

Since 1863...



Striving to build a sustainable future since 1863. Benefiting from the unrivaled knowledge and experience that it has built up in the course of its corporate history, Ziraat Bank is focused on making an increasingly bigger contribution to Turkey's sustainable development.

A look back at our first century and a half

In the course of its 150 years in business, Ziraat Bank has been both a witness to and an actor in some of the world's most momentous historical events.

Founded as a state-owned bank by an empire, Ziraat Bank has had direct experience with events that changed the course of history and deeply affected its country's economic life such as the World War I, the Turkish War of Independence, the Great Depression, and World War II.

With the declaration of the Turkish Republic in 1923, Ziraat Bank immediately began playing a crucial role during every stage of Turkey's subsequent economic growth and development. Today it is a potent, globally recognized brand.

Over the last century and a half, mankind has reached into space and walked on the moon and there have been radical transformations in information technologies and business models. Throughout this process, Ziraat Bank has continuously maintained its viability by successfully internalizing change. In order to understand the value that Ziraat Bank has built up and to better define its sustainability vision, we need to take a short walk down the corridor of history.

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85%

85% of Ziraat Bank employees hold at least one university degree (bachelor's or higher). The average age of employees is 35; their average length of service is 11 years.

15%

In 2011 Ziraat Bank's network consisted of 1,434 branches; as of end-2013 there were 1,636. During the same, Ziraat Bank's share of the total number of branches in the Turkish banking system increased to 15.0%.

12.7%

The wide coverage of the Bank's extensive ATM network also brings it closer to customers. At end-2013, 12.7% of the ATM units operating in Turkey belonged to Ziraat Bank.

Ziraat | 1863-1888

On 20 November 1863 Mithat Paşa, then the Ottoman governor of Niş in what is now Serbia, spearheads the establishment of Memleket Sandıkları (Homeland Funds) in the town of Pirot.



Mithat Paşa



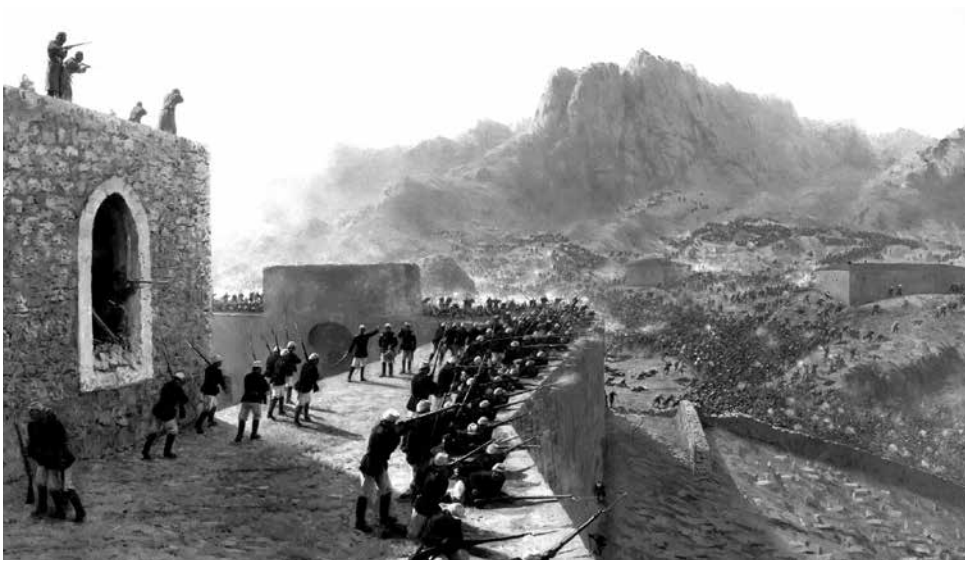
Memleket Sandığı (Homeland Fund).

Ziraat Bank

- On 20 November 1863 Mithat Paşa, then the Ottoman governor of Niş in what is now Serbia, spearheads the establishment of Memleket Sandıkları (Homeland Funds) in the town of Pirot. Providing state-guaranteed credit for farmers, these later served as the core from which Ziraat Bank grew.
- The first agricultural-finance loans are introduced. Capped at a maximum of twenty gold pounds (about USD 6,000 in today's money) per borrower, the loans had repayment terms of between three and twelve months.
- Turkey's first statutorily regulated credit system is launched.
- Mithat Paşa's Homeland Funds are reconstituted as Menafi Sandıkları (Benefit Funds).
- The agricultural credit funds are reorganized to make them stronger and more sustainable.
- The Benefit Funds are shut down to protect farmers in Edirne, Salonika, Manastir, Kosovo, Yanya, and Shkodra from exploitation and their capital is transferred to the newly-formed Ziraat Bank. The Bank's branch network is expanded and begins lending to farmers.
- Devlet Üretme Çiftlikleri (State Farms) are launched with Ziraat Bank financial support.
- Ziraat Bank's headquarters are opened in İstanbul.

The World | 1863-1888

Ottoman-Russian War (War of '93)



Defence of Doğubeyazit during the Ottoman-Russian War.

The World

- The first telegraph landline links India and Europe.
- The First Constitutional Era begins with the promulgation of the Ottoman Basic Law.
- Alexander Graham Bell invents the telephone.
- Ottoman-Russian War (War of '93).
- Thomas Edison invents the electric light bulb.
- The Ottoman tax system is reformed.
- Karl Benz introduces the Benz Patent-Motorwagen, the world's first purpose-designed automobile.

Ziraat | 1889-1913

Ziraat Bank extends credit to the Imperial Treasury for the first time.



Ottoman banknotes and coins.

Ziraat Bank

- Financed by means of shares from Ziraat Bank's profits, the Salonika, Bursa, and Halkalı agricultural schools are opened.
- Ziraat Bank takes part in the opening of an agricultural fair in Plovdiv.
- Ziraat Bank extends credit to the Imperial Treasury for the first time.
- Ziraat Bank supplies credit to supply grain to needy refugees and others in drought-stricken Izmit.
- Low-cost farming equipment and good-quality seed are made available to farmers in localities along the Anadolu railway line as well as in other towns.
- Grants-in-aid are provided by Ziraat Bank to the victims of flooding in Tripoli.
- A project to fund purchases of European agricultural equipment using Ziraat Bank's capital is studied.
- Ziraat Bank offices are opened in Kerek, İpek, Prizren, Timișoara, and Karacasu.
- The İstanbul Emniyet Sandıkları (İstanbul Security Funds), also known as Şefkat Sandıkları (Charity Funds), that were set up as a public social service are placed under the supervision of Ziraat Bank.
- Ziraat Bank provides drought-stricken Kosovo farmers with low-cost credit on convenient terms.

The World | 1889-1913



Bulgarian soldiers ahead of Edirne attack.

First and Second Balkan Wars

The World

- Ziraat Bank opens a branch in Medina.
- Ziraat Bank branches open in Baghdad and Basra.
- Needy farmers in Çanakkale and its environs are provided with seed and with surety-backed loans.
- A law authorizing Ziraat Bank to lend to the Imperial Treasury to finance the war effort is passed and goes into effect.
- Ziraat Bank branches provide earthquake-stricken farmers with loans.
- Wright brothers invent the airplane.
- First and Second Balkan Wars.
- The Second Constitutional Era begins.

Ziraat | 1914-1938

Under an Act of Parliament, Ziraat Bank ceases to be a state-owned bank and is transformed into a joint-stock company.



Ziraat Bank Head Office, Ankara.

Ziraat Bank

- Agricultural school model farms, agricultural equipment storehouses, and stud farms are set up in some provinces and localities to teach farmers new techniques intended to improve farming and animal husbandry practices.
- Ziraat Bank begins lending to commercial enterprises.
- The first seed-finance loans are provided.
- Ziraat Bank begins providing farms with loans and with advances against notes and surety.
- First general deferment is granted on agricultural loans.
- Money supplied from Ziraat Bank-supervised funds is used to buy equipment for soldiers in order to help finance the operations of Nationalist Forces units during the War of Independence.
- With the opening of the Grand National Assembly in Ankara, the city's Ziraat Bank branch is made responsible for the administration and oversight of all bank branches and offices in localities controlled by the Nationalists.
- Control of Ziraat Bank's İzmir operations is given to Ankara.
- Control of Ziraat Bank's İstanbul operations is given to Ankara.
- Under an Act of Parliament, Ziraat Bank ceases to be a state-owned bank and is transformed into a joint-stock company.
- Under Statute 1924/444, Ziraat Bank is authorized to engage in "any and all manner of banking transactions that will contribute to economic development" through its national network of 316 branches.
- Following a presidential directive authorizing state agencies and banks to purchase works of art, Ziraat Bank begins purchasing paintings exhibited in exhibitions held in Ankara. These acquisitions become the core of the Ziraat Bank Art Collection.
- The subject of agricultural cooperatives is added to the curriculum of the School of Practical Banking in which Ziraat Bank trains its future branch and agency managers.
- Ziraat Bank begins guaranteeing payment of bonds issued by the Ministry of Finance to help fund huge state-initiated projects aimed at kick-starting and supporting Turkey's industrial revolution.
- A Ziraat Bank-launched program of publications dealing with banking, agricultural cooperatives, and the Bank's own operations and activities begins contributing to the growth and development of this discipline in Turkey.

The World | 1914-1938



First President of the Republic of Turkey Atatürk, and his colleagues leaving the building of the Grand National Assembly of Turkey.

Turkey is declared a republic.

The World

- Ziraat Bank begins handling bursar operations for the Treasury.
- Located in Ankara's Ulus district and designed by the Italian architect Guilio Mongeri, Ziraat Bank's new headquarters building is officially opened at a ceremony attended by Prime Minister İsmet İnönü and Grand National Assembly President Kazım Özalp.
- Ziraat Bank is invited to and represents Turkey at a conference in Rome organized by the International Institute of Agriculture to set up an international bank that would provide short-term loans to farmers.
- Under Statute 2056 (Wheat Protection Act), Ziraat Bank is authorized to buy all wheat offered for sale by village farmers, to sell it in domestic and international markets, to protect wheat-farming, and to regulate wheat prices. Another successful outcome of this law is to encourage the erection of modern grain silos.
- Under Statute 2814, Ziraat Bank is authorized to restructure the repayment of its mortgage-backed and/or jointly-guaranteed agricultural loan receivables.
- Under Statute 3242, Ziraat Bank is authorized to provide "Wheat Assistance Credit" to immigrants and refugees as well as to needy farmers suffering from disasters such as drought, hail, flooding, fire, and epidemics.
- Under Statute 1937/3202, its incorporating charter, Ziraat Bank is authorized to provide insurance coverage to those engaged in farming.
- World War I begins.
- Invading forces are repulsed at Çanakkale.
- Turkish Nationalist congresses are convened in Erzurum and Sivas.
- The Turkish War of Independence begins.
- The Grand National Assembly passes the National Pact declaring the borders of the Republic of Turkey.
- With the signing of the Treaty of Lausanne, the War of Independence is won.
- Turkey is declared a republic.
- The Turkish Civil Code is passed by parliament.
- The Great Depression begins.
- Women are given the right to vote and stand for election.

Ziraat | 1939-1963

Under Statute 123, Ziraat Bank is authorized to restructure the servicing of defaulted obligations owed to the Bank by villagers and farmers.



Ziraat Bank Press Advertising, 1962.

