

The Bank’s recruitment policy is to hire qualified, well-educated, innovative people who are open to learning and developing constantly and who are eager to create value for Akbank and its stakeholders, without discriminating on the basis of race, language, religious belief, gender and age. Akbank pursues a fair hiring policy focused on equal opportunity, based upon predefined recruitment criteria. As part of this effort, Akbank strives to hire the most appropriate candidates in the most suitable position by employing competence-based objective measurement and evaluation methods. To this end, it is among Akbank’s utmost priorities to recruit new graduates who do not have professional experience in order to develop future leaders and to offer them career opportunities within the banking sector.

### **Recruiting Practices Supporting Local Employment**

Within the framework of business performance and productivity, vacant positions within the organization are first announced to Akbank employees. Applications of Akbank employees for new positions are evaluated quickly and appointments of worthy candidates are made. While recruiting for the Head Office and branches, Akbank prefers to recruit candidates living in regions close to its service locations. In our Malta branch, Akbank pursues a policy of employing local residents.

### **Tenure and Expertise-Based Compensation Policy**

Compensation policies of companies are among the important factors in employee loyalty and performance improvement. Therefore, Akbank's compensation policy is structured to attract the human capital required for continuous success and to reward, to motivate and to retain high-performing employees. Akbank's compensation policy is formulated compatible with the Bank's operations, long-term objectives, and risk management structure. In order to ensure fair compensation, employees with similar roles and responsibilities are paid similar salaries and those who perform better than their benchmarks based on the results of the Performance Evaluation System receive higher raises and bonuses.

In an effort to encourage the development of personal growth and competencies within Akbank, the Bank pays an additional salary to employees who speak a foreign language.

### **Fair Compensation Policy**

Akbank's entry level compensation policy is the same in all branches and service points. In recruitment of employees with no previous work experience, the average salary is equal to the minimum wage for Private Security Staff, 33% more than minimum wage for Assistants, and above 80% for Management Trainees.

### **Notification of Employees about Major Operational Changes**

If significant changes occur in the employment contracts of employees, notice and notification periods stipulated in the Labor Code and Collective Bargaining Contract are in effect. The minimum notice period varies based on the tenure of the employee. It is set at two weeks for employees who have been with the Bank for less than six months; four weeks for employees who have been with the Bank between six months and 1.5 years; six weeks for employees who have been with the Bank between 1.5 years and three years; and eight weeks for employees who have been with the Bank for more than three years. In case of transfers, employees are given three days for commencing their new posts in the same province and 15 days in another province. If an employee is transferred to a different unit, he/she can communicate with the Human Resources Unit to state opinions on the change.

## **HUMAN RESOURCES PROFILE**

94% of Akbank employees (excluding security staff) are university graduates. The average tenure at Akbank, which distinguishes itself from the competition with its skilled human capital, is 7.7 years while average time of service is 8.4 years in the banking industry. 68% of Akbank employees work at branches, which are one-to-one contact points with customers.

### **Our Employees in Figures**

At Akbank, which boasts a continuously expanding service network, as of December 31, 2014, Akbank has a total of 16,314 employees, including the Members of the Board of Directors.

There are no part-time employees in Akbank, with the exception of a consultant. Including one to three months of internship period of university students, all employees are permanent and "full-time". Benefits provided for full-time employees may only vary depending on the person's performance.

## OUR DISTINCTIVE EMPLOYEES

Breakdown of our employees by service location is presented in the table below.

Number of Our Employees	2012	2013	2014
Head Office*	2,049	1,821	1,819
Akbank Banking Center	3,010	3,166	3,080
Regional Directorates**	652	777	923
Branches***	10,604	10,485	10,483
<b>Overall</b>	<b>16,315</b>	<b>16,249</b>	<b>16,305</b>

\* Excluding the Board of Directors.

\*\* As reported in previous years, employees at the Regional Credit Directorates are included in the Regional Directorates, not the Head Office, although they report to the Credits Business Unit located at the Head Office. The reason is that these employees are actually working in the field.

\*\*\* Including employees at Malta branch.

In case of necessity, Akbank generates employment through outsourcing. Number of employees working especially in Direct Banking, Consumer Banking, Information Technologies, and Operations Business Units are available in the table below.

	2011	2012	2013
Number of Employees within the Outsourcing System*	1,423	1,409	1,668

\* As of November 2012, the Call Center is listed as part of the newly established Direct Banking Business Unit.

### Gender Distribution

Akbank embraces the principle of equality of opportunity without any discrimination on the basis of gender or age. Ratio of female and male employees within the Bank have remained roughly the same over the years. End of year 2014, share of female employees decreased by 0.7 percentage points to 51.1%.

Breakdown by Gender (%)	2012		2013		2014		Total Number of Employees	
Staff	Male	Female	Male	Female	Male	Female	Male	Female
Board of Directors	88.9	11.1	88.9	11.1	88.9	11.1	8	1
Senior Management	64.0	36.0	64.5	35.5	65	35	897	482
Mid-level Management	45.0	55.0	46.0	54.0	47.3	52.7	1,380	1,539
Auditors	68.5	31.5	70.1	29.9	66.7	33.3	146	73
Assistant Managers	40.3	59.7	39.7	60.3	39.9	60.1	4,102	6,185
Other*	74.7	25.3	73.5	26.5	74.0	26.0	125	44
Security	99.8	0.2	99.5	0.5	99.4	0.6	1,324	8
<b>Overall</b>	<b>48.0</b>	<b>52.0</b>	<b>48.2</b>	<b>51.8</b>	<b>48.9</b>	<b>51.1</b>	<b>7,982</b>	<b>8,332</b>

\* Includes non-banking posts such as lawyers, architects, engineers, support staff, and technicians.

## Age Distribution

The average age of Akbank employees is 33.6 as of year-end 2014. In almost every staff category, the largest age group is 30-50. The largest groups in the “under 30” category are “assistant managers” and “auditors”.

Pursuant to the Bank’s recruitment policy, only those of full legal age can work at Akbank. There are no employees under the categories of child labor (employees under 15 years of age, at which compulsory education ends) or young labor (over the minimum age for employment and under 18 years of age) categories at Akbank. Students and young workers applying for an internship at Akbank must be seniors if they are high school students and sophomores or juniors if they are university students. 94 university students were employed as interns at the Head Office units between June 2014 and September 2014. Number of student interns at Akbank has a seasonal pattern; there are no interns on the Bank’s payroll as of year-end 2014.

Breakdown by Age (%)	2012			2013			2014		
	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50	Under 30	Between 30 and 50	Over 50
Board of Directors	-	22.2	77.8	-	22.2	77.8	-	33.3	66.7
Senior Management	-	95	5	0.1	95.3	4.7	-	95.7	4.3
Mid-level Management	3.1	95	1.9	3.3	94.9	1.8	2.1	96.5	1.4
Auditors	50.2	49.8	-	51.9	48.1	-	46.6	53.4	-
Assistant Managers	43.8	56.1	0.2	40	59.8	0.2	39.8	60.0	0.2
Other*	18.2	77.1	4.7	19.9	75.9	4.2	15.4	79.3	5.3
Security	45.7	54.3	-	42.7	57.3	-	42.8	57.2	-
<b>Overall</b>	<b>35.5</b>	<b>63.6</b>	<b>0.8</b>	<b>31.5</b>	<b>67.6</b>	<b>0.9</b>	<b>29.7</b>	<b>69.4</b>	<b>0.8</b>

\* Includes non-banking posts such as lawyers, architects, engineers, support staff, and technicians.

## High Rate of Continuous Workforce

Employee turnover rates and numbers based on location are presented in the table below. The Bank’s employee turnover rate decreased by 0.47 points to 9.98. Human Resources Department analyzes the feedback from employees who have left the Bank regarding their reasons for leaving and improvements are made in business processes according to these findings.

Employee Turnover Rate*	2012		2013		2014	
	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number
Head Office	10.04	210	11.39	230	12.27	234
Akbank Banking Center	11.5	338	14.2	459	11.31	347
Regional Directorates**	3.95	24	7.22	53	8.55	75
Branches	8.74	904	9.33	970	9.30	976
<b>Overall (average)</b>	<b>9.24</b>	<b>1,476</b>	<b>10.45</b>	<b>1,712</b>	<b>9.98</b>	<b>1,632</b>

\* Employees who have left the Bank (including those who retired, resigned, and those whose work contracts were terminated)

\*\* As in the previous years, employees at the Regional Credit Directorates are included in the Regional Directorates category, rather than the Head Office category, even though they report to the Credits Business Unit located at the Head Office, since these employees are actually working in the field.

## OUR DISTINCTIVE EMPLOYEES

Employees are free to resign so long as they comply with the terms on their employment contracts. Forced labor is outside of Akbank's business principles.

Employee turnover rates depending on the age group are presented in the table below:

Employee Turnover Rate by Age Group	Under 30						Between 30 and 50						Over 50					
	2012		2013		2014		2012		2013		2014		2012		2013		2014	
	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number
Head Office	15.1	88	14.27	78	17.22	62	8	118	6.09	145	11.00	164	9.5	4	12.9	6	14.24	8
Akbank Banking Center	17.6	174	22.38	218	19.77	177	8.1	155	18.22	231	7.75	166	39.1	9	29.4	11	12.83	4
Regional Directorates*	6.3	7	14.2	20	18.91	36	3.1	15	5.35	31	5.48	37	22.2	2	14.72	2	17.91	2
Branches	11.3	325	10.69	265	12.15	310	7.5	555	8.58	673	8.01	631	41.4	24	43.39	32	55.40	35
<b>Overall (average)</b>	<b>13</b>	<b>594</b>	<b>14.03</b>	<b>581</b>	<b>14.63</b>	<b>585</b>	<b>7.5</b>	<b>843</b>	<b>8.95</b>	<b>1.080</b>	<b>8.19</b>	<b>998</b>	<b>29.5</b>	<b>39</b>	<b>29.78</b>	<b>51</b>	<b>30.09</b>	<b>49</b>

\* As in the previous years, employees at the Regional Credit Directorates are included in the Regional Directorates category, rather than the Head Office category. Even though they report to the Credits Business Unit located at the Head Office, these employees are actually working in the field.

Employee turnover rates depending on the gender is presented in the table below. Percentages of male and female workers who left their jobs are close to each other. The reason for higher employee turnover rate among females compared to males at the Akbank Banking Center is that number of female employees is higher at the center.

Employee Turnover Rate by Gender	Male						Female					
	2012		2013		2014		2012		2013		2014	
	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number
Head Office	9,9	118	10,31	118	14,94	171	10,21	92	12,8	112	8,35	63
Akbank Banking Center	10,52	127	13,28	184	7,85	101	12,18	211	14,88	275	13,81	246
Regional Directorates*	3,9	15	6,59	30	8,50	46	4,05	9	8,26	23	8,64	29
Branches	9,03	447	8,93	438	8,81	437	8,48	457	9,69	532	9,73	539
<b>Overall (average)</b>	<b>9,14</b>	<b>707</b>	<b>9,76</b>	<b>770</b>	<b>9,52</b>	<b>755</b>	<b>9,33</b>	<b>769</b>	<b>11,09</b>	<b>942</b>	<b>10,43</b>	<b>877</b>

\* As in the previous years, employees at the Regional Credit Directorates are included in the Regional Directorates category, rather than the Head Office category. Even though they report to the Credits Business Unit located at the Head Office, these employees are actually working in the field.



# PERFORMANCE MANAGEMENT OF SHARED GOALS

Akbank employs a transparent and flexible Performance Management System that is capable of responding to changing needs and conducive to improvement in managing the talents and experience of its employees. In an effort to sustain the Bank's successful financial performance, Head Office employees go through performance evaluation once a year while field personnel perform this process twice each year. As a result of this evaluation, areas of development are identified for employees and various training and development opportunities are organized in these areas to support their career development. Performance evaluation allow the Bank to determine employees' competence levels for a variety of roles and responsibilities. Accordingly, the Bank's employees get the opportunity to continue their Akbank careers in other business units based on organizational needs and their own preferences.

The aims of the Performance Management System developed with a management approach that supports and encourages high-level performance are:

- To enable employees realize their corporate targets and to increase corporate performance,
- To guide and develop employees in order to meet their changing and developing needs better,
- To align the Bank's goals with personal goals of employees,
- To ensure that employees understand what is expected of them better, get involved with their jobs and stay motivated to attain their targets,
- To encourage continuous development via open communication and regular feedback and to increase motivation,
- To evaluate contributions and performances of employees in a fair and objective manner and to shape their competence in line with the needs of Akbank,
- To make correct decisions about career planning, training and other human resources processes of employees and to ensure their personal development in line with such processes.

## Increasing Employee Productivity via Self-Evaluation Approach

"Self- Assessment" was an innovative and important application launched in 2012 in order to increase the effectiveness of the Performance Management System. In the evaluation process, employees evaluate their own achievements and performances according to their targets through the Self- Assessment system. With a collaborative performance management approach, employees are asked to provide information about their career and development. As a consequence, employees are actively involved in the decision process regarding their careers and can find the opportunity to communicate at different stages of the process.

Akbank carried out regular annual system development efforts to make the Performance Management System more practical, user-friendly and efficient in 2014.

## Multi-Faceted Evaluation for Senior Management's Performance

Performance evaluation of Akbank's Senior Management is based on both the Bank's overall year-end performance and success criteria that support long-term sustainable performance. As part of this effort, Akbank employs the Balanced Scorecard application. Performance of the Senior Management is measured on the basis of such perspectives as finance, customer, internal processes, and human resources. Therefore, the Senior Management's indicators of goals and success also include performance criteria such as customer satisfaction, employee satisfaction, and employee turnover rate in addition to financial criteria.

