

Capitals



VALUE FOR TSKB

VALUE FOR SOCIETY

KEY PERFORMANCE INDICATORS (2016)



- Diversity of funds
- Accessing and disbursing medium to long term finance
- Access to funds with sovereign guarantee
- Strong capital

- Increase in funds secured
- Increasing loan volume
- Financial sustainability
- Increased investor interest

- Contribution to sustainable development
- Reliable solution provider in the mind-sets of stakeholders
- Providing clients with structured products that meet the needs
- Strong share performance

- 75% loan portfolio comprising of investment and APEX loans
- Cost to income ratio of 15%
- 17.6 % return on equity

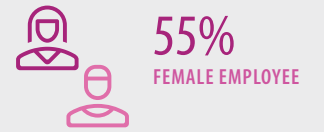


- Investment in employees
- Equal opportunity
- Social benefits
- Employee clubs

- Qualified human resource
- Competitive strength
- Employee satisfaction and loyalty
- Grand TSKB family

- Realizing projects that create value for the society
- Contribution to social equality
- Highly competent human resource
- Contribution to employment

- Management: 56% female, 44% male
- 55.9 average hours of training per employee
- 95% participation in employee satisfaction survey

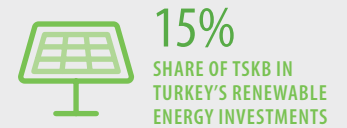


- Integration of environmental and social due diligence to lending process
- Zero-carbon banking
- Concentration in sustainability theme loans

- Responsible banking understanding that meets the expectations of fund providers and stakeholders
- Increased reputation among stakeholders
- Management and mitigation of environmental and social risks

- Supporting low-carbon and environment friendly economic growth
- Raising awareness in the business world
- Supporting renewable energy, energy efficiency and resource efficiency practices in Turkey

- 57% of loan portfolio consists of sustainability themed-funds
- Contribution to the reduction of 13 million tons CO_{2e} emissions
- Offsetting 15.000 tons carbon footprints of stakeholders in the past 3 years
- 100% green energy use and carbon neutral bank
- Quoted on BIST Sustainability Index since 2015



- 3 discipline appraisal and analysis strength (Engineering, Financial Analysis, Economic Research)
- Sectoral Expertise
- Ability to develop themes and products based on need
- Strength of subsidiaries with diversified expertise

- Innovative products and services
- Low level of non-performing loans
- Income differentiation

- Solution oriented banking services
- Supplying clients with integrated solutions through subsidiaries
- Sector studies with wide perspective

- First green bond issue in Turkey and CEEMEA region
- Published 192 sectoral studies/analysis in 2016
- First bank to integrate and model environmental and social due diligence to lending process



- Compact compound in harmony with the corporate culture
- Information technology infrastructure

- Improving productivity in work processes
- Institutionalization of knowledge

- Answering client needs in a timely and speedy manner
- Increasing customer satisfaction

- Efficiency in the processes
- Service building integrated with the subsidiaries
- Healthy, efficient and ergonomic working environment



- Long lasting and effective dialogue with stakeholders
- Social Responsibility projects
- Sharing of experience
- Membership to and cooperation with initiatives

- Increased reputation among stakeholders
- Increasing domestic and international recognition
- Ability to attract qualified human resources
- Increasing internal capacity

- Contribution to highly competent human resources
- Increasing awareness on climate change and sustainability among stakeholders
- Supporting equal opportunity and gender equality in the society
- Sharing opinion and views with the public authorities on preparation of regulations

- Increasing awareness on sustainability through cevreciyiz.com
- Supporting art through IKSV Zero Carbon concerts
- Supporting culture through excavations at antique Patara city



