

SUSTAINABILITY
R E P O R T
2016



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Sustainability Report 2016



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CEO Message



Esteemed Stakeholders,

In 2016, the Turkish banking sector went through a turbulent period as a result of global and local developments. Despite this turbulence, 2016 marked the second phase of our “Growth Oriented Investment Strategy” that we have been pursuing since 2013. We have named this phase, the “Harvest Period”. We maintained our market share in total loans and deposits. We sustained our contribution to the financing of the Turkish economy through our “Dedication to Deliver” approach.

In 2016, sustainability remained one of our top agenda items. Thanks to our successful performance in environmental, social and corporate governance related issues, we continued to be listed in the BIST Sustainability Index in 2016. Through a first-time practice this year, we utilized feedback from our customers and suppliers as well as from NGO representatives, academicians and university students while determining our sustainability priorities. We also aligned our sustainability priorities with the United Nations Sustainable Development Goals, and shared with the public our contribution to the solution of global problems.

In 2016, we maintained our strong governance structure that forms the very basis of our corporate reputation. Our corporate governance rating, 9.34 on a scale of 10 in 2015, was reaffirmed in 2016 thanks to the significance we attach to corporate governance. We attained the highest corporate rating among all deposit banks. We were named the “Most Ethical Company of Turkey” at the ETIKA Ethic Awards by EDMER [Ethical Values Center] for the fourth consecutive year.

In line with our vision to pioneer the digital transformation of banking, we continued our investments in this field in 2016. We implemented revolutionary practices as the digital bank of Turkey. Through our renewed mobile branch, we realized another first in Turkey with our “eye scan technology”, which enables mobile banking users to sign on in a faster, easier and more secure manner without the need to enter a password on smart phones. In addition to the Eye-ID, through our “Cash withdrawal with QR Code” and direct connection to the Call Center practices, we have opened the doors of password-free, cardless banking.

As a result of our efforts, the number of active mobile banking users surged by 62% in one year to reach 2.4 million, whereas the active users of Internet banking users increased by 27% reaching 3.3 million. As our digital banking investments continue, our cyber security investments also carry on without slowing down.

Through our Enabled Banking Program, which was launched with the principle of “Equal Banking for All”, we sustained our commitment to provide convenient banking services for citizens with disabilities. We continued to expand our Enabled ATM service across Turkey. Today, Enabled ATMs comprise 52% of our ATM network.

During the reporting period, we continued to convert risks arising from climate change into financial opportunities. Renewable energy projects constituted a significant share in our project financing efforts in 2016. Within the framework of EBRD’s Sustainable Energy Efficiency Program for Turkey, we extended TL 40 million in credit. In 2016, we began to report to the Climate Change Program of CDP, one of the most comprehensive climate change mitigation platforms on the global scale. Additionally, we joined the global United Nations Environment Program Finance Initiative (UNEP FI) by signing the UNEP Statement on the Environment & Sustainable Development. During the year, we established a model for evaluating our lending activities in terms of environmental and social risks. Through the Environmental and Social Risk Assessment System to be put into practice in 2017, we will evaluate the environmental and social risks associated with large-scale project financing. As a result of our energy efficiency initiatives, we saved 4,635 GJ of energy in our head offices alone, doubling our savings compared to 2015. We benefited from our digital banking applications to foster paperless banking.

In 2016, we aimed at extending our sustainability approach throughout our value chain. Through our Responsible Procurement Policy, which we developed this year, we shared our corporate code of ethics across our supply chain. We sustained our investments in our sectoral human resources. With a view to supporting our country to attain a human capital that is well integrated with Industry 4.0, we put into life “code.yapikredi”, an open and free program for those who wish to learn software development and utilize their newly-earned knowledge to contribute to production.

As an indication of the importance we attach to social diversity and equal opportunity in professional life, we signed the United Nations Women’s Empowerment Principles. Our female employee rate reached 63% in 2016. Yapı Kredi Sports Club, which offers various sporting opportunities to our employees and their families, continued its activities during the year. As a result of our occupational health and safety practices, we achieved significant improvements in all of our performance indicators.

We also took important steps for social responsibility in 2016. Within the scope of “I Support Gender Equality for My Country” project, we started to support “Change Fathers, Change Society” project in collaboration with Mother Child Education Foundation (AÇEV). Within the framework of our cooperation, we channeled the revenues from investments in Yapı Kredi’s For My Country Fund to this project.

On the occasion of the seventh iteration of our sustainability report, I would like to extend my gratitude to our loyal customers, to our shareholders for their unfailing trust and support, and to our employees and business partners for their valuable efforts.

Faik Açıkalin
CEO

ABOUT THE REPORT

Sustainability Report 2016

Yapı Kredi Sustainability Report, published in 2017 as the 7th sustainability report, prepared with the aim of presenting Yapı Kredi's sustainability performance together with its domestic subsidiaries over the period of January 1, 2016 to December 31, 2016 to its stakeholders.

This report has been prepared in accordance with the GRI Standards: Core option. The report discloses the sustainability performance of Yapı ve Kredi Bankası A.Ş. in its operations in Turkey, whereas the performance data concerning the Bank's domestic subsidiaries are limited to financial and social indicators.

Performance statements have been made in accordance with the GRI Standards, GRI Financial Services Sector Disclosures and Banking Criteria determined by İstanbul Stock Exchange, as well as the principles of the United Nations Global Compact, Sustainable Development Goals of United Nations and United Nations' Women's Empowerment Principles of which Yapı Kredi is a signatory. The report evaluates the sustainability performance of Yapı Kredi through integrated reporting principles and the value created by the Bank through the utilized capitals is shared with the stakeholders.

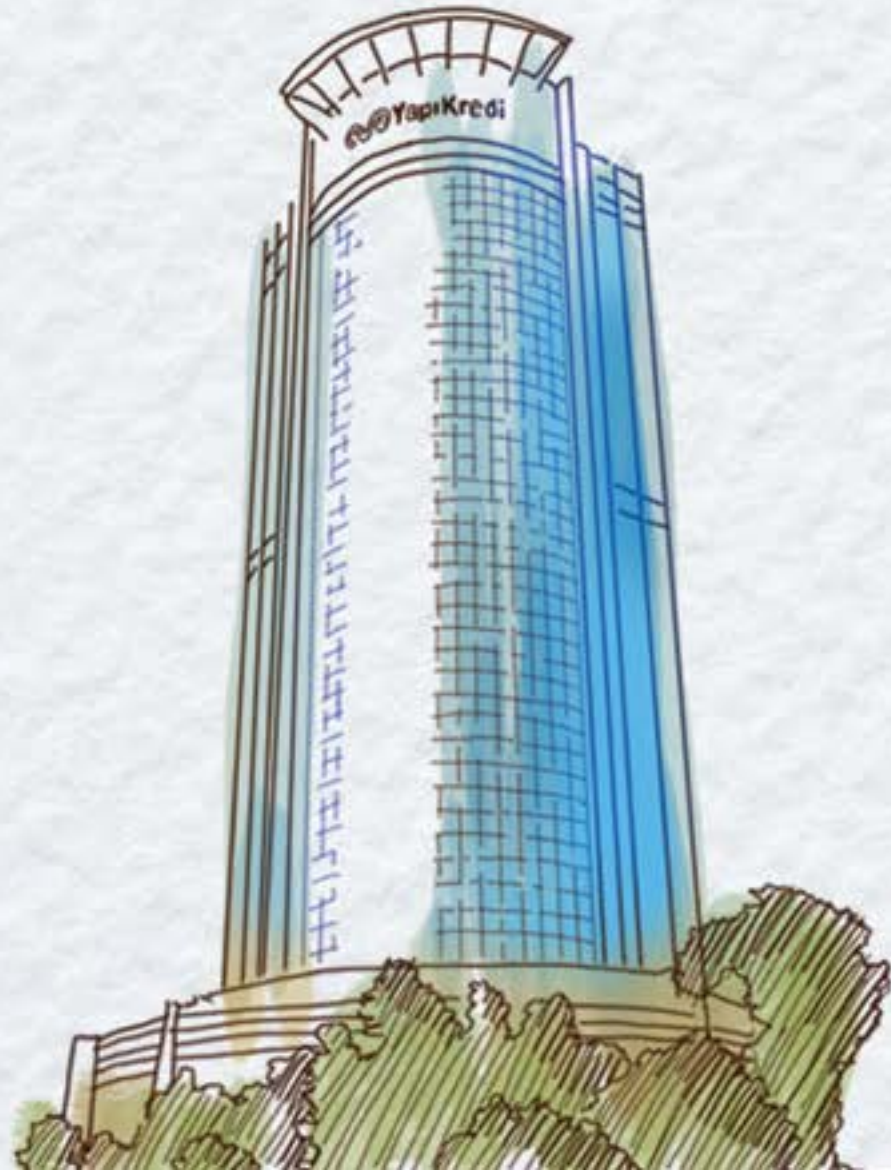
Energy, emission, environmental investments, legislative compliance, finance, occupational health and safety employee trainings, anti-bribery, anti-corruption, and human rights indicators provided in this report have undergone a "limited and independent" review by the international audit firm EY. Detailed information on the audited indicators is shared in the Independent Assurance Statement for the attention of our stakeholders.

Yapı Kredi Sustainability Report 2016 was printed in limited numbers in order to minimize its environmental impact. A PDF version of the report is available to stakeholders at www.yapikredi.com.tr. Stakeholders may direct their feedback, suggestions, inquiries and criticism to sustainability@yapikredi.com.tr.



ABOUT YAPI KREDİ

Sustainability Report 2016



Established in 1944 as Turkey's first private national bank with a focus on retail banking, Yapı Kredi is today the fourth largest private bank in Turkey with a consolidated asset size of TL 271.1 billion. As one of Turkey's 10 most valuable brands thanks to its customer-oriented banking approach, innovative solutions and a strong focus on sustainable value creation, Yapı Kredi aims to enhance customer satisfaction with sustainable profitability principle.

Yapı Kredi has a strong shareholding structure ensuring sustainable and profitable growth. 81.8% of the Bank's shares are owned by Koç Financial Services A.Ş. which is a 50%- 50% joint venture between UniCredit Group and Koç Group. The remaining 18.2% is publicly traded on Istanbul Stock Exchange and Global Depositary Receipts that represent the Bank's shares are quoted on the London Stock Exchange.

Operating as an integrated financial services group supported by domestic and international subsidiaries, Yapı Kredi enjoys a strong position in the Turkish finance sector thanks to its established shareholders, strong balance sheet, robust equity capital and professional management. Yapı Kredi serves its customers through retail banking (comprising individual banking, SME banking and card payment systems), corporate and commercial banking as well as private banking and wealth management. The Bank's operations are supported by domestic subsidiaries in asset management, factoring, investment and leasing as well as international banking subsidiaries in Azerbaijan, Malta, Netherlands and Russia.

For detailed information about Yapı Kredi's subsidiaries, visit <https://www.yapikredi.com.tr/en/investor-relations/about-yapi-kredi/business-model?selectTab=subsidiaries>.

GOVERNANCE AT YAPI KREDİ

Sustainability Report 2016



Governance at Yapı Kredi

We believe that an effective, powerful and accountable governance structure is the only means to attain our goal of creating value for all our stakeholders and for a sustainable profitability. As we work to reach our strategic goals, we act in full compliance with laws and regulations, and use modern mechanisms of corporate governance. With a strong risk management structure, we measure, monitor, report all risks to which the company and our value chain may become exposed, and we take precautions against these risks. We plan our business goals and sustainability targets in coordination. Our sustainability management approach is based upon 72 years of corporate experience along with the experience of our main shareholders. We conduct our operations in the light of responsibility and accountability principles and we benefit from transparent and effective stakeholder communication channels.

Corporate Governance

Yapı Kredi's Board of Directors is the fundamental organizational structure for determining the short, medium and long-term sustainable growth targets of the Bank. The Board of Directors consists of 14 members and 3 of them are independent. The positions of Chairman of the Board of Directors and General Manager are held by different individuals. Yapı Kredi Executive Committee is in charge of executing the strategies defined by Yapı Kredi and its subsidiaries, the Bank's structural risk management, internal and external communication plans, approving the Bank's annual project plan and major organizational changes.

For detailed information about Yapı Kredi's Board of Directors, visit

<https://www.yapikredi.com.tr/en/investor-relations/corporate-governance/board-of-directors>

For detailed information about Yapı Kredi's senior management, visit

<https://www.yapikredi.com.tr/en/investor-relations/about-yapi-kredi/senior-management>

There are committees formed in various areas of expertise that help the Board of Directors to fulfill its duties and responsibilities. The Credit Committee is an advisory and deliberative body in charge of providing guidelines for the Bank's lending activity in coherence with the Credit Policy economic objectives, and the Bank's overall risk profile. The Audit Committee administers the Bank in terms of compliance with local laws and internal regulations. The Corporate Governance Committee is an advisory body that works on investor relations activities, public disclosures, and fulfilling requirements for compliance with Corporate Governance Principles. The Remuneration Committee monitors and audits compliance of the Bank's compensation principles and remuneration practices with its structure, strategies, long-term targets and risk approach on behalf of the Board of Directors.

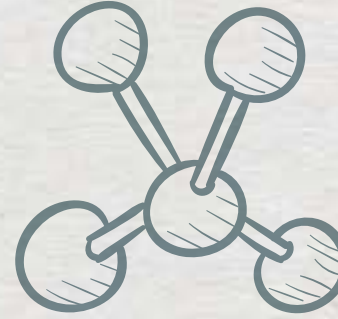
For detailed information about Yapı Kredi's Corporate Governance structure, visit

<https://www.yapikredi.com.tr/en/investor-relations/corporate-governance/>

Yapı Kredi's most important performance indicator in the field of corporate governance is its corporate governance rating on the BIST Corporate Governance Index. The Bank joined the Index in 2008 and since then its rating has kept increasing. In the reporting period the Bank's rating is declared to be 9.34 which is the highest rating among the deposit banks.

For detailed information about the Corporate Governance Rating Report, visit

https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/investor-relations/governance/corporate-governance/2016_Rating_Report.pdf?v1



Risk Management and Compliance

At Yapı Kredi, we regularly measure, monitor and report all risks to which our Bank and our value chain may become exposed. To keep these risks under control, we leverage our dynamic organizational structure and advanced risk management tools. Yapı Kredi's Risk Management activities are carried out by 103 employees working under the Auditing Committee, who monitor and control the Bank's credit, operational and market risks, which are classified as the Bank's three main risk groups. These associates furthermore assess social, environmental and ethical risks.



Within the scope of Yapı Kredi's Risk Management Policy the contribution of each and every employee to risk management is embraced. The Bank's management and the Executive Committee are promptly informed about policy violation cases. Policies related to risk management are reviewed each year, updated if necessary, and submitted to the approval of the Board of Directors.

Yapı Kredi complies with national and international laws and strives meticulously to maintain the highest level of ethical standards and business conduct in all its activities. The Bank avoids transactions with a potentially high reputational risk, acts with responsibility toward the environment and aims to support projects that contribute to society.

Yapı Kredi executes the Business Continuity Management Policy in order to ensure the continuity of operations and minimize relevant risks. In addition to this policy, Yapı Kredi also implements practices to ensure business continuity through Contingency, Crisis Management and Business Recovery Plans.

For detailed information about risk management, see Annual Reports. For Annual Reports, visit <https://www.yapikredi.com.tr/en/investor-relations/financials?selectTab=annuals>

Ethics, Working Principles, Anti-Bribery and Anti-Corruption

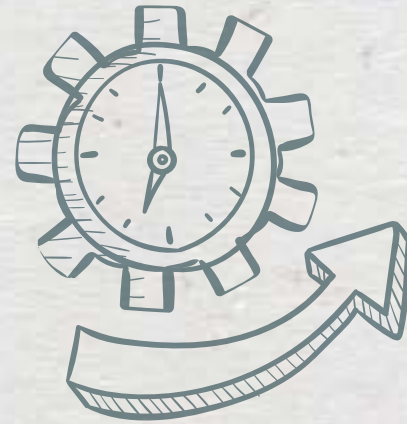
We believe that our brand value is our most important capital. Yapı Kredi applies its Code of Ethics and Business Conduct to sustain its reputation as one of Turkey's oldest organizations. In the fight against bribery and corruption we make use of effective communications and audit mechanisms. We act in full compliance with main principles and norms stated by the UN Global

Compact in order to keep our commitment at level of international standards.

Our employees and stakeholders are informed by means of various communication channels and training programs about our Anti-Bribery and Anti-Corruption Policy, our Code of Ethics and Business Conduct. Compliance with these policies and principles constitutes the fundamental of our business manner. In order to correct possible non-compliances, we created communication channels based on secrecy and anonymity. Through Whistleblowing Statement, we created freedom of expression and a platform for reporting matters, which does not correspond to our mission or may harm our corporate reputation. We make it possible for all our employees to submit their queries through the Ethics Hotline, the Anti-Bribery and Anti-Corruption Hotline and the Internal Audit Hotline. It is guaranteed that employees reporting a violation or expressing a concern will not suffer any change in their seniority or position or experience any other negative outcome.

We organize training programs for our employees and stakeholders about various policies and procedures concerning matters involving ethics, anti-bribery and anti-corruption, particularly our regulations on the Code of Ethics and Business Conduct and our Anti-Bribery and Anti-Corruption Policy. All of our senior executives and employees attended these trainings during the previous reporting periods. During the reporting period, 1 senior executive and 1,778 new hires completed the training about anti-corruption and 3 senior executives and 14,847 employees completed the training about ethics. In total, 533.7 hours of anti-corruption, 2,970 hours of ethical conduct training were provided.

We share our commitment to ethical banking with our value chain as well. Sub-contractors working on Yapı Kredi premises have been provided with obligatory distance training videos on bribery and corruption. During the reporting period, 273 employees of our suppliers received 45.5 hours and in total 139 employees of our sub-contractors received 23.2 hours of anti-bribery and anti-corruption training¹.



We require not only legal compliance about anti-corruption in all investment agreements and work contracts that encompass procurement processes, but also include in all agreements a compliance clause that stipulates adherence to the Policy on Anti-Bribery and Anti-Corruption. Violation of such clauses results in a penalty, which may lead to the termination of the contract in question. Within the scope of "Guidelines Applicable to Purchase Process of Agents, Suppliers and Contractors in Anti-Corruption", we conduct a due-diligence period in order to make necessary examinations before signing a contract. In 2016, no case of bribery or corruption involving intermediaries, suppliers and subcontractors was reported, and no contract was cancelled due to such a concern.

¹] All of the companies, that Yapı Kredi gets service of more than 500.000 TL and allowed to act on behalf of Yapı Kredi or to represent Yapı Kredi, are informed about the Anti-Corruption Policy. The scope of these suppliers is limited to the companies, whose establishment and operations are located in Turkey.