The criteria of the Akbank Performance Management System are based upon personal goals and competencies. The types, weights and numbers of goals and competencies in the performance forms are determined by cooperation between the business units and the Human Resources Department. The performance period covers a term of one year. The Operations and Digital Scorecard measurements that are integrated in the Performance Management System are conducted twice a year at six month intervals.

## OUR DISTINCTIVE EMPLOYEES

### Career Management Policy

The career management function plays a strategic business partner role in supporting the realization of the Bank's goals. To this end, Akbank's priority is to position the existing human resources in the most productive way while creating effective medium and long-term career plans to ensure the development of the Bank and the employee.

### Fair and Effective Performance Management

The career management policy implemented in Akbank gives priority of promotion and transfer within the Bank. It is another priority of our Bank to ensure a fair and effective performance management; to detect, monitor, and develop talents; and to provide employees with career opportunities for self-improvement.

To ensure the continuity of the organization in the future, the Bank devises succession plans for each position based on the level of experience, competencies and technical skills of employees; implements the training and development programs to prepare the related employees for the envisioned positions; and closely monitors the course of action in conjunction with the Business Units. In addition, branches and units are visited to make career interviews and this creates effective communication in terms of career management.

### Individual Employee Career Maps

"Career maps" that encompass career steps are posted on the "corporate portal". As a result, employees have access to detailed information on career maps and job families as well as the contact information of Human Resources team member assigned to support them and consult with them regarding their career development. Entirety of career principles are stipulated in detail in the Human Resources Implementation Principles document and shared with the employees.

### Benefits to Employees

#### Akbank Staff Retirement Fund Trust (Akbank Tekaüt Sandığı)

All of our current and retired Akbank employees and their dependents are registered at the Akbank Staff Retirement Fund Trust (Akbank Tekaüt Sandığı), independent of Turkey's Social Security Agency. Pensions and healthcare services offered to the members of this Fund Trust are in better conditions than the basic services offered by the state owned Social Security Agency.

#### Retirement Applications

Akbank Staff Retirement Fund Trust is a social security institution as a legal person that provides social insurance support to members using the insurance premiums collected from employees and employer, with the provided rights not being inferior to those provided by the Social Security Agency. Conditions for earning the right to benefit from insurance support are in parallel with legal regulations; however, with additional rights inherent in Akbank Staff Retirement Fund Trust's status, this support is improved.

#### Retirement Practices Based on Employee Tenure

Premium injections into Aksandık (Akbank Staff Retirement Fund Trust) are 33.5% of the employee salary, on condition that it is taken within the maximum monthly revenue identified by the law annually for insurance premiums. 14% of this is deducted from the employee's salary and 19.5% is the contribution of Akbank. In addition, premiums amounting to 2% of total annual revenues of employees are deposited by Akbank to the Trust's account, again on condition that these are within the stated limits.

In order to earn the right to benefit from retirement, employees should fulfill requirements such as completing a certain period of insurance, having fully paid premiums for the required number of days, and having reached a certain age. Employees who fulfill these conditions are provided with pension by Akbank Staff Retirement Fund Trust upon their demand. In calculating the pension, main parameters are the working period of the employee, total income within this period and age, as well as consumer price index change rates and development rates in our country. Due to such variable parameters, monthly pensions may differ for each employee.

### **Akbank Private Pension System with Corporate Contribution**

In addition to AKSandık pension, Akbank employees are also offered Private Pension System (PPS) Services with some corporate contribution. Senior and mid-level managers and auditors are included in this PPS plan with corporate contribution. Our Bank contributes to savings of such employees by making additional payments to the PPS contracts of the above-mentioned employees in a certain ratio of their monthly gross salary. Thus we help Akbank employees make savings and continue with the same living standards in their retirement.

### **Optional Private Pension System Plan**

Participation in PPS is optional. The purpose of the system is to ensure that our employees have the same living conditions as today when they are retired. In order to improve employee loyalty and motivation, we attach a special importance to the PPS with corporate contribution and try to increase the number of employees participating in this plan. As a result of such efforts, number of employees participating in PPS with corporate contribution increased from 4.182 in 2014 year-end to 4,246 in 2014 year-end.

### **Collective Bargaining Agreement**

In our Bank, all employees can become members of BANKSİS (Union of Bank and Insurance Employees) on their own preferences and exercise their rights of collective bargaining agreement. As of the end of 2014, 43% of our employees (7,083 people) are within the scope of collective bargaining agreement. Financial rights and administrative relations of BANKSİS non-members are defined by our Bank, while those of members are defined by the Collective Bargaining Agreement.

The Collective Bargaining Agreement also covers the following health-related topics:

- Sick Leave and Unpaid Leave
- Restarting the Job after Sickness

Due to promotions from positions within the scope of collective bargaining to senior and mid-level management positions that are out of the scope, number of posts within the scope has not increased compared to 2013. Within the framework of the collective bargaining agreement, we provide our employees working at posts within the scope with rights such as death benefits, natural disaster benefits, disability compensation, death and injury compensation,

and emigration compensation for personnel moving to another city.

### **Other Employee Benefits**

Attaching great importance to employee satisfaction in boosting work productivity, Akbank offers employees various fringe benefits based on the position in addition to the core benefits such as salary, bonus, incentive compensation, and foreign language allowance. The position-specific fringe benefits category includes financial liability allowance, vehicle, fuel limit, toll allowance (OGS/HGS), mobile phone and/or voice line, internet access, iPad/tablet, laptop computer, transportation, parking, public transit fares, and clothing assistance, while the social assistance category comprises relocation allowance, travel per diem, goods transportation fee, death and injury indemnity, and natural disaster assistance.

### **Akbank got involved in the Equal Opportunity Model (EOM) Project**

We completed the preparations for the Equal Opportunity Model (EOM) project in cooperation with KAGİDER (Women Entrepreneurs Association of Turkey) in 2011 and the project was launched in 2012 with technical support from the World Bank. 11 corporations -including Akbank- that agreed to take part in the project were audited by an independent institution in line with 22 criteria.

These criteria are divided into two parts -namely main criteria and supporting criteria. The main criteria are as follows:

- The management's commitment to equal opportunity
- Equal opportunity in recruitment and selection
- Equal opportunity in access to trainings
- Equal opportunity in performance evaluation and promotions
- Career support practices
- Investigation of feedback and complaints
- Communication and corporate advertising

In the independent audit for the EOM project, it was examined whether Akbank's corporate policies and procedures, recruitment and selection processes, training, performance evaluation, promotion, career support practices, corporate communication activities, etc. support the concept of equal opportunity. As a result of the audit, Akbank earned the Equal Opportunity Certificate, which is valid for two years.

## OUR DISTINCTIVE EMPLOYEES

### EMPLOYEE HEALTH AND SAFETY

In addition to occupational health and safety practices at international standards, Akbank ensures the sustainability of its employees' work productivity through comprehensive healthcare services. Employees are entitled to services at healthcare centers in certain provinces as part of Aksandik's healthcare services. Employees who reside in the provinces where a Foundation Healthcare Center does not exist can get service from affiliated healthcare providers.

#### Information and Trainings on Health

Information on epidemics and other important diseases is provided regularly under the "Health Column" published on the Aksandik website. In cases of emergency, e-mail notifications are sent. In addition, the Bank conducts fire and earthquake drills and administers natural disaster trainings.

#### Parental Leave

Akbank's female employees are entitled to 16 weeks of paid maternal leave -eight weeks before and eight weeks after the birth. They can also take unpaid maternal leave for up to six months and 1.5 hours per day for breastfeeding until the child reaches the age of 1. Employees whose wives have given birth are also entitled to three days of paid leave. Aksandik Fund meets child delivery costs Akbank our employees and provides a variety of additional benefits. 923 Akbank employees went on maternity leave during 2014; 19 of these employees resigned from the Bank at the completion of their maternity leave or unpaid leave.

#### Lost Workdays which have been consistently decreasing

Due to the nature of its operations and prudent practices, occupational diseases or workplace accidents are not experienced at Akbank. Yet, the total absenteeism (lost days) of 6,336 employees who got sick leaves with official health reports amounted to 54.975 calendar days in 2014.

Average sick leave per person, calculated by dividing this figure by the average number of employees, is 2.6 days per year. This ratio was 2.8 days in 2014 and 3.02 days in 2012.

#### Occupational Health and Safety Councils Open to Employee Participation

Complying meticulously with occupational health and safety laws and regulations, Akbank formed an Occupational Health and Safety Council, at the Head Office and at the Banking Center. The council meetings are held quarterly and attended by Employer Liaison, Occupational Safety Specialist, Workplace Physician, HR/Social Affairs Liaison, and Employee Representative.

### CAREER DEVELOPMENT AND TRAINING AT AKBANK

Akbank's training system, which has a strategic significance for the Bank, supports the development of all employees and aims to increase motivation and work satisfaction. In full awareness of the fact that information is a significant asset and well-equipped human resource is a major competitive advantage, the Bank organizes training activities to contribute to the personal and professional development of its employees. Akbank designs its training courses in accordance with corporate goals and strategies, needs of the sector, and areas of development that were identified based upon employee potential and preferences.

A new academic organization was created that will reflect the core corporate competencies and strategies in learning mechanisms that will move Akbank forward into the future. To this end, the Bank's training building was renovated architecturally and functionally and began to serve the employees in a more modern and corporate setting under the "Akbank Academy" brand.

### Akbank Academy

This academic organization created by Akbank helps employees successfully carry out their existing job functions while also preparing them for the position they are applying for. Management Trainees and Head Office and branch employees with "Assistant" designation in their job titles, who just joined the Bank without any prior experience in the banking industry, attend "Management Trainee" and "Core Banking" programmes.

Akbank managers, who are the leaders of today, are supported via classroom training, one-to-one consulting and online applications in executive development training programmes to groom the leaders of tomorrow.

Feedback from the participants is of critical importance for the effectiveness and success of the training efforts. All feedback is submitted to Akbank Academy by way of online surveys. Survey results are significant in terms of evaluating and improving the content of the training, instructors and training environment. All questions, requests, suggestions and opinions regarding the training courses can be e-mailed to Akbank Academy at [akbank.akademi@akbank.com](mailto:akbank.akademi@akbank.com).

The Bank employs e-learning method in the areas of credit regulations, foreign trade, consumer and commercial loans, basic law, debit cards and credit card in order to complement classroom career training courses as well as in personal development topics such as stress management, time management, communication techniques and team building. In an attempt accelerate the adaptation of employees to new products and processes, the Bank developed e-learning programs in Agricultural Loans, Gram Gold, Premium Travel Insurance, SME Business Plus Insurance, Western Union, SME Health Support Insurance, Agriculture Card and in 2014, AKON General Purpose Loan - Credit Express, Installment Artı Para (Plus Money), Axxess – SME, Agriculture Insurance

In addition to these, Akbank Academy also offers personal development-oriented classroom training courses including customer-oriented service, telephone communication, presentation techniques, methods of negotiation, innovation, creative thinking techniques and management skills.

A total of 1,022,382 hours of training was completed in 2014, corresponding to average training per employee of 8.97 work days. Total number of training days for employees in the last three years and annual average training time per person are presented in the tables below.

#### Total number of training days (1 day = 7 hours)

Function	2012	2013	2014
Vice Presidents and Higher Managers*	13,130	11,530	10,487
Non-Managers*	13,471	15,909	17,871
Non-Managers*	153,243	118,344	117,696
<b>Total</b>	<b>179,844</b>	<b>145,783</b>	<b>146,054</b>

\* Employees at the Manager and IT Manager functions are represented in the "Manager" category and all other functions (including support staff) are included in the "Non-Manager" category.

#### Average Number of Training Days per Person (1 day = 7 hours)

Function	2012	2013	2014
Vice Presidents and Higher Managers*	10.1	8.96	7.58
Managers*	7.1	8.42	5.89
Non-Managers*	11.6	9.35	9.90
<b>Total**</b>	<b>11.7</b>	<b>8.91</b>	<b>8.97</b>

\* Employees at the Manager and IT Manager functions are represented in the "Manager" category and all other functions (including support staff) are included in the "Non-Manager" category.

\*\* Total average training hours is calculated on the basis of total training hours in one year/total number of employees in the job function during the previous year.

## OUR DISTINCTIVE EMPLOYEES

### **We're ready for the future (Akbank Academy Portal)**

The Akbank Development Center portal, restructured with the motto "We're ready for the future", Akbank Academy Portal, is a platform within Akbank continuously supporting the development of the Bank's employees where they can manage their training planning in accordance with their career progression. Akbank employees can continue their development 24/7 at home or in the office via the "Akbank Development Center", which contains all employee e-training modules and can be reached online at any time from any location. Employees can see their individual training calendar, request training, and get information on questionnaires, exam results, e-learning and training organizations via the portal.

### **Diploma System (Lifelong Learning)**

Some of Akbank's training is subject to the certification system. In the certification system, employees attend specified training programs and take exams before and after the program. In some certification programs, employees can strengthen the knowledge they gained during the training by preparing papers and attending online simulations after the training. As these tasks are directly related to the employees' jobs, their success in training is literally reflected upon the quality of the work they perform. Participants succeeding in the certification programs receive the "certificate of accomplishment", which is an important step in their career development. The certification system grooms well-equipped, competent, innovative, and leading employees in terms of professional and managerial skills, striving to build a corporate culture that "creates its own leaders".

### **Other Training Opportunities for Employees**

Akbank supports its employees in obtaining especially internationally recognized certifications in their areas of specialization. Fees for such exams are covered by Akbank pursuant to certain criteria. While the number of employees taking such exams in accordance with their specialization in 2012 was 48, this figure increased to 94 in 2013 and decreased to 83 in 2014.