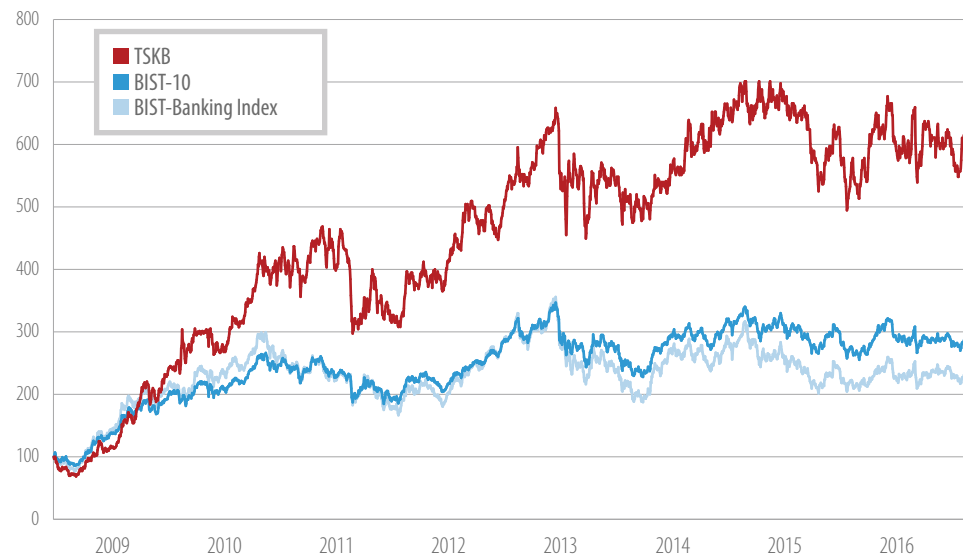
TSKB has been quoted on BIST Corporate Governance Index since 2009, at BIST Sustainability Index since 2015 and has entered FTSE4GOOD Emerging Markets Index as of 2016.

ROBUST STOCK PERFORMANCE

TSKB stocks are quoted and traded on BIST-50 and additionally in various indices such as BIST Corporate Governance Index, BIST Sustainability Index and ISIST Index. Furthermore, in December 2016, TSKB joined the FTSE4Good Emerging Markets Index established by FTSE, an independent organization created under joint ownership by the London Stock Exchange and the Financial Times.

In 2016, BIST-100 Index and BIST Banking Index rose by 8.9% and 8% respectively while TSKB stocks picked up by 10.7%. In 2016, the Bank's stocks outperformed BIST-100 by 1.6% and BIST Banking Index by 2.4%. As of December 31, 2016, the Bank's market capitalization reached TL 2.9 billion. Foreign investors' share in TSKB's publicly-held stocks stood at 59.5% as of the end of the year.

TSKB Stock Performance SOURCE BIST Daily Bulletin



	31/12/2014	31/12/2015	30/12/2016
Closing price for TSKB stocks (TL)¹	1.42	1.27	1.41
Change (%) ²	30.9	-10.0	10.7
BIST Bank Index relative (%)	0.4	19.3	2.4
BIST 100 relative (%)	3.6	7.5	1.6
BIST Bank Index	158,940	119,917	129,549
Change (%) ²	30.4	-24.6	8.0
BIST 100 index	85,721.1	71,727.0	78,138.7
Change (%) ²	26.4	-16.3	8.9

1. Retrospective closing prices are adjusted for cash dividends and capital increase through bonus issues performed after the relevant dates.
2. Change compared to the beginning of year