Internal Control and Audit

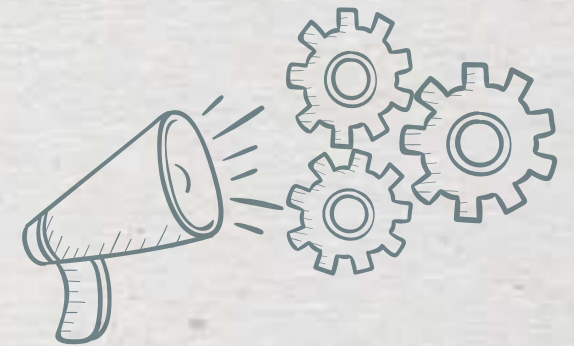
Yapı Kredi's internal control and audit practices are carried out under processes led by the Internal Audit, Risk Management, and Compliance & Internal Control departments. Reporting directly to the Audit Committee working under the Board of Directors, these units serve the function of ensuring compliance with all laws and regulations as well as Yapı Kredi's own internal policies: the Code of Ethics and Business Conduct; the Policy on Anti-Bribery and Anti-Corruption; and Policy on Prevention of Laundering Proceeds of Crime and Financing of Terrorism. In 2016, no reports on bribery or corruption were received through the communication channels set up for bribery and anti - corruption purposes; likewise, no accusations were made through external channels on bribery or corruption-related issues. In 2016, there has been no confirmed case of bribery or corruption.



In 2016, no report on bribery or corruption was submitted. During the reporting period, we received and resolved 548 queries through the Ethics Hotline about our Code of Ethics and Business Conduct. The Ethics Hotline acts as a complaints mechanism about discrimination as well. In 2016, no case of discrimination was detected.

Yapı Kredi's efforts on anti-bribery and anti-corruption were cited as an example at the conference "Good Practices from Turkey and the World: Anti-Corruption in Private Sector" which took place within the scope of proactive works held by Transparency International.

For detailed information about the Yapı Kredi's Code of Ethics and Business Conduct, visit <https://www.yapikredi.com.tr/en/investor-relations/corporate-governance/>, for detailed information about Yapı Kredi's Anti-Bribery and Anti-Corruption practices, visit <https://www.yapikredi.com.tr/en/sustainability/anti-bribery-and-anti-corruption>, for detailed information about Yapı Kredi's Anti-Bribery and Anti-Corruption Policy, visit <https://www.yapikredi.com.tr/en/investor-relations/corporate-governance/>



SUSTAINABILITY GOVERNANCE AT YAPI KREDİ

Sustainability Report 2016



Sustainability Governance at Yapı Kredi

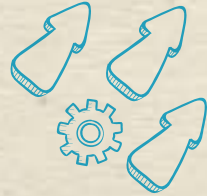
The effects of climate change on production and life style, global migration waves, globalizing economy, digitalization, changing demographic structure and changing stakeholder expectations challenge the business community to act with awareness and responsibility not only in financial matters but also in environmental, social and broad economic issues. All over the world, organizations develop their business models in light of risks and opportunities in these areas; sustainable and inclusive business models appear in the core of the new competitive trend.

We assess the impacts of our sustainability performance on our business results and we shape our business strategy according to the necessities of our sustainability approach. While creating our policy and systems, we draw on the experience of our main shareholders Koç Holding and UniCredit in the field of sustainability. The positive momentum of the sustainability performance is guaranteed through measuring, monitoring, evaluation and reporting activities whose range and efficiency are constantly evolved. Moreover, performance obtained in this field is submitted to the evaluation of stakeholders via transparent and efficient communication tools. As the result of our high performance in the field of sustainability, we are listed in the Sustainability Index of İstanbul Stock Exchange since 2014.

Our Sustainability Approach

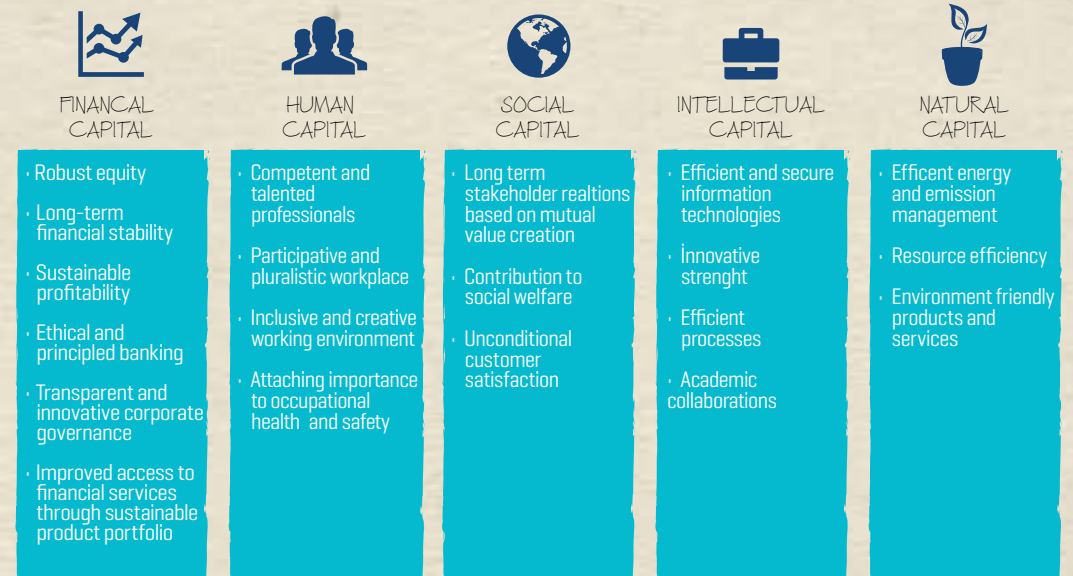
As Yapı Kredi, we regard all individuals and organizations that have an impact on our operations or that are directly affected by our operations as our stakeholders. Our sustainability approach is to create a permanent value for all our stakeholders. To this end, we draw on five main capitals. The five basic resources that form the foundation

of Yapı Kredi's achievements and influence the operations' effectiveness, products and services are Our Financial Capital, Our Human Capital, Our Social Capital, Our Intellectual Capital and Our Natural Capital. We explain the policies, practices, performance results and goals related to Yapı Kredi's sustainability priorities under these five main topics. Our goal is to create long-term and persistent value with these capitals for all our stakeholders and for our world.



In our "value creation" process, the opinions, suggestions and expectations of our stakeholders take an important place. We aim to build a reliable relation with our stakeholders via different channels we developed for stakeholder communication. We come together with all stakeholder groups via various channels in differing frequencies, according to the need. We consider stakeholder expectations, opinions and complaints as the main input during evaluating our operations and sustainability performance. To enhance our corporate sustainability performance, we join non-governmental organizations and international initiatives and we take the best practices as a model while planning our operations.

For detailed information about Yapı Kredi's affiliations and the initiatives that are supported by Yapı Kredi, visit <https://www.yapikredi.com.tr/en/sustainability/stakeholders-and-collaborations/corporate-memberships>, for detailed information about communication platforms developed for Yapı Kredi's main stakeholder groups, visit <https://www.yapikredi.com.tr/en/sustainability/stakeholders-and-collaborations/stakeholder-communications>.



"Yapı Kredi Sustainability Principles" published in 2016 reflect the sustainability approach of our Bank and thus it is our most important corporate resource in this field. All of our employees and stakeholders are informed about these principles which include our material aspects and commitments in the field of sustainability. You may reach Yapı Kredi Sustainability Principles on <https://www.yapikredi.com.tr/en/sustainability/yapikredi-sustainability-principles>.

Sustainability Structure

Yapı Kredi Sustainability Committee was established in 2014 to formulate YapıKredi's sustainability strategy and policies in economic, social and environmental areas, to integrate this strategy and policies into the operations of the company, and to monitor the sustainability performance. Represented by a member of the Board of Directors, the Committee is the highest authority that manages the decision-making processes of activities in the area of sustainability. Meeting twice a year to monitor and guide developments with regards to sustainability, the

Sustainability Committee reports annually to the Executive Committee and to the Board of Directors.

A Sustainability Working Group and sub-working groups were formed with participation of relevant departments in various areas of expertise to coordinate the activities of the Committee. Sustainability sub-working groups focus on matters below:

- Direct Environmental Impacts
- Indirect Environmental Impacts
- Responsible Procurement
- Human Rights
- Anti-Bribery and Anti-Corruption
- Sustainable Products

Corporate Social Responsibility and Sustainability team coordinates the activities of the working group and works in cooperation with other departments to execute the decisions taken by the Committee. Additionally, Corporate Social Responsibility and Sustainability team is in charge of goal and performance monitoring, consolidation and assessment of the collected information.

SUSTAINABILITY COMMITTEE



In 2016 Yapı Kredi proceeded with the Sustainability Management System project, initiated in 2015 with the aim of conducting all operations in compliance with the principles of sustainability and to shape its corporate governance structure in accordance with these principles.

In the first stage of the project, Yapı Kredi's sustainability strategy and policies were defined. Following this stage, management model of the sustainability topics were determined. While designing procedures to follow, necessary tools and documents, the roles and responsibilities related to these procedures were defined. In order to raise awareness of all employees about sustainability and to build capacity in departments which will have responsibilities within the scope of the system, Yapı Kredi prepared in-class and distant training programs. Sustainability Management System project is planned to be put into practice entirely after completion of training programs by the end of the first quarter of 2017.

As part of the project, besides the existing sustainability policies of Yapı Kredi, Sustainability Principles, Environmental and Social Policy and Responsible Procurement Policy were developed. Sustainability Principles were designated to define the general approach and practices related to sustainability. Environmental and Social Policy came into force as the corporate policy that defines the management of environmental and social impacts both in lending activities and in operational activities. Additionally, to disseminate implementation of responsible management of environmental and social impacts across the whole supply chain, the Responsible Procurement Policy was developed.

You may find detailed information on management of environmental and social impacts in lending activities in the Natural Capital section of the report.

YAPI KREDİ SUSTAINABILITY MANAGEMENT SYSTEM (SMS)

SUSTAINABILITY PRINCIPLES



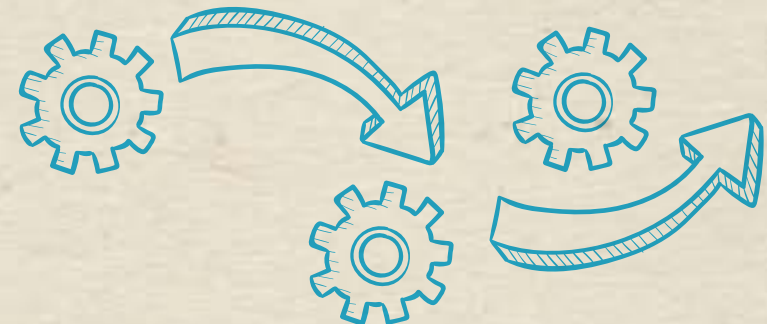
PROCEDURES



*Other Related Policies-->Anti-Bribery and Anti-Corruption Policy, Yapı Kredi Human Rights Statement, Code of Ethics and Business Conduct, Occupational Health and Safety Policy, Yapı Kredi Whistleblowing Statement

You can access all corporate policies from the link below.

<https://www.yapikredi.com.tr/en/investor-relations/corporate-governance/>



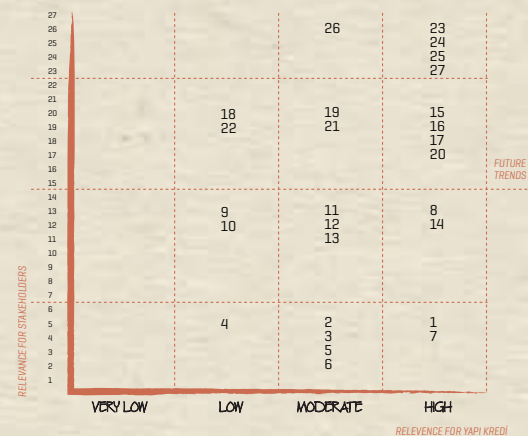
Material Issues

For utilizing our capitals in the most effective manner and establishing long-term stakeholder relationships, we identify our material sustainability issues and review them on a regular basis, while achieving our sustainable profitability goal. During determination of our material aspects, we take into account the GRI Reporting Standard, our stakeholders' expectations and demands which have been submitted through our various communication channels, sectoral and global developments, initiatives in which we have participated voluntarily, and our corporate strategic goals. We conduct an annual occasion for "Identification of Material Issues", where we review our material issues and update them if necessary.

In 2016, we consulted our external stakeholders about material sustainability issues through a practice that we implemented for the first time, and we conducted a large-scale survey involving our key stakeholder groups. Customers, suppliers, NGO representatives, academicians

and university students participated this survey. Our stakeholders identified most important material sustainability aspects for Yapı Kredi within a broad universe of issues. In the second stage, we evaluated the survey results with a workshop attended by our Sustainability Working Group and determined the importance of the issues for Yapı Kredi. We defined the relevant medium and long-term objectives for all material issues.

With another practice we developed in 2016, we have aligned our material aspects with the United Nations Sustainable Development Goals. United Nations has determined these goals with the aim of solving important global problems. By correlating these goals with our corporate priorities, we started to share with our stakeholders our performance regarding the resolution of these global problems.



1. Sustainable profitability
2. Fight against climate change (energy & emission management)
3. Responsible use of resources (waste management, water management)
4. Employee volunteerism
5. Improvement of corporate governance practices
6. Responsible procurement practices
7. Work-life balance
8. Environmental and social risk management in lending activities
9. Participative and pluralistic workplace
10. Environment-oriented products and services
11. Financial literacy
12. Occupational health and safety
13. Easy-to-understand products and services
14. Talent management (career management, professional development, employer brand)
15. Effective risk management and internal control
16. Enabled banking
17. Innovative products
18. Social investments
19. Improved access to financial services (micro loans, SMEs, entrepreneurship)
20. Equal opportunity and prevention of discrimination
21. Sustainable product portfolio
22. Academic and R&D collaborations
23. Employee satisfaction
24. Ethics, anti-bribery and anti - corruption
25. Customer satisfaction
26. Information technologies, business continuity and cyber security
27. Confidentiality of customer information

- Investors/Shareholders/Public institutes and regulatory bodies
- Suppliers/Business partners
- Our customers
- Our Employees
- Society/Non-governmental organizations/Academia

Material Aspects According to Stakeholder Groups

	Suppliers	Academia	NGOs	Customers	University Students
Sustainable profitability					
Fight against climate change (energy & emission management)					
Responsible use of resources (waste & water management)					
Employee volunteerism	✓	✓			
Improvement of corporate governance practices				✓	
Responsible procurement practices					
Work-life balance					
Environmental and social risk management in lending activities			✓		
Participative and pluralistic workplace		✓			✓
Environment-oriented products and services			✓		
Financial literacy			✓		✓
Occupational health and safety	✓			✓	✓
Easy-to-understand products and services	✓	✓			✓
Talent management	✓	✓		✓	✓
Effective risk management and internal control			✓		✓
Enabled banking		✓		✓	✓
Innovative products	✓	✓		✓	✓
Social investments		✓	✓		
Improved access to financial services	✓		✓	✓	
Equal opportunity and prevention of discrimination	✓		✓	✓	
Sustainable product portfolio	✓		✓	✓	
Academic collaborations and R&D		✓			✓
Employee satisfaction	✓	✓	✓	✓	
Ethics, anti-bribery and anti - corruption	✓	✓	✓	✓	✓
Customer satisfaction	✓	✓	✓	✓	✓
Information technologies, business continuity and cyber security	✓	✓	✓	✓	✓
Confidentiality of customer information	✓	✓	✓	✓	✓



Our Sustainable Value Creation Approach

OUR CAPITAL	OUR MATERIAL ISSUES	CREATED VALUES
OUR FINANCIAL CAPITAL	<ul style="list-style-type: none"> Sustainable profitability Improvement of corporate governance practices Responsible procurement practices Environmental and social risk management in lending activities Ethics, anti-bribery and anti - corruption Improved access to financial services Effective risk management and internal control Easy-to-understand products and services Sustainable product portfolio 	<ul style="list-style-type: none"> *Strong brand value and reputation that provide competitive advantage * Ethical banking with sustainable product portfolio
OUR HUMAN CAPITAL	<ul style="list-style-type: none"> Work-life balance Participative and pluralistic workplace Employee satisfaction Talent management Occupational health and safety Equal opportunity and prevention of discrimination 	<ul style="list-style-type: none"> *Talented and creative professionals *Safe and equitable workplace
OUR SOCIAL CAPITAL	<ul style="list-style-type: none"> Enabled banking Customer satisfaction Social investments Employee volunteerism Improved access to financial services 	<ul style="list-style-type: none"> *Contribution to social welfare *Long-term stakeholder relations based on mutual value creation
OUR INTELLECTUAL CAPITAL	<ul style="list-style-type: none"> Information technologies, business continuity and cyber security Confidentiality of customer information Academic collaborations and R&D Innovative products 	<ul style="list-style-type: none"> *Innovative products * Secure operations
OUR NATURAL CAPITAL	<ul style="list-style-type: none"> Fight against climate change Responsible use of resources Environment-oriented products and services 	<ul style="list-style-type: none"> *Environmentally-conscious operations *Contribution to "green economy"