Some of the exams the Bank supports are as follows:

- Chartered Financial Analyst (CFA) exam held by the CFA Institute: Exam on treasury transactions
- Certified Internal Auditor (CIA) exam held by the CIA Institute and CMA (Certified Management Accountants) held by ICMA: Exams on internal audit
- The Project Management Professional - PMP exam held by the Project Management Institute (PMI), which awards the most widely accepted certificate on Project Management
- The Certified Documentary Credit Specialist (CDCS) exam held by the ICC National Committee of Turkey, which offers the opportunity of earning the internationally accepted title of Certified Letter of Credit Specialist
- Certified Information Security Manager (CISM) Information technologies security management exam held by ISACA (Information Systems Audit and Control Association)
- Financial Risk Manager (FRM) exam held by New York-based GARP (Global Association of Risk Professionals)
- Software Testing Expertise Certification exam coordinated by the Turkish Testing Board - representative of International Software Testing Qualifications Board (ISTQB) in Turkey
- Various technical trainings and certificates by Oracle and Microsoft.

In addition to these, every year certain number of Akbank employees are selected as future leaders due to their high performance and potential get the opportunity to attend the Sabancı University Executive MBA program with full scholarship. Since 2001, 72 employees participated in this program. In 2010 and 2011, three and four employees benefited from the program respectively. The figure was eight in the academic year 2013-2014.

In line with their roles and responsibilities some employees attend summits, conferences and seminars both in Turkey and abroad. Number of Akbank employees participating in training programs abroad rose from 114 in 2013 to 136 in 2014.

## **Bank of Instructors**

### **Retired and Internal Instructor Practice**

Know-how and experience of retired Akbank employees are highly valuable for the Bank. Successful Akbank retirees who possess the skills and interest in carrying out training are hired as “instructors” in return for a fee. In particular, almost all of the Core Banking training classes for new recruits are administered by retiree instructors.

Similarly, active employees who are specialists in their fields and who possess the skill to teach can become internal instructors. To become an instructor, one should comply with certain criteria and successfully complete the “Training of the Instructor Program”. Internal instructors are paid an hourly fee for their teaching load in addition to the salaries they receive for their regular jobs.

### **On-the-job Trainings and Coaching System**

Within the scope of efforts to become a learning organization, on-the-job trainings focusing on sharing experiences comes forward. Newly assigned Customer Relationship Managers are matched with high-performing and experienced Training Envoys to get on-the-job trainings structured in areas such as loan analysis, foreign trade, deposits and investment products. Experienced employees in branches also share their knowledge and analyze cases with their teams. On-the-job trainings are recorded and monitored in the training system and their results are measured.

There are training programs and professional coaching practices designed to help Head of Departments and Managers at Akbank General Directorate, regional directors and regional sales managers with expertise in Consumer, Commercial and SME Banking to improve competence in technical banking, sales and management. Through such trainings, managers can coach their teams in an effective and target-oriented way.

The Mentoring Program Akbank carries out for the management trainees is aimed at completing their orientation of new graduate employees to the organization as soon as possible and having them embrace the experience, know-how and corporate culture within the Bank.

Employees enlisted in the programme are supported by their mentors in a wide variety of ways, from personal development to career advancement, while the mentors hone their management and leadership skills.

### **Anti-Corruption Training**

The banking sector faces corruption risks due to its size and the magnitude of monetary transactions. It has been determined that corruption can be prevented to a great extent by control systems and training. Armed with this awareness, Akbank organizes internal classroom training sessions and e-learning applications on technical issues as well as on actions to be taken and to be avoided.

Content of these training programmes is determined in accordance with the needs of the target audience. Majority of the anti-corruption trainings are for the employees working in Akbank branches and especially at counters, but all employees also attend training on Code of Ethics and Information Security.



## OUR DISTINCTIVE EMPLOYEES

Akbank continuously reviews and reevaluates the topics and contents of its anti-corruption training programmes based on developments and needs in this area. In 2014 Combating Proceeds of Crime were shared these with all employees. Detailed information on other ongoing training initiatives is presented in the table below.

Name/Content of the Training	Target Audience	2013			2014		
		Type of Training	Number of Participants	Percentage of Coverage as of Year-end (%)	Type of Training	Number of Participants	Percentage of Coverage as of Year-end (%)
Risky Teller Transactions	Cash Officers and newly employed Assistants- Officers 4	Classroom	592	100	Classroom	758	100
Document Protection	Cash Officers and newly employed Assistants- Officers 4	Classroom	716	100	Classroom	873	100
Trainings for Detecting and Preventing Fraud	All branch employees	E-learning	1,313	100	E-learning	1,198	100
	All branch employees	E-learning***	2,508	100	E-learning	9,867	60
Ethical Principles	Newly employed Assistants- Officers 4, Call Center officers, assistant auditors, management trainees	Classroom	888	100	Classroom	1,053	100
Disciplinary Regulations	All branch employees	E-learning****	2,721	100	E-learning	2,039	100
	All branch employees*	E-learning	2,052	82	E-learning	-	-
Information Security	Newly employed Assistants- Officers 4, Call Center officers, assistant auditors, management trainees	Classroom	876	100	Classroom	1,049	100
Operational Risk	Operation Officers, Pay Desk Officers	Classroom	918	100	Classroom	711	100
	All branch employees	E-learning	539	78	E-learning	306	100
	Branch managers and Newly employed Assistants- Officers 4, Call Center officers, assistant auditors, management trainees	Classroom	611	88	Classroom	3,108	100
Fighting Proceeds of Crime	All branch employees**	E-learning	1,804	100	E-learning	8,132	100
Information Security Standards	All branch employees	E-learning	4,170	55	E-learning	-	-
Call Center Security Awareness	All Customer Representatives	E-learning	669	100	E-learning	409	100
Total		Classroom	4,601	98	Classroom	7,552	100
		E-learning	15,776	89	E-learning	21,951	93

Note: "Percentage of Coverage as of Year-end" means the ratio of the target audience planned to be trained and the employees who already received the trainings.

\* The training was redesigned in 2013 with a target audience of Operations Officers, Branch Transaction Officers, Cash and Transaction Officers, and Pay Desk Officers.

\*\* The training was updated and re-opened for all employees who have not previously completed it.

\*\*\* The training was updated in April 2014 and reassigned to all employees.

\*\*\*\* Assigned to employees who have not completed it during the previous year.



## Sustainability Trainings

Nearly 9,600 employees to date have attended the classroom Sustainability trainings that were initiated in January 2011 in order to create an Akbank employee profile sensitive to environmental and social problems and committed to ethical values. This training covers the topics of the concept of sustainability, practices in the industry and at Akbank, and ethics.

Objectives of the sustainability training are:

- Contributing first to the comprehension, and then to the internalization of Akbank's sustainability strategy by all employees,

- Creating awareness for integrating the concept of sustainability in business processes,
- Ensuring that the concept of sustainability is rooted in the corporate culture and creating a shared language in this area.

In 2014 the Bank made major strides in integrating sustainability into Akbank's corporate culture and continued to organize a variety of sustainability trainings. Akbank is planning to proceed with these trainings in 2015.

The table below provides information on participation in sustainability trainings in 2014:

Name/Content of the Training		2013				2014		
	Target Audience	Type of Training	Number of Participants	Total Hours of Training	Percentage of Coverage as of Year-end (%)	Number of Participants	Total Hours of Training	Percentage of Coverage as of Year-end (%)
Sustainability at Akbank	All employees E-learning	E-learning	2,745	1,373	98	2,365	1,183	100
	Newly employed Assistants- Officers 4, Assistant Inspectors and branch employees	Classroom	2,299	5,561	100	1,082	1,889	100

Note: "Percentage of Coverage as of Year-end" means the ratio of the target audience planned to be trained and the employees who already received the trainings.

## Internal Communication and Activities at Akbank

The Bank carries out intra-company communication activities and organizes events through various channels in order to facilitate communication between employees at every level, foster team spirit, strengthen employee motivation and engagement, and share the management's objectives and strategies.

Akbank's intra-company communication and events are guided by the following goals:

- Creating an effective communication synergy and communicating this synergy at the right time and through the right channels; encouraging the employees to use the right communication channel,
- Making the employees feel the brand spirit and turning them into agents of the brand, and conveying the corporate culture with right messages,
- Ensuring the continuity of supporting organizations and practices geared toward solidifying team spirit.

## Effective Intra-Company Communication Channels

Akbank's intra-company communication initiatives are aimed at informing the employees regarding the Bank's goals and strategies and encouraging them to operate with a customer-centric approach. The most frequently used internal communication channels are the corporate portal, corporate TV, e-mailing, quarterly performance live meetings, breakfast meetings with the CEO, and directors meetings. As a result of the changes implemented at the end of 2012, the employees can also be reached outside of business hours via the interactive platforms on the intranet as well as the corporate TV, which is also available to customers. Special discount campaigns and events organized exclusively for the Akbank family are communicated to the employees via e-mail and posted on the intranet.

## OUR DISTINCTIVE EMPLOYEES

### Breakfast with the CEO

Once a month Akbank employees from various segments and units attend a breakfast meeting with Akbank's CEO. At the breakfast gathering attended by high-performing employees of the year, employees share their opinions and suggestions on the industry with the CEO and convey the topics on which they need more support.

### Permanent Leadership Messages from the Senior Management via Live Broadcast

Live broadcast sessions are organized in order to establish a closer and more regular communication between the senior management and employees, either face-to-face or through other communication tools as well as to reach to the teams in branches. This common ground keeps the internal synergy dynamic and reinforces mutual communication and increases employee motivation to reach common targets. Every three months, Akbank's CEO shares the quarterly performance evaluation messages live via computer screens with all employees. Before the broadcast, questions of employees are collected and the CEO answers these questions live in person.

### Akbank Intranet: The main Intra-Company Communication Channel

Akbank employs an internal intranet system in order to ensure effective and easy access to information by employees and to reinforce communication. The improvements put in place in 2012 transformed Akbank Intranet into a platform with more interactive sections. The aim of the renewal was to allow internal and external information transfer, to increase operational efficiency in all processes thanks to state-of-the-art technologies, to create a common platform for information, and to ensure easy access to information and consolidation.

### "For Us"

The "For Us" section is an important channel used for strengthening internal communications by creating interactive areas through which the Bank can receive views and opinions from employees.

#### Content Examples from "For Us":

- Social activities attended by employees,
- Albums from which employees can download photos from the social events they attended,
- Volunteering activities,
- Special offers for Akbank employees from companies in various industries,
- Interactive pages of social clubs,
- Bulletin boards on which employees put various items and estates on sale,

### Mechanisms for Expressing Employee Opinions and Suggestions

There are various mechanisms for employees to express their opinions and suggestions to the Senior Management. In addition to the "Why Not" and "Permanent Leadership Messages from the Senior Management via Live Broadcast" practices launched in 2012, employees convey their expectations, opinions and suggestions to the Senior Management through the annual Employee Satisfaction Survey.

Employees can also share their suggestions about business processes through the "Suggestion" system on the Corporate Portal. In addition, "Ethics Line" is a tool that enables employees to express issues which they believe should be resolved within their departments but they cannot share with their direct managers; and to provide support and advice to employees in such circumstances when necessary.

### Company Events Reinforcing Employee Engagement

Akbank organizes social events in order to improve motivation, reinforce team spirit, and to strengthen internal communications.

Some of the major events organized for Akbank employees during 2014 are as follows:

- April 2014: Akbank Children's Festival attended by nearly 900 people where employees and their children enjoyed a carnival-like day
- May 2014: Akbankers on the Court Basketball Tournament, played 3-on-3 with the participation of Akbank employees
- September 2014: Inter-Company Basketball Tournament where the Bank was represented by the three top men's teams and the top women's team in the Akbankers on the Court Basketball Tournament
- May 2014 – September 2014: Akbank Bowling Tournament that was organized in five provinces in order to reach Akbank employees in Istanbul as well as in various other Anatolian provinces
- September 2014: A special performance of the play entitled "What's Going on There?" that was performed by the Akbank Information Technology staff after taking acting classes
- October 2014: Akbank running team participated in the Vodafone-sponsored ICC Running Marathon that was held in two phases – Caddebostan Shore and Belgrad Forest- with the participation of employees from companies representing 32 distinct industries
- December 2014: Akbank Athletics team participated in the Indoor CUP (Indoor Athletics Tournament), sponsored by the Fanatik Daily, where companies from 28 industries competed in the branches of athletics such as track, high jump, long jump and shot put

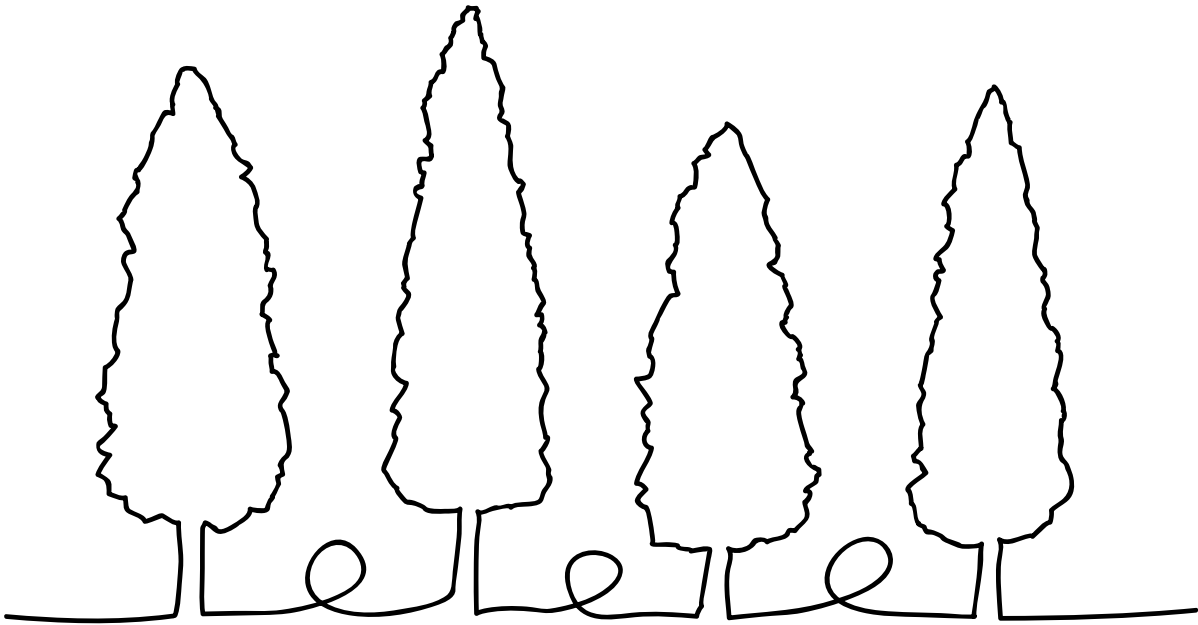
## VALUE CREATED BY HIGH EMPLOYEE ENGAGEMENT

A key factor in maintaining the motivation and performance of employees at a high level, and reflecting these in business results, is the presence of a desirable work environment and corporate culture. Closely monitoring the needs and expectations of employees via its effective internal communication channels, Akbank also conducts an Employee Engagement Survey annually. The survey is performed by an independent research company on a confidential basis. Necessary improvement and development initiatives are carried out based on the results of the survey. According to the results of the 2014 survey, opportunities for improvement will be focused on human focus, processes and recognition. Armed with the awareness of the relationship between happy employees and high corporate performance, the Bank believes in the value created by employee engagement and the importance of increasing employee engagement and increases its investments by the day in pursuit of this vision.