Ziraat Bank

- Statute 4094 authorizes Ziraat Bank to restructure the repayment of Hatay Ziraat Bank's mortgage-backed and/or jointly-guaranteed agricultural loan receivables in the wake of that bank's liquidation.
- Work is completed on the set of operational regulations called for by Statute 3202. Consisting of 198 articles, the regulations governing the operations of Ziraat Bank go into effect.
- Ziraat Bank becomes a member of Confédération Internationale du Crédit Agricole (CICA), a non-profit worldwide association of banks and other entities interested and involved in rural financial processes.
- The third general assembly of CICA is held in İstanbul and Ankara with Ziraat Bank acting as host.
- Under Statute 7052, Ziraat Bank is authorized to restructure agricultural loan repayments.
- Ziraat Bank attends an international conference concerning scientific research on the subject of agricultural cooperatives organized jointly by a number of German and Austrian universities and institutes in West Germany.
- Under Statute 123, Ziraat Bank is authorized to restructure the servicing of defaulted obligations owed to the Bank by villagers and farmers.
- Ziraat Bank attends the Third International Congress on Agricultural Congresses in Marburg, West Germany. One decision taken at this congress was the establishment of an "International Agricultural Cooperatives Forum", a talk-shop for exploring collaboration among members in issues pertaining to coops.
- Ziraat Bank launches "Tarım Kredi ve Satış Kooperatiflerine Ait Gelişmeler", a series of publications concerning developments in agricultural credit and sales coops, that would continue for nineteen years.

The World | 1939-1963



After the atomic bomb dropped on Hiroshima.

Atomic bombs dropped on Hiroshima and Nagasaki bring the Second World War to an end.

The World

- World War II begins.
- Atomic bombs dropped on Hiroshima and Nagasaki bring the Second World War to an end.
- Forty-five countries attending the Bretton Woods Conference agree to set up the International Monetary Fund.
- Fifty countries attending the San Francisco Conference agree to set up the United Nations.
- The Cold War begins.
- Diners Club introduces the first general-purpose credit card.
- The European Economic Community (EEC), from which the European Union (EU) would subsequently emerge, is created under the Treaty of Rome.
- The Internet is born as a collection of interconnected packet-switching networks.
- The world's first ATM goes into service in London.
- The Agreement between The Republic of Turkey and the European Economic Community (commonly known as the Ankara Agreement) is signed.

Ziraat | 1964-1988

The Ziraat Bank Museum opens in the former VIP Lounge of the Bank's headquarters. Intended to show off Ziraat Bank's history, this is the first bank-owned and operated museum in Turkey.



The Ziraat Bank Museum.

Ziraat Bank

- Under Statute 776, Ziraat Bank is authorized to restructure the servicing of obligations owed to the Bank by villagers and farmers.
- Ziraat Bank's representative office opens in Hamburg.
- Ziraat Bank opens its Lefkoşa, Gazi Magosa, and Güzelyurt branches in the Turkish Republic of Northern Cyprus.
- A cinema is opened at the Ziraat Bank Mithatpaşa Performing Arts Center.
- The first and only cinema owned and operated by a bank, the Ziraat Bank Cinema begins hosting a choice selection of the latest films to viewers at no charge. The 30 or so Turkish and foreign films that are shown during each season are attended by more than 100 thousand viewers.
- The Ziraat Bank Museum opens in the former VIP Lounge of the Bank's headquarters. Intended to show off Ziraat Bank's history, this is the first bank-owned and operated museum in Turkey.
- Ziraat Bank's representative's office in New York is transformed into a branch while new offices are opened in Duisburg, Berlin, Munich, Stuttgart, and Rotterdam.
- Başak Çocuk, a children's magazine published by Ziraat Bank appears for the first time with its March 1983 issue and proves to be very popular with readers. Consisting of 32 full-color pages, the magazine came with a four-page encyclopedia supplement that brought the total number to 36. With its rich, superior-quality content, Başak Çocuk heralded a new approach to children's publications in Turkey and it remained innovative throughout its publishing life. Seeking to be educational as well as entertaining, the magazine was an informative resource and is still a treasured memory among many adults. Başak Çocuk continued to publish until the 2000-2001 season.
- Under the Ziraat Bank 86 project, the first steps to adapt improvements in technology to banking services so as to deliver them faster, more efficiently, and at better quality are taken with the automation of a total of seven branches located in Ankara and Istanbul.
- Farmers in the GAP (Southeastern Anatolia Project) area begin receiving credit products designed according to local requirements.
- Ziraat Bank ranks 452nd among the world's 500 biggest banks as measured by equity according to Euromoney, a magazine.
- In fulfillment of Ziraat Bank's mission to support agriculture, the foundations of a new approach are laid with an entire region being dealt with as a single unit for the first time.

The World | 1964-1988



Chernobyl nuclear power plant disaster

After Chernobyl nuclear power plant disaster

The World

- Bearing the Diners Club label, credit cards are used in Turkey for the first time.
- First moon landing.
- Internet use begins to spread through the World Wide Web.
- June 5th is recognized as World Environment Day at a UN conference in Stockholm.
- The World Meteorological Organization convenes the First World Climate Conference.
- The world's first online banking applications are launched.
- The United Nations Conference on the Human Environment is held in Stockholm (Stockholm +10).
- The International Panel on Climate Change is set up jointly by the World Meteorological Organization and the United Nations Environment Program.
- Mobile telephony begins to spread rapidly.
- The Banks Association of Turkey lifts its ban on bank TV advertising.
- Chernobyl nuclear power plant disaster.
- The United Nations World Commission on Environment and Development publishes the Brundtland Report, Our Common Future, a major landmark that introduced the concept of "sustainable development".
- The Intergovernmental Panel on Climate Change publishes its first global warming assessment report.
- Iran-Iraq War begins.

Ziraat | 1989-2013

Ziraat Bank celebrates its first century and a half in business with its employees.



Celebration of Ziraat Bank's 150th anniversary.

Ziraat Bank

- The Ziraat Bank Banking School begins instruction in order to keep the Bank supplied with the qualified human resources that it needs.
- The Bingöl-Muş Rural Development Project is launched.
- Under a protocol agreement, Başak Sigorta begins issuing policies covering the credit risk exposure incurred by the cosigners and guarantors of Ziraat Bank's agricultural loan customers.
- Self-Service Banking is introduced and customers begin to benefit from the 24-hour 7-day access to banking products and services made possible in Turkey for the first time by electronic banking in the form of automatic foreign currency exchangers, banking kiosks, and telephone banking as well as ATMs.
- The Imported Dairy Cattle Project is launched.
- Four Ziraat Bank international subsidiaries are set up and become operational: Ziraat Bank Moscow, Kazkommerts Ziraat International Bank (KZI Bank), Turkmen Turkish Commercial Bank (TTC Bank), and Uzbekistan Turkish Bank (UT Bank).
- According to Euromoney, Ziraat Bank ranks 202nd overall in its "Top 500 Banks" league table as well as 41st and 1st as measured by net profit and return on equity respectively. The Bank also stands in 12th place among the world's top 50 fastest-growing banks.
- Ziraat Bank opens a branch in Sofia.
- Ziraat Bank's representative offices in Stuttgart, Hannover, Frankfurt, and Duisburg are turned into branches. Newly-launched banking software makes it easier to create and offer new products and services.
- Ziraat Bank's Skopje branch begins operations.
- The "Ziraat 2001" project becomes operational on an open system architecture that makes use of state-of-the-art technologies.
- Turkish-Ziraat Bank Bosnia DD receives Visa and Europay International licenses and begins processing Visa acquiring and issuing transactions for the first time in Bosnia- Herzegovina in coordination with Ziraat Kart A.Ş.
- Ziraat Bank's representative offices in Berlin and Munich are turned into branches.
- The scope of the banking software centralization project (Fin@art) is expanded.
- Ziraat Bank opens two branches in Greece: one in Athens and the other in Komotini.

The World | 1989-2013



Fall of the Berlin Wall.

The Berlin Wall comes down.

The World

- The introduction of Ziraat Bank Video Banking Centers enables customers to perform banking transactions by interacting with bank employees in real time via video and audio links.
- Ziraat Bank books a net profit of TRY 3.55 billion. This is the highest profit figure ever reported by any Turkish company.
- Ziraat Bank purchases the rights to the Turkish Cup name.
- Ziraat Bank launches its ““Together, to a Better Future” Change & Transformation Project.
- Ziraat Bank celebrates its first century and a half in business with its employees.
- The Berlin Wall comes down.
- Turkey becomes acquainted with the internet.
- The First Gulf War begins.
- The United Nations Conference on Environment and Sustainable Development (Rio +20) convenes.
- The European Community (EC) becomes the European Union (EU). Turkey enters into a Customs Union with the EU.
- The Kyoto Protocol is signed under the UN Framework Convention on Climate Change.
- The first internet banking applications are introduced in Turkey.
- The UN Global Compact is declared.
- Turkey suffers its worst economic crisis (2001) in living memory.
- Turkey adopts a floating exchange rate regime.
- The Euro is launched.
- The World Summit on Sustainable Development is convened.
- The Global Financial Crisis begins.
- The world's first mobile banking applications are introduced.
- September 11th Terrorist Attacks strike New York City and Washington DC.
- The World Summit on Sustainable Development is held in Johannesburg, South Africa. Sustainable Development Action Plan is accepted by the member countries of the UN.
- The Kyoto Protocol adopted in 1997, entered into force in 2005.

Ziraat Bank in Brief



Ever since it was founded in 1863, Ziraat Bank has continued to maintain and strengthen its reputation as a strong bank that shapes the course of economic transformation.

Controlling a 12% share of the Turkish banking industry's total assets in 2013, Ziraat Bank is one of the sector's biggest players.

With a total of 1,636 service points, Ziraat Bank serves tens of millions of customers. In some four hundred small towns located all over the country, Ziraat Bank is the only local provider of financial products and services.



Ziraat Bank is also the Turkish bank with the most extensive international reach. With seven international subsidiaries, twenty-one international branches, four sub-branches, and one representative office, Ziraat Bank's operations in sixteen countries make it the hub of a service network that enables it to support its customers in many parts of the world and to play a role as a bridgehead in Turkey's ongoing integration with global markets.

With subsidiary companies engaged in insurance, private pensions, investment banking, portfolio management, leasing, and technology, Ziraat Bank is active in every aspect of the financial services industry and thus is able to provide its customers with fully-integrated and efficient service.



Benefiting from the unrivaled knowledge and experience that it has built up in the course of its corporate history, Ziraat Bank is focused on making an increasingly bigger contribution to Turkey's sustainable development.

The soundness of Ziraat Bank's sustainable growth model is demonstrated as much by its successful adaptation to the uninterrupted evolution of economic, political, and social conditions in the course of a century and a half as by its economic performance and the new horizons which it has opened for the Turkish banking industry.

Benefiting from the unrivaled knowledge and experience that it has built up in the course of its corporate history, Ziraat Bank is focused on making an increasingly bigger contribution to Turkey's sustainable development.

Just as in the past so too in the future, Ziraat Bank remains committed to creating value and to pursuing additional growth and development as a strong, competitive, high-market-value, and world-integrated service provider.



Our Mission

To be a bank which understands its customers' needs and expectations in the best way possible and which therefore provides them with appropriate solution and value choices through exactly the right channel, supplies an extensive array of products and services to every segment of society quickly and effectively through its extensive branch network and alternative delivery channels, achieves world-class sustainable profitability and efficiency while remaining fully committed to its sense of ethics and social responsibility, and values customer satisfaction more than anything else.