Human Capital

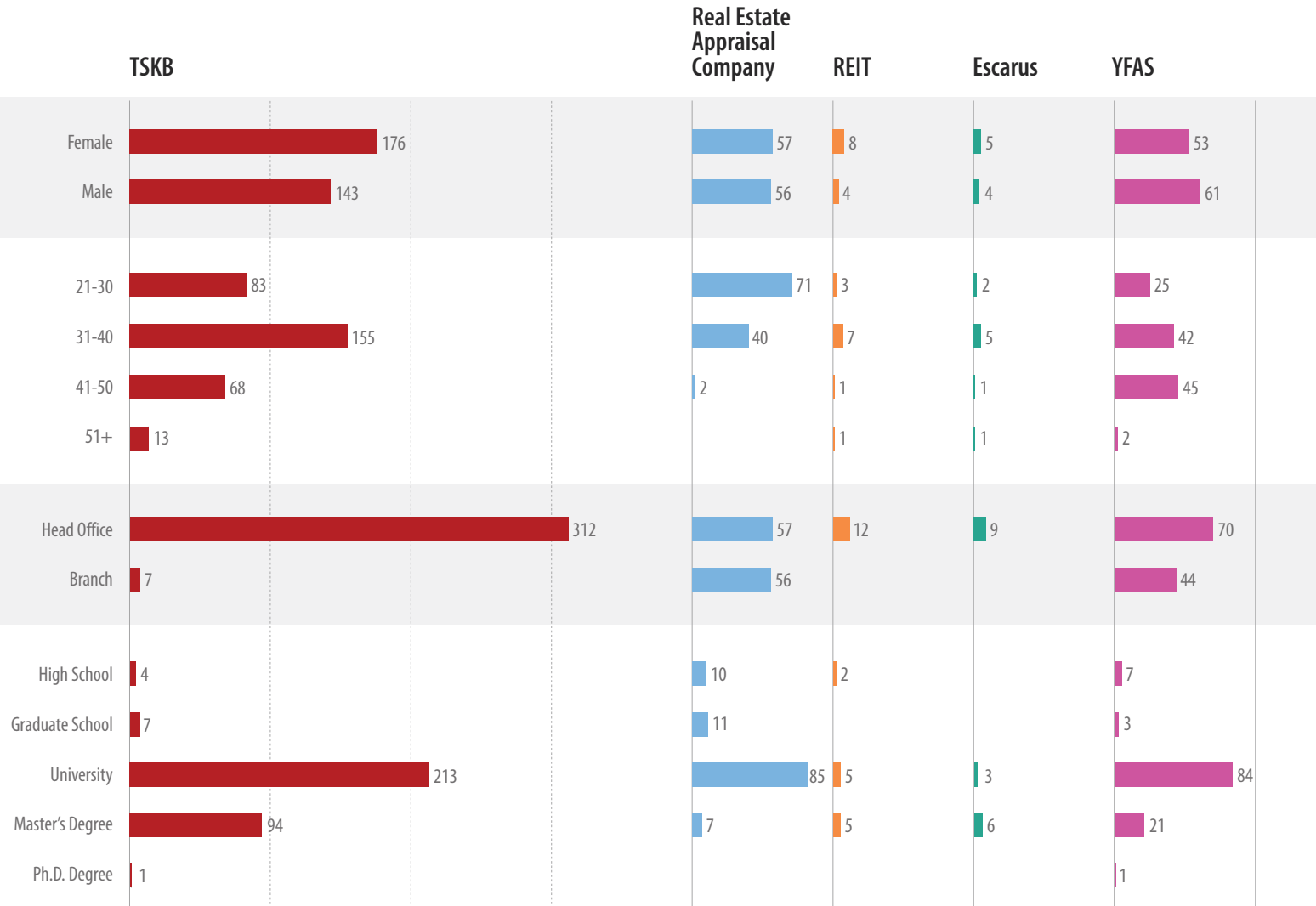
Our Workforce in Numbers

A QUALIFIED WORKFORCE IS ONE OF THE MOST IMPORTANT ELEMENTS IN TSKB'S BUSINESS MODEL. TSKB employees, distinguished thanks to their level of education and expertise, ensure the Bank assumes the leading role in a diverse range of fields.

TSKB offers its employees a working environment where human rights are respected, equal opportunities are provided and initiatives are encouraged and it supports this environment through innovative training programs, internal communication work and social benefits.

567 Grand TSKB Family

319 TSKB Banking Staff



Training Programs

TSKB AIMS TO DEVELOP HUMAN CAPITAL THROUGH tailored training programs required for specialized banking. To this end, various training and development activities are carried out to improve both technical and professional knowledge as well as personal skills of employees.

- > Career Workshop programs are run for recent graduates who join the Bank.
- > Orientation and coaching processes are applied to ensure a rapid adaptation of TSKB's new employees to the Bank.
- > During the 2-year Development Workshop program, managers are offered training programs in relation to both personal development and management skills as well as competences.
- > One-on-one coaching as well as a training program abroad are provided to Department Heads under the Management Development Program.

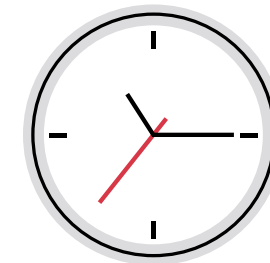
DEVELOPMENT WORKSHOP

This is a program that aims to prepare TSKB employees for the next stage in their careers. The Development Workshop runs over 2 years and identifies the developmental areas of each participant. From this point on, a training program is designed based on TSKB competences. The program is made up of 5 main modules, namely Self-Consciousness, Presence, Strategic Leadership, High-Impact Leadership and Progressive Leadership, and focuses on the development of various competences in each module.