Our Capitals and Sustainable Development Goals



OUR FINANCIAL CAPITAL

Sustainability Report 2016



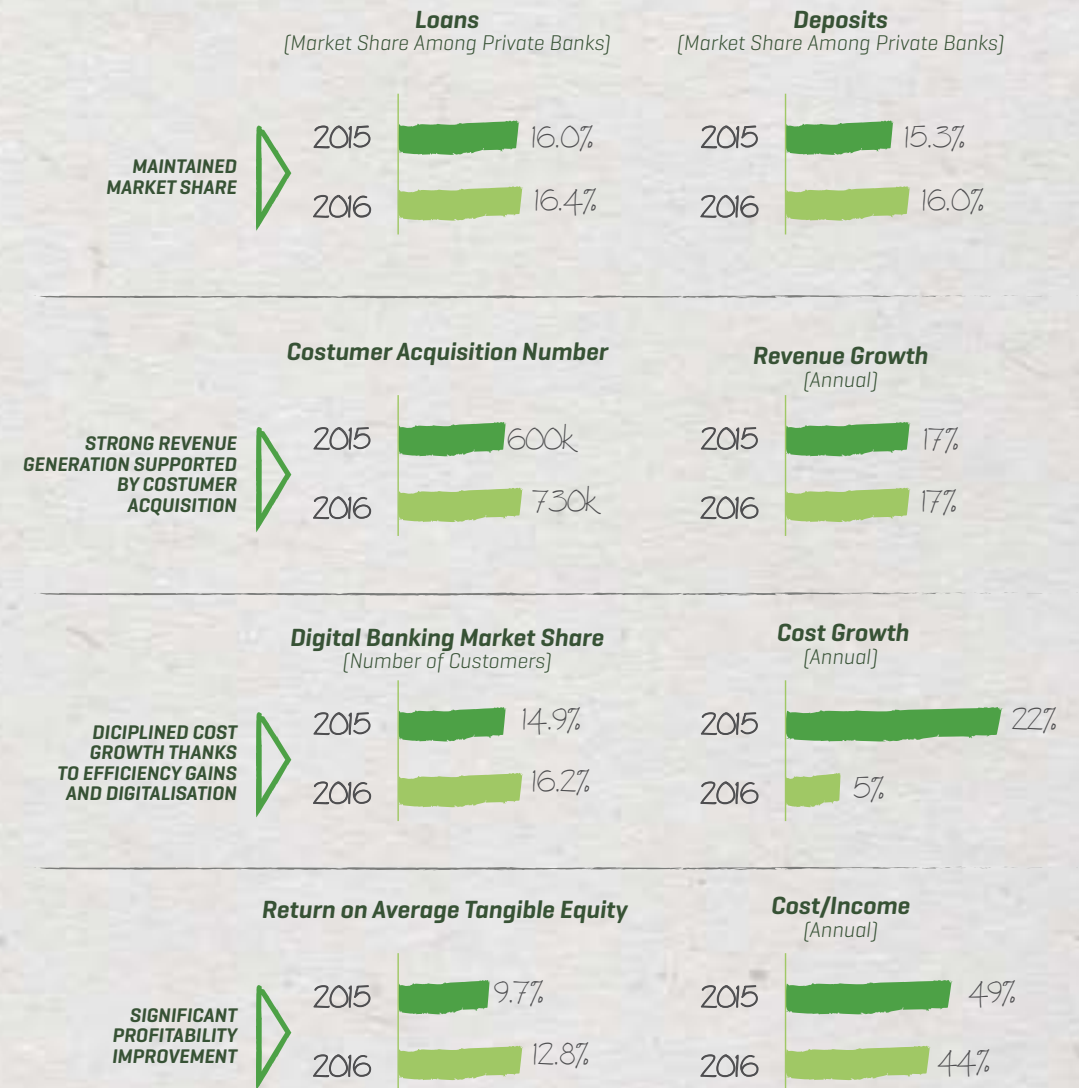
Our Financial Capital

By improving the competencies that afford us a competitive edge in our sector, we increase the appeal for investors and work towards the goal of sustainable profitability. By using our financial capital within the frame of our growth-oriented investment strategy, we attain long-term financial stability. With our domestic and foreign investors, the employment area we create, and tax payments, we generate a positive economic impact field. We increase the number of the customers to whom we offer innovative products and services, and thus continue to strengthen our position in the sector.

OUR MATERIAL ASPECT	OUR SUSTAINABILITY GOALS
Sustainable profitability	Making the return on average tangible equity higher than the capital cost over the medium and long-term
Effective corporate governance practices	Preserve/raise our Corporate Governance Rating
Effective risk management and internal control	Widening the scope of environmental and social risk assessment regarding lending activities
	Increasing the effectiveness of environmental and social risk assessment practices
	Creating proactive risk management practices
Ethical governance, anti-bribery and anti-corruption	Organizing in-class training sessions in 2017
Sustainable product portfolio	Strengthening the existing position with regards to finance of renewable energy and infrastructure projects
	Increasing participation in social initiatives
Access to financial services	Continuing investments in digital banking Increasing the number of Play Card users Continuing participation in initiatives such as KGF [Credit Guarantee Fund] and KOSGEB [SME Development Organization] Continuing practices aiming digitalization of SMEs
Easy-to-understand products and services	Increasing awareness of all stakeholders about the Responsible Lending Statement
	Promoting customer participation in product design
Responsible procurement practices	Increasing awareness about the Responsible Procurement Policy

We work towards the goal of sustainable profitability

As Yapı Kredi, we adopt a long-term, sustainable profitability approach that increases the prosperity of all our stakeholders, rather than financial success in the short-term. As we create our business strategies, we take into account the short, medium and long-term effects of our decisions on our stakeholders and the environment. Within the scope of our growth-oriented investment strategy, we maintained our market position in loans and deposits in 2016 and continued to support Turkish economy. We inform our stakeholders about the details of our financial performance in all our business segments through our Annual Reports.



We adopt leading corporate governance practices

We act with the awareness that added value for all our stakeholders can only be created through effective and strong governance structure. As we move towards our business goals, we perform full compliance with laws and regulations and benefit from effective corporate governance mechanisms. In all our operations, we act in the light of responsibility and accountability principles, create transparent and effective stakeholder communication mechanisms. We strive continuously for improving our corporate governance rating.

You can find detailed information about our corporate governance practices in our Annual Report.

We draw on effective risk management and internal control systems

We measure and evaluate our economic, social and environmental risks as part of our proactive risk management approach within the framework of international standards. With our internal control systems, we constantly monitor the efficiency and appropriateness of the processes.

You may find information about our risk management, internal audit and internal control systems in our Annual Report.

Ethical governance, anti-bribery and anti-corruption form the basis of our activities

We conduct all our activities in line with the principles of the United Nations Global Compact. We have established Anti-Bribery and Anti-Corruption Policy with the determination to comply with relevant laws, regulations and principles against all forms of bribery and corruption and we established our Code of Ethics and Business Conduct with our determination to operate in the highest standards of honesty and coherence.

We offer our customers sustainable product portfolio

When designing our products and services, we pay attention to the current and potential needs of our customers. We attach great importance to digitalization, strive to increase access to financial services, and develop our environment friendly product and service portfolio.

Commission-free POS

In order to serve our customers better, we added different options to our Commission-free POS service which is one of our payment solutions highly preferred by SMEs. In 2016, with the 30,000 TL commission-free POS option, we offered our customers commission-free POS service with a high limit. In the commission-free POS limit excesses, in addition to the commission payment option which is valid for single withdrawal transactions, a blocked payment option is also added.

Stakeholder Opinion:

We work with Yapı Kredi since 1994. In 2008 when we shared with Yapı Kredi our flat steel investment project in Osmaniye, we had a very positive and motivating feedback despite the economic crisis all over the world. When they heard about the project, they were as excited as me and in a very short period of time they took part in my dream. Under that period's conditions, for the first time a private sector steel producer would produce flat steel. Despite the negative conjuncture, after making the necessary calculations, Yapı Kredi participated in the project with a great limit. During the project, Yapı Kredi provided continuous attention and supported us to accomplish the project safely by doubling the initial limit. Yapı Kredi's support has been a milestone in our relations with the Bank. In our future plans, we would be glad to see Yapı Kredi standing by us with its vision and business style.



FUAT TOSYALI
Tosyalı Holding, Chairman
of the Executive Board

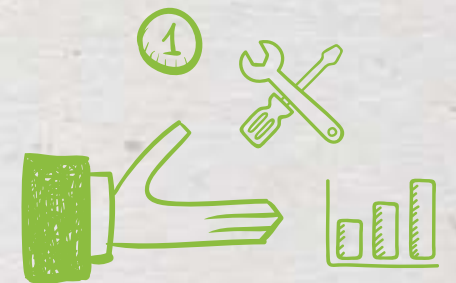
We support access to financial services

In accordance with our Responsible Banking principle, we develop fair, accessible and value-creating products and services for all segments of the society we live in. With our Enabled Banking practices that brought in many novelties to our sector, we enable our disabled customers to benefit from banking services and we contribute to the socioeconomic development of our country with practices developed for SMEs, farmers and women entrepreneurs.

With the support we provide to the SMEs which constitute an important element of Turkey's economy, we contribute to the sustainable development of the society in which we operate. In Turkey there are 3 million SMEs with an impact area of nearly 40 million people. The economic growth of these SMEs creates a significant economic impact area leading to increased employment and tax

payments. As Yapı Kredi, we support the economic development by providing services to nearly 1.5 million SME customers.

We develop different loan products that are tailored to the needs of our SME customers with regards to investment and operational capital. In order to support SMEs operating in the manufacturing sector, we put into practice the Manufacturing Support Program. Within the scope of the program, we arranged Organized Industrial Zone seminars that inform SMEs on various topics.



Stakeholder Opinion:

Along with the LC Waikiki brand, our companies affiliated to Taha Holding and Küçükler Holding work also with Yapı Kredi. Yapı Kredi Worldcard's market dominance was the reason why we preferred to work with Yapı Kredi.

As it is known, Turkey's first credit card was Yapı Kredi Worldcard and it is in the leading position in the Turkish banking sector. Likewise LC Waikiki is in the leading position in the retail sector.

Our corporate collaboration with Yapı Kredi has increased especially in the last 3 years with a growth of 100% each year. Salary agreements of our group companies with Yapı Kredi started in 2011 and the scope of these agreements widened in 2014 to cover all groups affiliated to LC Waikiki, Taha Holding and Küçükler Holding. These agreements will be continuing for 3 years including this year. We see Yapı Kredi as one of the top three banks in the Turkish private banking sector. We also work together with Yapı Kredi's group companies Yapı Kredi Leasing and Yapı Kredi Nederland, which we consider as reputable and well-established companies. Our retail companies located abroad work with UniCredit Group banks in 4 countries.



VAHAP KÜÇÜK
LC Waikiki Chairman
of the Executive Board

We are among the contracted banks financing under the IPARD Grant Scheme, a European Union program which provides support for developing countries. With the cooperation of KGF, we offer loans to tradesmen and SMEs who have difficulties in accessing finance due to lack of security deposit. We provide credit facilities to SMEs in selected cities or sectors through KOSGEB credit programs.

In cooperation with the European Investment Bank and the European Development Bank, we carried out SME web site into effect. With the help of the campaigns accomplished in 2016 through our SME web site, we supported to continue digital transformation of SMEs.

We support the agricultural sector. In regions where there is an intense agricultural activity, we offer sector-specific products with our Agricultural Zone Managers who serve only our farmer customers. At the agriculture and

stockbreeding fairs we inform the farmers about our products and services, and we learn about their needs listening to their suggestions. We meet our customers' short-term financing needs by providing Efficient Card which can be used by contracted producers and by those who make product payments through our bank to cover all of their agricultural expenses. During the harvest time we support producers with harvest term loans with exceptional pricing. We fulfill the credit demands of the farmers with our ELÜS Guaranteed Credit product.



Our product range includes 20 different harvest term loan types specific to agriculture, 7 insurance products and 2 different cards. With these products while we support investments in agriculture, we also continue to provide consultancy service to our customers on agricultural financings.

With the Play card designed for young people, we try to create financial awareness at an early age. We help them make rational financial choices by sharing important information about credit card usage on the Play card website.

<http://www.playcard.com.tr/onemli-play-bilgileri/kredi-karti-kullanma-taktikleri.aspx>

We offer easy-to-understand products and services

As part of our responsible banking approach, we attach great importance to the clarity of our financial products while ensuring that our customers are well informed and can make comparisons between the products. Taking our customers needs into account, we provide the most suitable products and services and we deliver accurate information about our products.

We inform our customers through our corporate social media accounts about our products, services, and campaigns. On the first page of all our credit card contracts, we include "Credit Card Product/Pre-Notification Form", and we share the information with our customers about fees and interest rates on their abstracts. We announce all changes made by the member merchants that affect our customers. We disclose all the commissions and fees charged in the member merchant forms. Thus, we inform our customers about the benefits, earnings and costs of our products and services in a transparent and understandable way.



As a result of our responsible banking approach, while we provide our customers with financial products and services that will meet their needs and increase their welfare, we aim to inform them accurately, to adopt a transparent and fair service mentality and to increase their financial literacy. Within the framework of our responsible lending approach, we have created the Responsible Lending Statement to inform all our stakeholders about the principles we have adopted related to all individual credit and consumer loan operations.

You may find the Responsible Lending Statement at <https://www.yapikredi.com.tr/en/investor-relations/corporate-governance/>.



Woman Entrepreneur Loan

With the women entrepreneur loan we meet the short and medium-term business capital needs of our customers at a 50% discount on credit file costs.

Stakeholder Opinion:

The main reason we started to work with Yapı Kredi during the establishment days of Tekfen was its strong capital structure and its reliable and widespread branch network. Since Yapı Kredi continues to add new values to its existing values over the years, our collaboration keeps growing.



MURAT GİGIN
Tekfen Holding AŞ.
Chairman of the Executive Board

I believe that Yapı Kredi has gained a stronger and more reliable position by adding Koç Holding's experience and UniCredit's international culture to its pioneering position and experience in the sector. Our group also values education, environment, culture and arts like Yapı Kredi. I appreciate Yapı Kredi on that sense too.

We carry out responsible procurement practices

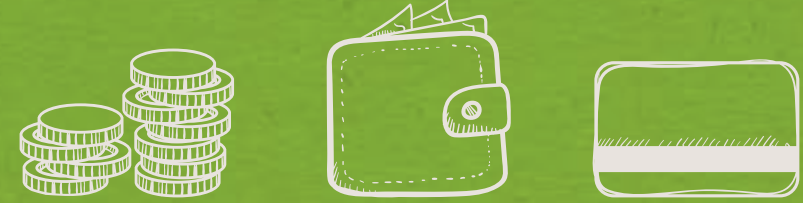
At Yapı Kredi, we aim to spread our corporate values and sustainability principles to the entire value chain. To this end, with the Responsible Procurement Policy which we published in 2016, we strive for reducing the environmental and social impacts of purchased products and services throughout the life cycle and we encourage all our suppliers to comply with Yapı Kredi's environmental, social and human rights criteria. In 2016, 41 of 111 suppliers within the support service company category were audited about social impacts and there were no inconveniences detected about these issues.

We attach great importance to local supply. In 2016, our total number of active suppliers was 1,624 and our local supply ratio was 94%. The payments made to local suppliers constituted 96.8% of the total procurement budget.

For detailed information about the Responsible Procurement Policy, visit <https://www.yapikredi.com.tr/en/investor-relations/corporate-governance/>

Yapı Kredi Wallet Application

Yapı Kredi Wallet application allows our customers to get instant information on issues such as campaigns and opportunities, available limits, and Worldpoints they have earned. The application allows our customers to receive customized notifications at the time of their purchase.



Our customers can mark their favorite brands and shopping locations via Yapı Kredi Wallet application and the favorite brands and campaigns located near the customers are sent as a notification to their smartphones.



OUR HUMAN CAPITAL

Sustainability Report 2016



Our Human Capital

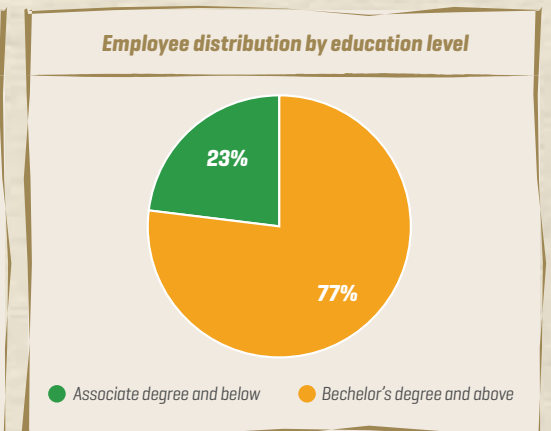
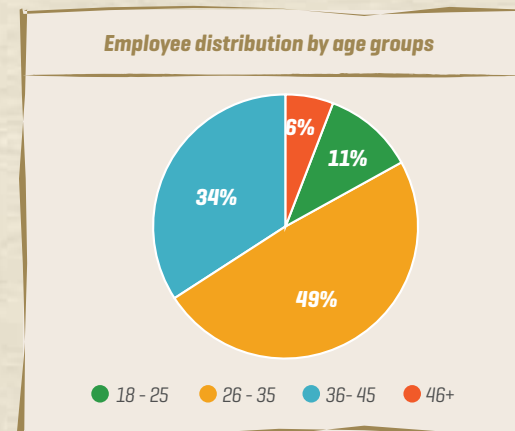
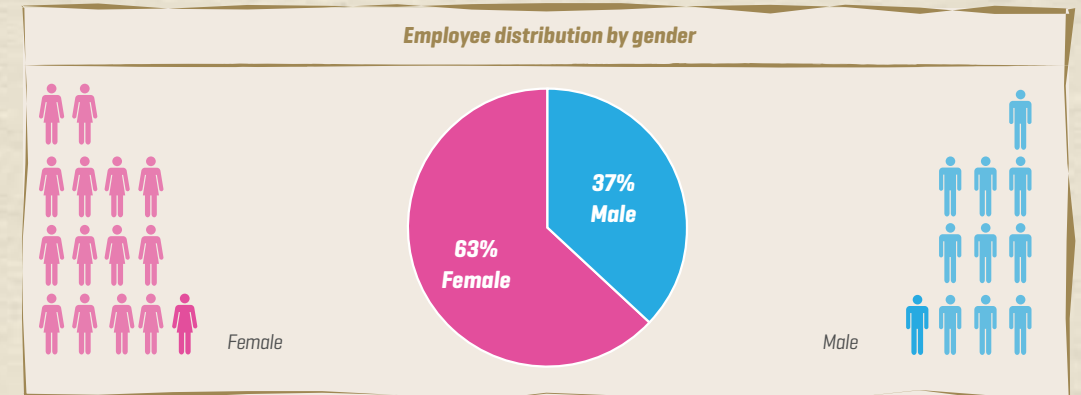
We act with our principle of being “The Best Corporation to Work For” and offer our employees a working environment that is fair, safe, and respectful of human dignity. We create necessary systems to improve our employees' skills and to utilize their experience and opinions. As being one of the biggest employers of our sector, we strive for being a bank for our employees exceeding 18,000, which is proud to work for.

We organize training sessions to ensure that our employees are aware of the fundamental human rights and our corporate policies in this area. In 2016, we provided 1,913 hours of human rights

training to 6,377 employees. We conduct internal communication activities to increase awareness about Yapı Kredi Human Rights Statement. We completed the human rights risk assessments of all our operations in 2016. The harmonization of the Human Rights Statement and the related training program for our foreign affiliates Azerbaijan and Russia completed in 2016 as well as the translation into local languages.

For Yapı Kredi Human Rights Statement, visit <https://www.yapikredi.com.tr/en/investor-relations/corporate-governance/>.