Our Vision

To be a universal, respected, high-market-value, leading bank which provides broad-based, reliable, consistent-quality service everywhere in Turkey and around the world, which serves as a bank for everyone and every segment of society, which regards customers and human resources as its most precious assets, which continuously distinguishes itself and creates value befitting its deep-rooted past, which is imitated by its competitors, and which promises to be "More Than A Bank" in whatever it does.

Ziraat Bank Key Indicators ¹

End-2013

One out of every two people in Turkey is a Ziraat Bank customer.

Service points

National:

1,636 branches

In some four hundred small towns located all over the country, Ziraat Bank is the only local provider of financial products and services at the end of 2013.

International:

**21 branches,
4 sub-branches**

ATM:

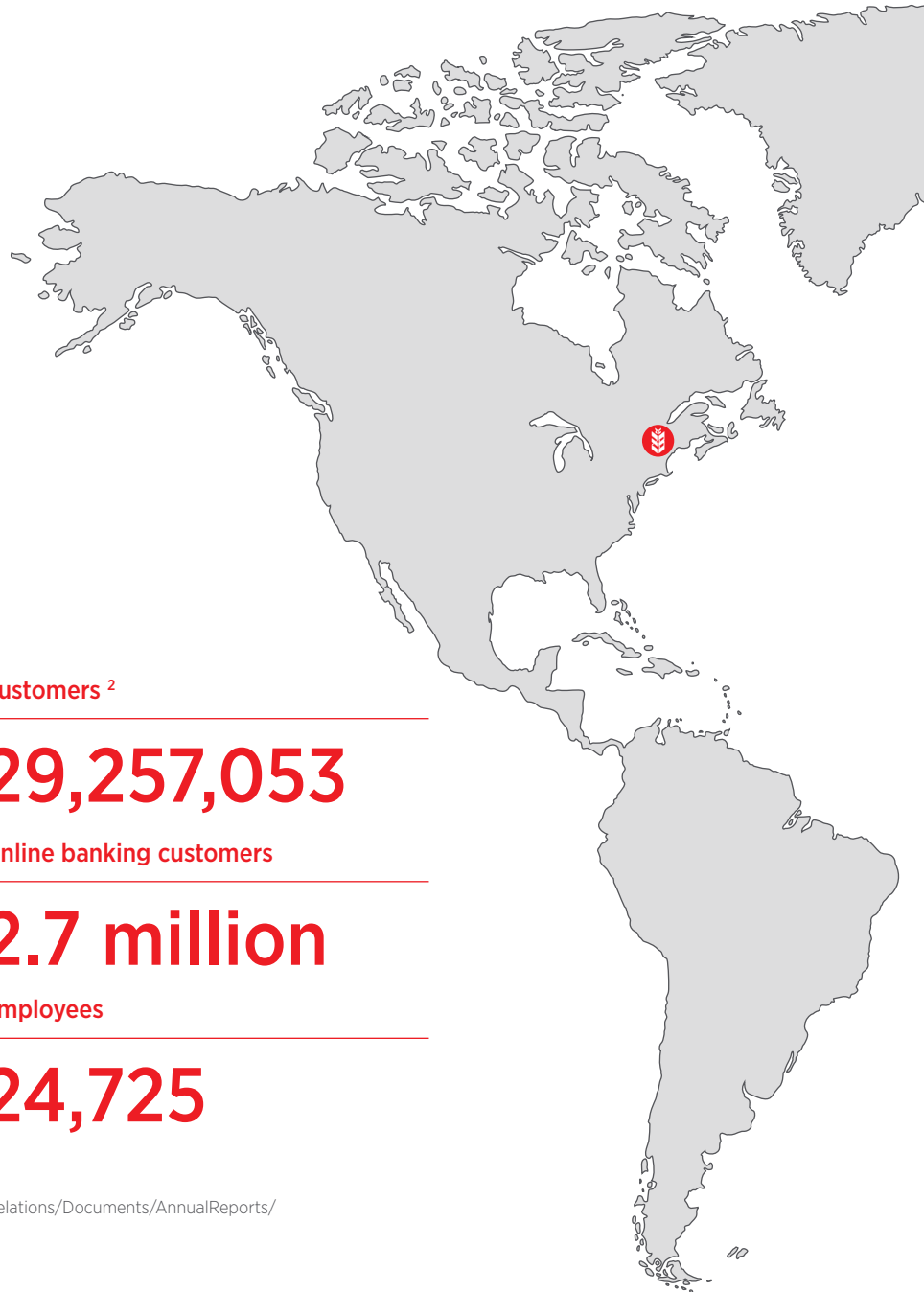
5,353

Ziraat Bank's shareholder structure

Ziraat Bank is a wholly-owned entity of the Undersecretariat for the Treasury of the Republic of Turkey.

¹ See 2013 Key Financial Indicators. <http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReports.pdf> page 10-11.

² Number of non-corporate customers as of 31 December 2013.



Deposits

TRY **141,735** million
14.1% market share

Equity

TRY **18,367** million
9.5% market share

Loans

TRY **111,048** million
10.3% market share

Total assets

TRY **207,530** million
12.0% market share

CAR

13.21%

Profit growth

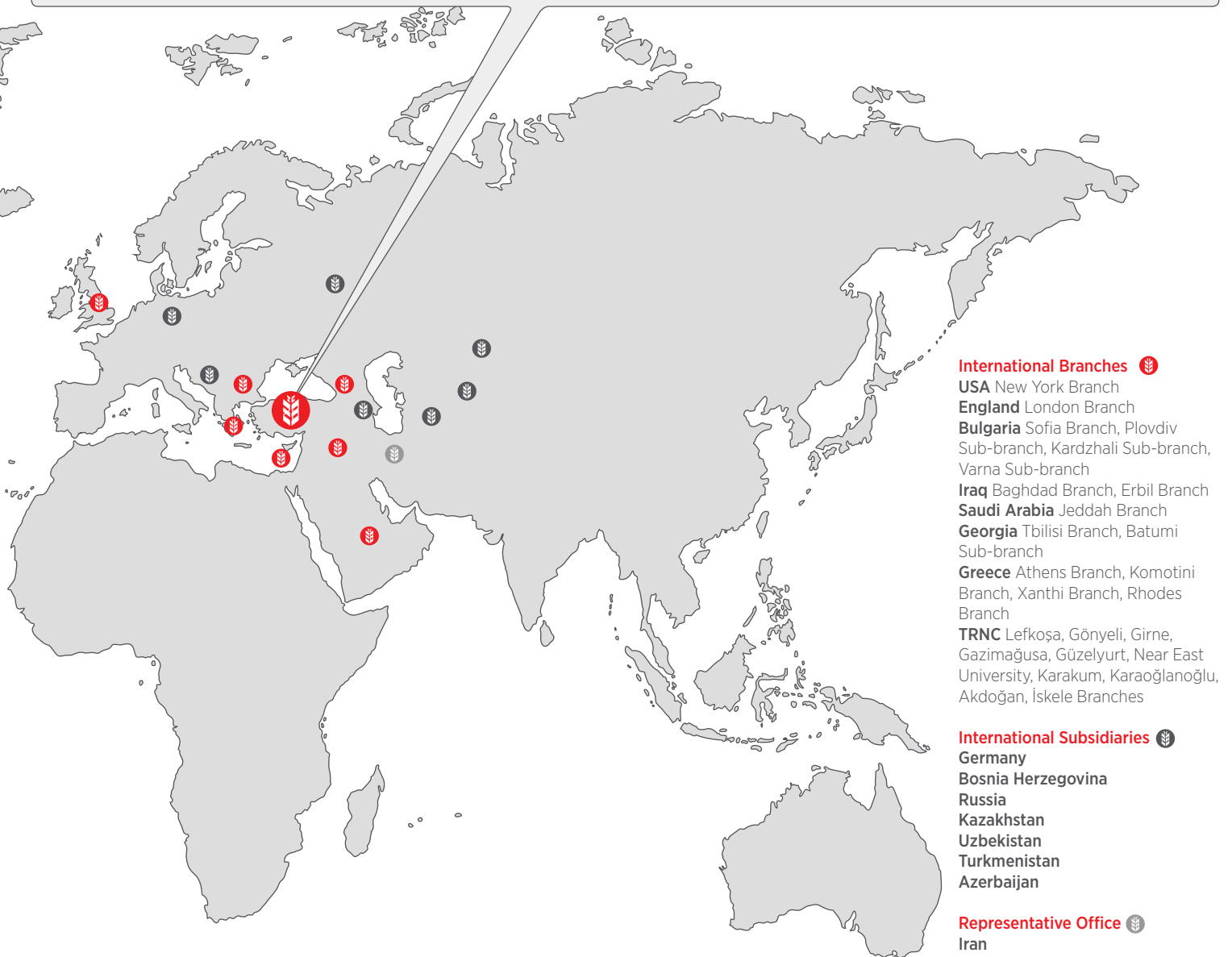
26.0%

Return on equity

18.5%

Return on assets

1.8%



2013 Award & Recognition Highlights

Turkish Quality Association

According to the KalDer (Turkish Quality Association) 2012 Customer Satisfaction Index, Ziraat Bank ranked first among all state-owned banks on the basis of its customer satisfaction rating. (The results of the association's 2012 survey were announced in March 2013.)

Reputation Research Center

According to a survey conducted by the Reputation Research Center, Ziraat Bank received the highest marks for reputation management in the Turkish banking industry.

Interactive Media Awards

Ziraat Bank's renovated website received the "Outstanding Achievement" award in the "Financial Information" category from Interactive Media Awards (IMA), an international awards competition recognizing excellence in web design, development, marketing, and innovation.

Ziraat Bank’s success was crowned with the awards it received in 2013. The Bank received awards in many fields from distinguished institutions.

Interactive Media Awards

Ziraat Bank’s “New Generation” online branch received the “Best in Class” award in the “Financial Services” category from IMA.

Istanbul Commerce University

Ziraat Bank’s “Football Machine” TV spot received awards in the “Sports Communication of the Year” and “Sports Communication Message of the Year” categories in İstanbul Commerce University’s “Sports Industry of the Year” awards series.

Crystal Apple Turkey Advertising Awards

Ziraat Bank’s “Football Machine” TV spot was awarded five crystal and three silver citations in the “Crystal Apple Turkey Advertising Awards”, the Turkish advertising industry’s most prestigious award series.

Chairman's Message



Muharrem KARSLI
Chairman of the Board of Directors

Esteemed stakeholders,

As a team, we are all proud and honored to be sharing our first sustainability report with you in our 150th year in business.

Mindful of its stakeholders under every condition and conducting its activities so as to create the highest possible value for them, Ziraat Bank has successfully overcome every hardship faced by our country and the world over the last century and a half. Not just a witness to history, our Bank spearheaded economic and social progress and has always stood beside and supported this country's people in a period spanning the final years of the Ottoman Empire and the entire history of the Republic of Turkey.

The vast knowledge and experience that Ziraat Bank has built up over the years have made it the natural leader of its sector.

Today Ziraat Bank provides employment directly to about 25 thousand people. In some 400 of Turkey's small towns located all over the country it is the only local financial services provider. Today Ziraat Bank is gearing up for the future as a global player and is advancing sure-footedly in that direction.

Our responsibility, stakeholders, sustainability, and Ziraat Bank

We are aware that our fundamental responsibility at this point is to pass on a livable world and a sustainable future for the generations that come after us. For this reason, we regard sustainability as an essential guide that will show us the way forward as we build that sustainable future.

Ziraat Bank has a broad and widespread stakeholder base. Shareholders, employees, customers, and suppliers make up our core stakeholder group. Regulatory agencies, international banks and investors, media, professional bodies and associations, and the public at large are actors that we communicate on a daily basis also.