# 08. OUR OPERATIONS AND ENVIRONMENT

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2014 / SUSTAINABILITY REPORT



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ENERGY CONSUMPTION AND THE RESULTING EMISSIONS OF GREENHOUSE GASES THAT TRIGGER GLOBAL CLIMATE CHANGE ARE AMONG THE MAJOR ENVIRONMENTAL ASPECTS DEEMED IMPORTANT BY AKBANK.

## OUR ENVIRONMENTAL POLICY AND COMMITMENTS

Based on its area of business, Akbank determined energy consumption, greenhouse gas emissions, paper use and disposal of technological waste as its priority environmental topics. The Bank measures these factors in light of internationally-accepted quantitative methods and implements initiatives in the areas where it needs improvement.

### Centralized Infrastructure for Environmental Performance Measurement

Within Akbank, a system was implemented to regularly and closely monitor the environmental aspects from all Akbank branches. Thus, in the upcoming years, measures that will enhance the environmental performance of our Bank will be specified and practiced and their results will be monitored more effectively.

With the aim of actualizing its environmental policy Akbank has adopted the following commitments:

- Taking necessary steps to fully comply with the environmental laws and regulations,
- Contributing to the protection of natural resources by using energy, water and paper economically,
- Carrying out tasks to reduce the amount of waste produced in business processes as much as possible, and to rationally recycle the wastes in case waste reduction is not possible,
- Covering the environmental sustainability issues in the training programs provided for our employees in order to reduce the environmental impacts of activities of our Bank.
- Supporting education and awareness projects that will increase environmental awareness in society and among young persons in particular,
- With international collaborations, supporting transparency policies that will help reduce greenhouse gas emissions of our Bank and corporate shareholders.

## EFFECTIVE NATURAL RESOURCE CONSUMPTION STRATEGY

Energy consumption and its outcome “greenhouse gases” that trigger global climate change are among the major environmental aspects deemed important by our Bank. The proof of the importance given by our Bank to this issue is the support we provided for the “Carbon Transparency Project” actualized in 2009 by the Sabancı University Corporate Governance Forum. Akbank is one of the first companies in Turkey that has committed to implement climate change strategies and greenhouse gas emission reporting in compliance with the international standards.

# OUR OPERATIONS AND ENVIRONMENT

## Sustainability-Oriented Energy Conservation Practices

### Direct and Indirect Energy Consumption Indicators

In 2010, a wide scale project was practiced to create an energy management system and to calculate fuel consumption made for electricity and heating purposes in the buildings where Akbank carries out its activities. Within the scope of this project, consumption figures of all buildings including branches were collected in a database.

Akbank Banking Center, a high-tech complex located in Şekerpınar, commenced operation in 2010; some of the Bank's buildings previously located in Istanbul moved to the Akbank Banking Center in 2010 and 2011.

## Measurement and Evaluation Compliant with International Standards

Energy figures collected and reported in international standards within Akbank are divided into two main groups. The first is the direct consumption of energy obtained from different sources (of energy) in our Bank. In this group, the main component is the natural gas used for heating purposes. Natural gas is used as the main fuel at the Akbank Sabancı Center, ABC and in most of the other Akbank centers and branches.

In addition; diesel, butane (LPG), coke (coal) and fuel oil are also used in Akbank branches. The second is the electricity purchased by our Bank as an "indirect energy".

Direct" and "indirect" energy consumption figures are as follows:

Fuel Consumption (Gigajoules/year)	2012	2013	2014
Akbank Sabancı Center	7,889	7,861	6,337
ABC and Other Centers*	16,371	15,242	18,300
Region Offices and Branches (All Fuels)	88,885	91,167	79,132
<b>TOTAL</b>	<b>113,144</b>	<b>114,270</b>	<b>103,769</b>

\* Other centers: Zincirlikuyu and Silivri service buildings.

Electricity Consumption (Gigajoules/year)	2012	2013	2014
Akbank Sabancı Center	64,154	67,556	70,704
ABC and Other Centers*	72,383	67,509	65,713
Region Offices and Branches (All Fuels)	221,874	264,920	215,329
<b>TOTAL</b>	<b>358,411</b>	<b>399,985</b>	<b>351,745</b>

\* Other centers: Zincirlikuyu and Silivri service buildings.

Our Bank continues to make technological infrastructure investments in order to carry on providing its modern banking services with the latest technology. For this reason, the demand for electrical energy is increasing. In 2014, 5 branches and 139 ATMs were added to our Bank's service points.

### **Energy Efficiency: A Core Priority**

On one hand Akbank aims to use energy more economically and to make practices that enable energy efficiency in line with the target of reducing the amount of energy required in its operations while on the other hand it continues its activities for raising awareness among its employees.

### **Energy Conservation Applications for Reducing Operational Cost**

Akbank is aware of the fact that measurement and monitoring are important factors for the management of energy used in its branches reaching 1,000. In line with this aim, in 2011, Akbank established a new infrastructure necessary for remote measurement and monitoring of the electrical energy used in its branches. This infrastructure contains a remote monitoring system that will minimize the loss of electrical energy in the system. The system launched in approximately 300 Akbank branches in the first phase, started working with full capacity as of 2014 year-end covering the other branches in need of the system. Enabling a more efficient use of electrical energy, the system will help reduce carbon emissions and operational costs.

Moreover, renovation, launched in 2010, of the mechanical automation of the heating/ventilating/air-conditioning (HVAC) system in the branches to ensure that the system runs with appropriate configuration according to indoor air quality, continued in 2014, as well. This system was directly deployed in the new branches. With this system, approximately 25% and 14% savings will be achieved in electricity and natural gas consumption, respectively.

In 2014, within the scope of the energy efficiency activities carried out for the existing branches of Akbank, ventilation system of 40 branches were converted into automation system.

Akbank will continue to undertake energy efficiency initiatives at its existing branches in 2015.

### **Energy Efficiency Applications in Information Technology Infrastructure**

Utilization of information technologies in the banking sector, is a significant energy consuming factor. Thus, our Bank pays utmost attention to save energy used in data centers. The most important step taken in this direction is the process of transition to virtualization technology deployed in 2007. In spite of the rising demand, this technology helped reduce significantly the amount of energy required for running the servers in the data center and for cooling the system rooms they operate in.

Another measure taken in our Bank's "data centers", is to prefer products that consume less energy in all new systems purchased in order to make sure that the energy consumption does not increase in parallel to the increase in the demand for devices. In 2014, systems older than five years were discarded and new devices consuming less energy were purchased instead.

### **Fuel Saving with Videoconference and Telepresence**

Videoconference and telepresence devices enable our staff to make meetings with their contacts in and outside the country without having to travel. In our Bank, such systems are increasingly being used and installed.

For example, the "telepresence system", a virtual meeting table, between our Headquarters in Istanbul 4. Levent and our Akbank Banking Center in Gebze, was used for approximately 4,222 hours in 2014. Moreover, in 2013, a video conference (desktop conferencing) system also became available to Head Office and Akbank Banking Center employees in 2014.

In meetings held via these systems, not only visual communication but also mutual document and presentation transfer is also possible. This allows reductions in fuel consumption and resulting greenhouse gas emissions due to business travels; we also save work time that otherwise would be spent in commuting.

## OUR OPERATIONS AND ENVIRONMENT

### Fuel Savings in Cash Operations

In our Cash Operations unit that offers cash and cash value transfer to nearly 5,800 customers and four banks all over Turkey, we started to benefit from the latest advances in geographical positioning technologies. Thanks to an efficient route planning, our teams covered 7.7 km per transaction in 2014, while the figure was 10.2 km per transaction in 2010. This created 24.5% increase in efficiency and 6.1% less fuel consumption per transaction.

Description	2012	2013	2014
Kilometers Consumed Per Unit Work	8.1	8.2	7.7
Fuel Consumed Per Unit Work	1.0	1.1	0.9

### Contribution to Fight against Climate Change

#### Akbank's Carbon Footprint

The fuel and electricity (purchased from the third persons) used in our activities, cause greenhouse gas emission that triggers global climate change. Moreover, the fuel used in personnel shuttles and company cars allocated to senior managers, also lead to greenhouse gas emissions.

Various measures are taken within our Bank to minimize the greenhouse gas emission caused by the activities of Akbank. The carbon footprint our Bank is regularly calculated every year to monitor the outcomes of the measures taken. Akbank's target is to gradually reduce its carbon footprint calculated (based on the sources of the consumed energy) in international standards.

#### Carbon Emissions by Primary Energy Source

CO<sub>2</sub>-equivalent carbon emissions caused by fuels used for heating purposes in our Bank are given in the table below:

Carbon Emission Caused by the Use of Primary Energy (tons CO <sub>2</sub> -e/year)	2012	2013	2014
Akbank Sabancı Center	513	550	328
ABC and Other Centers*	1,064	1,067	948
Region Offices and Branches (All Fuels)	6,677	7,293	4,869
<b>TOTAL</b>	<b>8,254</b>	<b>8,910</b>	<b>6,145</b>

\* Other Centers: Zincirlikuyu and Silivri service buildings.

Our Bank continues its activities for raising awareness among its employees with efforts for reducing emissions, and increasing energy efficiency and conservation.



### Carbon Emission Caused by Electricity Consumption

CO2-equivalent carbon emission caused by electricity consumption is given in the table below:

Carbon Emission Caused by Electricity Consumption (tons CO2-e/year)	2012	2013	2014
Akbank Sabancı Center	7,804	8,215	8,598
ABC and Other Centers*	8,805	8,209	7,991
Region Offices, Branches and ATM/BTMs	28,550	32,707	26,341
<b>TOTAL</b>	<b>45,159</b>	<b>49,131</b>	<b>42,929</b>

\* Other Centers: Zincirlikuyu and Silivri service buildings.

### Management of Environmental Impact of Personnel Transportation

Personnel service buses are used for mass transportation of employees working at the Sabancı Center and Gebze Akbank Banking Center, where our Head Office units operate. In addition the senior management commutes by private vehicles. CO2-equivalent carbon emissions generated by fuels used in transportation are available in the table below.

Carbon Emission Caused by Personnel Transportation (tons CO2-e/year)	2012	2013	2014
Number of personnel using shuttles	4,685	4,530	4,600
Distance (km)	9,153,220	8,011,500	9,425,000
<b>Total tons of CO2-e</b>	<b>3,661</b>	<b>3,204</b>	<b>3,777</b>

An important part of our employees go to work by service buses. The resulting 3,777 tons of CO2-equivalent carbon emission would increase significantly due to individual commute. Therefore, by providing employees with service buses, Akbank achieves an important level of savings in carbon emissions.

### Paper Use Indicators

In Akbank, we use a high volume of paper in our operations - from contracts of products and services we offer to our customers to correspondences and promotion materials.

With the help of its various saving practices the paper consumption of our Bank only increased by a small percentage in spite of its increasing operations.

	2012	2013	2014
Paper Use (tons)*	1,110	1,173	1,030
Paper use per employee amount (kg.)	68	72	63

\* Total amount of paper does not include A4 photocopy papers used in branches and materials printed by suppliers (such as reports, etc.).

## OUR OPERATIONS AND ENVIRONMENT

### Paper Savings Activities

We continue to implement various measures to reduce the paper use in Akbank. While our previous practices to use paper more efficiently in branches and ATMs continue, we also realized various campaigns such as "Credit Card e-statement" and "Contracted Merchant e-statement" to continue to spread our e-statement for credit cards system which saves a notable amount of paper. As a result of these initiatives, paper consumption was reduced by 418.1 tons in 2014.

### Awareness Initiatives for Employees

Employees' knowledge and awareness is a key factor in broadening paper savings efforts through projects and increasing total conservation.

To this end, the Bank makes various internal announcements and notifications to encourage employees to minimize paper consumption.

Amount of Paper Saved (tons)	Beginning Date	Area of Implementation	2012	2013	2014
Contracted Merchants' Statements	2012	Headquarters	19.8	28	54
E-Statements*	2012	Headquarters	0.6	2.3	0.3
Credit Card E-Statements**	2008	Headquarters	194.0	332.4	363.8
<b>Total amount of paper saving per year with the help of saving practices (tons)</b>			<b>214.4</b>	<b>362.7</b>	<b>418.1</b>

\* 1 member business bank statement is on average 1.19 A4 pages and 1 envelope.