OUR MATERIAL ASPECTS	OUR SUSTAINABILITY GOALS
Work-Life balance	<p>Continuing follow ups and implementations with regards to reduction of overtime and encouragement of our employees to use their annual leave</p> <p>Ensuring the continuity of activities related to sports and hobbies which enrich social lives of our employees outside of work and achieve further development of these activities and facilities</p>
Occupational health and safety	<p>Continuing to organize training sessions for our employees in order to raise awareness about occupational health and safety and to keep them informed</p> <p>Developing active and healthy life practices</p>
Employee satisfaction	<p>Sustaining and improving employee satisfaction practices</p> <p>Determination of developmental needs based on the results of employee satisfaction survey, continuing development of implementations in the designated fields</p>
Equal Opportunity	<p>Continuing studies within the scope of UN WEPs</p>



We support equal opportunity

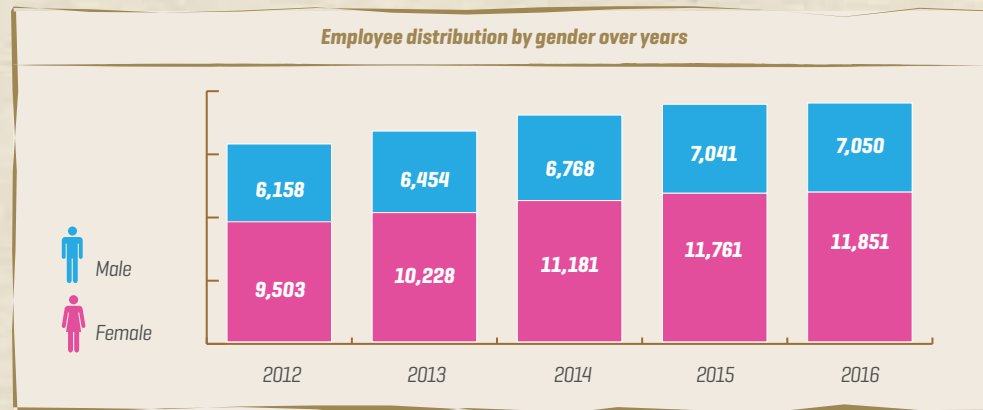
In Yapı Kredi, we conduct all our activities in a manner that is fair, non-discriminatory, and respectful of human and employee rights. “Equal Opportunity” and “Equal Employment” principles form the basis of our human resources operations. We ensure that all processes are free from discrimination on the basis of race, language, color, age, gender, ethnic background, sexual orientation, physical disability, or any other factors that can potentially cause discrimination. We expect employees to respect social diversity and act in accordance with the principles of respect, courtesy, honesty and equality in all interactions with their peers, and adopt Yapı Kredi’s corporate citizenship approach and code of ethics.

We support women's participation in professional life. Our female employee ratio is the most concrete indicator of our support and it maintained 63% similar to the previous year. 26% of senior executives and 62% of the employees, who started to work in our Bank in 2016, are female. We are among the companies with the highest female employment rate in our country. In 2016, 98% of our female employees returned to work after completing their maternity leaves.

Through UN Women's Empowerment Principles (WEPs) which we signed in 2016, we deepened our commitment to equal opportunity in accordance with international standards. In order to fulfill our commitment to the seven WEPs, we examined and analyzed our current practices, performance indicators and reporting practices with the gender perspective. We took the WEPs into consideration not only for our own employees, but also for all women involved in our value chain in terms of participation in economic life. With this purpose, we supported women

entrepreneurs and we organized financial literacy training programs for women. You may find detailed information about these projects on Our Social Capital section of the report.

Within the framework of our equal opportunity approach, we also attach importance to employment of disabled people. In 2016, the number of our disabled employees increased by 12% compared to 2015. Our disabled employee ratio increased by 63% compared to 2012.



UN WEPs

The United Nations Women's Empowerment Principles (WEPs) are the most important global platform of the private sector aiming at empowering women to take part in economic life. WEPs platform established by UN Global Compact in collaboration with UN Women in 2010, brings crucial matters for gender equality in workplaces, markets and in the society to the attention of the private sector. For that purpose, companies

are required to increase their transparency and inclusiveness in their policies and activities regarding gender issues.

For detailed information about UN WEPs, visit <http://www.globalcompactturkiye.org/global-compact-turkiye/kadinin-guclenmesi/>

We work for an engaging and pluralistic workplace

We believe in the importance of interactive communication with our employees. We gather our employees' demands, expectations, suggestions and complaints via different channels of communication. Thereby, while improving employee satisfaction, we also enhance our business processes with applicable solutions.

Our Idea Development Center Evreka, which was designed to collect novel and creative ideas from employees for evaluation and implementation and to promote a culture of innovation, is the starting point of our innovative products and services. You may find detailed information about Evreka, on Our Intellectual Capital section of the report.

We believe in the importance of internal communication for the empowerment of our employees' sense of belonging. With CEO messages we publish on a monthly basis, we ensure that our employees are informed about our performance. Bizler Plus, a corporate social network exclusive to Yapı Kredi, provides internal flow of information. We establish systems through which our employees can confidentially share their complaints and concerns in sensitive issues such as bribery, corruption and ethics. We support our employees with "AloİK" human resources call center through which our employees can communicate their questions and requests about human resources practices. With "HR Calls" project, we made telephone interviews with 1,486 employees, we hold face to face meetings with 1,947 employees, and we visited 177 branches by taking their feedbacks.

In order to monitor the quality of internal services and employee satisfaction, we undertake internal customer satisfaction studies and research

to analyze employees' experience with the departments they work with. In order to increase collaboration across the Bank, and to help develop a better understanding among employees with regard to the roles and tasks of their peers, we organize events such as "A Day at the Head Office" for branch employees, and "A Day at the Branch" for employees of the head office. Within the scope of regional consultancy program we continued branch visits, where senior executives were assigned as mentors in 2016.

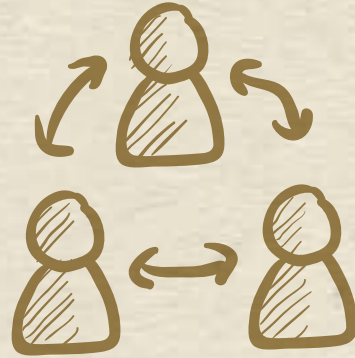


We respect our employees' right to collective bargaining and freedom of association. The articles of collective labor agreements are communicated via the Bank's communication channels and newly recruited employees are provided with information during the orientation training sessions. We aim to deliver solutions for workplace problems in a swift and timely manner, maintain labor peace between the Bank and union members, and increase efficiency through the Employee Relations Advisory Board (ÇİDAK) established within Yapı Kredi. In 2016, the unionization rate of Yapı Kredi employees was 60%.

For communication platforms developed for our employees, visit <https://www.yapikredi.com.tr/en/sustainability/stakeholders-and-collaborations/stakeholder-communications>.

We aim to increase employee satisfaction

In Yapı Kredi, we believe that only employees, who are happy with their working environment, can be productive and creative. In the banking sector where talent and experience are very important, we aim to create employee loyalty. With the aim of ensuring employee satisfaction and to be a preferred employer, we monitor satisfaction level of our employees and shape our practices according to their demands and expectations.



Our Remuneration Policy forms the basis of our career management practices. We ensure that our employees receive fair payments in return for their performances and we avoid discriminations based on religion, language, race and gender. We complement our Remuneration Policy with fringe benefits. All employees are included in the annual life insurance and in the health insurance plan. Employees are also offered the opportunity to join in the corporation supported private pension system, which provides a contribution based on employee seniority. By 2016, the participation rate in this system has reached 71%.

Every year, we participate in the employee satisfaction survey conducted by UniCredit. The survey is conducted by UniCredit on a common platform. We share the results of the survey with our employees and realize the necessary improvements.

We aim to provide support for the needs of our employees at every stage of their lives. With Yapı ve Kredi Bankası Employees Savings and Assistance Fund, we aim to promote solidarity and support between employees, and we offer pro bono aid for employees facing financial

difficulties due to natural disasters. As of 2016, the charity fund has 7,769 members among employees of the Bank and its domestic subsidiaries. Yapı ve Kredi Bankası Employees Assistance and Pension Fund Nursing Home offers services to Yapı Kredi pensioners, their spouses, parents, and children in need. As of 2016, the nursing home is accommodating 15 Yapı Kredi pensioners and their relatives.

We attach importance to work-life balance

We give particular emphasis to work-life balance as a factor in increasing job satisfaction and work performance. We make studies about avoidance of overtime assignments. We encourage our personnel to use their annual leaves, and ensure that such leaves are granted in a timely manner.

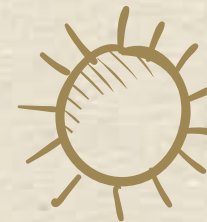
We conduct Yapı Kredi Employee Support Program in order to help our employees to alleviate stress brought about by the tight schedules and responsibilities of their professional and private life.

For resolving employee problems on an individual basis, we provide them assistance from consultants. With Employee Support Helpline launched in 2010, we provide free consultancy services for Yapı Kredi employees in financial, medical, legal and psychological areas at any time of the day.

We organize social activities to help employees utilize their out-of-office hours more effectively. We strive for being a family friendly company. We operate a daycare center in Göztepe for the children of female employees working on the Anatolian side of Istanbul, and Yapı Kredi Bilfen Preschool for children of female employees working at the Banking Base. We organize support programs and training sessions for our employees who came back from maternity leave recently. In the head offices, there are nursing

rooms and shuttle services for breastfeeding breaks. In 2016, the return-to-work rate after maternity leave was 98% with an increase of 11% compared to previous year.

Yapı Kredi Sports Club, which was established in 2007 to reinforce team spirit and promote wellbeing, offers our employees sport activities. We participate in Koç Group Sports Festival and organize Yapı Kredi Sports Festival. In 2016, the festival's 21st edition saw an attendance of 7,500 among employees and their families. Since 2005, we have been carrying out an "internal sponsorship" project to support sportive achievements of employees and to encourage them. With this project we contribute to their sportive activities. In order to lead our employees to maintain a healthy life, we conduct informing activities throughout the year.



Yapı Kredi Sports Club

Yapı Kredi Sports Club aims to offer sportive facilities to our employees and their families, to reinforce team spirit and promote their wellbeing. Yapı Kredi Sports Club, comprises activities in nine different sports and in social activities with teams consisting of Yapı Kredi employees.

Besides the tournaments and activities organized by the Club, the teams also participate in other tournaments organized by bodies outside of the Bank.

We improve our skills

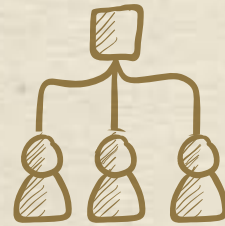
In Yapı Kredi, we strive for improving our employees' individual and professional performances and helping them to direct their own career path, we implement talent management programs. Accordingly, we offer a variety of training programs while ensuring active participation of our employees in talent management processes through performance evaluation system. In 2016, 17,956 employees' performances were evaluated.

Our most important investment on talent management field, Yapı Kredi Banking Academy (YKBA), was established in 2009 in order to enhance our employees' professional knowledge and skills. YKBA, provides development and certification programs to our employees, their families, our customers and university students with the help of internal instructors, consultants and academicians. In 2016, 20,363 employees completed 695,898 hours of training in total under the umbrella of the academy.

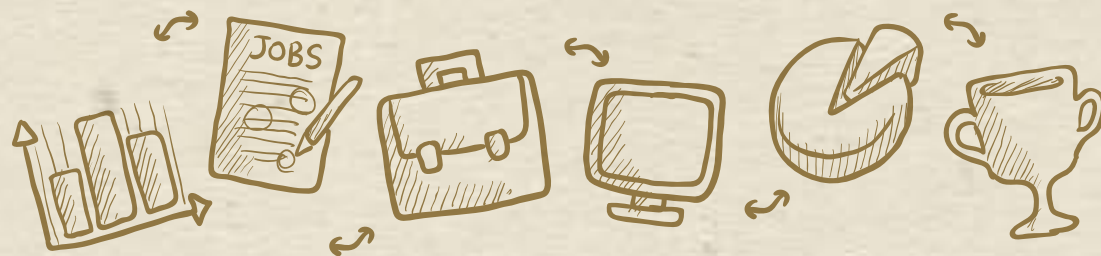
Along with leadership and talent management programs that we conduct with our main shareholders Koç Holding and UniCredit Group, we support development of our employees' leadership skills through education and development activities designed in collaboration with the sector's leading business schools and universities.

In collaboration with local and international universities and prestigious institutions such

as The Banks Association of Turkey, we offer our employees custom designed certification programs. The associate degree program which we accomplished with MEF University in 2015 with YKBA's mission of establishing a bridge between business life and academic life, continued with 100 students in its second year. In 2016, 20,363 people participated in training sessions on professional and personal development and the average training hour attained per person was 34.2.



Another practice we implement within the scope of our talent management program is talent scouting and recruitment among young people. For that purpose we developed the Heroes Club Program. With this program we aim to assist 3rd year university students in their career planning and develop qualified personnel for the finance sector. Students selected for the Heroes Club Program are offered training programs, internship and mentoring. Those who successfully complete the two-year program are provided with a job opportunity at Yapı Kredi. In 2016, 100 students received training as part of the program. 18 of the Heroes Club graduates started to work at Yapı Kredi. Since the beginning of the program, 70 Heroes Club graduates have started to work at our Bank.



Stakeholder Opinion:

I started my banking career in 1995 and joined Yapı Kredi family in 2001. The main reasons that made me decide to become a member of Yapı Kredi were its being "the bank of the firsts" and its corporate and reliable structure. At that time I was working in corporate banking area and I was impressed by Yapı Kredi's share in the portfolio and cash flow of the companies. Thinking that this customer loyalty is created by means of the corporate culture of the Bank, I decided to be a member of Yapı Kredi.



DEMET KURTOĞLU GENÇALP
Yapı Kredi Banking
Academy Director

I had the opportunity to gain different experiences in different positions at Yapı Kredi. Yapı Kredi's well configured career paths and its corporate culture that recognizes and rewards success, offered me career opportunities where I could gain different experiences. These experiences contributed a lot to my technical knowledge and my personal development. On the other hand, by means of training catalogues and personal training programs configured in connection with the career paths, I was prepared to great extent for the duties that I took over. I believe that seminars organized within Yapı Kredi create a great contribution to personal development, especially on manager level and higher levels.

As being one of the leading corporations in the banking sector, our well established procedures in the field of sustainability make me glad in the first place as an employee of Yapı Kredi.

We attach importance to employee health

Ensuring a healthy and safe working environment for our employees is one of our top business priorities. For health and safety issues, our entire workforce is represented with Occupational Health and Safety (OHS) boards and 1,007 employee representatives selected from each of our branches. The OHS boards are established in 14 locations at which more than 50 employees are resident. The boards convene on a quarterly basis with their 102 members. In all our locations we conduct OHS audits, create risk maps, and draw up action plans to avoid risks.

Emergency plans have been drawn up in consultation with OHS experts. With the Employee Support Helpline, we assist our employees and

their families with health-related issues. At Yapı Kredi Banking Academy, we hold seminars with participation of workplace doctors and occupational safety experts. We organize training programs to raise awareness among our employees. In 2016, we provided a total of 38,358 hours of training to 6,385 employees.

In 2016, the injury rate was 0.15 decreasing by 48.2 % compared to 2015 and the number of days lost was 0.72. No fatal accidents occurred during the reporting period.

For detailed information about our Occupational Health and Safety Policy, visit <https://www.yapikredi.com.tr/en/investor-relations/corporate-governance/>

OUR INTELLECTUAL CAPITAL

Sustainability Report 2016



Our Intellectual Capital

We define our experience on innovation and information technologies as our intellectual capital. We closely follow technological developments in the world and banking sector, and we ensure our organization's adaptation to these developments. Every year we reserve substantial amount of resources for our R&D and IT infrastructure investments.

We develop innovative products and services that ease our customers' lives. By ensuring data safety and business continuity we enhance our reliability and brand reputation, and secure the sustainability of our business with the economic gains we derive as a result of our efforts.

OUR MATERIAL ASPECTS	OUR SUSTAINABILITY GOALS
Innovative products	Increasing the number of implemented ideas collected through Evreka by 10% every year
Academic collaborations and R&D activities	Increasing the ratio of R&D revenues in the total volume Increasing the number of projects conducted with academic collaboration
Information technologies, business continuity and cyber security	Reducing the number of system-induced in the branches

We develop innovative products and services

As Yapı Kredi, we believe in the contribution of innovative and creative ideas to our business continuity. We strive to make the innovation culture a part of our Bank and value chain. With our applications in digital banking channels, we play a leading role in the market.

We encourage innovative ideas of our stakeholders through competitions organized within Yapı Kredi, as well as by our main shareholders UniCredit and Koç Holding. We offer employee training programs on "Creative Thinking" and "Intellectual Rights" to raise awareness about innovation and intellectual property via Yapı Kredi Banking Academy.

SAFİR

SAFİR, put into practice in 2016, is an application of artificial intelligence digitalizing transaction orders scripted by customers and thus eliminating manual data input. SAFİR received "Koç Excellence Award" in "Digitalized" category.

Digital Banking

With the vision of being "Turkey's Digital Bank", we renew all our platforms and infrastructure to lead the digital transformation. In 2016, we made more than 120 improvements in digital channels. We took remarkable steps in digitalization of the processes at the branches. We started projects aimed at speeding up transaction flows, enhancing customer satisfaction and reducing paper use. The digital index, which has been created in order to measure the progress of the digitalization processes, is monitored monthly across the entire Bank.

In 2016 we made improvements at our internet branch, which is designed in line with the latest user-friendly trends providing superior customer experience, in order to meet the needs for banking products in the fastest way possible. Yapı Kredi corporate internet branch, which offers services with rich functionality and a user-friendly interface, has become a platform that provides holistic solutions to our customers. We created the web application center, a platform through which users can apply for products from one stop quickly. In 2016, we received nearly 1 million loan applications through yapikredi.com.tr. As the result of this, both our customers and our Bank obtained time saving to a great extent. We put into service the web payment center which is a first in Turkey. Everyone can make bill payment transactions through this center, whether or not a

bank customer, without the need for membership. In our corporate website, we created the application market which enables our customers to access all our applications from one stop. Yapı Kredi internet branch reached 89 points at the TRIM Customer Satisfaction Index, on December 2016.

We delivered another break-through both in Turkey and in Europe with Yapı Kredi retail mobile banking application renewed in 2016. It offers faster, easier, and more secure access through smartphones with "eye scan technology", also eliminating the need to enter a password. We started using biometric data with Eye-ID to login to Yapı Kredi mobile and provided our customers a faster, easier and safer log in without password. The application also includes features such as cash withdrawal with QR code without having to touch the ATM and contacting the call center via mobile banking without having the need for ID verification. In 2016, Yapı Kredi retail mobile banking application was rated with 5 stars by iOS application market users. The application was approved as the most popular mobile finance application at the AppStore and selected as "the game-changing mobile app in banking" by the Dgital Age in the "gamechangers" category.