We are focused to carry on our activities within collaboration, respect and balance with our stakeholders, and we regard this as a crucial aspect of sustainability.

In our view, sustainability means ensuring the viability of an ecosystem that will allow our stakeholders to satisfy their needs in the future at least as well as they do today.

Sustainability rests upon a straightforward principle. Sustainability reveals the conditions that are necessary for people and nature to exist in productive harmony and it provides opportunities not just to us but to future generations as well to satisfy everyone's social, economic, and communal needs.

This is why we regard the issues of climate change, transition to a low-carbon economy, and social development that have been high-priority items on the world's agenda for the last two decades as equally important for ourselves and why we have accepted, as our ultimate goal, making a positive difference in this direction through our product and service processes.

We sincerely believe that companies today must be mindful of the future of the society and environment in which they live and that they must be actively engaged in making

The vast knowledge and experience that Ziraat Bank has built up over the years have made it the natural leader of its sector.

improvements and progress on such matters in order to ensure the sustainability of their own growth and profitability.

We give great importance to managing and reducing our ecological footprint.

We know that our own industry's environmental impact is low compared with other business endeavors. However we also know that even the smallest individual effort is important in achieving global objectives and therefore we focus on properly and effectively managing our environmental impact and use of natural resources, including but not limited to, energy and water. At the same time, we also intend to meticulously abide by sustainability principles in our product and service processes and to author projects that will serve as guides for our stakeholders, constitute best practices in our sector, and be inspiring to all. In short, we intend to be role models in the matter of sustainability as well.

For a hundred and fifty years Ziraat Bank has been marshaling its unrivaled knowledge and experience to correctly interpret the priorities of a changing world and to act accordingly. It continues to do so today. It will do no less than that tomorrow. Indeed we are committed to increasing our strength and contributions in all aspects of sustainability for we know that we have the corporate capacity necessary to accomplish this.

The role of our employees

Our employees have always lain at the heart of our success. Our employees have begun to play an active role on sustainability issues and it gives us great pleasure to see that they are doing so.

Fully implementing the sustainability policy that we announced in 2014 and ultimately extending it throughout the entire Ziraat Finance Group will only be possible through the strong engagement and efforts of our team. With this in mind, I call upon our employees to understand and accept that sustainability is a way of life and not just a corporate goal and to act as a role model on this issue for those around them.

Through even the smallest roles that they are capable of playing, our nearly 25 thousand employees will make a big contribution towards our efforts to create the broad social impact that we wish to have. Ziraat Bank's goal is to make its employees even more motivated on sustainability issues and to encourage them to participate voluntarily in dealing with them.

Ziraat Bank's sustainable future

Having laid out its own growth roadmap in line with Turkey's medium- and long-term vision and objectives, Ziraat Bank continues to advance confidently into the future.

Having successfully been "more than a bank" for a century and a half, Ziraat Bank will continue to be the preferred choice of millions of customers in every segment and to create enduring value in the medium- and long-term future as well through its unrivaled service quality and its diversified product and service channels.

We regard corporate sustainability as a basic tool for achieving the aims briefly set out above. We also recognize that sustainability is an objective that we must ultimately achieve in order to compete under the conditions of tomorrow's markets and to maintain our presence in them as a global player.

Our Bank has a century and a half of experience of successfully balancing leadership and responsibility. Thanks to our customers' choices, our employees' willingness, and our suppliers' long-term collaboration, we will remain Turkish banking industry's most highly respected member and a source of its pride.

Before bringing this message to an end, I want to invite all of our stakeholders to engage in frank communication and close cooperation with us. Let us never forget that it is only by working together that we can keep and improve the world as a livable place capable of fully meeting our present and future needs.

I also invite everyone to send any feedback they may have about Ziraat Bank's sustainability performance as well as about issues that we can address together to us at surdurulebilirlik@ziraatbank.com.tr.

Speaking personally and on behalf of the Ziraat Bank Board of Directors, I express my gratitude to everyone for trusting, contributing to, supporting, and choosing the Ziraat Bank brand.

Very truly yours,



General Manager's Message



Hüseyin AYDIN
General Manager

Esteemed stakeholders,

It was with both excitement and pride that, in 2013, Ziraat Bank joined with its stakeholders and celebrated the 150th anniversary of its founding. 2013 was also a year of change in which we continued to take decisive and courageous steps that are crucial to our Bank's sustainable future. The Change & Transformation Project that we are conducting intensively with the dedicated efforts of our entire team reached an important stage as the makeover that seeks to set us fully equipped and strongly positioned in global competition began to take hold.

To the more than a hundred projects that we had initiated with our "Together, to a Better Future" and "Together, Toward the Target" slogans, we added our global transformation project in 2014. The keys to our sustainable future summed up in the expression "Together, Further Ahead" have begun to have an enduring impact on our corporate structure and culture.

One of the most comprehensive restructuring projects ever undertaken in the Turkish banking industry, the Ziraat Bank Change & Transformation Project is essentially a corporate sustainability project whose aim is to develop our added-value generation strengths.

Ziraat Bank's sustainability policy and approach

Reinterpreting sustainability in all of its aspects, in 2014 our Bank formulated and announced a Sustainability Policy in light of the realities of our own day.

As a consequence of our Sustainability Policy, we are focused on extending sustainability, on developing it, and on making it viable throughout our entire value-creation chain.

Ziraat Bank has defined its Sustainability Vision as "To use the unrivaled experience and knowledge that we have built up over a century and a half for the benefit of

the economy, the environment, and the community; to produce enduring value for our stakeholders; to be a globally-competitive bank through the principles of sustainable profitability and productivity."

Through the corporate sustainability practices that it will be introducing under its Sustainability Policy, our Bank seeks to further increase the medium- and long-term leveraging effects created by the Change & Transformation Project. As a consequence of our Sustainability Approach, we are focused on decisively managing our responsibilities in balance with our obligations to the environment and the community. This in turn requires that we engage in a frank, sincere, and continuous dialogue with all of our stakeholders, including our employees.

We will continue to develop and carry out projects seeking to integrate universally accepted sustainability principles into our business model. To that end, our goal is to play an active role in sustainability initiatives at the national and the international levels. We regard collaborating with our stakeholders as an opportunity to increase both our own sustainability capacity as well as sustainability awareness throughout society.

As a natural leader of its sector, Ziraat Bank is committed to playing an active role in shaping the future and to setting

Reinterpreting sustainability in all of its aspects, in 2014 our Bank formulated and announced a Sustainability Policy in light of the realities of our own day.

new standards for sustainability. It already possesses vast knowledge and experience on this issue that it can share on international platforms. At the same time, we believe that the steps that Ziraat Bank itself takes in the area of corporate sustainability will also encourage many companies in different sectors in our country to do the same and that we can guide them in their efforts.

Sustainability in three stages

We have devised a three-stage plan to take advantage of the leveraging effects that corporate sustainability has on growth. In the first stage, which is the one currently in progress, we have acknowledged compliance with sustainability standards as a factor supporting growth initiatives under our Change & Transformation Project. In addition to the economic sustainability of which we have been mindful since 2012 with the announcement of our Sustainability Policy, we are also continuing our efforts to embrace and improve awareness of sustainability's environmental and social dimensions as well.

In the second stage, we will embark upon the process of an in-depth internalization of sustainability throughout the Ziraat Bank value-creation chain. All our efforts in this second stage will have two focal points in common: one will be concerned with making increasingly greater use of sustainability criteria in improving effectiveness and productivity in the Bank's service processes, the other with supporting the propagation of sustainability awareness among customers and all of our other stakeholders. The final stage will consist of an ongoing synthesis in which sustainability is extended, developed, and made viable throughout the entire Ziraat Finance Group. As it completes its global transformation in this third stage, Ziraat Bank will emerge as an integrated service provider capable of taking on its competitors and

advancing its presence on every front at the global level.

These three stages of sustainability are in fact a single interlocking, never-ending cycle. What will be important here is the determination, the transparency, the engagement, and the performance that we demonstrate.

Looking ahead

Corporate sustainability practices present us with important opportunities, foremost among which are the contributions they will make to Ziraat Bank's global competitive strength. Compliance with current international standards will add value on a wide range of fronts from international funding costs to investor relations and it will also reinforce our group's strength. Another opportunity lying before us is that, thanks to economies of scale, the sustainability projects that we undertake throughout the group will enable us to create much more extensive and enduring value and to share that value with our stakeholders. We regard the employee participation and voluntarism that we expect will be nourished by sustainability practices as yet another opportunity. The development of social responsibility projects that will encourage employee participation and voluntarism will not only strengthen Ziraat Bank's stance as a role model but will also strengthen our human resources' sense of identification with the Bank.

The period ahead of us holds out as much the prospect of competition and risk as it does that of opportunity. As one outcome of rising expectations and stakeholders' rapidly-evolving demands with respect to environmental issues, we regard corporate sustainability as a matter in which there will be competition in all business lines.

For a sustainable future

As it advances towards its goal of being a customer-focused, competitive, strong, high-market-value, and world-integrated bank, Ziraat Bank regards the priorities of a changing and developing world as its own priorities.

Ziraat Bank is a strong and deep-rooted institution with the capacity to properly perceive and interpret sustainability. Our Bank is determined to be a role model and to author best practices by using its strength to foresee trends in markets and competition and to approach and respond to them appropriately. Furthermore as a responsible corporate citizen, Ziraat Bank will also continue its efforts to ensure that sustainability remains just as important a consideration when dealing with environmental and social issues in the future as in the past.

If there are to be sustainable tomorrows then there need to be cooperation, leadership, and action today. In this process, Ziraat Bank will continue to perform the duties incumbent upon it, just as it has always done.

It gives us pleasure to be sharing with you in the form of our first sustainability report, not only the enduring value that we have created as a product of the boundless efforts and exertions of our employees in the course of a century and a half but also our goals for the future.

Thank you for your contributions, your support, and your consideration.

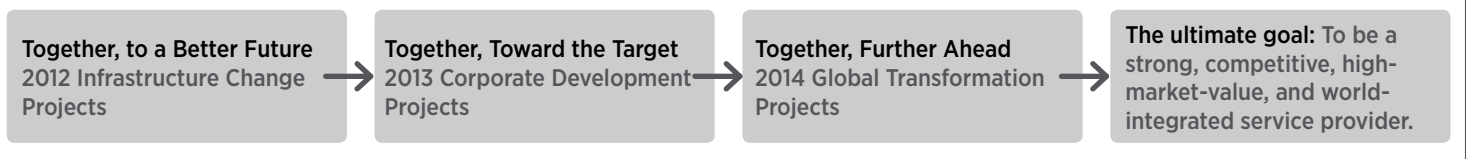
Very truly yours,

Ziraat Bank and Sustainability

In 2013 Ziraat Bank completed the infrastructure transformation projects that it initiated in 2012 under the slogan “Together, to a Better Future” with the aim of taking the unrivaled store of knowledge and experience that it has built up in the course of its corporate history into the future.

Transformation

Ziraat Bank Change & Transformation Project 27 primary project groups - more than a hundred projects



Ziraat Bank’s sustainability objective is, through the corporate sustainable practices that it introduces in line with its Sustainability Policy, to further enhance both the Bank’s strong position in its home market and its global competitive strength by increasing the leverage effects of its Change & Transformation Project in the medium and long term first at Ziraat Bank and then throughout all of its subsidiaries.

In 2013 Ziraat Bank completed the infrastructure transformation projects that it initiated in 2012 under the slogan “Together, to a Better Future” with the aim of taking the unrivaled store of knowledge and experience that it has built up in the course of its corporate history into the future. The fundamental goal of the Change & Transformation Project is to grow while remaining sustainably profitable and productive.