\*\* 1 extract is approximately 1.1 A4 pages and 1 envelope; 1 A4 paper is calculated as 5 g and 1 envelope is 6 g. Total savings are calculated by taking into account the customers who order e-statements, but are not active card users.

### Innovative Projects on Paper Saving

#### Member Business E-statements

We focused on reaching more contracted merchants within the scope of e-statement application so that they can receive their monthly account statements by e-mail instead of mail. E-statement gives the opportunity to view the summary of the accounts and saves paper. "Environment Friendly E-statement" campaign encouraging the contracted merchants in 2013 continued in 2014, as well, to broaden the scope of this application. We worked on sending e-statements directly to the contracted merchants who have provided e-mail addresses. Consequently, in 2014 approximately 26 thousand contracted merchants started using e-statements.

### Credit Card E-Statements

Since 2008, we have been able to send account statements indicating credit card bills via e-mail or SMS. To encourage our customers to use these "e-statements", we continue our communication activities with the motto "Give Life to Trees". We also held a campaign in 2012 to collect e-mails of customers. Thanks to such encouragement, number of cards with e-statements exceeded 2.73 million at the end of 2014, while it was 2.43 million at the end of 2013.

Intensive effort was made within Akbank to send account statements by e-mail instead of posting printed statements. The total amount of paper saved was 418.1 tons as a result of this and other similar efforts. Due to the decrease in printed "account statements", significant amount of energy was saved since the machines have been working less.

### Paper Recycling

In addition to saving paper, we aim to reduce our environmental footprint by recycling paper wastes. At Kınalı Archives Center in which all branch and Head Office archives are kept, 520 tons of paper were disposed and recycled in 2014 after the legal preservation period ended.

Documents that have completed their legal preservation periods at the Archives Center are sent to a contracted paper company for secure disposal every year. The company applies chemical processes on the slit and baled paper to make pulp and this pulp is used to reproduce paper.

Our branches dispose of their own archived documents or send them to the Archives Center for disposal. In addition to the paper sent to recycle by the Archives Center, in branches, some precious papers are slit and regular paper is used in both sides when possible. Then, these are collected in recycling boxes provided by municipalities and non-governmental organizations such as TEMA (The Turkish Foundation for Combating Erosion Reforestation and the Protection of Natural Habitats) to be recycled later on.

### Total Paper Saving

With 520 tons of paper saved and 418.1 tons (amount measured) of paper recycled in 2014 Akbank saved approximately 11,268 trees. (a ton of paper saved, saves 17 trees and a ton of recycled paper saves eight trees.)

### Water Use and Conservation

#### Water Use

Water consumption in Our Bank can be summarized as; water used by the employees, water used in cleaning activities and irrigation used in the maintenance of landscapes., Akbank has a limited water consumption compared to manufacturing companies. Our water use does not have significant impact on a specific water source.

Water Consumption (m3/year)	2012	2013	2014
Akbank Sabancı Center	30,423	34,046	32,879
ABM and Other Centers*	77,764	87,060	113,739
<b>TOTAL</b>	<b>108,187</b>	<b>121,106</b>	<b>146,618</b>

\* Other Centers: Zincirlikuyu and Silivri service buildings.

## OUR OPERATIONS AND ENVIRONMENT

### **Constantly Improving Infrastructure in Terms of Water Consumption**

With the aim of achieving water savings, depressurizing systems and aerators that mix water with air are used in the taps in our branches, the Akbank Head Office (HO) and the Akbank Banking Center (ABC). In addition, in the HO and ABC, photocell taps are used in WCs where water is used in great amounts, in order to achieve water savings.

### **Recycling-Oriented Waste Management Policy**

Akbank uses a great number and variety of electric and electronic devices due to the nature of banking operations, which require electronic means in a number of transactions. These devices contain not only valuable metals that should be brought back to the economy, but also environmentally harmful materials. Therefore, we have several measures to ensure recovery of devices that have gone out of use within the economy or to reduce potential environmental impact.

In our main buildings, we sort and collect wastes to deliver them to recycling companies. For instance, used paper, plastics, glass and metals are collected in separate boxes and sent to recycling. In addition, oil retainers are placed between the wastewater line and the city sewer lines in the kitchens to collect waste oils. These waste oils are sent to oil recovery stations to be recycled.

When floor coverings in buildings need to be replaced, we take the environmental performance of carpets and other floor coverings into consideration.

### **Recycling Toner Cartridges**

Empty toner cartridges of printers have negative impacts on the environment if they are not disposed of properly. To minimize this impact, we initiated a project to recycle the toner cartridges used in printers in August 2010. Since then, empty cartridges in all of Akbank buildings, including branches have been sent to an electronic waste recovery company for recycling. Employees who order new cartridges see a warning on their computer screens to send the empty cartridges to a recovery company. This recovery company uses the recycled cartridges as fuel for energy generation.

1,653 empty toner cartridges collected at the Head Office and Akbank Banking Center were sent to the Turkish Association for the Disabled in 2014.

Starting in October 2012 and continuing in 2013, recycling toner cartridges was taken up as a volunteer project. We started to send the empty cartridges to the Turkish Association for the Disabled. Employees supported the campaign by not only bringing in the cartridges used in the office, but also those at home. In three months more than 3,200 empty cartridges were sent to the Association. With the revenue generated from refilling these cartridges, disabled students received scholarships.

### Recovery of Technological Waste

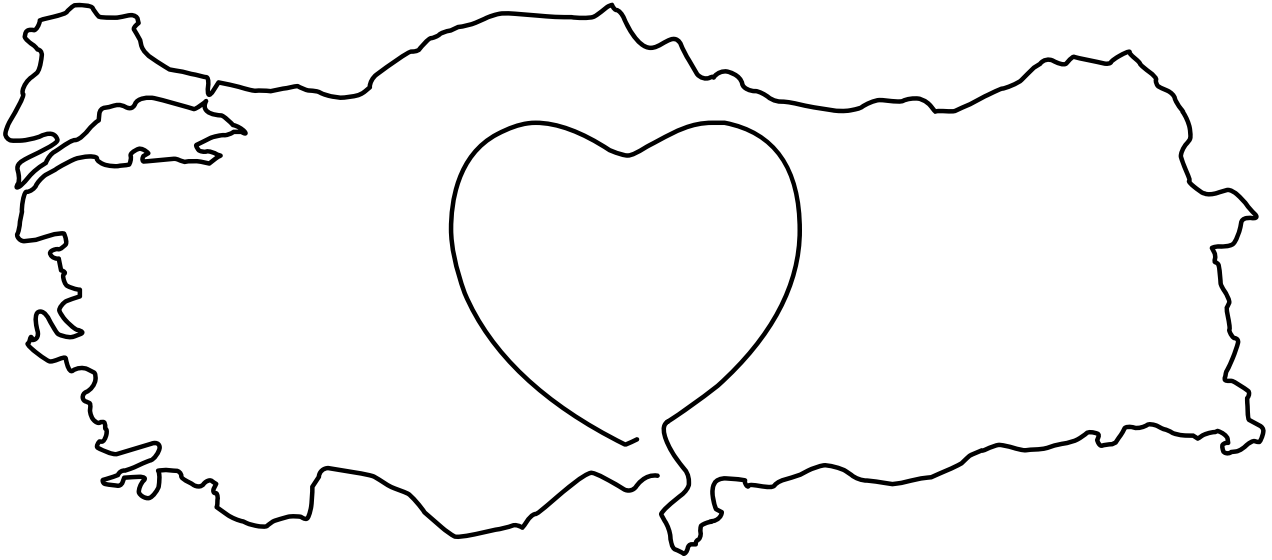
Electronic devices that are no longer appropriate for use according to Akbank's standards are sold to companies in Turkey, as scrap or second-hand products for recovery of the metals and electronic parts. In addition, some of these devices are donated as per the requests made to the Bank.

Type and Quantity of Technological Waste	2012		2013		2014	
	Salvage Auctions	Disposal	Salvage Auctions	Disposal	Salvage Auctions	Disposal
Computer	-	527	6,751	263	2,003	66
Screen	-	524	4,176	255	1,991	66
Passbook Printer	-	-	898	-	381	-
Dot Matrix Printer	-	-	43	-	87	-
Laser Printer	-	114	1,199	2	177	2
POS Device	58,792	-	19,539	-	39,750	-
ATM Device	312	-	143	-	123	-

# 09. OUR COMMUNITY INVESTMENT

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2014 / SUSTAINABILITY REPORT



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AKBANK CHILDREN'S THEATRE GREETED 2014 WITH A UNIQUE AND EDUCATIONAL PLAY. WRITTEN BY THE BRITISH AUTHOR RACHEL BARNETT, THE PLAY TITLED "FAMILY TREE" AIMS TO CREATE SAVINGS AWARENESS AMONG CHILDREN.

## CULTURE AND ART

### **Akbank Art Center**

Akbank Art Center was established in 1993 with the aim of creating a brand to represent the Bank's innovative and visionary identity in support of arts. Pioneering the development of modern arts in Turkey and enabling art events to reach the greatest number of people from all layers of the society, Akbank Art Center continues its efforts as "the place where change never ceases".

Akbank Art Center celebrated its 21st anniversary in 2014. Continuously performing in Beyoğlu, a location with special importance in the culture and art life of Istanbul, Akbank Art Center organizes concerts and over 700 exhibitions, interviews, conferences, movie screenings throughout the year.

<http://www.akbanksanat.com/en>

### **Akbank Children's Theater**

Akbank Children's Theatre celebrated its 42nd art year in 2014. Having played a major role in raising a theatre-loving generation, Akbank Children's Theatre reached more than 2 million children during these years, participated in countless social responsibility projects, and opened new horizons for thousands of children across Anatolia.

### **The Play "Family Tree" Gets Together with 7,600 Elementary School Children**

Akbank Children's Theatre greeted 2014 with a unique and educational play. Written by the British author Rachel Barnett, the play titled "Family Tree" aims to create savings awareness among children. In addition to its performances in Istanbul, "Family Tree" got together with 7,600 elementary school children during its Anatolia Tour spanning the Trabzon, Ordu, Samsun, Amasya, Ankara and Kayseri provinces in 2014.

### **Akbank Jazz Festival**

Akbank Jazz Festival, one of the first events that come to mind regarding jazz in Turkey, celebrated its 24th anniversary this year. One of Turkey's longest-lasting festivals, Akbank Jazz Festival hosted the world's most important jazz musicians during these 24 years. Thanks to the high-quality lineup of artists and groups it features, the Festival became a widely expected event not just in Turkey, but also on the international stage. The Festival hosted more than 55 activities including concerts, workshops and panels and presented nearly 300 artists to the audiences. As part of the "Jazz on Campus" program, concerts were organized on university campuses in eight provinces (Adana, Ankara, Eskişehir, Kayseri, Izmir, Edirne, Çanakkale, Denizli).

## OUR COMMUNITY INVESTMENT

### **Akbank Short Film Festival**

Akbank Short Film Festival, launched in 2004 as a prominent platform for short films in Turkey that strives to support new ideas and contributes to short film culture, presented many renowned directors to cinema enthusiasts during these years. Having carved a special place for itself in the Turkish movie industry and become indispensable for the young film producers in particular, the Festival appeals to all movie lovers with its workshops and panels in addition to the film screenings.

Celebrating its 10th anniversary in 2014, the Festival presented film enthusiasts a loaded program that they are sure to enjoy with broad domestic and international participation, new sections, workshops and panels. Featuring 98 films from 16 countries, 21 sessions, 11 panels and workshops, and 19 guests from the movie industry; the Festival brought the audience together with various colors, geographies, cultures and ideas for 10 days.

### **Map of Contemporary Art**

As another activity of Akbank Art Center, the Akbank Map of Contemporary Art continues to reach Turkish and foreign art-enthusiasts in print form and on the Internet with the aim of reflecting the artistic life in Istanbul in the best way possible in 2014. The Map was printed five times in 2014 with a total volume of 110,000 and reached more people especially during fair and biennial periods.

### **International Istanbul Film Festival**

Since 2004 Akbank has been the biggest sponsor of the International Istanbul Film Festival which brings the most exclusive and original films to cinemagoers, hosts movie stars and master directors, and contributes to the growth of a well-rooted cinema culture in Turkey. Attended by a large audience majority of which comprises young people, the Festival is a window to brand-new worlds thanks to the different lives and various perspectives it portrays as well as its rich program. Celebrating the 10th anniversary of its sponsorship of the Festival in 2014, Akbank intends to be a part of this event alongside Istanbul Foundation for Culture and Arts (İKSİV) for many years to come.

### **Contemporary Istanbul**

The most encompassing “modern and contemporary art” event ever organized in Turkey, Contemporary Istanbul aims to showcase Turkey’s cultural and artistic life to the world. Sponsoring Contemporary Istanbul since 2007, Akbank Private Banking also has a place in the international art arena owing to its support for Turkey’s most important contemporary art fair. In addition to the fair event, Contemporary Istanbul also features many complementary activities and art projects, from panel discussions to exhibitions.

### **Anish Kapoor in Istanbul**

The works of Anish Kapoor, the leading international artist of contemporary art in the world, were displayed to the arts enthusiasts in Turkey with Akbank’s support. The stone works of Kapoor, made from marble and alabaster and mostly never exhibited before, were presented to the liking of arts enthusiasts as part of the exhibition that was sponsored by Akbank in the honor of its 65th establishment anniversary. Consisting of iconic works combining sculpture, architecture, engineering and technology such as Sky Mirror and Yellow, the exhibition was made available in the halls and garden of the Sabancı University Sakıp Sabancı Museum from September 10, 2013 until February 2, 2014.