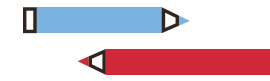
The first phase of the program started in April 2014 and was completed in May 2016. A total of 70 participants comprised of 39 women and 31 men graduated from the 1st Development Workshop Program. Each participant received 75.5 hours of training.

The second phase of the program started in May 2016 and will complete in April 2018. 45 participants in total, comprising of 27 women and 18 men, are attending the program.

17,833
Total Hours of Training



55.9
Total duration of training excluding administrative employees / person (hours)



115
Development Workshop Participants



89
Number of MTs trained by the Career Workshop

CAREER WORKSHOP

TSKB runs meticulous work under its goal to "train its own managers" and holds a Management Trainee (MT) Program each summer to train future experts and managers. The Bank runs tailored training programs to prepare the management trainees it employs for the positions they will assume at TSKB.

Since 2010, a total of 7 Career Workshops have been held, 28 courses have been provided to 255 participants and 89 MTs have been trained.

Employee Satisfaction and Loyalty is the Priority

TSKB BELIEVES THE BEST BUSINESS DEVELOPMENT IS POSSIBLE THROUGH THE OBSERVATIONS AND FINDINGS OF THE PEOPLE WITHIN AN ORGANIZATION. To this end, employee satisfaction surveys are conducted periodically. Through such surveys, TSKB regularly measures the satisfaction and engagement levels of its employees, creates a routine platform where they can submit their ideas and suggestions, and acts in line with improvement goals. Measurements are specifically performed within the scope of engagement analyses, and survey results are shared transparently with all employees.

307 employees responded to the 2016 employee satisfaction survey. Participation rate was 96%.

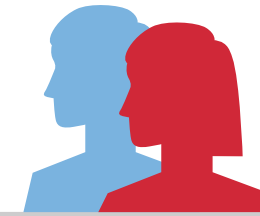
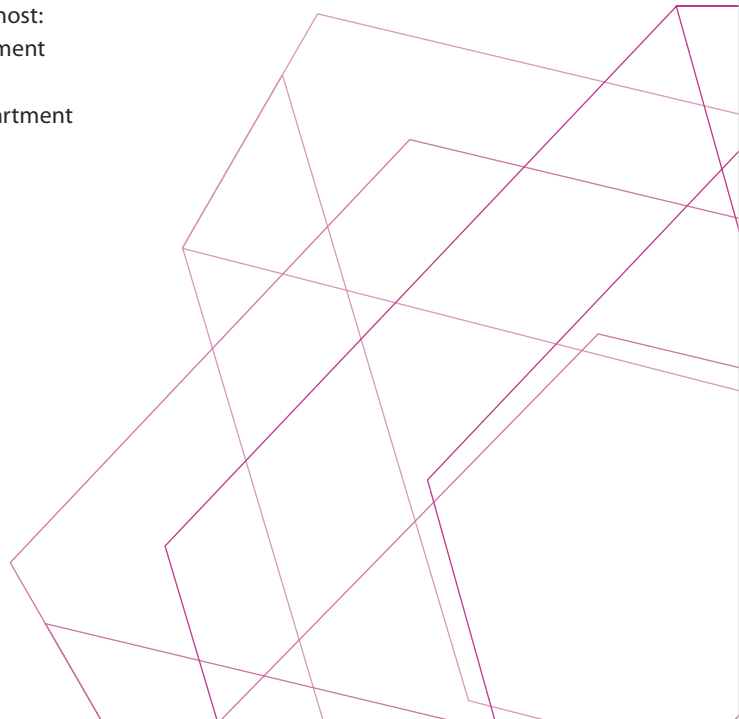
In 2012, 287 employees had responded to the employee satisfaction survey.