However change and transformation are never-ending journey. In order to take the successes achieved under this project to the next level, in 2013 Ziraat Bank continued its corporate development projects under the slogan “Together, Toward the Target”.

Carried out with the same excitement and with a dynamic approach at Ziraat Bank itself and among its international subsidiaries, these projects were again financed out of the Bank’s internal resources in 2013, just as they were in 2012.

Each one unique but conducted in coordination with one another, there are more than a hundred such projects. They are organized into 27 primary project groups and rooted in six fundamental principles.

1. One-On-One Customer Relationship Management

Customers are among Ziraat Bank’s most precious assets. Establishing a sustainable, added-value-creating relationship with each customer is one of the Bank’s most important objectives.

The principle of changing from a Product/ Customer-Based Approach” to a “Bank Customer-Based Approach” that was identified in 2012 was taken to the next level in 2013 by replacing the concept of “bank customer” with that of “Ziraat customer”. Ziraat Bank’s infrastructure was further developed in 2013 both structurally and systematically so as to better listen to and understand customers’ financial needs and to address them correctly.

Seeking to be a strong player in global markets in line with the Change & Transformation Project, Ziraat Bank is committed both to pursuing its ambition to author best practices in customer relationship management.

2. Institutionalized Appetite for Risk

The fundamental criteria to which Ziraat Bank adheres for the effective management of credit risk consist of:

- Ensuring that dynamic lending policies are properly communicated to those working in the field
- Fostering a shared credit culture
- Proactively monitoring credit risk.

The decision support systems that were put in place in 2012 continued to be improved with the addition of new features in 2013. New practices concerning effective loan monitoring and collections were also introduced.

3. Effective Information Technology and Operational Infrastructure

2013 was a year in which Ziraat Bank brought to completion a number of major infrastructure projects. Efforts to expand the scope of automation in branches, regional departments, and headquarters units continued with no loss of momentum. In line with this, IT infrastructure and IT hardware replacements initiated to make more effective use of technology also continued, IT equipment that had reached the end of its service life was replaced, and local area network and IP PBX projects also neared completion.

One of the most important of the Bank's goals in 2013 was to turn its branches into places that focus on customers' financial needs while also reducing branch workloads. To achieve this, the set of transactions performed directly by the Operations Center (which opened in 2012) was expanded as were efforts to manage branches' operational workloads. Process centralization and system improvements carried out in 2012 and 2013 made it possible for 2,207 members of the Bank's workforce to focus their attentions on addressing customers' needs.

4. Objective and Transparent Human Resources Management

Ziraat Bank's Human Resources Policy is informed by a structure that places people at its center. An important element of this policy is that employees should benefit from the job satisfaction that arises from working happily in positions befitting their abilities.

In 2012 Ziraat Bank changed from a title-based, largely vertical organizational structure to a more horizontal structure based on job descriptions. This process continued in 2013 with the introduction of practices enabling employees to advance in their job positions according to their abilities and competencies and also to be promoted based on their testing performance.

In this way about half of all employees advanced to the next higher level/position. The purview of the Individual Performance Evaluation System, which evaluates employees on the basis of their performance, was expanded to include branch personnel as well in 2013.

As required by Ziraat Bank's principle of transparency, employees are involved in and made aware of all innovations in issues affected by the Change & Transformation Project. In 2012 a variety of in-house communication channels were opened in order to keep personnel informed about changes being made under that project.

5. Robust Equity Resources

Profits, which are the most important element of a company's equity, are retained by Ziraat Bank as a way of further strengthening the Bank's equity resources. In keeping with the principle that rational bigness is better than just bigness, Ziraat Bank seeks to achieve sustainable profitability and growth and in 2013 it continued its efforts to do so. In order to be a bank

that creates adds more value to the national economy by financing the real sector, Ziraat Bank reduced the share of its balance-sheet assets consisting of real estate properties while also increasing both the share of loans and the percentage of deposits being lent out. Efforts were made to diversify non-deposit resources in order to lower the Bank's liability costs. This included having recourse to syndicated loans and to bank bond and bill issuances.

6. Integrated Subsidiary & Affiliate Management

An important goal for Ziraat Bank in 2013, summed up in the change of focus from one of "Bank Customer" to one of "Ziraat Customer", was to ensure that all of its customers' financial needs can be addressed entirely from within the Ziraat Finance Group.

Since the second quarter of 2013, the Bank has been carrying out projects aimed at expanding the organizational capabilities of its subsidiaries and international branches.

The projects being undertaken as part of the changeover to a Ziraat Customer Business Model are concerned with such issues as organizational structure revisions, customer & branch segmentation, credit evaluation model design, improvements in HR practices, basic banking software and application upgrades, and process management. The goal is to bring about the Ziraat Finance Group's global transformation by completing all of these projects before the end of 2014.

For more detailed information about the Ziraat Bank Change & Transformation Project, please see pages 14-15 of our 2013 Annual Report. <http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReports.pdf>

Ziraat Bank and Sustainability (continued)



Ziraat Bank's Sustainability Policy³

Our sustainability vision

To use the unrivaled experience and knowledge that we have built up over a century and a half for the benefit of the economy, the environment, and the community; to produce enduring value for our stakeholders; to be a globally-competitive bank through the principles of sustainable profitability and efficiency.

Our sustainability goal

To further develop both the Bank's strong position in the domestic market and its global competitive strength by increasing the medium- and long-term leverage effect of the Change & Transformation Project through corporate sustainability practices to be implemented under this Sustainability Policy.

Our sustainability approach

Our sustainability approach is shaped in light of our responsibilities as a financial services provider, of our obligations to the environment and the community, and of our duties as an employer.

- Ziraat Bank is a strong, leading, and trusted bank. We desire to perpetuate our existing success in economic sustainability into the future by supporting it with long-term environmental and social sustainability perspectives.
- In our decision-making processes, we take a careful and thoughtful approach when dealing with environmental and social issues and the potential risks associated with them in the management of our resources and our service infrastructure.
- We regard environmental sustainability—including climate change and the transition to a low-carbon economy—as an important item on our agenda.

- As an employer, we believe in the importance of humane working conditions. In our business model we give importance to equality of opportunity among all of our employees: we regard diversity in our workforce as a component of Ziraat Bank's richness and therefore we support it.
- As a service provider, we regard customer focus and customer satisfaction as being fundamental to everything. Our goal is to offer banking products and services to all of our customers in formats that are practical, intelligible, and accessible and also to enrich the banking industry through innovative and exemplary practices.
- As a business partner, our relationships with suppliers are grounded in the principles of mutual respect, responsibility, and fairness and we are committed to developing them accordingly. We support our suppliers' success through cooperative projects that we carry out together.
- We are committed to continuously developing and implementing projects whose aim is to integrate universally-accepted sustainability principles into our business model.
- We attach importance to having a presence and playing an active role in multilateral sustainability initiatives and collaboration platforms at both the national and international levels.

Taking the foregoing fundamental tenets as our point of departure, we are focused on promoting, developing, and maintaining sustainability throughout our value chain.

Our sustainability structure

Our sustainability plan is structured under the aegis of the Ziraat Bank Board of Directors. Its implementation is informed by a straightforward and effective organizational structure.

- Sustainability practices at Ziraat Bank are conducted under the guidance of the Bank's General Manager.
- The Ziraat Bank Strategic Steering Committee is responsible for the coordination of sustainability efforts.
- Sustainability activities are monitored by the Organization Department.

Our dialogue with stakeholders

Ziraat Bank's long-term success depends on its stakeholders' trust and continued goodwill. The sustainability projects we undertake play a role in further strengthening stakeholder confidence and loyalty.

- Employees make up one of our most crucial stakeholder groups. We support our employees in their efforts to proactively identify with Ziraat Bank's sustainability approaches and commitments.
- We regard the training and development of our employees as an important element of the progress that we seek to make in the area of sustainability. Constantly changing and transforming ourselves as we move forward, we continue to invest in training that will contribute to the steady advancement of our human resources.
- Our customers are the essential justification for our existence. Our goal is to perpetuate and amplify customer satisfaction and loyalty by supplying high-value products and services under globally competitive conditions through all of Ziraat Bank's distribution channels.

³ The Bank's Sustainability Policy was approved by the Board of Directors on 30 September 2014.



- We engage with our customers on a variety of collaboration and awareness platforms. We regard efforts to increase financial literacy and awareness of sustainability as an essential part of our social responsibility.
- Developing mutually beneficial relationships with our suppliers is another of our priorities. We regard it as important that our suppliers recognize and abide by universally-accepted sustainability principles and we accordingly encourage them to do so.
- We believe in mutually frank and respectful communication with our stakeholders. In stakeholder communication, we focus on the transparent disclosure of our progress on environmental and social matters as well as of our economic performance.
- We believe that the success of corporate sustainability practices will enhance the Bank's sustainability index performance.

Ziraat Bank and the environment

As one of the biggest employers in the Turkish banking industry and the hub of its most extensive physical service network, our goals are to curb our direct and indirect environmental impact, to effectively manage that impact by means of appropriate strategies and technologies, and to constantly improve our performance in this direction. To this end:

- We engage in ongoing efforts to quantify the greenhouse gas emissions generated by our service processes and to reduce them.
- We strive to structure the physical components of our service network in line with the principle of making efficient use of energy and all other natural resources.

- Aspiring ourselves to achieve full compliance with all mandatory environmental standards in Turkey, we also encourage the proliferation of globally-recognized best practices and benchmarks pertaining to such matters by engaging in an ongoing, multidimensional dialogue with our stakeholders.
- We regard it as important that our customers and suppliers have a greater awareness of environmental issues and we encourage them to make a greater effort for the sake of environmental sustainability.

Ziraat Bank and the community

As a company which employs about 25 thousand people, which helps millions of individuals to make their dreams come true, and which supplies financial products and services at locations all over the country, in more than 400 of which it is the only such service provider, Ziraat Bank contributes to the community in many different ways. We continue to create value for society and to take multidimensional approaches in support of social development through efforts capable of maximizing their socially beneficial impact.

Our products and services

In the processes of satisfying evolving customer needs and expectations, of supplying the right product and service to the right customer at the right time, and of productively exploiting new business opportunities presented by markets, Ziraat Bank always takes environmental and social issues into account as well. To this end:

- We continue to support the agricultural sector, which was the core of our original mission in 1863, through sophisticated financing methods. We are involved in and will continue to support agribusiness because we believe it to be vitally important to the success of our country's agricultural sector.
- In the conduct of our business as a bank, we provide products and services with the potential to be environmentally and socially benign such as renewable energy project finance, loans to improve energy efficiency, and financing packages for small- and medium-sized businesses and entrepreneurs.
- We regard expanding this line-up of environmentally and socially benign products and services through collaboration with international financial institutions as an essential element of our sustainability vision.

Summing up

Having been proving that it is more than just a bank for a hundred and fifty years, Ziraat Bank's innate compatibility with sustainability principles springs from its passion to create value for the country and for the world.

Given the general framework encompassing its sustainability policy, Ziraat Bank is committed to pursuing and maintaining sustainably profitable and efficient growth as a competitive, strong, high-market-value, and globally-integrated bank.