# EDUCATION AND YOUTH

## **Akbank “Children: Heroes of the Economy” Project**

Akbank actively supports initiatives to enhance financial literacy and encourage savings. As part of this effort, Akbank launched the “Children: Heroes of the Economy” Project in 2012.

The project is aimed at reaching children at the age they begin forming lasting habits, helping them become conscious consumers, and creating awareness and consciousness about savings. The Project website as well as the play poster, children’s book, certificate and “money box” given to the children after the event represent Akbank’s attempts to draw attention to the topic of “Savings”.

As part of the “Children: Heroes of the Economy” Project carried out in conjunction with volunteering Akbank employees, events were organized conveying the message that allowances can be used not just for spending, but also for making donations and building savings. The [www.ekonomininkahramanicocuklar.com](http://www.ekonomininkahramanicocuklar.com) website featuring fun content is aimed at attracting the attention of even more children.

Akbank Children’s Theatre entered the 2014-2015 academic year with a new play that communicates savings-related messages. The play written by Rachel Barnett titled “Family Tree” delivered messages to elementary school students on “Savings and Family Values” during its Anatolia tour spanning six provinces (Trabzon, Ordu, Samsun, Amasya, Ankara and Kayseri). We are hopeful that events organized at schools as well as the Ladybug Banks given to the children after the plays will accompany them on their road to savings.

Within the scope of the project 45,000 students attended activities and theatre performance as of 2014 year-end. It is aimed that ladybug moneyboxes which were presented children both in activities at schools and after the theatre performance, will be a friend in the children’s saving journey.

## **Akbank Thinking Club**

Akbank established the “Akbank Thinking Club” in September 2008 in order to think alongside the young people, the natural stakeholders of continuous development and innovation, and to create value for Turkey’s future with them. Open to applications from university juniors from across Turkey, the Club is growing its membership base with each passing year.

Club members work in teams on the themes assigned to them each year to generate creative ideas, scenarios and projects. These projects are assessed by a special jury comprised of academics, specialists and members of the press; the team that generates the most admired work wins a scholarship for Harvard University Summer School. Akbank Thinking Club members continued to develop projects on “entrepreneurship” during the 2014-2015 activity year.

Growing its membership steadily, Akbank Thinking Club provides young people, the innovative power of tomorrow and owners of Turkey’s future, with an opportunity to gain experience today in order to expand and realize their potential down the road.

## **Make a Wish**

Make a Wish Foundation is an international non-governmental organization that was founded to make wishes of children between the age of 3 and 18 and suffering from a life-threatening illness come true. The Foundation helps children realize their dreams with approval from the doctors. In addition, as part of the volunteering efforts in cooperation with the Association, Akbank Volunteers carry out wish realization organizations based on arranging one-day fun experiences to children with life-threatening medical conditions.

## **Culture & Art Events for the “Youth”**

As part of the Akbank Jazz Festival, Jazz Workshop at Senior High Schools, Jazz Workshop for Children, and Jazz on Campus activities were organized in 2014.

## OUR COMMUNITY INVESTMENT

### **Sabancı University**

Sabancı University was founded with the mission of developing internationally competent and confident individuals enriched with the ability to reflect critically and independently, combined with a strong sense of social responsibility; and contributing to the development of science and technology on a global level, as well as disseminating the knowledge created to the benefit of the community. Akbank's total direct cash donations to Sabancı University since its establishment reached US\$ 74 million. Dividend income earned by Sabancı University since 2005 from the Akbank shares donated to the University at the time of its establishment amounts to US\$ 6.8 million as of 2014.

## ENTREPRENEURSHIP

In 2014 Akbank continued to support the efforts to spread the spirit of entrepreneurship in Turkey, train a greater number of entrepreneurs, and increase opportunities for them. Examples of such efforts are provided below.

### **Collaboration with Endeavor**

Endeavor is an international non-governmental organization established to contribute to economic development by supporting active entrepreneurs in developing countries. In addition to offering special financial services to entrepreneurs, Akbank also organizes meetings in cooperation with Endeavor. With the "İyi Girişim (Good Venture) Summit" and "İyi Yatırım (Good Investment) Summit" - first organized in 2011 in Istanbul - entrepreneurs are educated on various topics including leadership, management, financing of entrepreneurs, and angel investors. The Bank continued to encourage entrepreneurship by way of this summit in 2014.

### **Akbank Entrepreneur Development Program**

Akbank Entrepreneur Development Program is one of the projects carried out by the Bank in order to support entrepreneurs. A training program launched in cooperation with Sabancı University Entrepreneurship Committee (SUGK) and Akbank to guide and support entrepreneurs who are just starting out, the Akbank Entrepreneur Development Program received 400 applications this year.

During the five-day training that can be characterized as a mini MBA program, 50 SMEs that were admitted to the Program received basic training on lean management, leadership, finance, strategy, innovation, law, intellectual property, government support and incentives, and marketing. In addition, program participants attended office visits where they got together with executives from famous ventures such as Yemeksepeti.com and found the opportunity to meet famous entrepreneurs in various industries.

### **Akbank Family-Owned Business Academy**

Akbank partnered with Sabancı University's Executive Development Unit (EDU) to put together a new program for family members who own or work at their family-owned businesses. Entitled "Akbank Family-Owned Business Academy", the program aims to increase the competitive strength of businesses, help them grow healthily, and support their sustainability and institutionalization efforts.

The program covered a wide variety of subjects that family-owned business representatives need including strategic management, business development and innovation, institutionalization, finance, best corporate governance practices, legal matters and human resources management. In addition, examples from the world and from Turkey were provided as a way to combine theory with practice.

Designed for family-owned businesses that wish to institutionalize their businesses, want to come up to speed on contemporary enterprise management through academic training, and plan on turning over the business to the next generation, the program's training sessions were taught by EDU consultants, each of whom is an expert in his/her respective subject matter and has executive experience in the corporate world, and the instructors of Deloitte Turkey and Pekin & Bayar Ortak Avukat Bürosu (Law Office), the program partners. As part of the program, visits were organized to the manufacturing plants of Sabancı Holding companies and participants were awarded with a certificate from the Sabancı University's Executive Development Unit (EDU).

At the completion of the program, participants were offered discounted consulting services from the program partners regarding action plans to institutionalize their businesses and constitution of family bylaws.

# THE ENVIRONMENT

## Carbon Disclosure Project (CDP)

Carbon Disclosure Project (CDP) is a global initiative launched in 2000 with the purpose of collecting and sharing information to allow companies, investors, and governments to take measures against the threat of climate change. The Project has been implemented in Turkey by the Sabancı University Corporate Management Forum and with support from Akbank since 2010. In addition to supporting the implementation of the Project, Akbank has also been reporting to CDP on its climate change policy and greenhouse gas emissions since 2010.

## Akbank Volunteers

The volunteering activities carried out as part of Corporate Social Responsibility projects, an integral part of Akbank culture, focus on creating sustainable values. To this end, Akbank employees and their families as well as the Bank's customers and business partners in every corner of Turkey undertake projects in various areas such as the environment, people with disabilities, education, and youth. Many volunteering projects spanning entire Turkey are carried out with the support of Volunteering Leaders across the country.

Major social responsibility projects carried out by Akbank Volunteers include reading to the blind; visits and donations to animal shelters; book collection campaigns; running a marathon to benefit civil society organizations at the Eurasia Marathon; cleanup of the Belgrad Forest; sales from charity stands at the Sabancı Center and Akbank Banking Center for the benefit of civil society organizations; and teaching English classes at the elementary and middle schools near Sabancı Center.

The activities of Akbank Volunteers that gained the admiration of the public in 2014 are painting schools and collecting toys for financially-challenged families in Trabzon by East Black Sea Region Volunteers; arranging experiences to children with life-threatening medical conditions in partnership with the Make-A-Wish Association; and donation collection organizations for families in need in Istanbul and Konya.

## Donations for Social Good

Akbank customers can donate money from their demand deposit accounts and credit cards to a variety of associations and foundations that operate in Turkey in pursuit of public interest. Donors who are not Akbank customers can make cash donations at Akbank branches.

Customers can donate money for one-time only or with automatic payment orders to an association or foundation of their choice. In 2014, customers' donations amounting to approximately TL 7.8 million were transferred to the 22 associations and foundations listed below. 43% of this amount was donated from Akbank Branches and the remaining 57% from accounts and credit cards of Akbank customers. Akbank does not charge any fees for these donation payments.

## Associations and Foundations that Received Donations from Akbank Customers in 2014

LÖSEV Lösemili Çocuklar Vakfı, TEMA Vakfı, Bir Dilek Tut, Türkiye Kanserle Savaş Vakfı, Darüşşafaka Cemiyeti, TSK Güçlendirme Vakfı, Türk Hava Kurumu, Türkiye Kızılay Derneği, TSK Mehmetçik Vakfı, Darülaceze Müessesesi, Tohum Otizm Vakfı, Türkiye Spastik Çocuklar Vakfı, Kadın Girişimciler, Özürlüler Vakfı, Çocuk Böbrek Vakfı, Türkiye Omurilik Felçlileri Derneği, Kimse Yok Mu Dayanışma ve Yardımlaşma Derneği, Türkiye Korunmaya Muhtaç Çocuklar Vakfı, Türkiye Multipl Skleroz Derneği, Türkiye Eğitim Gönüllüleri Vakfı, Türkiye Diyanet Vakfı, Zihinsel Yetersiz Çocukları Yetiştirme ve Koruma Vakfı

# GLOBAL REPORTING INITIATIVE (GRI) INDEX

This report contains information on the actions Akbank took to improve its social, environmental and economic performance and the results it achieved during the period between January 1, 2014 and December 31, 2014. The contents of the report are developed in compliance with the Comprehensive application level of the G4 version of the GRI (Global Reporting Initiative) Sustainability Reporting Guidelines, which is an internationally recognized reporting standard. The table below has been prepared to facilitate access to information provided within the framework of GRI's Comprehensive level application.

## Material Aspects and Boundaries

G4-19

G4-20

G4-21

Material Aspect	Material to Akbank	Related Topic in Prioritizing Analysis (page.x)	Boundary inside Akbank	Boundary outside Akbank
<b>Economic Performance</b>	High Priority	Sustainable Profitability and Growth (see: Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	This aspect defines high priority for the whole business units of Akbank.	This aspect defines high priority for the whole stakeholders of Akbank. The economic performance of Akbank have direct impact on public authorities, shareholders, employees and suppliers.
<b>Market Presence</b>	High Priority	Sustainable Profitability and Growth (see: Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	This aspect defines high priority for the whole business units of Akbank.	This aspect defines high priority for the whole stakeholders of Akbank. Market position and value-added by Bank correspond to high priority for all Akbank stakeholders.
<b>Indirect Economic Impacts</b>	High Priority	Sustainable Profitability and Growth (see: Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	This aspect defines high priority for the whole business units of Akbank.	This aspect represents high priority for the development of local enterprises and local communities.
<b>Procurement Practices</b>	Low Priority	Sustainability in Supply Chain (see: Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	This aspect defines low priority for all business units of Akbank	Although this aspect defines low priority for Akbank, Akbank monitors the environmental and social risks of its suppliers' activities.
<b>Energy</b>	High Priority	Carbon Emissions (see: Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank gives high priority to energy efficiency in terms of environmental sustainability.	This aspect represents high priority for the whole Akbank stakeholders in terms of environmental sustainability.
<b>Emissions</b>	High Priority	Carbon Emissions (see: Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank give high priority to minimise emissions, concerned with its activities.	Minimizing carbon emissions corresponds to high priority for all stakeholders of Akbank.
<b>Products and Services</b>	High Priority	Customer Satisfaction (see: Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank gives high priority to product and services in terms of customer satisfaction.	This aspect corresponds to high priority especially for customers.
<b>Environmental Compliance</b>	High Priority	Customer Satisfaction (see: Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank gives high priority to diminish its environmental impact.	This aspect represents high priority for the corporate customers that are benefited from Akbank credits.
<b>Transport</b>	Low Priority	Sustainability in Supply Chain (see: Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank's transportation activities are mostly substituted by suppliers. So, Akbank gives low priority to this aspect.	Akbank monitors the activities of suppliers in order to diminish the impacts on this field.