As the concept of "Internet of Things" walked into our lives, we included solutions tailored to devices, which accompany our customers in their daily lives, to our digital transformation strategy.

Code.YapıKredi

In 2016, we put our signature to an investment that will support young people and entrepreneurs to design the future of banking. We implemented "Code.YapıKredi", an open and free program for those who wish to learn software development and utilize their newly-earned knowledge to contribute to production. Code.YapıKredi which will continue in 2017 by expanding its scope, is a comprehensive platform consisting of coding training, financial guidance, incubation, acceleration and investment chapters. With the platform, we aim to contribute to the development of fintech ecosystem by providing coders with financial technology application coding interfaces [Open BankingAPI]. Thereby, we guide entrepreneurs who want to take their ideas a step further and accompany them in innovative initiatives.

In 2016, we added a mobile branch application customized for Samsung Galaxy Gear S2 watches and Yapı Kredi smart TV finance application to our mobile ecosystem. We enabled our customers to make their transactions which don't require security information through Facebook Messenger with Yapı Kredi BankingBot. Offering customized and intelligent suggestions and responding very quickly, BankingBot has been a first in Turkey. In 2016, we increased contact points with the customers. In that sense, we put Self Service World into service in order to personalize the interaction with our customers. As being the first practice in this area, Self Service World constitutes a campaign platform that empowers our World member merchant customers in their sectors.

As being Turkey's digital bank, due to all improvements we made in our digital banking channels with the aim of easing our customers' lives, our digital banking customer base increased by 27% in the recent year reaching a greater increase compared to the sector average of 17%. Our non-cash transaction penetration in digital channels has reached 93%. Our market share on the digital area has kept increasing continuously for 17 quarters. In Turkey, 1 out

of every 4 customers who started using digital channels in the recent year preferred Yapı Kredi digital banking channels. The number of our active mobile banking customers increased by 62% in 2016. Mobile transactions were the fastest growing channel among online transactions with a growth rate of 105%. The number of mobile-only customers doubled, number of app downloads exceeded 8 million. In 2016, the share of alternative distribution channels in the consumer loan sales increased to 41% reaching a sales performance equivalent to 680 branches' performance, while credit card sales penetration reached %50. Our mobile banking penetration has increased from 58% to 74% in a year turning 3 out of every 4 customers into mobile banking customers. The share of non-branch channels in total banking transactions, which was 56% in 2007, rose to 88% in 2016. In 2016, the penetration of deposit transactions through non-branch channels reached 41%.

According to a study conducted by UniCredit Best Practice Team, Yapı Kredi proved to be the pioneer of digitalization in Europe and was selected as the bank with the highest digitalization index among 14 countries and as the best model practices.

Stakeholder opinion:

Yapı Kredi plays an active role in Interbank Card Center's (BKM) working committees as being both a partner and a member of BKM. Yapı Kredi provides important contribution to decisions taken for each project, technology, and service with regards to payment systems, which we carry into effect.

Along with the development of technology, users expect safe and easy solutions in their banking experience. Eye scanning technology put into practice by Yapı Kredi has been one of the most significant practices in Turkey in biometric identity verification area.



SONER CANKÖ
CEO of Interbank
Card Center

FikriMobil

In 2014, we started FikriMobil competition to bring out the creative potential of university students in the digital banking field. With this project, we support students to mature their ideas with the help of mentors to develop their own prototypes using mobile technologies and we enable them to career in informatics sector. With innovation-oriented events held

throughout the competition we aim to create a communication platform for students to meet and share ideas. The winning team is awarded with a trip to the Silicon Valley. Additionally, the winning team members get a chance to meet start-ups and present their projects.

We attach importance to academic collaborations and R&D activities

We strive to strengthen the relationship between the financial sector and the academic world, and we collaborate with universities and technoparks. We conduct our activities in cooperation with TÜSİAD Innovation and Technology Working Group and Koç Holding Technology and Innovation Board.

In addition to academic cooperation with İstanbul Technical University (İTÜ) and Boğaziçi University in 2016, we continued to collaborate with 8 universities through joint course programs, case studies and part-time job

opportunities. Yapı Kredi Technology supported the traditional "Bigbang" activity organized by the İTÜ Core Incubation Center to contribute to the R&D ecosystem. With our R&D team and other experts in Yapı Kredi, we give lectures at universities, especially to computer engineering senior students.

During the reporting period, we continued to give support to 'Yapı Kredi Finance Club' which we established at Koç University in 2011 with the aim of supporting scientific research in the field of finance. Yapı Kredi R&D team presented two academic papers in 2016 at international conferences.

EVREKA²

"Evreka²", organized by Yapı Kredi in July 2016, is the first innovation competition open to individual and team participation from all Koç Group employees. During the competition, 422 ideas were submitted, 25 of which reached the semifinal. The semifinalists found opportunity to develop themselves and their ideas in joint

training sessions organized by "KWORKS / Koç University Entrepreneurship Research Center." Sponsors consisting of Yapı Kredi's senior executives qualified 12 ideas for final. At the final, winning projects will be rewarded and put into practice by Yapı Kredi.

Idea Development Center Evreka is an inhouse platform established to collect creative ideas from employees and to promote and reward a culture of innovation across Yapı Kredi. Ideas undergo a preliminary evaluation by the Evreka Idea Development Center team before being relayed to department heads and experts to evaluate the idea in question. After completion of the preliminary evaluation these ideas are

presented to Evreka Evaluation Committee together with the comments of department heads and experts. The Evaluation Committee consisting of at least 7 members selected by the senior management makes the final decision on ideas. In 2016, employees submitted 9,537 ideas, 91 of which were implemented. The total number of implemented ideas through Evreka is 329.

Stakeholder Opinion:

We completed an industrial thesis project with Yapı Kredi. During the project, financed by the Ministry of Science, Industry and Technology and Yapı Kredi, two academic members and two graduate students worked for 18 months. At the end of the project, two master's theses were completed. I think this project was effective in many ways. We have completed a contemporary and real problem of the industry within the prescribed time.



**Assitant Proffesor
GÜLFEM IŞIKLAR ALPTEKİN
Galatasaray University**

I got to know Yapı Kredi through this project. Since 2012, when I started to observe Yapı Kredi's studies, it has been keeping track of technological developments and it still continues to work for integrating technology to daily life.

This project was my first project with the industry. We achieved a harmony among students, project managers, and academic members. It was a very positive process for me. My biggest expectation from Yapı Kredi is to identify problems encountered in daily life and share these with us for allowing university students from all levels to solve them. We expect to receive problems at every level and in every aspect, which can be solved within the scope the studies ranging from the dissertations of the 4th grade students to the research studies of graduate and doctoral students.

We continue to invest in information technologies, business continuity and cyber security

An effective information technology infrastructure is an important competitive advantage for the financial sector. However, digitalization might create problems such as business continuity and data security. For this reason, in Yapı Kredi, we invest in information

security systems and business continuity while improving the infrastructure of our information technologies. We use multilayered security structures that detect and prevent possible cyber threats that can affect our operations. Our information systems infrastructure, which plays a very important role in our business continuity strategy, enables us to eliminate the risk of

data loss and other jeopardies in case of natural disasters and other possible emergencies.

We provide the highest level of information security with the cooperation of information security, financial control and inspection teams of our Bank. We also check our systems on data security by independent audits. We periodically test all measures we take for information security through security penetration tests.

We attach great importance to the security of customer information

We regard the integrity and privacy of customer data as a legal as well as an ethical responsibility. We provide periodical training to raise employee awareness about Yapı Kredi's corporate information security policies and information security tools, measure their competency in this area with annual

exams, and use exam results and analyses on current threats to update our awareness-raising activities.

We build systems to ensure that only authorized employees can access customer information. We regularly monitor and record all transactions made with these informations even if these transactions were made only for display purposes. We carry out projects in compliance with related laws and regulations such as PCI PIN, Banking Regulation and Supervision Agency Disclosure in financial transactions made through channels such as ATM, POS, Internet Banking, Mobile Banking and Call Center.

In addition to measures we take within our organization, we also regularly inform our customers about the measures they can take.

Stakeholder Opinion:

Following my bachelor's degree on Electrical Engineering, and my master and doctoral degree on Computer Engineering at İTÜ, I decided to become an IT specialist. I realized that the finance industry was using information technologies in a very broad spectrum. Professional development opportunities and career options that Yapı Kredi was offering attracted me. I started to work at Yapı Kredi as a software developer in 2000.



**MUSTAFA İŞBİLEN
Project Engineer, Yapı Kredi
Teknoloji A.Ş.**

Information technologies are constantly improving. There is no time to learn everything that is missing by personal efforts. At this point, I was able to learn about developments in software technology by the means of the training programs provided by Yapı Kredi. One of the best opportunities offered by Yapı Kredi is its organizational structure allowing rotation. Yapı Kredi is the first bank in Turkey to implement the concept of the Banking Base by centralizing its entire operations and information technologies. In the same way, it is the first Turkish bank to concentrate on R&D in such a professional manner. With R&D projects supported by the EU and TUBITAK, and inventions obtained as the results of these projects, Yapı Kredi has proved that conducting R&D studies is also possible in the field of finance. I am proud to have played an active role in these successful and award winning projects.

OUR NATURAL CAPITAL

Sustainability Report 2016

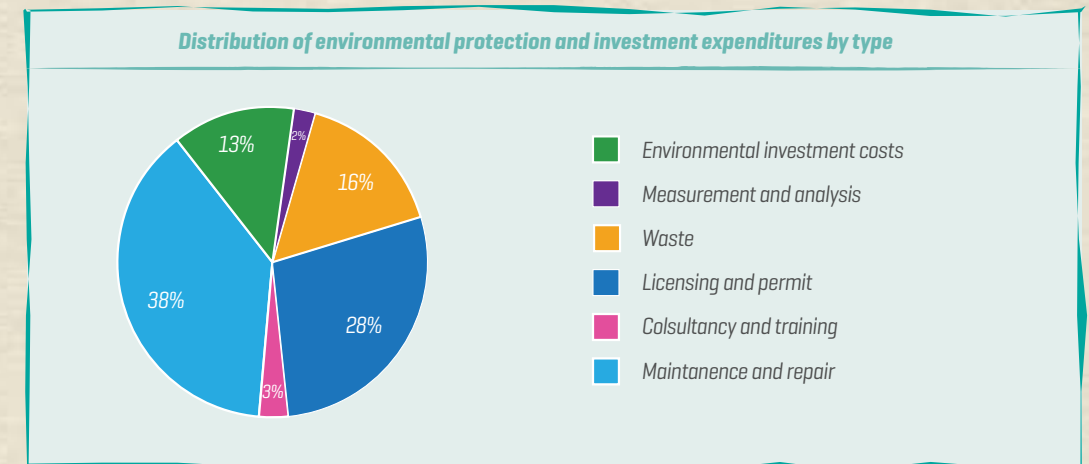


We define the ecosystem that allows the life in our planet as our natural capital. We regularly monitor and reduce the environmental impacts of our operations with a view to continuously improve our performance in environmental sustainability. We manage our environmental impact under “Environmental Impacts of Our Operations” and “Opportunities Arising from Climate Change” categories. We take steps to reduce energy consumption, greenhouse gas emissions, waste generation and water usage in our operations. We carry out activities to raise awareness in our value chain about climate change. We meet the needs of our customers with sustainable products and services, and we develop a sustainable product portfolio.

OUR MATERIAL ISSUES	OUR SUSTAINABILITY GOALS
Fight against climate change	<i>Increasing participation in initiatives which seek solutions for climate change</i>
Responsible use of resources	<i>Developing paperless banking practices Increasing the digitalization of processes Increasing the number of e-invoice users</i>
Environment-oriented products and services	<i>Expanding environment oriented product and service portfolio</i>
Environmental and social risk management in lending activities	<i>Putting the environmental and social risk assessment into practice in lending activities in 2017</i>

We consider the effects of climate change while planning our operations

Climate change is one of the most important global problems affecting all humanity. The banking sector has an important position to combat climate change due to the size of employment and the leverage effect of its activities. Climate change affects many sectors including agriculture, transportation, real estate and IT and causes significant changes in the business manner of these sectors. Financial products and services, which we offer to our customers, are also affected by these changes and we take into consideration the effects of climate change on our financial products and services. We carefully monitor the risks created by the climate change and design innovative products and services to transform those risks into opportunities. For this reason, we strategically manage the risks and opportunities that arise from climate change by integrating them into our business processes and decision-making mechanisms. In 2016, we reserved 78,000 TL for our environmental investments.



In order to reduce the impact of our corporate operations on climate change, we carry out assessment and evaluation studies, determine our goals and conduct energy efficiency studies. We regularly monitor the determined annual target. Within this scope, the performance actualized in relation to targets designated for 2016 is as follows:

- Obtaining ISO 14001 certification for the head offices: Target achieved.
 - The ISO 14001 certification process for Yapı Kredi Plaza D Block and Yapı Kredi Banking Base, which constitute the head office buildings of the Bank, was completed in December 2016.
- Reduction of energy consumption in the head offices: Target achieved.
 - Yapı Kredi Banking Base switched to green labeled new generation A++ elevators. Additionally, as a result of periodic maintenance activities and measures aiming to increase system performance, energy saving of 4.5% was achieved at Yapı Kredi Plaza D Block and Yapı Kredi Banking Base buildings.
- Providing environmental trainings for employees working at the head offices: Target achieved.
 - 2,804 employees working in the head offices were provided with environmental training. This figure corresponds to 48.5% of the employees working in the head offices. The trainings will continue in 2017 as well.

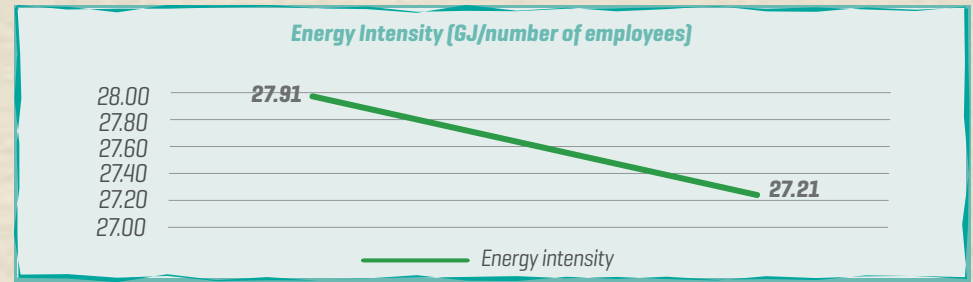
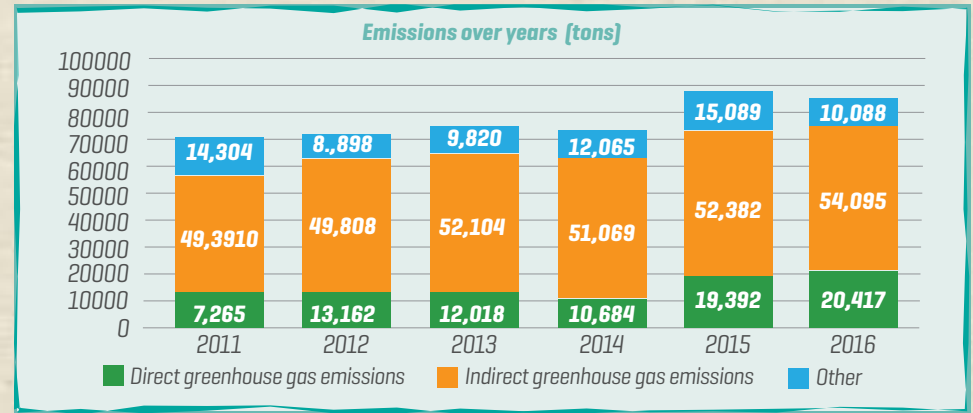
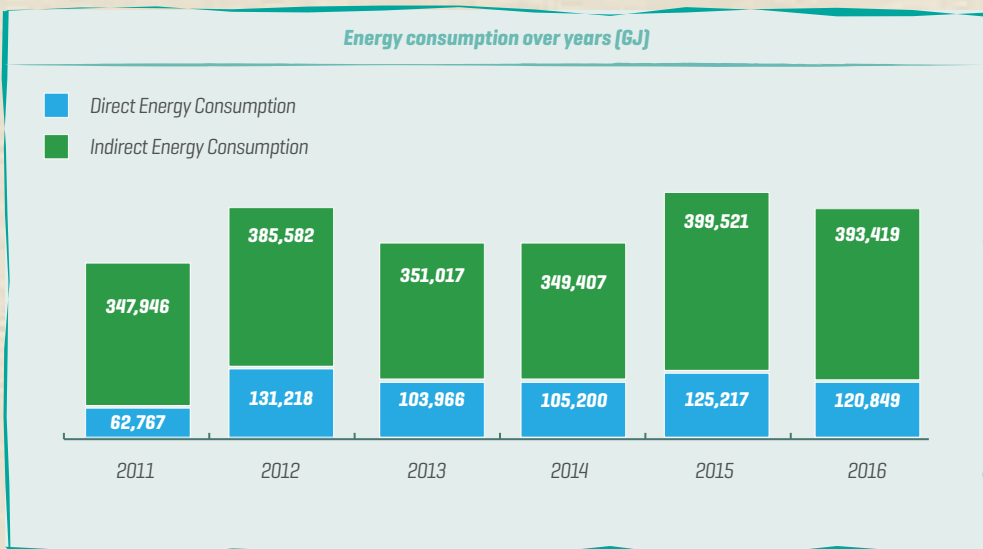
Targets designated for 2017 are as following:

- Reduction of energy consumption: Reduction target of 1% for the head offices
- Reduction of natural gas consumption: Reduction target of 1% for the head offices
- Reduction of water consumption: Reduction target of 1% for the head offices
- Reduction of A4 paper use: Reduction target of 1% for the head offices
- Reduction of waste paper: Reduction target of 1% for the entire Bank
- Reduction of emissions: Reduction target of 1% for indirect emissions of the head offices
- Providing environmental training in the head offices: Providing 20% of the employees with distant learning

We consider energy and emission management as one of our business priorities and we improve our performance with Green IT, energy saving projects and practices that aim to change employee behavior. For example, in 2016, with the efficiency studies in employee transportation, we saved 1,871,491 liters of fuel, preventing 5,000 tons of CO₂ emission. Within the scope of energy efficiency studies carried out in the head offices (Plaza D Block and Banking Base), we have reduced our greenhouse gas emissions caused by energy consumption by 637.32 tons of CO₂e and achieved an energy saving of 4.13% compared to 2015, with the help of annual maintenance, renovations and energy saving practices. As a result of efficiency projects we carried out in 2016, we saved 4,635 GJ of energy. In 2016, 2,804 employees were provided with 1,345 person*hours of environmental training. 56 employees of contractor companies attended these training sessions. As a result of our efforts, our energy intensity was 27.21 tons of CO₂e/person, decreasing by 2.5% compared to 2015.