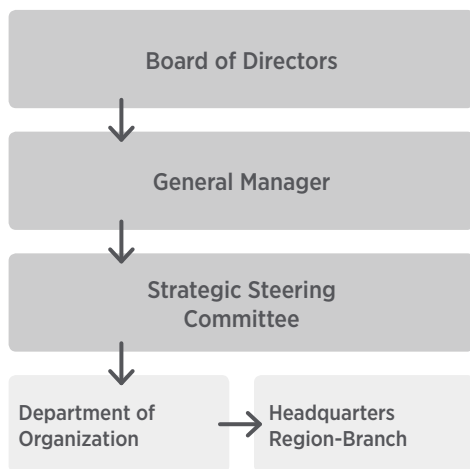
Constantly improving our Bank's sustainability performance in keeping with the principles of transparency, accountability, compliance with the law, ethical behavior, and risk management, we remain on course as a financial institution that is more than a bank in the area of sustainability as well.

Ziraat Bank and Sustainability (continued)

Ziraat Bank’s objectives in the period ahead are to accelerate its sustainability performance by identifying those who are responsible for sustainability issues throughout the entire organization, improving sustainability-related processes, and preparing job descriptions for those personnel charged with sustainability matters.

Ziraat Bank’s sustainability structure

Sustainability issues at Ziraat Bank are coordinated by the Strategic Steering Committee. At the time that this report was being prepared for publication, a changeover was made to a streamlined and activities-focused Sustainability Policy which had been approved by the Ziraat Bank Board of Directors and which had been publicly disclosed on the Bank’s website at www.ziraatbank.com.tr.



Sustainability-related activities at Ziraat Bank are conducted with the knowledge and oversight of the Board of Directors. Sustainability projects that may be undertaken at the Bank are considered and dealt with by the Strategic Steering Committee.

The officer with the most senior decision-making authority with respect to the day-to-day execution of sustainability practices is the Ziraat Bank General Manager. The Ziraat Bank Organization Department is responsible for the conduct of sustainability practices in the context of the day-to-day business model.

Ziraat Bank’s objectives in the period ahead are to accelerate its sustainability performance by identifying those who are responsible for sustainability issues throughout the entire organization, improving sustainability-related processes, and preparing job descriptions for those personnel charged with sustainability matters.

Stakeholders: Dialogue and Priorities

Shareholders, employees, customers, and suppliers make up Ziraat Bank’s core stakeholder group. The Bank engages in interactive communication and cooperation with these stakeholders in the conduct of its activities and a large part of such communication takes place in the context of day-to-day business. This is an extremely valuable platform insofar as it enables Ziraat Bank to correctly understand and act upon its stakeholders’ wishes and expectations.

In addition to this core stakeholder group, Ziraat Bank also maintains close communication with other stakeholders, which consist of regulatory agencies, international banks and investors, media, professional bodies and associations, and the public at large.



	Stakeholder group	Communication frequency	Communication channels
CORE STAKEHOLDERS	Employees	Day-to-day job performance	Hiring processes, personnel training programs, performance evaluation processes, in-house communication, discussions and meetings with supervisors.
	Customers	Round-the-clock service provision	Ziraat Bank branches and alternative delivery channels (ATMs, internet banking, mobile banking, call center and other ADCs), customer representatives, customer visits.
	Suppliers	Day-to-day conduct of business	Procurements of all materials and services from sources external to Ziraat Bank.
	Shareholder	General meetings and on other occasions when necessary	Annual general meetings. Ziraat Bank also engages in a variety of public disclosure activities through its investor relations unit such as annual reports, other presentations, and announcements made to the Public Disclosure Platform.
OTHER STAKEHOLDERS	Regulatory agencies	When necessary as required by the conduct of business	Statutorily mandated reporting and meetings.
	International banks and investors	Day-to-day conduct of business	Meetings and discussions with financial institutions with which the Bank cooperates such as the World Bank, European Investment Bank, etc.
	Professional bodies and associations	Day-to-day conduct of business	Meetings, presentations, regular communications.
	Media	When necessary as required by the conduct of business	Activities (press conferences, press releases, interviews, responses to questions raised, etc.) that keep the public informed in a transparent and timely manner.
	General public	In the context of social responsibility projects	Corporate social responsibility projects and charity activities.

Concerning stakeholder dialogue...

During 2013, the general manager and other Ziraat Bank representatives appeared on television and contributed to and/or were interviewed by publications on matters related to economic issues. They also took part in a variety of economy-, trade-, development-, and energy-related conferences held in Turkey and other countries.

During August and September 2012, bank officers and representatives met with more than 100 customers in the context of focus groups and in-depth interviews. The objective of such activities was to gain an understanding of the Ziraat Bank customer experience and to consider the degree to which customers are satisfied with the service they get from the Bank.

Through these contacts it was ascertained that Ziraat Bank is seen as:

- A bank that inspires confidence,
- A "people's bank" and
- A bank that stands by its customers.

Ziraat Bank and Sustainability (continued)

Initiatives in which Ziraat Bank takes part or which it supports:

BANKS ASSOCIATION OF TURKEY

The Banks Association of Turkey (TBB) was set up to play a leading role in the Turkish financial services industry's efforts to achieve international dimensions and clout through improvements in productivity and effectiveness; to protect the rights and interests of association members; to contribute to the industry's efforts to grow, increase its competitive strength, and prevent unfair competition; and to contribute to the growth and development of banking as a profession.

Ziraat Bank's general manager Hüseyin AYDIN is also the chairman of the association's board of directors. In its capacity as an association member, Ziraat Bank has also been taking part in meetings of the TBB Sustainable Banking Project Best Practices Guide Working Group since 31 October 2013.
www.tbb.org.tr

FOREIGN ECONOMIC RELATIONS BOARD

The fundamental duty of the Foreign Economic Relations Board (DEİK) is to establish, through the business councils that make it up, relationships that the business world requires. By providing information that firms need for their business plans and strategies and by dealing with problems that adversely affect the emergence of new business collaborations, DEİK makes it possible for local firms to get together with their international interlocutors.
www.deik.org.tr

Ziraat Bank plays an active role in DEİK through its memberships in various southeastern European and Asian business councils.

TURKISH NATIONAL COMMITTEE OF THE INTERNATIONAL CHAMBER OF COMMERCE

Ziraat Bank is a member of a great global network formed from the national committees that make up the International Chamber of Commerce (ICC). ICC policies are shaped by its members who, through their national committees, convey the concerns of the business world to their respective governments.
<http://icc.tobb.org.tr/index.php>

CREDIT BUREAU OF TURKEY

Credit Bureau of Turkey (KKB) was set up in 1995 when eleven banks, with the support of the Banks Association of Turkey, joined forces and agreed to share information that financial institutions active in money- and capital markets and in insurance need to monitor and control retail credit accounts.
www.kkb.com.tr

TBB RISK CENTER

The Interbank Risk Center, an arm of the Banks Association of Turkey, serves as a single platform for the sharing of information about financial institutions' exposures to customer risk as deemed appropriate by Banking Regulation and Supervision Agency (BDDK) and lenders. Under certain conditions, the center may also provide such information to individuals and organizations that are not its members.
www.riskmerkezi.org

ECONOMIC RESEARCH FOUNDATION

The Economic Research Foundation was chartered in 1962 for the purpose of conducting research into issues touching upon Turkey's economic, social, and fiscal problems as well as more general matters and to recommend solutions for dealing with them.
www.iav.org.tr

INTERNET FRAUD ALARM SYSTEM

The Internet Fraud Alarm System (IFAS) is a KKB-hosted service through which members communicate and share information about fraudulent acts performed online. IFAS also encourages and helps banks to develop new methods to counter efforts to circumvent their own security systems.
<http://rapor2012.kkb.com.tr/eng/guvenlik-sistemleri.asp>

ASSOCIATION OF NATIONAL DEVELOPMENT FINANCE INSTITUTIONS IN MEMBER COUNTRIES OF THE ISLAMIC DEVELOPMENT BANK

The Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI) is an association of state-owned banks in countries that are members of the Islamic Development Bank. Ziraat Bank is one of the founding members of ADFIMI and its general manager is therefore entitled to take part in the association's general meetings by virtue of his office.
www.adfimi.org

INSTITUTE OF INTERNATIONAL FINANCE

The Institute of International Finance (IIF) is one of the biggest global associations of finance-industry concerns. With 500 members from 70 countries, IIF serves as an important education and information-sharing platform.
www.iif.com

For the preparation of this sustainability report, in 2013 Ziraat Bank reviewed stakeholder requests and feedback received through different platforms in order to determine what its priorities should be.

Ziraat Bank's sustainability priorities

For the preparation of this sustainability report, in 2013 Ziraat Bank reviewed stakeholder requests and feedback received through different platforms in order to determine what its priorities should be.

When making this determination, Ziraat Bank considered a host of issues to which the Bank gave close attention and which might have a direct or indirect impact on its own activities. Based in this assessment, Ziraat Bank decided to give priority to issues which:

- directly affected its own performance and activities,
- were of importance to stakeholders, the Bank itself was capable of influencing.

Priorities

Stakeholders priorities are great importance in line with the Ziraat Bank's strategies and objectives.

General priorities:

- **Internalize sustainability**
- **Improve stakeholder dialogue and participation**

a) Economic:

- Customer satisfaction and customer focus
- Non-branch channel diversification
- International service network expansion
- Global and national economic developments and Turkey's medium- and long-term goals

b) Social:

- Geographical reach: High customer access
- Increase and diversify our involvement in the community

c) Environmental:

- Sustainable agricultural development
- Carbon emissions accounting
- Conscientious use of energy and other natural resources

Ziraat Bank's Change & Transformation Project priorities

Ziraat Bank also addresses the following issues as high-priority agenda items in the context of its ongoing Change & Transformation Project:

- **Customer relationship management**
- **Business process institutionalization**
- **Operational excellence**
- **HR management objectivity and transparency**
- **Effective IT management**
- **Robust equity resources**

Ziraat Bank's sustainability strengths

Market influence and guidance:

Owing to its scale, Ziraat Bank can have a beneficial impact on the Turkish banking market.

Powerful and extensive reach:

With 1,636 service points, Ziraat Bank is the only local provider of financial products and services in four hundred small towns located all over Turkey. Such a huge service network is evidence of the economies of scale that Ziraat Bank enjoys. By processing tens of millions of payments and collections in a wide range of categories every year, Ziraat Bank helps bring more and more people into the formal economy.

150 years of knowledge and experience:

In the course of a century and a half, Ziraat Bank has been witness to world wars, depressions, periods of economic growth and contraction, and environmental disasters. It has survived by properly managing change and hardships. The knowledge and experience that have accumulated through this process constitute an intangible corporate asset that is unique among all of Ziraat Bank's competitors.

National and international subsidiaries:

Ziraat Bank's extensive portfolio of national and international subsidiaries underlies its ability to transform the potential inherent in existing and prospective customers into business performance.

Natural customer base in the retail, enterprise, commercial, and corporate banking business lines:

Ziraat Bank has convenient access to a customer base numbering in the tens of millions. The Ziraat brand moreover is nationally recognized as a symbol of trust and this both nourishes a natural customer base and supports its succession from generation after generation.

The Value Created and Shared

At end-2013, Ziraat Bank had close to 25 thousand people on its payroll, a number that ranks it among Turkey's biggest employers.

Shared Value

ECONOMIC VALUE CREATED DIRECTLY BY ZIRAAT BANK

In its capacity as an employer, a taxpayer, and a financial services provider, Ziraat Bank enjoys a unique position and plays a crucial role in Turkey's economy.

At end-2013, Ziraat Bank had close to 25 thousand people on its payroll, a number that ranks it among Turkey's biggest employers.