TSKB's efforts to improve employee engagement were reflected in survey results. A comparison of 2012 and 2016 surveys shows that:

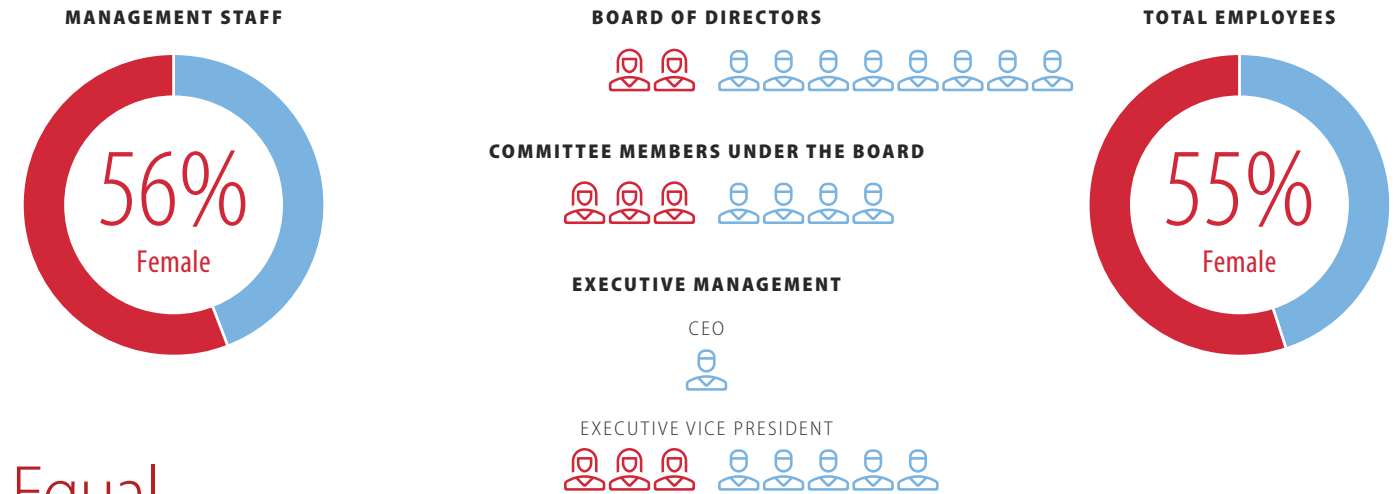
- > Employee engagement was improved by 13% in the last 4 years.
- > Questions on employee engagement are among the highest rising topics:
 - “I was recognized and praised for doing something good during the last week”
 - “At TSKB, I have an opportunity each day to do the best thing I do”
 - “In the last six months, I was given feedback at workplace on any progress I made”
- > Furthermore, improvements were made in factors that impacted the employee engagement most:
 - Training and Development
 - Job Satisfaction
 - Satisfaction with Department Manager

TSKB set development goals in priority areas identified following the 2012 survey. Clear improvements were observed in such areas in the 2016 survey. Priority development areas after 2016 are career planning, cooperation and teamwork, interdepartmental communication and performance management.

Moreover, starting from 2017, the employee engagement dimension was also numerically added to the goals of the management and included in the performance system, an indicator of the importance the Bank attaches to the matter.



Gender breakdown of Board Members



Equal Opportunity

TSKB pursues a human resources policy that is based on diversity and equal opportunities and acts in accordance with technical and personal competence criteria at recruitment, training and development, performance and career management, compensation and promotion stages. The fact that 55% of banking staff is female is a concrete indicator of the human