We continue our efforts towards the ISO 14064 Greenhouse Gas Reporting certification process which we initiated in 2011. In 2016, we completed the ISO 14001 environmental management system certification studies for Yapı Kredi Plaza D Block and Banking Base. We started reporting to the Climate Change Program of CDP. We support the "Earth Hour" movement, the annual global event organized by the World Wildlife Fund to raise awareness on climate change.

When designing our products and services, we focus on solutions that will meet the financing needs for green investments and which will minimize risks caused by climate change. We lead our sector in project finance loans especially for renewable energy projects, and we transform risks caused by the climate change into financial opportunities.



Turkey's Soul

Yapı Kredi cooperates with initiatives, non-governmental organizations, universities and public institutions working on the field of sustainability. Since 2014, Yapı Kredi has been supporting the World Wildlife Fund's (WWF) "Turkey's Soul" campaign, which aims to protect biodiversity.

Stakeholder Opinion:

Yapı Kredi has been supporting the nature conservation organization WWF Turkey's "Turkey's Soul" campaign since 2014. Turkey's Soul aims to strengthen local potential for the protection of endangered plant and animal species, and to bring into action by undertaking active responsibility. Received project applications are evaluated in terms of "top priority need", "participation", "feasibility", "sustainability" and "persistence" and then the projects that will be supported financially are determined.



SEDAT KALEM
WWF Turkey, Nature Conservation Director

WWF-Turkey monitors regularly the progress of the projects during the implementation process in collaboration with the project owner local non-governmental organizations. Through the support of the Turkey's Soul program, the future of the mountain gazelles in Kırkhan district of Hatay was secured and the natural mushrooms of Küre Mountains increased nature conservation awareness while providing additional income to local people. Natural habitats of orchids in Antalya, Roach's mouse-tailed dormice in Thrace, and fruit bats in the mountains of the Mediterranean were protected. By this means, it has been put signature to many substantial nature conservation projects. Yapı Kredi has been one of the organizations who played an important role in these achievements.

Stakeholder Opinion:

I have been working in Yapı Kredi for 10 years. Yapı Kredi provides a wide range of research, study and project development opportunities in many areas. Besides the "Evreka" platform which collects and evaluates our ideas, we are also supported by the training programs and seminars organized at the Yapı Kredi Banking Academy to contribute to our professional development. In addition, the Logistics and Procurement Group, in which we are involved, is also producing creative and innovative projects. Our Bank works with a strategy that goes forward and widens the scope every year in the field of sustainability.

For example, in 2016, the establishment and certification of the ISO 14001 Environmental Management System in our head offices have been completed. With this study, we determined the general principles of Waste Management processes in our head offices; we carry out our waste management studies in accordance with these processes. We have successfully completed the reporting and certification of our Greenhouse Gas Inventory for 2016, which has been continuing since 2011. In order to enhance our sustainability performance we develop new projects to reduce the consumption of energy and the use of natural resources.



SELMAN GEÇİM
Yapı Kredi Logistics and
Procurement Management

We evaluate our lending activities' environmental and social risks

The leverage effect of the banking sector is intensively felt in the field of credits and credits constitute the area with the most extensive sustainability effect. At Yapı Kredi we aim to develop environment - friendly products and services which will create value for our Bank and for the society we operate in. With this purpose, we will put our Environmental and Social Risk Evaluation System into practice in 2017 which we have established in 2016.

Within the scope of our current business processes, all credit requests (independent from the amount of credit) are subjected to Credit Policies of the Bank and the Environmental and Social Policy developed as part of the Sustainability Management System. All of the credit requests are assessed against the Exclusion List which constitutes the annex of the Environmental and Social Policy. Activities

included in this list cannot be financed by Yapı Kredi under any circumstances.

In addition to these policies, within the framework of "Assessment of Environmental and Social Risks in Lending Activities" procedure developed as part of Sustainability Management System, all the investment and project finance loans that have a maturity of at least 3 years and with a total amount of 20 million dollars or more are subjected to the environmental and social assessment. Within this procedure, the risk category of the project is determined and necessary action and monitoring plans are developed in accordance with this risk category. The evaluation is conducted by utilizing Yapı Kredi Environmental and Social Risk Assessment Model. This model has been established based on the local regulations as well as the Environmental and Social Sustainability Performance Standards of the International

Finance Corporation (IFC). Corporate and Commercial Credits Management holds the main responsibility with regards to the risk assessment and categorization processes. The Environmental and Social Risk Assessment Model consists of three risk levels such as high, medium and low risk.

Category A: It represents business activities that may have serious negative environmental or social risks and/or effects at irrevocable or unprecedented scale. In the Yapı Kredi Environmental and Social Risk Assessment Model, it indicates projects with high risk.

Category B: It represents business activities that may have some limited negative environmental or social risks and/or effects which are generally specific to the project location and mostly revocable and already controlled by mitigation cautions. In the Yapı Kredi Environmental and Social Risk Assessment Model, it indicates projects with medium risk.

Category C: It represents business activities that have minimum or no environmental or social risk and/or effect. It refers to projects with low risk in the Yapı Kredi Environmental and Social Risk Assessment Model.

Actions to take and monitoring studies to conduct for the projects with high and medium² risk categories are as follows:

· The investor must complete the project's documentation (EIA Report, Project Description File, comments, decisions, etc.) within the scope of the Environmental Impact Assessment Regulation (EIA) and get all the environmental and social temporary permits.

² The Environmental and Social Sustainability Risk Specialist working in the Corporate and Commercial Credit Management team determines if it is necessary to prepare an Action and Monitoring Plan for the projects that are in the medium risk category. If it is decided not to work with an independent external Environmental and Social Consultant/Expert, the environmental and social monitoring studies during the investment and operation periods are carried out by the Environmental and Social Sustainability Risk Specialist. The monitoring studies are conducted through field visits at least once a year during the investment period. After completion of the investment the field shall be visited once more for monitoring of the investment.

· The investor will ensure that the environmental and social measures defined and approved in the EIA Report and Project Description File are successfully implemented and will demonstrate supporting documents that these practices are conducted regularly during the investment period.

· In order to monitor and report regularly the environmental and social aspects regarding the investment, an Environmental and Social Status Assessment/ Action and Monitoring Plan in compliance with Environmental and Social Sustainability Performance Standards of International Finance Corporation (IFC) will be prepared by an external environmental and social consultant/expert.

· The investment will be monitored through a field visit by an independent environmental and social consultant/expert at least once a year. After completion of the investment the field will be visited once and the investment will be monitored. The loan contract will include a contractual clause that requires the investor to comply with the Action and Monitoring Plans.

For the low risk category projects, the controls are performed to ensure that the project has obtained all the environmental and social permits and the temporary permits are monitored. The environmental and social findings (if any) of the facility and the customer who will receive the credit are monitored at least once a year during annual credit assessment meetings.

For the Environmental and Social Policy and Exclusion List, visit <https://www.yapikredi.com.tr/en/investor-relations/corporate-governance/>

We use our resources efficiently

Use of plastic, paper, glass and metal, and the waste generated through the use of these materials constitute a major part of our environmental impact. We continuously increase our recycling rate and decrease resource use through internal communication activities aimed at changing employee behavior.

In 2016, physical abolishment was performed for devices at the end of their life cycles as a result of virtualization efforts. Thus, we saved 477 MWh of energy, and we prevented 225 tons of CO₂ emission.

With our "Paperless Office" project, we informed our employees about efficient working methods

without using paper and we offered them programs and mobile applications to create an alternative for paper use. In addition to this, we made developments towards reducing paper use in the business processes. Thanks to each loan provided through digital banking channels, 70 pages of paper preserved in nature instead of being wasted if the same transaction was held in the branch.

In 2016, the total amount of non-hazardous waste was 1,373 tons, while hazardous waste amount was 43.6 tons, decreased by 22% compared to 2015.

Recycling movement

We started our recycling project in 2011 in order to ensure the sustainability of natural resources. In 2016, we integrated this project into our waste management practices conducted at our head offices under the umbrella of the General Principles of Waste Management. We placed waste bins for paper, plastic, glass and metal waste. Additionally, we created waste collection sites where separate containers are placed for hazardous and non-hazardous waste. By this means, we collected hazardous and non-hazardous waste separately at source and sent them to licensed waste recovery, recycling and disposal facilities. We observed that our informative studies towards employees have a positive effect on our recycling performance.

Within the scope of our recycling activities in 2016,

- 989,610 kilograms of waste paper and 204,652 kilograms of packaging waste [paper] were sent for recycling, preventing 42,995 tons of CO₂ emissions.
- 1,760 kilograms of packaging waste [plastic] and 17,290 kilograms of waste plastic were sent for recycling, preventing 266,700 kWh of energy. By this means, we prevented 83.4 tons of crude oil consumption.
- 999 kilograms of packaging waste [glass] and 175 kilograms of waste glass were sent for recycling, saving 3,131 kWh of energy.
- 520 kilograms of packaging waste [metal] and 57,570 kilograms of waste metal were sent for recycling, saving 929,440 liters of water and preventing 116,180 tons of CO₂ emissions.

With the recycling movement, in 2016 we incorporated 1,416 tons of waste to the waste recovery, recycling, and disposal processes.

We enrich our environment-oriented products and services portfolio

We provide project financing loans for investments in the field of renewable energy. Thus, we offer sustainable solutions for the continuously increasing energy need. As the result of the financing, which we provide to the projects within the scope of Renewable Energy Support Mechanism (YEKDEM), we increase funding diversity and promote projects constituting reliable supply.

Renewable energy projects we financed in 2016, kept being one of the most significant areas of project financing. Within the scope of "Turkey Sustainable Energy Efficiency Program" (TURSEFF) of European Bank for Reconstruction and Development (EBRD), we provided a loan of 10.4 million dollars and we received "Leading Bank in Project Origination" award by carrying out more than 740 projects up to today. Moreover, within the scope of "Mid-Size Sustainable Energy Financing Facility" (MidSEFF) of EBRD, we received "The Highest Energy Saving Project" and "Best Project in Management of Environmental and Social Effects" rewards.

We support sustainable agriculture. To this end, we developed "Organic Agriculture Loan" to support organic food and livestock and to increase the share of sustainable agricultural activities in the economy by financing ecological production.

By promoting the use of e-bills, we reduce the amount of waste paper generated through conventional banking operations. Each year, we organize campaigns to increase electronic abstract of account usage rate among our customer portfolio. In 2016, we contributed to rescue 1,470 trees together with our customers by saving 14.7 million pages of paper.



OUR SOCIAL CAPITAL

Sustainability Report 2016



Our Social Capital

We regard long-term, fair and value creating relations with all of our stakeholders, our customers and the community we operate in as a material issue. We contribute to the socio-economic development of our region. Through effective communication and audit tools we strive to enhance customer satisfaction. We support the development of education, culture & arts in the society with our long-established corporate social responsibility approach.

OUR MATERIAL ASPECTS	OUR SUSTAINABILITY GOALS
Customer satisfaction	Increasing customer satisfaction
Financial literacy	Organizing financial literacy trainings and conducting volunteerism activities within this field
Enabled banking	Increasing the range of transactions offered by enabled ATMs by the use of debit cards and credit cards
	Increasing the number of enabled ATMs designed for othopedically disabled people to 2% of the total ATM network
Social investments	Reaching a larger scale of audience with "Change Fathers, Change Society" project

We continuously strive to increase the customer satisfaction

We regard achieving lasting customer satisfaction as our primary business strategy. With this vision we strive to become a bank that is easy to do business with and that understands its customers. The level of customer satisfaction, which constitutes the most valuable source of feedback, is regularly monitored to improve the quality of operations. We have a team which received the ISO 10002 Customer Complaints Management System certification and working specifically on the analysis of customers' feedback and complaints and for continuous enhancement of processes. We analyze all customer experiences under the management structure of the Customer Experience Committee.

With the Branch Experience Research, we daily monitor customer experience by contacting

customers through Interactive Voice Response (IVR) the day after they make a transaction at the branch. In addition, we started to monitor and measure "instant customer experience" in our call center channel in 2016. In 2016, we had feedback from nearly 400 thousands customers about the service they got from Yapı Kredi. We provided feedback to Branch Directors, Operation Managers and Call Center executives by reporting these data.

In the measurement and monitoring of customer experience, channel/service-based operational performance and "customer perception" are of prime importance. With this perspective, we monitor "Customer Satisfaction Index" calculated with 170 indicators of operational performance (waiting times at branches, credit card delivery times, etc.) and customer perception (transparency, irrelevant documents, prices, etc.) through a platform.

Index scores that are monitored carefully constitute the basis for our improvement studies.

In 2016, we started to create immediate action plans by contacting our customers with low satisfaction and learning the reasons of their dissatisfaction. As a result of the emphasis Yapı Kredi places on customer satisfaction, we maintained a high level on customer satisfaction measured according to global TRIM index, in 2016 as well.



You may find the list of various communication channels developed for our customers on <https://www.yapikredi.com.tr/en/sustainability/stakeholders-and-collaborations/stakeholder-communications>

Internal customer satisfaction is another area of focus for us. We conduct researches to measure the quality of in house services and employee satisfaction by monitoring the experience of our employees with the departments they interact. In addition, we organize events to increase collaboration across the organization, and to help develop a better understanding among employees with regard to the roles and tasks of their peers. Such events include "A Day at the Head Office" for branch employees, and "A Day at the Branch" for employees of the head office. In addition, in 2016 we continued to visit our branches within the scope of Regional Mentoring program that involved assigning a senior executive to serve as a mentor at each branch. The feedback collected during these visits was shared with related management units to ensure that necessary actions are taken.



We continue our investments on enabled banking

"Equal Banking for All" forms the basis of our responsible banking approach. In line with this principle we have initiated the first and most comprehensive banking program in 2008 devoted to people with disabilities, who constitute 12% of the population of in Turkey. With the reorganization of Yapı Kredi Call Center to offer online chat option for customers with hearing impairment, the program was expanded gradually with a series of practices such as enabled ATMs, enabled branches and "Home Agents" through which we offer an employment opportunity to disabled citizens, each representing a first in Turkish banking sector. In collaboration with the Federation for the Hearing Impaired, we added the sign language option to various online training programs on our website. With "Speaking is in Our Hands" project, we provided volunteer branch employees with sign language trainings. In 2016, enabled ATMs constituted 51% of our total ATM network.

As Yapı Kredi, we recognize the essential need for ensuring full and equal human rights and freedom for individuals with disabilities. In this regard, with the Enabled Banking program, we develop new practices to facilitate their access to our products and services.

We carry out projects to increase financial literacy

Access to financial products and services play a crucial role in increasing social welfare. By means of leverage effect of the finance sector, the disadvantaged segments of the society are able to realize their ideas by participating in the economic system. For this reason, we implement projects aimed at increasing the financial literacy in the society.

In 2016, we conducted SME newspaper project in collaboration with the leading Turkish newspaper Hürriyet. We provided information about sectoral subjects concerning tradesmen and SMEs, new business trends in the world and financial matters they should pay attention in order to grow their business. We informed readers about important matters such as loan products and importance of cash flow.

On the website of Play card, designed for young people, we provided our customers with important information regarding credit card usage.

<http://www.playcard.com.tr/onemli-play-bilgileri/kredi-karti-kullanma-taktikleri.aspx>

We supported "I Can Manage My Money" project designed by VISA as an information platform aimed at increasing the financial literacy of young people.

<http://habitatdernegi.org/en/projeler/py/>



We contribute to social welfare through social investments

We implement projects that will not only contribute to the economic development of our operating region, but also to the socio-cultural development of the society. We seek for lasting, innovative and sustainable solutions to social problems through our social responsibility projects. We encourage voluntary participation of our stakeholders to our projects. We collaborate with public institutions, NGOs and universities in order to reach large masses with our projects. During the reporting period, we continued to support social activities performed by our main shareholders Koç Holding and UniCredit, while also sustaining our activities in the fields of education, culture and arts, which we conduct through our subsidiaries.

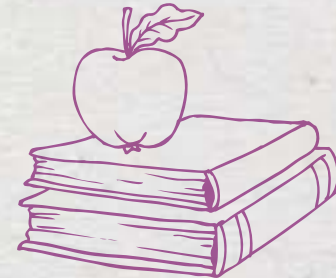
Yapı Kredi Cultural Activities, Arts and Publishing

Being one of the most important institutions of Turkey in publishing, Yapı Kredi Publications (YKY) continued to introduce masterpieces in various fields to its readers during the reporting period as well. In 2016, YKY published 221 new titles and 856 reprints. In total, YKY reached 4,749 published titles since its foundation and it has continued to be a leading actor of the publishing sector. By increasing the share of children's books, it brought together students, teachers, librarians, authors and editors with nearly 150 school events throughout the year. Yapı Kredi Cultural Center occupied an important place in the cultural and art scene of our country by reaching art lovers with 90 events and 5 exhibitions organized during the year.

Yapı Kredi Cultural Activities, Arts and Publishing approached the audio book publishing, which is still under development in Turkey, with a great severity and it made a major contribution to the access of visually impaired citizens to the books by publishing 238 titles.

I read I Play

With the aim of supporting children without access to contemporary education opportunities to engage in extracurricular educational activities, we support since 2006 the "I Read, I Play" project, developed in cooperation with the Educational Volunteers of Turkey Foundation [TEGV]. Within the scope of the project, we reached almost 130,000 children as of the end of 2016.



Stakeholder Opinion:

I Read I Play Education Program that we conduct together with Yapı Kredi aims to create an interest on reading and writing on children aged between 6-14 and to assist them to take their first steps toward reading culture. The program that continues since 11 years is known as the most long-termed corporate social responsibility project. We can't think of a better expression than this to explain the performance in the field of sustainability. At the start of the I Read I Play project, we had a focal point and it was to promote reading culture of children. However, over the years, we observed that the reading skills constituted the basis not only for the I Read I Play project but also for all the education projects conducted by TEGV. For this reason, with the new education strategy we put into action by 2015-2016, we have approached the field of reading as a main field of education to focus on. Yapı Kredi embraces and supports in every aspect the field of reading which constitutes one of the four main fields that TEGV focuses on. Yapı Kredi hands down the reading culture identified with itself to the next generations in collaboration with TEGV without losing its enthusiasm. We will always carry our studies in this field forward with the support of Yapı Kredi.

Yapı Kredi is one of the biggest corporations in the banking sector. Besides, it is one of the rare corporations that attaches a great importance to social responsibility and carries on a project without any interruption.