Through the taxes that it pays, the Bank contributes significantly to the state coffers; through its procurements from its suppliers, it gives broad support to economic activity. Ziraat Bank's direct impact on the national economy is manifested through a profitable and sustainable business model which enables it to pay salaries to its employees, for its purchases from its suppliers, taxes to the state, and dividends to its shareholders.

Economic value created directly by Ziraat Bank in 2013 (TRY mn)*

NET OPERATING INCOME IN 2013	AMOUNT PAID IN 2013	
9,868.4	Operating expenses	1,033.2
	Personnel outlays	1,763.2
	Taxes	864.8
	Dividends	260
	Charitable donations and other support	0.2

Taxes (TRY mn)*

AMOUNT PAID IN 2013	
Taxes paid directly by Ziraat Bank	865
Taxes withheld from employees and paid to the state	300
Taxes withheld from customers and paid to the state	1,917

* All figures taken from Ziraat Bank's independently audited financial statements dated 31 December 2013.

The Value Created and Shared (continued)

Customers

Customers are the essential justification for Ziraat Bank's existence.

Ziraat Bank's fundamental goal is to perpetuate and augment customer satisfaction and loyalty by supplying high-value products and services under globally competitive conditions through all of its delivery channels.

Formulated to ensure that customers' financial needs are satisfied by providing the right solutions through the right channel at the right times and comprehensively carried out over the last two years, the Change & Transformation Project has made it possible to rapidly increase the effectiveness and productivity of its operations, customer relations, and lending policies and processes.

Through its 1,636 branches and its alternative delivery channels, Ziraat Bank has a geographical reach more extensive than that of any other bank in Turkey. Indeed in four hundred small towns, Ziraat Bank is the only local provider of financial products and services. Such economies of scale together with a century and a half of banking knowledge and experience, and an extensive portfolio of national and international subsidiaries will make it possible for Ziraat Bank to further strengthen its presence in the enterprise, commercial, corporate, and retail banking segments and to provide even more value to its customers.

ZIRAAT BANK'S SUPPORT FOR THE ECONOMY IS INCREASING STRONGLY.

Ziraat Bank's loans, through which it supports its customers directly, increased by 55% in 2013.

Ziraat Bank's activities are informed by its strategy of achieving balance-sheet dimensions compatible with its equity. The Bank continued to support the national economy through its lending activities without any loss of momentum in 2013. In the twelve months to end-2013, Ziraat Bank's total lendings increased by 55% from TRY 71 billion to TRY 111 billion.

A rich lineup of products, services, and solutions is evidence of the value which Ziraat Bank is capable of offering its customers.

Ranging from deposits to loans and from foreign trade finance to cash management, all of these products, services, and solutions are focused on satisfying the financial needs of Ziraat Bank customers in the best possible way no matter what segment they may be in.

To see Ziraat Bank's current product line categorized by segment please visit: <http://www.ziraatbank.com.tr/en/index.html>

Owing to their vital importance to the national economy, small- and medium-sized enterprises (SME) enjoy a high-priority position in Ziraat Bank's customer base.

Ziraat Bank supports the real sector by focusing predominantly on the entrepreneur customer segment and strategically on the corporate customer segment.

Because they account for such a big part of the country's commercial and industrial activity, Ziraat Bank supports SME by

providing them with suitably-priced and structured operating capital and investment credit. The total volume of all cash and non-cash credit that Ziraat Bank supplied to such firms increased by 102% in 2013.

The deep-rooted and multidimensional cooperation with international financial institutions and Ziraat Bank gives an important opportunity to support SME's sustainable development.

In order to provide SME with financing, Ziraat Bank collaborates with many different international financial institutions such as the World Bank, the European Investment Bank (EIB), the European Investment Fund (EIF), the French Development Agency (AFD), the Council of Europe Development Bank (CEB), and the German Development Bank (KfW). Two principles are common to all of these collaborations. One is ensuring that the environmental and social sustainability of projects is as intrinsic as their economic viability. The other is to concentrate on projects that will boost SME's competitive strength by ensuring that their business practices and investments conform to international standards.

Ziraat Bank regards its collaboration with international lenders as important not just for its economic benefits but also as a means of fostering an appreciation for environmental and social sustainability among entrepreneurs and SME.

Developments in SME financing provided through Ziraat Bank's working with international financial institutions in 2013 are summarized in the following pages.

The Value Created and Shared (continued)

In its collaboration with international credit agencies, Ziraat Bank supports sustainable development by lending to real-sector borrowers on terms with average maturities of 15 years.

USD 300 million

The WB SME III credit agreement signed in 2013 calls for Ziraat Bank supplying SME with USD 300 million in funding in its capacity as an apex bank.

EUR 100 million

Under EIB I, a EUR 100 million credit facility secured from EIB to finance SME's projects, an important point to which attention must be given is the projects' compliance with EU environmental regulations and thus with those in effect in our own country.



Disbursement status of lines of credit provided by international financial agencies⁴
(As of 31 December 2013)

AGENCY	TOTAL DISBURSED	# SME
World Bank	USD 567 million	157
European Investment Bank	EUR 200 million	199
European Investment Fund	TRY 1.3 billion	28,651

In its collaboration with international credit agencies, Ziraat Bank supports sustainable development by lending to real-sector borrowers on terms with average maturities of 15 years.

Ziraat Bank closely monitors the performance of its SME customers to be sure that they are fully satisfying the environmental- and social-compliance terms of the World Bank SME II credit agreement (WB SME II).

As per that agreement, lending under which will cease in September 2014, projects must fully comply with World Bank environmental and social procedures as well as with currently applicable environmental laws and regulations in Turkey in order to qualify for financing.

World Bank environmental procedures are included as an annex to the WB SME II agreement and have been published on Ziraat Bank's website. Ziraat Bank has issued directives that identify "prohibited sectors" (i.e. projects that do not qualify for financing) and also spell out in detail World Bank environmental and social compliance monitoring procedures.

Under the WB SME II agreement, environmental compliance is determined essentially on the basis of the "Environmental Due Diligence Form". This document contains a checklist of issues such as the borrower's line of business, the purposes for which the loan is to be used, and so on. This checklist is completed and on the basis of the results, an "Environmental Management Plan" is drawn up for the project that is to be financed. In the

⁴ Disbursements of credit drawdowns under these programs will continue in 2014 as well.

case of a project whose environmental risks appear to demand special attention and are therefore subject to preliminary approval as per World Bank Group environmental criteria, the project is submitted to World Bank Group environmental authorities for their consideration. Changes in borrowing firms' employment, turnover, and export performance are monitored and sent to the World Bank in the form of regular progress reports.

Since the WB SME II agreement is due to expire on 30 September 2014, Ziraat Bank has sent a request to the Treasury to have it extended until 30 June 2015.

Ziraat Bank support for energy efficiency projects: WB Energy Efficiency Loan Program

"Energy efficiency" means minimizing the amount of energy consumed in production activities without impairing output volumes or quality and without hampering economic development and/or social wellbeing. This may be accomplished by preventing losses that occur when energy is being used, by making waste reusable through recycling, and by increasing efficiency through technological innovation.

Under a credit agreement signed with the World Bank in 2013, Ziraat Bank has begun financing SME's energy efficiency projects. In order for such projects to qualify for financing under the WB SME II program, they must satisfy at least one of the following energy-efficiency prerequisites:

- Upon completion of the project, "energy density" (the amount of energy used per unit of output) must be reduced by at least 20%
- At least 50% of the financial benefit achieved upon completion of the project must arise from energy efficiency.

Lending decisions are informed by reports, issued before project implementation gets under way, assessing whether or not either or both of these energy-efficiency prerequisites are satisfied. The World Bank has prepared an "Energy Screening Tool" that is to be used in the assessment phase.

Loans extended under this program are also subject to the same environmental- and social-compliance requirements applicable in other World Bank loans.

In a related vein, Ziraat Bank is about to sign an agreement with a consultancy that will be responsible for increasing energy-efficiency awareness among the Bank's employees, for providing them with training on the energy-efficiency aspects of projects whose financing is being considered, and on carrying out such projects' energy-efficiency pre-assessments. These activities are being financed by means of an energy-efficiency grant provided by the Global Environment Facility (GEF).

Supporting SME through apex banking as well

The WB SME III credit agreement signed in 2013 calls for Ziraat Bank supplying SME with USD 300 million in funding in its capacity as an apex bank. These resources will be made available to borrowers through financial intermediaries (leasing firms and banks authorized to engage in leasing). Loans extended under this program are also subject to the same environmental- and social-compliance requirements applicable in other World Bank loans. Ziraat Bank will be responsible for overseeing such financial intermediaries' compliance with program specifications.

Credit program requiring compliance with EU environment norms

In the financing of SME's investments, Ziraat Bank works closely with the European Investment Bank (EIB).

Under EIB I, a EUR 100 million credit facility secured from EIB to finance SME's projects, an important point to which attention must be given is the projects' compliance with EU environmental regulations and thus with those in effect in our own country as well. When approving loan applications under this program, reference is made to a sectoral eligibility list prepared on the basis of EIB NACE codes, a European industry standard classification system.

Under EIB I, loans to projects for which an environmental impact assessment (EIA) report is required, to projects fraught with severe environmental risks (such as iron & steel industry projects, renewable energy projects, etc.), and to firms operating in designated conservation areas are subject to the prior approval of EIB.

In 2013 Ziraat Bank signed an agreement (EIB II) for the first EUR 100 million tranche of credit to be used to finance investments with similar environmental risks that are being undertaken by small and larger-sized firms. The Bank plans to sign an agreement covering a second EUR 100 million tranche in 2014.

The Value Created and Shared (continued)

Nearly 30 thousand customers were provided priority support for women entrepreneurs “My First Bank / My First Business” SME loans.

Priority support for women entrepreneurs: “My First Bank / My First Business” SME loans

In November 2012 Ziraat Bank introduced its “My First Bank / My First Business” SME credit product consisting of EIB-guaranteed loans. Launched under the “Siftah Ziraatten” slogan, the “My First Bank / My First Business” campaign targeted customers wishing to start a new business or to expand an existing one while the EIB guarantee was especially helpful to those who might otherwise have had trouble putting up collateral.

Loans supplied under this program automatically benefited from a 20% reduction below currently applicable rates; however in order to give additional support to women entrepreneurs, loans to their businesses also qualified for an additional ten percentage-point reduction. Nearly 30 thousand customers took advantage of “My First Bank / My First Business” loans. Of the total amount, more than TRY 100 million was lent to 2,578 female entrepreneurs in support of their efforts to set up their first business.

Supporting KOSGEB members in difficult times

In the wake of a terrorist bomb attack in Hatay’s Reyhanlı township in May 2013, Ziraat Bank stepped in to support customers

in the area. Supplementary support loans were extended in which the Bank assumed responsibility for the interest normally guaranteed by the Small and Medium Enterprises Development Organization (KOSGEB) as well as its own principal risk. In this way, 64 local customers were provided with nearly TRY 5 million in credit support.

Similarly Ziraat Bank also continued to support those in Van who had suffered from the disastrous earthquake that recently struck the area. In 2013 the Bank supplied TRY 47 million as support credit to nearly a thousand customers in Van.

Ziraat Bank is committed to continuing to support SME and entrepreneurs active not just in agriculture but also in other business lines as well.

To fulfill this commitment, Ziraat Bank is exploring new international loan package opportunities to be offered in addition to the loans and banking products already being financed out of its own resources.

These programs, whose negotiations are still in progress and are expected to be finalized by the end of 2014, are briefly summarized below.