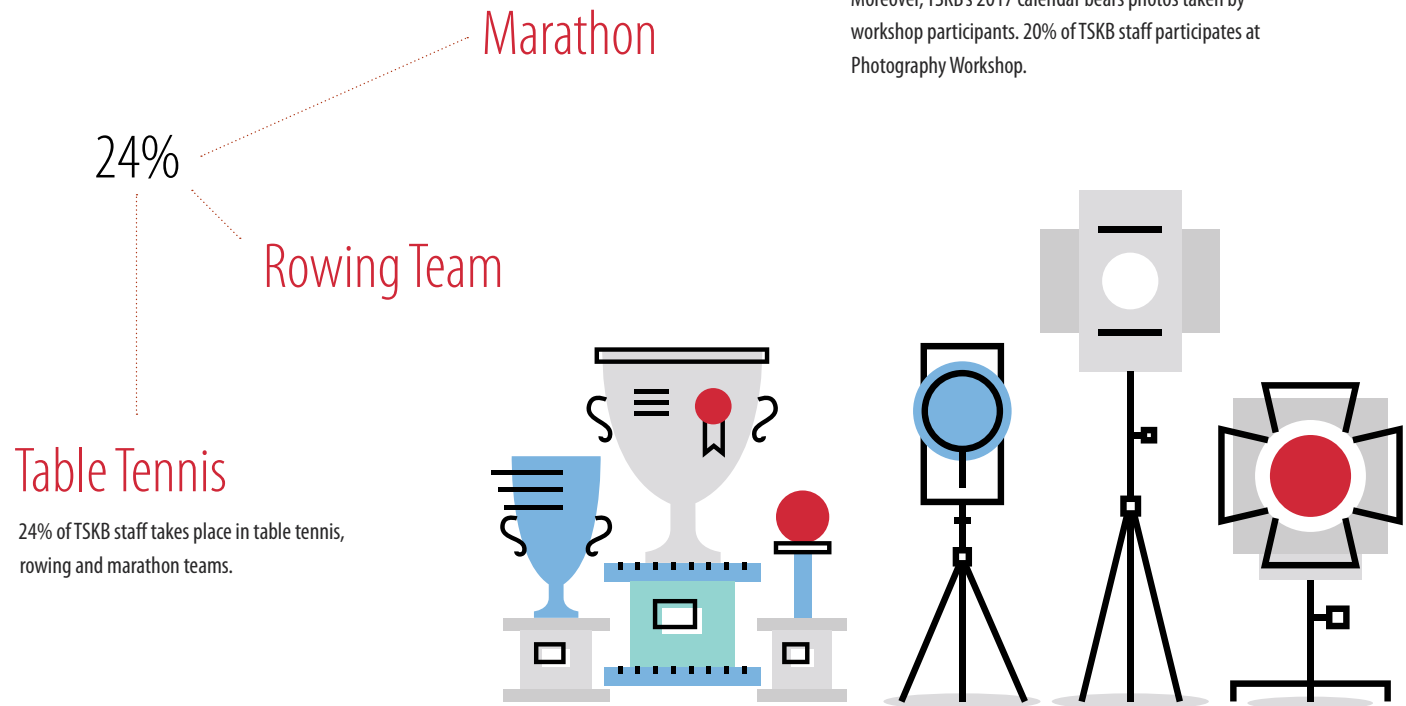
resources policy that is based on diversity and equal opportunities. Moreover, with 56% women in management positions, TSKB is distinguished positively. TSKB aims to support decision-making women's attendance to various committees and has voluntarily committed itself to increasing the rate of female Board members to 25% by the end of 2018.

The Bank has a performance-based promotion system focusing on equal opportunities. Continuous work is under way on the development journeys of employees and on their preparation for senior positions with a priority on performance and success.

Employee Clubs

In addition to supporting the intellectual development of its employees, TSKB actively supports various clubs to contribute to employees' social life, increase motivation in the working environment and reinforce the synergy within the organization.

Furthermore, employees are brought together at various platforms such as "Future Vision" meetings, sustainability talks, managers meeting, foundation cocktail, new year's dinner, and IKSVM Music Festival, which the Bank sponsors every year.



PERFORMANCE, COMPENSATION, REWARD AND SOCIAL BENEFITS

Sustainability and efficiency are key concepts in TSKB's human resources approach. Therefore, all TSKB employees are assessed objectively via the Performance Management System and supported for their continuous development thanks to various training programs.

Furthermore, TSKB applies an egalitarian "Remuneration Policy" that is coordinated with the performance assessment system and is sensitive to the market. The Bank conducts all employee assessments free from any kind of difference (gender, mental / physical handicap, age, race, religion, language, sect, faith, cultural or social class) and reflects the same approach in compensation and reward mechanisms.

PENSION FUNDS / QUALITY HEALTHCARE SERVICES

At TSKB, there are two pension funds offering different social security options, namely TSKB Employees Assistance and Pension Foundation established in 1964 and TSKB A.Ş. Employees Supplementary Social Security and Assistance Foundation founded in 1994.

TSKB, 52 years ago, founded social security systems that were based on good practices around the world and offered comparative advantages to employees, thus transposing its "sustainability" and "leadership" aspects in investment and development banking into social security. TSKB pension funds deliver all commitments on healthcare and pension to around 1,400 people including members and the dependents of the members. TSKB pension funds serve their members with pension and retirement bonus products as long as they are alive and the dependents if the members pass away.