METE MELEKSOY
General Manager of Educational
Volunteers of Turkey Foundation

"Vadaa"s Support for Education

Yapı Kredi World's popular mascot Vadaa became a plush toy in December 2014 as part of an effort to support children's education. Funds raised from the sale of Vadaa toys were donated for children's education at TEGV educational parks across Turkey in 2016 as well.



"For My Country" Fund

Within the scope of "Koç - 'For My Country' Variable Fund" in partnership with Vehbi Koç Foundation, we initiated "Change Fathers, Change Society" project together with Mother - Child Education Foundation (AÇEV). Within this framework, in collaboration with Turkish Educational Foundation (TEV), we started to provide 5 university students (including 2 high achievers) with scholarship.

In 2016, the number of schools, whose physical conditions were improved to ensure increased accessibility for disabled students, increased to 10.



Yapı Kredi Vocational and Technical Anatolian High School

One of our most significant education initiatives is Yapı ve Kredi Bankası Vocational and Technical Anatolian High School in Çayıröva, Kocaeli opened in the 2008-2009 academic year. Over 500 students enrolled in the departments of child development and education, graphics and photography, IT, catering, and office management. In 2012, the merit-based scholarship program was put into practice and 20 students were awarded with this scholarship in 2016.

Anatolian Scholarships

Launched by Koç University in 2011 to provide the best education opportunities for high-achieving students facing financial difficulties, the Anatolian Scholars Program continued to enjoy the support of Yapı Kredi, which assumed the education expenses of 5 students in 2016.

Çatalhöyük Excavations

Çatalhöyük Excavations are one of the most important projects in the field of culture and arts supported by Yapı Kredi as a main sponsor for many years. Çatalhöyük sheds light on human history with finds including the earliest examples of habitation, dwelling architecture, and religious buildings. The neolithic site of Çatalhöyük was included in the World Heritage List by the UNESCO World Heritage Committee in 2012.

In 2016, new perspectives were gained and quite important archeological finds were discovered. Two figurines depicting women, which were found near a late neolithic building, have been the most exciting finds of this season.

Yapı Kredi Afife Theater Awards

Hailed as the most prestigious and the long-lasting arts awards, Yapı Kredi Afife Theater Awards has been organized since 1997 to commemorate Afife Jale, the first Turkish female artist to appear on stage and to support Turkish Theater. The jury consisting of 33 people, who are doyens of theater and distinguished members, votes for plays they watch during the season grant awards in 15 categories including 11 main and 4 special awards.

In 2016, Prof. Dr. Dikmen Gürün received Muhsin Ertuğrul Special Award, Prof. Dr. Cevat Çapan was awarded Yapı Kredi Special Award and "Yoldan Çıkan Oyun" received "Haldun Dormen Special Award" while Seray Şahiner earned Cevat Fehmi Başkut Special Award.

We support employee volunteerism

At Yapı Kredi we encourage employees to volunteer in social projects. In 2016, Yapı Kredi volunteers continued their social activities within the framework of seven main projects carried out in association with various non-governmental organizations. During the year, we built libraries in schools, provided technological equipment and continued to visit senior citizens living in retirement homes. Our volunteers also supported fund raising activities for NGOs by working at their stands. Our employees supported a lot of people in need by inviting their entourage to donate for the marathon they run, providing motorized wheelchairs for individuals with disabilities through bottle cap collection campaigns or by donating blood. Within the scope of Yapı Kredi Volunteers Platform, 4,351 employees have taken part in social projects in 2016.



Change Fathers, Change Society

Within the scope of I Support Gender Equality For My Country project, we initiated "Change Fathers, Change Society" project with AÇEV. During the training sessions provided within the scope of the Father Support Program, fathers were informed about child care and development. The aim of the program is to encourage fathers taking more responsibilities for parenting, building more democratic relations with family members and supporting the development of their children. By this means, we aimed at enhancing gender equality.

In monitoring-assessment processes, it was observed that fathers who participated in these training sessions began to spend more time with their children, became less oppressive, contributed more to housework and paid more attention to the education of their children. Within the scope of the project, which has been initiated in March 2016, 600 fathers in 9 different cities will be provided with a training program, supporting gender equality among family members until the end of March 2017.

Awards Received During the Reporting Period

Banking	Awarder
Most Ethical Company in Turkey	ETİKA
Best Private Banking Award	Global Finance
Best Private Banking in Turkey	World Finance Magazine
Banking Products	Awarder
Turkey's Best Trade Finance Provider	Euromoney
Yapı Kredi Private Banking - Best Philanthropy Advisory, Turkey	Euromoney
Best Bank in Cash Management, Turkey	Euromoney
Financing the Best Outreach Project	EBRD
Best Energy Conversating Deal of the Year	EBRD
Leading Bank in Project Origination	EBRD
Best Privatization Deal in CEE	EMEA Finance Magazine
Best Transport Infrastructure Deal in CEE and Best Infrastructure Deal of the Year in EMEA	EMEA Finance Magazine
Best Health Care and Best Social Development Deal in CEE	EMEA Finance Magazine
Best Structured Finance Deal in CEE	EMEA Finance Magazine
Best Project Finance Deal in CEE	EMEA Finance Magazine
Healthcare Deal of the Year	World Finance
Worldcard - The One Awards "The Most Successful Brand in Credit Card Sector of the Year"	Marketing Türkiye
Alternative Delivery Channels	Awarder
Award for Innovation in Sales: "Loan Sales via Call Center", Silver Winner	Stevie Awards
Relationship Management Solution "44 Program Together Stronger", Bronze Winner	Stevie Awards
"Best Design" in Corporate Internet Banking	Global Finance Digital Bank Awards
"Best in Class" in Banking Category- yapikredi.com.tr	Interactive Media Awards
"Best in Class" in Financial Services Category - yapikredi.com.tr	Interactive Media Awards
Financial Services Category, Silver Winner	Stevie Awards
Best Web Site Design Category, Bronze Winner	Stevie Awards
Banking Category, Bronze Winner	Stevie Awards
Yapı Kredi Wallet - "Shopping" Category, Silver Winner	Stevie Awards

Alternative Delivery Channels	Awarder
Yapı Kredi Wallet - "Assistant Applications & Services" Category, Bronze Winner	Stevie Awards
Yapı Kredi Mobile Banking - "Business/Management" Category, Bronze Winner	Stevie Awards
Best Interface Design, Silver Winner	Stevie Awards
"Best Deployment of Customer Insight Category", Bronze Winner	European Contact Centre and Customer Service
3 rd in Corporate Website Category	Altın Örümcek Awards
3 rd in Best Mobile Website Category	Altın Örümcek Awards
SME Web Portal - 2nd in Banking and Finance Category	Altın Örümcek Awards
Yapı Kredi Mobile App - Gamechanger in Mobile Banking Category	Digital Age
Self Service World - Best Big Data and Analytics Project	IDC
Self Service World - Best Financial Institution and Corporate Partnership Project	IDC
"vadaaclub.com.tr" Silver Award of Excellence in the Gaming Category	Communicator Award
Bronze Award in Web Site- Gaming Category with vadaaclub.com.tr and Gold Award in Gaming Category	Horizon Interactive Awards
Excellence Award with Adax Project	ITEA Awards
Human Resources and Yapı Kredi Banking Academy	Awarder
Most Employees Hired	Kariyer.net
Most Applications Received	Kariyer.net
Respect for People Award	Kariyer.net
Best Advance in Creating a Learning Strategy/Bronze	Brandon Hall Group Excellence Awards
Subsidiaries	Awarder
Yapı Kredi Asset Management - Highest Return in Pension Investment Fund	TSPB
Yapı Kredi Asset Management - Best Asset Manager Company, Turkey	EMEA Finance Magazine
Yapı Kredi Asset Management - Best Asset Manager Company, Turkey	Global Brands Magazine
Yapı Kredi Factoring - Third Best Export Factoring Company in the World, Turkey	Factors Chain International

PERFORMANCE TABLES

Sustainability Report 2016



Social Performance Tables

Employee distribution by contract type and gender

	2011	2012	2013	2014	2015	2016
Fixed term						
Female	118	84	217	177	105	57
Male	57	127	123	36	29	11
Indefinite						
Female	9,490	9,419	10,011	11,004	11,656	11,794
Male	5,912	6,031	6,331	6,732	7,012	7,039

Employee distribution by employment type and gender

	2011	2012	2013	2014	2015	2016
Full-time						
Female	9,413	9,355	10,047	10,897	11,469	11,683
Male	5,923	6,141	6,417	6,731	7,009	7,033
Part-time						
Female	195	148	181	284	292	168
Male	46	17	37	37	32	17

Number of employees covered by collective bargaining agreements

	2011	2012	2013	2014	2015	2016
Number of employees covered by collective bargaining agreements	9,409	9,388	9,787	10,997	11,430	10,946

Number of hired employees by gender

	2011	2012	2013	2014	2015	2016
Female	1,218	1,168	2,055	2,377	1,843	1,453
Male	875	1,001	1,313	1,586	1,086	900

Number of hired employees by age groups

	2011	2012	2013	2014	2015	2016
18-25	1,085	1,213	1,951	1,768	1,380	1,282
26-35	948	875	1,284	2,034	1,402	995
36-45	55	72	121	154	141	70
46 and above	5	9	12	7	6	6

Number of leaving employees by gender

	2011	2012	2013	2014	2015	2016
Female	660	1,269	1,018	1,236	1,256	1,360
Male	952	816	1,328	908	780	888

Number of leaving employees by age groups

	2011	2012	2013	2014	2015	2016
18-25	357	583	551	646	601	564
26-35	793	972	1,178	1,041	993	1,171
36-45	339	391	429	304	273	322
46 and above	123	144	188	153	169	191

Return-to-work rate after maternity leave

	2011	2012	2013	2014	2015	2016
Number of employees taking maternity leave	893	945	951	615	693	778
Number of employees returning from maternity leave	869	920	931	504	605	760

Health and safety indicators

	2011	2012	2013	2014	2015	2016
Injury Rate	NA	NA	0.01	0.09	0.29	0.15
Female	NA	NA	NA	NA	NA	0.19
Male	NA	NA	NA	NA	NA	0.09
Number of Days Lost	NA	NA	NA	0.21	1.86	0.72
Female	NA	NA	NA	NA	NA	0.54
Male	NA	NA	NA	NA	NA	1.02
Absence Rate	NA	NA	347.8	366.5	357.3	432.3
Female	NA	NA	NA	NA	NA	525.7
Male	NA	NA	NA	NA	NA	275.7
Accident Frequency Rate	NA	NA	NA	0.08	1.427	0.77
Female	NA	NA	NA	NA	NA	0.97
Male	NA	NA	NA	NA	NA	0.46
Accident Severity Rate	NA	NA	NA	NA	0.012	0.0036
Female	NA	NA	NA	NA	NA	0.0027
Male	NA	NA	NA	NA	NA	0.0051

	2011	2012	2013	2014	2015	2016
Injury Rate by Region						
Mediterranean Region	NA	NA	NA	NA	NA	0.00
Anatolian Region	NA	NA	NA	NA	NA	0.22
Marmara Region	NA	NA	NA	NA	NA	0.14
Aegean Region	NA	NA	NA	NA	NA	0.12
Number of Days Lost by Region						
Mediterranean Region	NA	NA	NA	NA	NA	0.00
Anatolian Region	NA	NA	NA	NA	NA	1.67
Marmara Region	NA	NA	NA	NA	NA	0.47
Aegean Region	NA	NA	NA	NA	NA	0.30
Absence Rate by Region						
Mediterranean Region	NA	NA	NA	NA	NA	345.6
Anatolian Region	NA	NA	NA	NA	NA	244.0
Marmara Region	NA	NA	NA	NA	NA	549.1
Aegean Region	NA	NA	NA	NA	NA	157.1
Accident Frequency Rate by Region						
Mediterranean Region	NA	NA	NA	NA	NA	0.00
Anatolian Region	NA	NA	NA	NA	NA	1.10
Marmara Region	NA	NA	NA	NA	NA	0.72
Aegean Region	NA	NA	NA	NA	NA	0.59
Accident Severity Rate by Region						
Mediterranean Region	NA	NA	NA	NA	NA	0.000
Anatolian Region	NA	NA	NA	NA	NA	0.008
Marmara Region	NA	NA	NA	NA	NA	0.002
Aegean Region	NA	NA	NA	NA	NA	0.001

Man-hours of training per gender

	2011	2012	2013	2014	2015	2016
Female	NA	28.8	29.3	36.3	48.6	35.4
Male	NA	17.7	17.9	22.3	43.4	32.1

Distribution of senior executives by gender

	2011	2012	2013	2014	2015	2016
Total number of senior executives	53	48	47	45	43	43
Female	16	11	9	12	10	11
Male	37	37	38	33	33	32

Distribution of senior executives by age

	2011	2012	2013	2014	2015	2016
18-25	0	0	0	0	0	0
26-35	3	2	0	0	0	0
36-45	36	30	26	21	21	19
46 and above	14	16	21	24	22	24

Distribution of employees by gender

	2011	2012	2013	2014	2015	2016
18-25	1,451	1,553	2,338	2,639	2,394	2,057
26-35	8,590	8,217	8,134	8,724	9,307	9,246
36-45	4,764	5,071	5,381	5,706	6,084	6,385
46 and above	772	820	829	880	1,017	1,213

Total health and safety training hours

	2011	2012	2013	2014	2015	2016
Health and safety training (hours)	NA	NA	NA	31,005	43,536	38,358

Number of employees with disability by gender

	2011	2012	2013	2014	2015	2016
Female	60	59	60	78	75	83
Male	238	237	248	345	349	390
Total	456	415	436	612	623	697

Employee distribution by education level and gender

	2011	2012	2013	2014	2015	2016
Associate degree and below female	3,008	2,880	2,927	3,004	2,899	2,825
Bachelor's degree and above female	6,600	6,623	7,301	8,177	8,862	9,026
Associate degree and below male	1,763	1,736	1,691	1,709	1,628	1,554
Bachelor's degree and above male	4,206	4,422	4,763	5,059	5,413	5,496

Average seniority

	2011	2012	2013	2014	2015	2016
Female	8.99	9.24	8.66	8.31	8.40	8.70
Male	9.12	9.08	8.67	8.40	8.50	8.80

Environmental Performance Tables

Energy consumption within the organization (GJ)⁽¹⁾

	2011	2012	2013	2014	2015	2016
Direct energy consumption	62,767	131,218	103,966	105,200	125,217	120,849
Indirect energy consumption	347,946	385,582	351,017	349,407	399,521	393,419

Emissions (CO₂e)⁽²⁾

	2011	2012	2013	2014	2015	2016
Direct greenhouse gas emissions	7,265	13,162	12,018	10,684	19,392	20,417
Indirect greenhouse gas emissions	49,391	49,808	52,104	51,069	52,382	54,095
Other indirect greenhouse gas emissions	14,304	8,898	9,820	12,065	15,089	10,088
ODS emissions	NA	NA	NA	NA	NA	61

Energy Intensity (GJ/ Number of employees)

	2011	2012	2013	2014	2015	2016
Direct energy intensity	4.03	8.38	6.23	5.86	6.66	6.39
Indirect energy intensity	22.34	24.62	21.04	19.46	21.25	20.81

Emission intensity (CO₂e/ Number of employees)

	2011	2012	2013	2014	2015	2016
Direct greenhouse gas emission intensity	0.47	0.84	0.72	0.60	1.03	1.08
Indirect greenhouse gas emission intensity	3.17	3.18	3.12	2.85	2.79	2.86
Other indirect greenhouse gas emission intensity	0.97	0.57	0.59	0.67	0.80	0.53

Water consumption by source (m³)⁽³⁾

	2011	2012	2013	2014	2015	2016
Well water	NA	1,533	1,046	7,478	9,794	8,375
Municipal water	NA	366,276	429,603	392,116	256,350	262,568
Total	NA	367,809	435,797	399,594	266,144	270,943
Water intensity	NA	21.06	26.12	21.60	13.76	14.33

Total waste collected with Recycling Movement (kg)⁽⁴⁾

	2011	2012	2013	2014	2015	2016
Paper	282,360	888,750	970,380	1,033,000	1,032,570	1,194,262
Glass	744	950	1,459	520	730	1,174
Metal	281	1,478	3,363	290	141	58,092
Plastic	783	13,955	17,791	6,150	9,461	19,050
Total	284,168	905,133	992,993	1,039,960	1,042,902	1,272,578

Total waste by type and disposal method (ton)

	2011	2012	2013	2014	2015	2016
Recycled non-hazardous waste	NA	NA	NA	NA	1,154	1,373
Hazardous waste						
Recycled	NA	NA	NA	NA	56	42.73
Disposed	NA	NA	NA	NA	0	0.84

1) Energy consumption data provided in the above table represents electricity consumption of Yapı Kredi head office buildings (Yapı Kredi Plaza A,C ve D Blok, Bankacılık Üssü, Darıca, Bayramoğlu, Yeniköy, Gayrettepe), 1082 ATMs, and 987 branches together with natural gas consumption of Yapı Kredi head office buildings (Yapı Kredi Plaza A,C ve D Blok, Bankacılık Üssü, Darıca, Bayramoğlu, Yeniköy, Gayrettepe) and 410 branches.

2) Emissions data provided in the above table represents electricity consumption of Yapı Kredi head office buildings (Yapı Kredi Plaza A,C ve D Blok, Bankacılık Üssü, Darıca, Bayramoğlu, Yeniköy, Gayrettepe) and 987 branches together with natural gas consumption of Yapı Kredi head office buildings (Yapı Kredi Plaza A,C ve D Blok, Bankacılık Üssü, Darıca, Bayramoğlu, Yeniköy, Gayrettepe) and 410 branches, fuel consumption of vehicles, and diesel consumption for generators at points of use.

3) Water consumption data provided in the above table represents water consumption of Yapı Kredi head office buildings (Yapı Kredi Plaza A,C ve D Blok, Bankacılık Üssü, Darıca, Bayramoğlu, Yeniköy, Gayrettepe) and 655 branches.

4) Paper waste, glass waste, metal waste, and plastic waste generated as the result of operations are added to "Total waste collected with Recycling Movement" due to the revision of waste management processes realized in 2016 within the scope of ISO 14001 certification efforts in Yapı Kredi head office buildings.

GRI STANDARD CONTENT INDEX

Sustainability Report 2016





Building a better working world

Independent Assurance Statement

To the Board of Directors and Management of Yapı ve Kredi Bankası A.Ş., İstanbul, Turkey

This Assurance Statement (hereinafter "the Statement") is intended solely for the management of Yapı ve Kredi Bankası A.Ş. (hereinafter "Yapı Kredi" or "the Company"), for the purpose of reporting on the Selected Information in its 2016 Sustainability Report (hereinafter "the Report") that has been prepared by the Company for the year ended 31 December 2016.