<b>Material Aspect</b>	<b>Material to Akbank</b>	<b>Related Topic in Prioritizing Analysis (page.x)</b>	<b>Boundary inside Akbank</b>	<b>Boundary outside Akbank</b>
<b>Overall</b>	High Priority, Medium Priority	Environmental and Social Risk Management in Lending (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	This aspect defines high priority for the whole business units of Akbank	This aspect corresponds to medium priority for the customers that borrow high quantity of credit from Akbank and have social and environmental risk-based activities.
<b>Supplier Environmental Assessment</b>	Low Priority	Sustainability in Supply Chain (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	This aspect defines limited effect on the activities of Akbank.	Akbank regulates permanent monitoring activities for the suppliers that exercise in the riskful areas.
<b>Employment</b>	High Priority, Medium Priority	Employee and Human Rights (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank perceives the employment as one of the most significant priorities.	Akbank, outstanding bank of Turkish banking system, actively supports employment. In terms of Akbank stakeholders, this aspect defines medium priority.
<b>Labour/ Management Relations</b>	High Priority, Medium Priority	Employee and Human Rights (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank gives high priority to the social rights of its employees.	This aspect corresponds to medium priority for the whole Akbank stakeholders.
<b>Occupational Health and Safety</b>	High Priority, Medium Priority	Employee and Human Rights (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank gives high priority to occupational health and safety conditions of employees.	This aspect corresponds to medium priority for the whole Akbank stakeholders.
<b>Training and Education</b>	Medium Priority	Career Development and Training (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank gives medium priority to the career development of its employees.	This aspect corresponds to medium priority for the Akbank stakeholders.
<b>Diversity and Equal Opportunity</b>	Medium Priority	Equal Opportunity (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank introduces a range of rights in the light of the principle of equal opportunity.	This aspect corresponds to medium priority for the whole stakeholders of Akbank.
<b>Equal Remuneration for Women and Men</b>	Medium Priority	Equal Opportunity (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Equal Remuneration for Women and Men is indispensable part of Akbank culture.	Akbank actively supports the woman employment in the Turkish labour market.
<b>Labour Practices Grievance Mechanisms</b>	High Priority, Medium Priority	Employee Satisfaction (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank gives high priority to employee satisfaction to increase efficiency.	This aspect corresponds to medium priority for the Akbank stakeholders.
<b>Investment</b>	High Priority	Secure Banking (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank supports the service quality and securing banking practices through investments.	Akbank's investment program corresponds to high priority in terms of service quality of stakeholders.
<b>Non-discrimination</b>	Medium Priority	Equal Opportunity, (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Freedom of Association and Collective Bargaining	This aspect corresponds to medium priority for the stakeholders of Akbank.
<b>Freedom of Association and Collective Bargaining</b>	High Priority, Medium Priority	Employee and Human Rights (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank respects the employees' freedom of association and collective bargaining.	This aspect corresponds to medium priority for Akbank's stakeholders.
<b>Security Practices</b>	High Priority	Secure Banking (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank gives high priority to security practices to maintain efficiency of its activities.	This aspect corresponds to high priority for the whole stakeholders of Akbank.
<b>HR Assessment</b>	Medium Priority	Career Development and Education (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank introduces a set of training program for the career development of its employees.	This aspect corresponds to medium priority for Akbank stakeholders.
<b>Human Rights Grievance Mechanisms</b>	High Priority, Medium Priority	Employee and Human Rights (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank gives high priority to human rights grievance mechanisms to increase employee loyalty. .	This aspect corresponds to medium priority for Akbank stakeholders.

# GLOBAL REPORTING INITIATIVE (GRI)

## INDEX

Material Aspect	Material to Akbank	Related Topic in Prioritizing Analysis (page.x)	Boundary inside Akbank	Boundary outside Akbank
Local Communities	Medium Priority	Innovative Products and Services Facilitating Access to Financial Services (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank develops innovative product and services to facilitate the access of local communities to financial services.	This aspect corresponds to medium priority for Akbank stakeholders.
Anti-corruption	High Priority	Corporate Governance (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Depending on professional corporate governance understanding, Akbank actively struggle with corruption.	Anti-corruption measures corresponds to high priority for Akbank stakeholders.
Public Policy	High Priority	Corporate Governance (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Contribution to the public policy is high priority for Akbank.	The development of public policy, especially in the field of finance sector, corresponds to high priority for the whole Akbank stakeholders.
Anti-competitive Behaviour	High Priority, Medium Priority	Ethical Banking (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	In the light of principle of ethical banking, Akbank doesn't perform anti-competitive behavior.	This aspect corresponds to medium priority for the Akbank stakeholders.
Product and Service Labeling	Medium Low Priority	Environmentally-friendly products and services (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank give medium priority to the product and service labelling.	This aspect corresponds to low priority for the stakeholders of Akbank.
Marketing Communications	High Priority	Customer Satisfaction (see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank targets at increasing customer satisfaction through transparent marketing communication practices.	This aspect corresponds to high priority for the whole stakeholders of Akbank.
Customer Privacy	High Priority	Secure Banking see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank gives high priority to customer privacy through secure banking practices.	The Customer privacy corresponds to high priority for customers and other stakeholder group.
Compliance	High and medium priority	Effective Risk Management and Internal Control, see. Akbank 2014 Sustainability Report Prioritizing of Aspects Study, p. 27)	Akbank always compliance with law and regulations through efficient risk management and internal control mechanisms. .	This aspect corresponds to medium priority for Akbank stakeholders.



# MATERIALITY DISCLOSURES

AKBANK T.A.S.

MAY 2015

SERVICE

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Strategy and Analysis</b>				
<b>G4-1</b>	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Message from CEO p. 4-6		No
<b>G4-2</b>	Description of key impacts, risks and opportunities	Message from CEO p. 4-6, Risk Perception Defined in Light of Current Developments p. 45-46		No
<b>G4-3</b>	Name of the organization	Akbank T.A.S.		No
<b>G4-4</b>	Primary brands, products, and/or services.	About Akbank p. 10-20		No
<b>G4-5</b>	Location of organization's headquarters	Headquarters Sabancı Center, 4. Levent 34330 İstanbul Telefon: (0 212) 385 55 55 Telefaks 1: (0 212) 269 77 87 Telefaks 2: (0 212) 269 73 83		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Organisation Profile</b>				
<b>G4-6</b>	Number of countries where the organization operates.	About Akbank p. 10-20		No
<b>G4-7</b>	Nature of ownership and legal form	About Akbank p. 10-20		No
<b>G4-8</b>	Markets served	About Akbank, p. 10-20		No



General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Organisation Profile</b>				
<b>G4-9</b>	Scale of the reporting organization	About Akbank p. 10-20		No
<b>G4-10</b>	Number of employees by employment contract, region and gender	Human Resources Profile p. 83-86		No
<b>G4-11</b>	Percentage of total employees covered by collective bargaining agreements	Collective Bargaining Contract p. 89		No
<b>G4-12</b>	Organization's supply chain	Sustainability Approach, p. 24-39 Encompassing All Links of the Value Chain p. 29		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Organisation Profile</b>				
<b>G4-13</b>	Significant changes during the reporting period regarding size, structure, form of ownership and supply chain.	Our Strong Subsidiary Structure p. 16		No
<b>G4-14</b>	Explanation of whether and how the precautionary principle is addressed by the organization	Akbank accepts the precautionary principle of UN Global Compact for all activities.		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Organisation Profile</b>				
<b>G415</b>	Externally developed economic, environmental and social charters, principles, or other initiatives, to which the organization subscribes or which it endorses.	Memberships in Associations and Unions, Signed Initiatives p. 35		No
<b>G4-16</b>	Memberships of associations (such as industry associations) and national or international advocacy organizations	Memberships in Associations and Unions, Signed Initiatives p. 35		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Identified Material Aspects and Boundaries</b>				
<b>G4-17</b>	a) List all entities included in the organization's consolidated financial statements or equivalent documents. (b) Entities included in the organization's consolidated financial statements or equivalent documents are not covered by the report.	Report Scope and Boundary p. 22-23		No
<b>G4-18</b>	(a) Process for defining the report content and Aspect Boundaries. (b) How the organization has implemented the Reporting Principles for Defining Report Content	Akbank 2014 Sustainability Report Prioritizing of Topics Study p. 27		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Identified Material Aspects and Boundaries</b>				
<b>G4-19</b>	(a) List of all the material Aspects identified in the process for defining report content	Material Aspects and Boundaries p. 27		No
<b>G4-20</b>	(a) Materiality of Aspects within the organization.	Material Aspects and Boundaries p. 27		No
<b>G4-21</b>	(a) Materiality of Aspects outside the organization	Material Aspects and Boundaries p. 27		No
<b>G4-22</b>	(a) The effect of any restatements of information provided in previous reports, and the reasons for such restatement	About Report p. 10-20		No
<b>G4-23</b>	a) Significant changes in the Scope and Aspect Boundaries.	While Akbank 2013 Sustainability Report was prepared with the GRI G3.1. reporting principles, Akbank 2014 Sustainability Report is based on GRI G4 "Comprehensive" Reporting Principles. .		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Stakeholder Engagement</b>				
<b>G4-24</b>	(a) List of stakeholder groups engaged by the organization.	Dialogue Platforms Based on Accountability and Transparency p. 32-34		No
<b>G4-25</b>	(a) Basis for identification and selection of stakeholders with whom to engage.	Dialogue Platforms Based on Accountability and Transparency p. 32-34		No
<b>G4-26</b>	(a) Organization's approach to stakeholder engagement.	Our Sustainability Approach p. 24-39, Dialogue Platforms Based on Accountability and Transparency p.32-34		No
<b>G4-27</b>	a) 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	Our Sustainability Approach, p. 24-39 Dialogue Platforms Based on Accountability and Transparency p. 32-34		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
Report Profile				
G4-28	Reporting period	1 January 2014 - 31 December 2014		No
G4-29	Date of the most recent previous report.	1 January 2014 - 31 December 2014		No
G4-30	Reporting cycle	Annually		No
G4-31	Contact point for questions.	Identity p. 156		No
G4-32	GRI Content Index and 'in accordance' option.	Comprehensive, About Report p. 10-20		

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
Report Profile				
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report.	Akbank 2014 Sustainability Report doesn't subject to external assurance.		No



General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Governance</b>				
<b>G4-34</b>	Governance structure of the organization	Akbank's Competency-Oriented Organizational Plan p. 17		No
<b>G4-35</b>	The process for delegating authority for sustainability topic	Sustainability Management Model at Akbank p. 27		No
<b>G4-36</b>	Executive-level positions with responsibility for sustainability topics	Sustainability Management Model at Akbank p. 27		No
<b>G4-37</b>	Processes for consultation between stakeholders and the highest governance body	Sustainability Management Model at Akbank p. 27 Platforms for Dialogue with Stakeholders p.32-34		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Governance</b>				
<b>G4-38</b>	Composition of the highest governance body and its committees	Akbank Board of Directors p. 41-43		No
<b>G4-39</b>	Position of the chair of the board of directors	Akbank Board of Directors p. 41-43		No
<b>G4-40</b>	Nomination and selection processes for the highest governance body and its committees	Akbank Board of Directors p. 41-43		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Governance</b>				
<b>G4-41</b>	Avoiding conflicts of interest	Risk Management and Compliance p. 44-52		No
<b>G4-42</b>	The role of the highest governance body and senior executives in setting purpose, values and strategy	Akbank Board of Directors p. 41-43		No
<b>G4-43</b>	Measures taken to enhance the Board of Directors' collective knowledge of sustainability topics	Akbank Board of Directors p. 41-43		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Governance</b>				
<b>G4-44</b>	Evaluating board performance with respects to sustainability topic	Akbank Board of Directors p. 41-43		No
<b>G4-45</b>	The role of Board of Directors in the identification and management of economic, environmental and social impacts, risks and opportunities	Akbank Board of Directors p. 41-43		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Governance</b>				
<b>G4-46</b>	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Akbank Board of Directors p. 41-43		No
<b>G4-47</b>	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Sustainability Management Model at Akbank p. 27, Akbank Board of Directors p. 32-34		No
<b>G4-48</b>	The highest committee or position to formally approve this report and its materiality review	Akbank Board of Directors p. 32-34		No
<b>G4-49</b>	Process for communicating critical concerns to the highest governance body	Akbank Board of Directors p. 32-34		No
<b>G4-50</b>	Nature and number of critical concerns communicated to the highest governance body	Akbank Board of Directors p. 32-34 1001 Ideas and Suggestions System p. 76		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Governance</b>				
<b>G4-51</b>	Remuneration policies for the Board of Directors and senior executives	Akbank Board of Directors p. 41-43		No
<b>G4-52</b>	Process for determining remuneration	Akbank Board of Directors p. 41-43		No
<b>G4-53</b>	Inclusiveness of stakeholders' views regarding remuneration	Akbank Board of Directors p. 41-43		No
<b>G4-54</b>	Ratio of the annual total compensation for the organization's highestpaid individual to the median annual total compensation	Akbank doesn't declare this topic due to its corporate policy.		

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Ethics and Integrity</b>				
<b>G4-55</b>	Ratio of percentage increase with regards to G4-54	Akbank doesn't declare this topic due to its corporate policy.		No
<b>G4-56</b>	The organization's values, principles, standards and norms of behaviour, such as codes of conduct and codes of ethics.	Our Bank's Vision, Mission and Values, p. 12		No
<b>G4-57</b>	Internal and external mechanisms for seeking advice on ethical and lawful behaviour	Our Ethical Banking Approach, p. 51		No
<b>G4-58</b>	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour	Our Ethical Banking Approach p. 51		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Economic</b>				
<b>Economic Performance</b>	<b>DMA</b>	Sustainable Financial Accomplishments p. 14-15		No
	<b>G4-EC1</b> Direct economic value generated and distributed	Sustainable Financial Accomplishments p. 14-15		No
	<b>G4-EC2</b> Risks and opportunities due to climate change	Risk and Opportunity Oriented Assessment Approach p. 38		No
	<b>G4-EC3</b> Coverage of defined benefit plan obligations	Retirement Practices p. 88		No
	<b>G4-EC4</b> Financial assistance from government	Akbank doesn't receive any financial aid during the reporting period.		No
	<b>G4-EC5</b> Entry level wage by gender compared to minimum wage	The wages of all Akbank employees have been above the minimum wage without taking gender difference into consideration.		No
	<b>G4-EC6</b> Local hiring	Akbank actively supports local employment as one of the most significant banks of Turkey that have service network all over Turkey.		No