Subject Matter Information and Applicable Criteria

We were engaged by the Company to provide limited assurance on the items listed below for the 2016 reporting period, together the "Selected Information" as defined by the Global Reporting Initiative Sustainability Reporting Standards (hereinafter "the Standards") and the Company's reporting guidance as explained in the Report.

The scope of our assurance

The scope of our assurance is limited to the indicators listed in the Selected Information list shown below for the relevant facilities in Turkey, which has been prepared based on the Sustainability Reporting Standards published by Global Reporting Initiative (GRI) and the Company's reporting guidance as explained in the Report. Our assurance statement should be read in conjunction with the Standards.

The boundary for the Selected Information is the relevant operations in Turkey, except where the Company has reported some indicators on a different basis, as explained on page 81 of the Report.

List of Selected Information:

- Direct economic value generated and distributed as per GRI 201-1.
- Defined benefit plan obligations and other retirement plans as per GRI 201-3.
- Financial assistance received from government as per GRI 201-4.
- Operations assessed for risks related to corruption as per GRI 205-1.
- Communication and training about anti-corruption practices as per GRI 205-2.
- Confirmed incidents of corruption and actions taken as per GRI 205-3.
- Total number of legal actions pending or completed during the reporting period for anti-competitive behaviour and violations of anti-trust and monopoly legislation and their outcomes as per GRI 206-1.
- Total energy consumption within the organization, in joules or multiples as per GRI 302-1.
- Energy intensity (Total Energy Consumption within the organization in Giga Joules/Total Employees) as per GRI 302-3.
- Total volume of water withdrawal by source as per GRI 303-1.
- Scope 1 GHG emissions in metric tonnes of CO₂ equivalent as per GRI 305-1.
- Scope 2 location-based GHG emissions in metric tonnes of CO₂ equivalent as per GRI 305-2.
- Scope 1 GHG emissions intensity ratio for the organization (metric tonnes of CO₂ equivalent/ total number of employees) as per GRI 305-4.
- Total weight of waste generated and disposed following GRI 306-2.
- Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations as per GRI 307-1.
- Total environmental protection expenditures and investments.
- Type of injury and injury rate for all employees as per GRI 403-2.

- Average hours of training given to employees by gender and employee category as per GRI 404-1.
- Total number of training given on human rights policies and procedures as per GRI 412-2.
- Total number of incidents of discrimination and corrective actions taken as per GRI 406-1.
- Operations in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk as per GRI 407-1.
- Operations at significant risk for incidents of child labour as per GRI 408-1.
- Operations considered to have significant risk for incidents of forced labour as per GRI 409-1.
- Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes as per GRI 417-3.
- Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services as per GRI 419-1.

The Company's Responsibilities

The Company's management is responsible for the preparation, collection and presentation of the Selected Information in accordance with the Standards. In addition, the Company's management is responsible for ensuring that the documentation provided to the practitioner is complete and accurate. The Company's management is also responsible for maintaining the internal control system that reasonably ensures that the documentation and information described above is free from material misstatements, whether due to fraud or error.

Our Responsibilities

We conducted our assurance engagement in accordance with International Assurance Standards, particularly International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) (revised). These regulations require that we comply with ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Selected Information.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement and therefore the assurance level attained are limited compared with that of a reasonable assurance engagement.

The procedures selected depend on the practitioner's judgment. The procedures include, in particular, inquiry of the personnel responsible for collecting and reporting on the Selected Information and additional procedures aimed at obtaining evidence about the Selected Information.

In respect of the Selected Information mentioned above the procedures performed include the following procedures:



Building a better working world

1. Interviewed select key senior personnel of the Company to understand the current processes in place for capturing the Selected Information pertaining to the reporting period.
2. Reviewed Selected Information on site covering Yapı Kredi Headquarters in Turkey and offices in Gebze, Kocaeli as well as off-site review of the Selected Information pertaining to the Company's other locations in Turkey, against evidence, on a sample basis.
3. Undertook substantive testing, on a sample basis, of the Selected Information.
4. Used the Company's internal documentation to evaluate and measure the Selected Information.
5. Evaluated the design and implementation of key processes and controls over the Selected Information.
6. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period.
7. Evaluated the disclosure and presentation of Selected Information in the Report.

Scope of the Limited Review

Not covered by our guarantee:

- Data and information contained in the Report other than those mentioned above;
- Data and information outside the specified reporting period (from 1 January 2016 to 31 December 2016);
- Statements, beliefs, wishes, expectations, targets or prospective declaration of intention made by the Company.

Our conclusion

As a result of our procedures, nothing has come to our attention that indicates the Selected Information reviewed for the year ended 31 December 2016 is not prepared in all material respects in accordance with the Standards.

Our assurance team

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant companies in Turkey and internationally.

We permit this report to be disclosed in Yapı ve Kredi Bankası A.Ş.'s Sustainability Report for the year ended 31 December 2016, to enable the Directors of Yapı ve Kredi Bankası A.Ş. to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and Yapı ve Kredi Bankası A.Ş. for our work or this Statement except where terms are expressly agreed between us in writing.

for Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

A member firm of Ernst & Young Global Limited

Zeynep Çayan, SMMM
Partner
İstanbul, 09.06.2017

GRI Standard	Disclosure	SDG
GRI 101: Foundation		
GRI 102: General Disclosures 2016		
Organizational Profile		
102-1	About Yapı Kredi	
102-2	About Yapı Kredi	
102-3	www.yapikredi.com.tr	
102-4	About Yapı Kredi	
102-5	www.yapikredi.com.tr	
102-6	www.yapikredi.com.tr	
102-7	About Yapı Kredi	
102-8	Social Performance Tables	8
102-9	Sustainability Structure	
102-10	GRI Indicator Table: There are no significant changes.	
102-11	Risk Management and Compliance	
102-12	www.yapikredi.com.tr	
102-13	www.yapikredi.com.tr	
Strategy		
102-14	CEO Message	
Governance		
102-16	Ethics, Working Principles, Anti-Bribery and Anti-Corruption	16
Stakeholder Engagement		
102-18	Corporate Governance	
Reporting Practice		
102-40	Material Aspects According to Stakeholder Groups	
102-41	We work for an engaging and pluralistic workplace	8
102-42	Our Sustainability Approach	
102-43	Our Sustainability Approach	
102-44	Material Aspects According to Stakeholder Groups	
Reporting Practice		
102-45	Yapı Kredi 2016 Annual Report	
102-46	About the Report	
102-47	Material Sustainability Issues	
102-48	GRI Content Index: Such information is not available.	
102-49	GRI Content Index: There is no change.	
102-50	About the Report	
102-51	GRI Content Index: June, 2016	
102-52	GRI Content Index: Annual	
102-53	Inside back cover, Contact	
102-54	About the Report	
102-55	GRI Content Index	
102-56	GRI Content Index: Indicators subject to external assurance are specified in the Assurance Statement.	

GRI Standard	Disclosure	SDG
Material Topics		
GRI 201: Economic Performance 2016		
Sustainable Profitability		
103-1	Our Sustainability Approach; Material Issues; Our Financial Capital	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
201-1	Our Financial Capital, We work towards the goal of sustainable profitability	2, 5, 7, 8, 9
201-3	Yapı Kredi 2016 Annual Report (page 98)	
201-4	Yapı Kredi 2016 Annual Report (page 102)	
203-2	We work towards the goal of sustainable profitability; Our Financial Capital; We support access to financial services; We continue our investments on enabled banking; We contribute to social welfare through social investments	1, 2, 3, 8, 10
Social Investments		
103-1	Our Sustainability Approach; Material Issues; Our Social Capital	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
203-1	We support access to financial services; We continue our investments on enabled banking; We contribute to social welfare through social investments	2, 5, 7, 9, 11
Responsible Procurement Practices		
103-1	Our Sustainability Approach ; Material Issues; Our Financial Capital; Ethics, Working Principles, Anti-Bribery and Anti-Corruption	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
204-1	We carry out responsible procurement practices	12
408-1	GRI Content Index: No case with the risk of child labor was observed during the reporting period. We carry out responsible procurement practices	12
409-1	GRI Content Index: No case with regards to this topic was detected during the reporting period. Ethics, Working Principles, Anti-Bribery and Anti-Corruption; We carry out responsible procurement practices	8, 16
412-3	Ethics, Working Principles, Anti-Bribery and Anti-Corruption; We carry out responsible procurement practices	8
414-1	We carry out responsible procurement practices	
414-2	We carry out responsible procurement practices; Ethics, Working Principles, Anti-Bribery and Anti-Corruption	5, 8, 16
Ethics, Anti-Bribery and Anti-Corruption/ Effective Risk Management & Internal Control		
103-1	Our Sustainability Approach; Material Issues; Our Financial Capital; Ethics, Working Principles, Anti-Bribery and Anti-Corruption	

GRI Standard	Disclosure	SDG
Etik, Rüşvet Karşıtlığı ve Yolsuzlukla Mücadele/ Etkin Risk Yönetimi ve İç Kontrol		
103-2	Sustainability Structure	
103-3	Sustainability Structure	
205-1	Ethical governance, anti-bribery and anti-corruption form the basis of our activities; Ethics, Working Principles, Anti-Bribery and Anti-Corruption	16
205-2	Ethical governance, anti-bribery and anti-corruption form the basis of our activities; Ethics, Working Principles, Anti-Bribery and Anti-Corruption	16
205-3	GRI Content Index: There was no case detected with regards to this issue during the reporting period. Ethics, Working Principles, Anti-Bribery and Anti-Corruption	16
206-1	GRI Content Index: There are two cases with regards to anti-competitive behavior, anti-trust, and monopoly practices[1][2] [1] The request for revision of decision to State Council issued on 15.08.2016 for the case against Competition Board's decision against the Bank, issued on 08.03.2013 and titled 13-13/198-100 (againsts 12 banks in credit, credit cards and deposits market) is still in progress. [2] The Bank filed an appeal to State Council's Board of Administrative Courts on 24.02.2016 for Competition Boards' decision issued on 07.03.2011 and titled 11-13/243-78 (salary promotions investigation). The appeal process is still underway.	16
415-1	GRI Content Index: Yapı Kredi does not support any political party or does not make donations to any political party	16
GRI 301: Environmental Standards Series 2016		
Fight Against Climate Change		
103-1	Our Sustainability Approach ; Material Issues; Our Natural Capital	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
302-1	We consider the effects of climate change while planning our operations	7, 8, 12, 13
302-2	We consider the effects of climate change while planning our operations	7, 8, 12, 13
302-3	We consider the effects of climate change while planning our operations	7, 8, 12, 13
302-4	We consider the effects of climate change while planning our operations	7, 8, 12, 13
305-1	We consider the effects of climate change while planning our operations; Environmental Performance Tables	3, 12, 13, 14, 15
305-2	We consider the effects of climate change while planning our operations ; Environmental Performance Tables	3, 12, 13, 14, 15
305-3	We consider the effects of climate change while planning our operations; Environmental Performance Tables	3, 12, 13, 14, 15
305-4	We consider the effects of climate change while planning our operations; Environmental Performance Indicators	13, 14, 15

GRI Standard	Disclosure	SDG
Fight Against Climate Change		
305-5	We consider the effects of climate change while planning our operations	13, 14, 15
305-6	Environmental Performance Tables	3, 12, 13
305-7	GRI Content Index: Yapı Kredi facilities are out of the scope of Regulation on Industrial Air Pollution Control, therefore no waste gas measurements are performed.	12, 13, 14, 15
Environment-Oriented Products and Services		
103-1	Our Sustainability Approach ; Material Issues; Our Natural Capital	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
201-2	CEO Message, We consider the effects of climate change while planning our operations	13
302-5	We consider the effects of climate change while planning our operations; We enrich our environment-oriented products and services portfolio	7, 8, 12, 13
Responsible Use of Resources		
103-1	Our Sustainability Approach ; Material Issues; Our Natural Capital	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
303-1	Environmental Performance Tables	6
303-2	GRI Content Index: The company does not have a significant effect on water resources.	6
303-3	GRI Content Index: There is no recycled water.	6, 8, 12
306-1	Environmental Performance Tables	3, 6, 12, 14
306-2	Environmental Performance Tables	3, 6, 12
306-3	GRI Content Index: There was no case of leakage in 2016.	3, 6, 12, 14, 15
306-4	GRI Content Index: In 2016, the total amount of waste oil that was given to PETDER and exported to Greece was 1,950 liters.	3, 12
306-5	GRI Content Index: The company does not have a significant effect on water resources.	6, 15
Environmental Compliance [Not Material]		
103-1	Our Sustainability Approach; Material Issues; Our Natural Capital	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
307-1	GRI Content Index: There were no fines enforced on the Bank in the reporting period due to non-compliance with environmental law and regulations.	16
GRI 401: Social Standards Series 2016		
Employee Satisfaction		
103-1	Our Sustainability Approach ; Material Issues; Our Human Capital	

GRI Standard	Disclosure	SDG
Employee Satisfaction		
103-2	Sustainability Structure	
103-3	Sustainability Structure	
202-1	GRI Content Index: This rate is 1.	5, 8
401-1	Social Performance Tables	5, 8
401-2	We aim to increase employee satisfaction	8
Work-life Balance		
103-1	Our Sustainability Approach ; Material Issues; Our Human Capital	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
401-3	We attach importance to work-life balance	5, 8
402-1	GRI Content Index: Legal minimum notice periods are under implementation.	8
Occupational Health and Safety		
103-1	Our Sustainability Approach; Material Issues; Our Human Capital	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
403-1	We attach importance to employee health	8
403-2	We attach importance to employee health	3, 8
403-3	GRI Content Index: Our operations do not have a high occupational disease risk.	3, 8
403-4	GRI Content Index: Collective bargaining agreements cover occupational health and safety topics.	8
Talent Management		
103-1	Our Sustainability Approach; Material Issues; Our Human Capital	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
404-1	We improve our skills	4, 5, 8
404-2	We improve our skills	8
404-3	We improve our skills	5, 8
Equal Opportunity and Prevention of Discrimination		
103-1	Our Sustainability Approach; Material Issues; Our Human Capital	
103-2	Sustainability Structure	5
103-3	Sustainability Structure	
405-1	We support equal opportunity; Social Performance Tables	5, 8
405-2	We support equal opportunity	5, 8, 10
Engaging and Pluralistic Workplace		
103-1	Our Sustainability Approach; Material Issues; Our Human Capital	
103-2	Sustainability Structure	

GRI Standard	Disclosure	SDG
Engaging and Pluralistic Workplace		
103-3	Sustainability Structure	
406-1	Ethics, Working Principles, Anti-Bribery and Anti-Corruption	5, 8, 16
407-1	GRI Content Index: No case with the risk of freedom of association was observed during the reporting period.	8
Security Practices [Not material]		
103-1	Our Sustainability Approach ; Material Issues; We carry out responsible procurement practices	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
410-1	GRI Content Index: All security personnel received human rights training.	16
Local People's Rights [Not material]		
103-1	Our Sustainability Approach; Material Issues; We carry out responsible procurement practices	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
411-1	GRI Content Index: There was no violation of indigenous peoples during the reporting period.	2
Human Rights Assessment [Not material]		
103-1	Our Sustainability Approach; Material Issues; We carry out responsible procurement practices	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
412-1	Internal Control and Audit	
412-2	Ethics, Working Principles, Anti-Bribery and Anti-Corruption; Our Human Capital	
Easy-to-understand Products and Services		
103-1	Our Sustainability Approach; Material Issues	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
417-1	We offer easy-to-understand products and services	12, 16
417-2	GRI Content Index: No case of non-compliances concerning product and service information and labeling was detected during the reporting period.	16
417-3	GRI Content Index: During the reporting period, there were no incidents of non-compliance with the regulations regarding marketing communications.	
Security of Customer Information		
103-1	Our Sustainability Approach; Material Issues	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
418-1	GRI Content Index: This data is not shared because of confidentiality reasons.	16

GRI Standard	Disclosure	SDG
Compliance [Not material]		
103-1	Our Sustainability Approach; Material Issues	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
419-1	GRI Content Index: In 2016, total administrative fines enforced on the Bank by the regulatory and supervisory authorities were TL 409,000. Additionally, as a result of the audit carried out by the Ministry of Customs and Trade within the context of Consumer Protection Law no. 6502, an administrative fine in the amount of TL 116,254,138 has been imposed on Yapı Kredi, reserving the Bank's right to litigate against the related decision. TL 87,190,603 of the relevant administrative fine, which is the amount calculated by benefiting from the discount within the frame of the provision of Article 17 of the Law on Misdemeanors No. 5326, was paid by our Bank on September 30, 2016. Litigation against the related decision has been filed in İstanbul 5th Administrative Court as of October 25, 2016.	16
Customer Satisfaction		
103-1	Our Sustainability Approach; Material Issues; We continuously strive to increase the customer satisfaction	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
Employee Volunteerism		
103-1	Our Sustainability Approach; Material Issues; We support employee volunteerism	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
Improvement of Corporate Governance Implementations		
103-1	Our Sustainability Approach; Material Issues; Corporate Governance	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
Environmental and Social Risk Management in Lending Activities		
103-1	Our Sustainability Approach; Material Issues; We evaluate our lending activities' environmental and social risks	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
Financial Literacy		
103-1	Our Sustainability Approach; Material Issues; We carry out projects to increase financial literacy	
103-2	Sustainability Structure	
103-3	Sustainability Structure	

GRI Standard	Disclosure	SDG
Enabled Banking		
103-1	Our Sustainability Approach; Material Issues; We continue our investments on enabled banking	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
Innovative Products		
103-1	Our Sustainability Approach; Material Issues; We develop innovative products and services	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
Improved Access to Financial Services		
103-1	Our Sustainability Approach; Material Issues; We support access to financial services	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
Sustainable Product Portfolio		
103-1	Our Sustainability Approach; Material Issues; We offer our customers sustainable product portfolio	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
Academic and R&D Collaborations		
103-1	Our Sustainability Approach; Material Issues; We attach importance to academic collaborations and R&D activities	
103-2	Sustainability Structure	
103-3	Sustainability Structure	
Information Technologies, Business Continuity, and Cyber Security		
103-1	Our Sustainability Approach; Material Issues; Information technologies, We continue to invest in information technologies, business continuity and cyber security	
103-2	Sustainability Structure	
103-3	Sustainability Structure	

DISCLAIMER

This Sustainability Report has been prepared by Yapı ve Kredi Bankası A.Ş. in the context of United Nations Global Compact Initiative.

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For further information about the Sustainability Report:

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Yapı Kredi Sustainability Report can be downloaded from
<https://www.yapikredi.com.tr/en/sustainability/reports>

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