General Standard Disclosures	Description	Page	Omissions	External Assurance
Indirect Economic Impacts	<b>DMA</b>	Our Community Investment p. 108		
	<b>G4-EC7</b> Development and impact of infrastructure investments and services supported	Environmental and Social Policy Practices p. 55-57		No
	<b>DMA</b>	Environmental and Social Policy Practices p. 55-57		
	<b>G4-EC8</b> Significant indirect economic impacts	Environmental and Social Policy Practices p. 55-57		No
Procurement Practices	<b>DMA</b>	Encompassing All Links of the Value Chain p. 29		No
	<b>G4-EC9</b> Spending on local suppliers	Encompassing All Links of the Value Chain p. 29		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
Energy	<b>Environmental</b>			
	<b>DMA</b>	Our Operations and Environment p. 98-108		No
	<b>G4-EN3</b> Energy consumption within the organisation	Direct and Indirect Energy Consumption p. 100		No
	<b>G4-EN4</b> Energy consumption outside of the organization	Direct and Indirect Energy Consumption p. 100		No
	<b>G4-EN5</b> Energy intensity	Direct and Indirect Energy Consumption p. 100		No
	<b>G4-EN6</b> Reduction of energy consumption	Effective Natural Resource Consumption Strategy p. 99-103		No
	<b>G4-EN7</b> Reductions in energy requirements of products and services	Effective Natural Resource Consumption Strategy p. 99-103		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
Emissions	<b>DMA</b>	Contribution to Fight against Climate Change p. 102-103		No
	<b>G4-EN15</b> Direct Greenhouse Gas (ghg) Emissions (scope 1)	Contribution to Fight against Climate Change p. 102-103		No
	<b>G4-EN16</b> Energy Indirect Greenhouse Gas (ghg) Emissions (scope 2)	Contribution to Fight against Climate Change p. 102-103		No
	<b>G4-EN17</b> Other indirect greenhouse gas (GHG) emissions (scope 3)	Contribution to Fight against Climate Change p. 102-103		No
	<b>G4-EN18</b> Greenhouse gas (GHG) emissions intensity	Contribution to Fight against Climate Change p. 102-103		No
	<b>G4-EN19</b> Reduction of greenhouse gas (GHG) emissions	Contribution to Fight against Climate Change p. 102-103		No
	<b>G4-EN20</b> Emissions of ozone-depleting substances (ODS)	Contribution to Fight against Climate Change p. 102-103		No
	<b>G4-EN21</b> NOx, SOx, and other significant air emissions	Contribution to Fight against Climate Change p. 102-103		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
Products and Services	<b>DMA</b>	Energy Conservation Applications for Reducing Operational Cost p. 103 Constantly Improving Infrastructure in Terms of Water Consumption p. 105 Recycling-Oriented Waste Management Policy p. 106		No
	<b>G4-EN27</b> Mitigation of environmental impacts of products and services	Energy Conservation Applications for Reducing Operational Cost p.103, Constantly Improving Infrastructure in Terms of Water Consumption p. 105		No
	<b>G4-EN28</b> Percentage of products sold and their packaging materials that are reclaimed by category	Recycling-Oriented Waste Management Policy, p. 106		No
Environmental Compliance	<b>DMA</b>	Management of Environmental Impact of Personnel Transportation p. 103		
	<b>G4-EN29</b> Fines and sanctions for noncompliance with environmental regulation	Akbank doesn't subject to any fines or sanction concerning with noncompliance with environmental regulation in the reporting period.		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
Transportation	<b>DMA</b>	Management of Environmental Impact of Personnel Transportation p. 103		No
	<b>G4-EN30</b> Significant environmental impacts of transportation	Management of Environmental Impact of Personnel Transportation p. 103		No
Overall	<b>DMA</b>	Our Operations and Environment p. 98-108		No
	<b>G4-EN31</b> Environmental expenditures and investments	Corporate Sponsor of Carbon Disclosure Project p. 37, "Climate-Friendly" Products and Services p.38		No
Supplier Environmental Assessment	<b>DMA</b>	Encompassing All Links of the Value Chain p. 29		
	<b>G4-EN32</b> Percentage of new suppliers that were screened using environmental criteria	Encompassing All Links of the Value Chain p. 29		No
	<b>G4-EN33</b> Significant actual and potential negative environmental impacts in the supply chain	Encompassing All Links of the Value Chain p. 29		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Social: Labour Practices and Decent Work</b>				
<b>Employment</b>	<b>DMA</b>	Human Resources Profile, p. 83-86		
	<b>G4-LA1</b> New employee hires and employee turnover	Human Resources Profile, p. 83-86		No
	<b>G4-LA2</b> Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Resources Profile, p. 83-86		No
	<b>G4-LA3</b> Return to work and retention rates after parental leave	Parental Leave, p.90		No
<b>Labour/ Management Relations</b>	<b>DMA</b>	Collective Bargain Contract, p.89		No
	<b>G4-LA4</b> Minimum notice periods regarding operational changes	Notification of Employees about Major Operational Changes p.83		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
Occupational Health and Safety	DMA	Employee Health and Safety p. 90		No
	G4-LA5 Percentage of workforce represented in formal joint management-worker health and safety committees	Occupational Health and Safety Councils Open to Employee Participation p. 90		No
	G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Lost Workdays which have been consistently decreasing, p. 90		No
	G4-LA7 Workers with high incidence or high risk of diseases related to their occupation	In relation to the white collar-labour force character of banking sector, there is no high risk of occupational disease in Akbank.		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
Diversity and Equal Opportunity	<b>G4-LA8</b> Health and safety topics covered in formal agreements with trade unions	Collective Bargaining Agreement p. 89		No
Training and Education	<b>DMA</b>	Career Development and Education in Akbank p. 90-96		No



General Standard Disclosures	Description	Page	Omissions	External Assurance
Training and Education	<b>G4-LA9</b> Average hours of training per year per employee by gender, and by employee category	Career Development and Education in Akbank p. 90-96		No
	<b>G4-LA10</b> Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Career Development and Education in Akbank p. 90-96		No
	<b>G4-LA11</b> Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Career Development and Education in Akbank p. 90-96		No
Diversity and Equal Opportunity	<b>DMA</b>	Purpose of Our Human Resources Management, Vision, Mission p.81		No
	<b>G4-LA12</b> Composition of governance bodies and employee breakdown	Akbank Board of Directors p.41-43		No
Equal Remuneration for Women and Men	<b>DMA</b>	Purpose of Our Human Resources Management, Vision, Mission p.81		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
Equal Remuneration for Women and Men	<b>G4-LA13</b> Ratio of basic salary and remuneration of women to men	Akbank accept a gender-neutral remuneration policy that is based on competency and professional experience.		No
	<b>DMA</b>	Occupational Health and Safety Councils Open to Employee Participation, p. 90		No
Labour Practices Grievance Mechanisms	<b>G4-LA16</b> Grievances about labor practices through Formal grievance mechanisms	Occupational Health and Safety Councils Open to Employee Participation, p. 90		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Social: Human Rights</b>				
<b>Investment</b>	<b>DMA</b>	Akbank Social & Environmental Management System (SEMS) p. 56		No
	<b>G4-HR1</b> Human rights screening or clauses included in significant investment agreements	Akbank Social & Environmental Management System (SEMS) p. 56		No
	<b>G4-HR2</b> Employee training on human rights	Career Development and Education in Akbank p. 90-96		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
Non discrimination	<b>DMA</b>	Purpose of Our Human Resources Management, Vision, Mision p.12		
	<b>G4-HR3</b> Actions taken in incidents of discrimination	There were no incidents of discrimination reported in Akbank during the reporting period.		No
Freedom of Association and Collective Bargaining	<b>DMA</b>	Collective Bargaining Agreement p. 89		No
	<b>G4-HR4</b> Supporting right to freedom of association and collective bargaining in risk areas	Purpose of Our Human Resources Management, Vision, Mision, p.12, Collective Bargaining Agreement, p.89, Encompassing All Links of the Value Chain Encompassing All Links of the Value Chain p.29		No
Security	<b>DMA</b>	Secure Banking Practices, p.49-50		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Social: Human Rights</b>				
<b>Security</b>	<b>G4-HR7</b> Percentage of security personnel trained in human rights policies or procedures	All of Security personnel receives trainings about Akbank corporate values, including respect to universal human rights.		No
<b>HR Assessment</b>	<b>DMA</b>	Akbank Social & Environmental Management System (SEMS), p.56		No
	<b>G4-HR9</b> Operations subject to human rights reviews or impact assessments	Akbank Social & Environmental Management System (SEMS), p.56		No
<b>Human Rights Grievance Mechanism</b>	<b>DMA</b>			No
	<b>G4-HR12</b> Grievances about human rights through formal grievance mechanisms	In the reporting period, no complaints are recorded through formal grievance Mechanisms.		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
Social: Society				
Local Communities	DMA			
	<b>G4-S01</b> Local community engagement, impact assessments, and development programs	Dialogue with our Stakeholders p. 32-34, Akbank Social & Environmental Management System (SEMS), p.56		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
	<b>G4-S02</b> Operations with significant negative impacts on local communities	In the reporting period, there was no a spesific operation that would negatively affect local communities.		No
	<b>FS-13</b> Access points in low-populated or economically disadvantaged areas.	About Akbank, Akbank has been one of the most significant banks of Turkey with its extensive network of branches all over Turkey.		No
	<b>FS-14</b> Initiatives to improve access to financial services for disadvantaged people	Innovative Products and Services Facilitating Access to Financial Services p. 70-73		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
Anti-corruption	DMA	Ethical Banking p. 51		
	<b>G4-S03</b> Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	The Activities of Board of Internal Auditors p. 42		No
	<b>G4-S04</b> Communication and training on anti-corruption policies and procedures	Anti-corruption training p. 93		No
	<b>G4S05</b> Confirmed incidents of corruption and actions taken	The Activities of Board of Internal Auditors p. 48		No



General Standard Disclosures	Description	Page	Omissions	External Assurance
Anti-corruption	DMA	Ethical Banking p. 51		
	<b>G4-S07</b> Total number of legal actions for anti-competitive behavior, and anti-trust and monopoly practices and their outcomes.	In the reporting period, Akbank doesn't subject to any legal action concerning with violation of anti-competitive regulations.		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Social: Product Responsibility</b>				
<b>Anti-competitive Behaviour</b>	<b>DMA</b>	Principle of Full Compliance with Laws and Regulations p. 48-49		No
	<b>G4-PR3</b> Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirement	Akbank respects the regulations of banking sector, concerning with the service information and labelling. In this respect, the Bank accepts the principle of transparency about product and service labelling.		No
	<b>G4-PR4</b> Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	In the reporting period, there is no incident of non-compliance with regulations and voluntary codes concerning product and service information.		No
	<b>G4-PR5</b> Results of surveys measuring customer satisfaction	Measuring, Assessing and Improving Service Quality p. 74-75		No

General Standard Disclosures	Description	Page	Omissions	External Assurance
Marketing Communications	DMA	Compliance in Product Promotions and Marketing and Communication p.49		No
	G4-PR6 Sale of banned or disputed products	Akbank respects laws as well as international regulations concerning the supply of product and services.		No
	G4-PR7 Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes.	In the reporting period, Akbank doesn't subject to any sanctions or fine concerning with non-compliance of marketing communications.		No
	DMA	Product Promotion Activities that Protect Customer Rights p.49		No
Compliance	G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	In the reporting period, there is no record of complaints regarding breaches of customer privacy and losses of customer data.		
	G4-PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	In the reporting period, there is no significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.		No

## GRI G4 CONTENT INDEX

General Standard Disclosures	Description	Page	Omissions	External Assurance
<b>Product Portfolio</b>	<b>DMA</b>	About Akbank p.10-20		No
	<b>FS-6</b> Percentage of the portfolio for business lines by specific region, size (e.g. micro/ SME/ large) and by sector.	Our Sustainable Financial Performance-Credits, Project Finance Credits p.14-15		No
	<b>FS-7</b> Monetary value of products and services designed to deliver specific social benefit for each business line, broken down by purpose.	Implementation of Akbank's Environmental and Social Policies, p. 55-57		No
	<b>FS-8</b> Monetary value of products and services designed to deliver specific environmental benefit for each business line, broken down by purpose	Climate-Friendly Loans, Financing Solutions For Energy Saving p.57-59		No
<b>Audit</b>	<b>DMA</b>	Risk Management and Legal Compliance p.44-52		No
<b>Active Ownership</b>	<b>DMA</b>	About Akbank p.10-20		No
	<b>FS-10</b> Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Akbank Social & Environmental Management System (SEMS) p.56-57		No
	<b>FS-11</b> Percentage of assets subject to positive and negative environmental or social screening	Akbank Social & Environmental Management System (SEMS) p.56-57		No

# UNITED NATIONS GLOBAL COMPACT (UNGC) INDEX

In 2007, Akbank became the first Turkish Bank to sign the United Nations Global Compact (UNGC). Pursuant to requirements of being a signatory to UNGC, Akbank communicate its progress regarding putting the UNGC Principles into action. 2014 Sustainability Report contains information on our current actions and performance it has achieved as a result. Information disclosed in the report on each aspect can be found using the table below.

UN Global Compact Principles	Page of the Performance Information
<b>Human Rights</b>	
Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	24-39
Principle 2. Businesses should make sure that they are not complicit in human rights abuses.	24-39
<b>Labour</b>	
Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	80-98
Principle 4. The elimination of all forms of forced and compulsory labour.	80-98
Principle 5. The effective abolition of child labour.	80-98
Principle 6. The elimination of discrimination in respect of employment and occupation.	80-98
<b>Environment</b>	
Principle 7. Businesses should support a precautionary approach to environmental challenges.	98-108
Principle 8. Undertake initiatives to promote greater environmental responsibility.	98-108
Principle 9. Encourage the development and diffusion of environmentally friendly technologies.	98-108
<b>Anti-Corruption</b>	
Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	44-52

# IDENTITY

## 2014/SUSTAINABILITY REPORT

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Akbank Sustainability Report ("the Report") was prepared solely for informative purposes and does not create a basis for any kind of investment decisions. This report has been originally prepared and published in Turkish. Even though its translation into English has been realized with utmost care and attention for precision, the Turkish version prevails as the original. All contents and information in this Report are prepared using the information and sources deemed to be accurate and reliable in the time the Report was written. None of the information and content in this Report can be interpreted as a statement, warranty and/or commitment; nor is it guaranteed that the information and content in this Report is complete and constant.

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