French Development Agency Agricultural Sector Modernization Project

Negotiations between Ziraat Bank and the French Development Agency (AFD) have been completed to provide financing for a project which that agency is conducting jointly with the Food, Agriculture and Livestock Ministry to modernize small- and medium-sized businesses active in agroindustry and food-processing.

Lending under this program is expected to begin in 2014 immediately after the signing of an agreement covering the project, which takes a very careful approach when addressing environmental- and social-responsibility issues, for which a complete battery of action plans have been formulated, and which stipulates compliance with applicable environmental laws and regulations and with corporate social responsibility principles in all aspects of lending.

German Development Bank Micro- & Agricultural SME Loan Program

Discussions with the German Development Bank (KfW) concerning a 10-year, EUR 150 million line of credit are expected to be finalized in 2014. This credit is to be used especially in rural areas to finance microloans to those involved in the agricultural value-



EUR 100 million

Signature is pending on a 7 year credit agreement for EUR 100 million that are to be lent to SME between Ziraat Bank and the Council of Europe Development Bank (CEB).

creation chain as well as loans to agricultural SME. In order to benefit from this program, borrowers must pledge themselves to abide by environmental laws and regulations.

European Investment Bank / IPARD

Ziraat Bank and the European Investment Bank (EIB) are currently engaged in discussions concerning the financing of agricultural projects using grants-in-aid provided by the EU under the Rural Development component of the Instrument for Pre-accession Assistance (IPARD). To qualify for financing under this program, projects must satisfy certain prerequisites (having mainly to do with human and animal health and welfare issues) set by the Agriculture and Rural Development Support Agency (TKDK), which carries out IPARD projects in Turkey. Projects that meet these conditions will receive IPARD grants commensurate with their TKDK-funded investment once they have become operational.

The target audience identified for this program consists of firms that create added value, such as those involved in processing and transport. In this way, IPARD-funded projects will contribute towards improvements in both the volume and the quality of agricultural output in Turkey.

About the IPARD program

Developed to support countries that are already or may become candidates for EU membership, IPARD helps them prepare for, implement, and manage the harmonization of their own agricultural, rural development, and other policies with those commonly in effect throughout the EU. Turkey's IPARD program was formulated taking into account the country's pre-accession priorities and needs with respect to rural development.

IPARD support is concerned with the following issues: investing in agricultural enterprises that produce milk, investing in agricultural enterprises that produce meat, processing and marketing milk and dairy products, processing and marketing meat and meat products, processing and marketing fruits and vegetables, processing and marketing fishery products, diversifying and developing farm activities, developing local produce and micro-businesses, and developing rural-area tourism and aquaculture.

Council of Europe Development Bank

Signature is pending on a credit agreement between Ziraat Bank and the Council of Europe Development Bank (CEB). This seven-year agreement for EUR 100 million consists of two parts, amounting to EUR 50 million each, that are to be lent to SME by Ziraat Bank and Ziraat Leasing respectively.

This loan is intended to give SME easier access to credit while also encouraging them to use leasing as an investment-finance tool. An autonomous agency of the Council of Europe, CEB adheres to EU standards with respect to environmental and social responsibility issues and therefore requires compliance with the European Charter of Human Rights and the European Social Charter as well as with currently applicable laws and regulations during the harmonization process.

The Value Created and Shared (continued)

Foreseeing that agriculture is going to be a business line every bit as important as energy in the future, Ziraat Bank will continue to be the biggest supporter of the Turkish agricultural sector as it strives to increase its efficiency and competitive strength.

TRY 2.1 billion

During 2013, 180,000 producers used their Başakkart cards to borrow TRY 2.1 billion worth of an aggregate agricultural credit limit amounting to TRY 2.9 billion.



Ziraat Bank: Agricultural sector key indicators⁵
(End of 31 December 2013-Number)

Livestock-financing loan customers since 2010	152,100
Tractor-financing loan customers since 2004	133,937
Greenhouse-financing loan customers in the last 10 years	83,559
Agricultural loan customers borrowing against their Başakkart cards in 2013	180,000

ZIRAAT BANK'S APPROACH TO THE AGRICULTURAL SECTOR

Ziraat Bank's priority objectives in agricultural sector financing include fostering the growth and development of Turkish agriculture and giving it the strength to compete at the global level.

Maintaining a presence in every aspect of agricultural production, agroindustry production, and industrial production financing in the conduct of its Change & Transformation Project, Ziraat Bank has made it its primary goal to work with all actors on the value-creation chain platform taking into account the added value that is generated.

At every stage of agroindustry from soil to shelves, which is to say from sowing and raising crops to the domestic and international marketing and sale of agricultural produce, Ziraat Bank engages in

efforts that aim is to stand by its customers in all aspects of their economic activity.

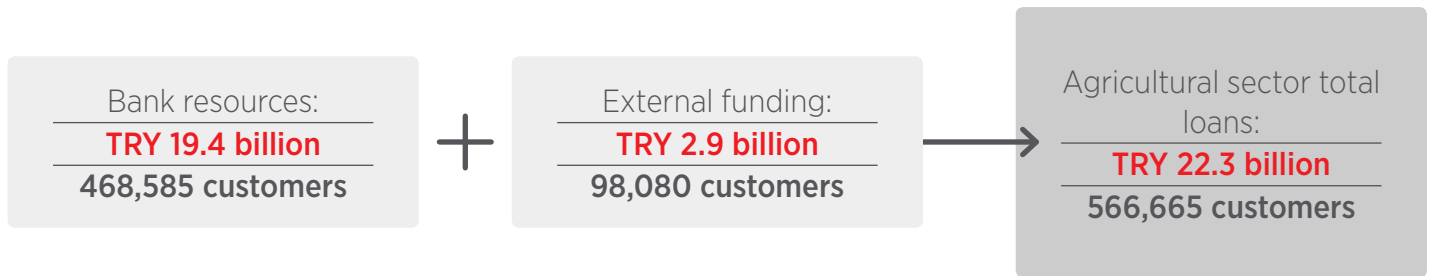
Foreseeing that agriculture is going to be a business line every bit as important as energy in the future, Ziraat Bank will continue to be the biggest supporter of the Turkish agricultural sector as it strives to increase its efficiency and competitive strength.

The total value of all Ziraat Bank lending to finance the agricultural sector reached TRY 22.3 billion.

Seeking to be a customer's primary and proactive bank in all aspects of agricultural production up to and including the final consumer, Ziraat Bank continued to support the sector in many different ways last year. At end-2013, the total value of all Ziraat Bank lending to the agricultural sector amounted to TRY 22.3 billion while the number of its loan customers stood at 566,665.

⁵ For Ziraat Bank's 2013 Key Indicators see <http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReports.pdf> page 10-11.

Balances and breakdown of agricultural loans at end-2013



In 2013 Ziraat Bank lent TRY 11.8 billion worth of its own resources to 342,978 individual and corporate customers and it also extended TRY 305.8 million worth of credit from external funding to 22,899 producers. 47% of Ziraat Bank's agricultural loan portfolio (worth TRY 9,039 million) consisted of medium- and long-term investment-finance loans while the remaining 53% (worth TRY 10,369 million) consisted of short-term working capital loans.

Başakkart: Practical financing solutions that make producers' lives easier

Başakkart is a more than just a bank card that Ziraat Bank issues to its agricultural sector customers: It's also a financing tool.

During 2013, 180,000 producers used their Başakkart cards to borrow TRY 2.1 billion worth of an aggregate agricultural credit limit amounting to TRY 2.9 billion. With Başakkart, producers significantly reduce the burden of financing their production processes by purchasing such inputs as fuel, seed, fertilizer, pesticides, feed, and veterinary services from Başakkart merchant partners on interest-free terms of up to five months.

As a requirement of its mission, Ziraat Bank continues to supply low-interest agricultural loans.

In May 2013, Ziraat Bank reduced the interest rates on its agricultural loans, in some cases

to the single-digit range. The rate charged on agricultural loans with terms of one year or less was lowered to 8% while the rates charged on loans more than one year up to four and on loans more than four years' duration were set at 10% and 11% respectively.

Under Council of Ministers decrees, the Bank's agricultural-sector customers found it possible to borrow at rates that varied between 0% and 8.25% a year when state subsidies provided for specific production categories are taken into account. In 2013, 254,610 producers and firms operating in the agricultural sector were provided with reduced-interest loans amounting to TRY 9.2 billion.

In the conduct of its low-interest lending, Ziraat Bank also provides low-interest loans to firms engaged in organic farming and controlled under-cover cultivation and/or implementing good agricultural practices with the aims of protecting and improving natural resources and/or encouraging environmentally sustainable and high-quality food production. Low-interest loans are also extended to producers who want to use renewable sources of energy (such as solar and biomass) in the conduct of their production activities.

A financial model that promotes agroindustry-producer collaboration

In 2013 Ziraat Bank signed protocols with 18 firms active in the seed, sugar beet, trout and poultry sectors under which the firms were provided with an aggregate TRY 128 million line of credit to extend to 29,000 contractual producers as operating and investment-finance loans on favorable terms.

Continued success of the interest-free livestock financing loan program

In August 2010 Ziraat Bank began extending interest-free livestock financing loans both to meet the needs of customers wishing to modernize or increase the capacity of existing cattle, sheep, and poultry breeding and fattening businesses and to support the establishment of new livestock enterprises. Under this program last year, the Bank supplied 30,886 customers with cash loans amounting in total to TRY 579 million. This performance brings the total number of such customers to 152,100 since the beginning of the program and the total amount lent to them as interest-free livestock financing to TRY 6.9 billion.

More than 133,000 customers have benefited from fixed-interest tractor finance loans.

In 2013 Ziraat Bank extended TRY 1,052 million worth of fixed-interest tractor

The Value Created and Shared (continued)

finance loans to 25,133 customers. Since the introduction of this program in 2004, a total of TRY 4,294 million has been lent to 133,937 of the Bank's customers.

More than two billion worth of greenhouse cultivation financing support in a decade

Ziraat Bank lent TRY 306 million to finance the greenhouse cultivation activities of 5,327 customers in 2013. Over the last ten years, the Bank has supplied a total of TRY 2.1 billion in loans to 83,559 customers to finance greenhouse construction, modernization, production, and similar undertakings.

In 2013 Ziraat Bank also handled:

- TRY 8,132 million worth of government support payments to 4,282,811 individuals and associations,
- TRY 1,347 million worth of payments for crop purchases made by the Agricultural Products Office,
- TRY 528 million worth of crop purchase payments and advances made by Türkiye Şeker, a state-owned sugar-industry holding company.

Creating more value for customers: Ziraat Bank takes part in many agriculture-oriented activities while also increasing public awareness of the industry's development.

- Bank representatives attended 15 agricultural fairs in which 2,500 firms took part and which 700,000 people visited. Ziraat Bank also acted as a sponsor for 11 events organized by various associations and cooperatives.
- Meetings attended by about 1,500 people at which agriculture-oriented presentations were made on various occasions for dairy, livestock breeding and aquaculture industry associations.
- Pressurized-irrigation system modernization protocols were signed with 44 irrigation water suppliers in 2013. A total of TRY 124,861,654 was lent to 4,126 customers under these protocols last year. These loans contributed to the expansion of irrigable land in Turkey through the installation of modern pressurized-irrigation systems for about 310,000 ha of farmland.

Ziraat Bank also creates value through its efforts to help the agricultural sector protect itself against the risks to which it is exposed.

Ziraat Bank's agricultural insurance activities are conducted through a sound bancassurance approach that has been developed through its subsidiary, Ziraat Sigorta.

2013 was a record-breaking year for agricultural insurance premium production in Turkey. The number of TARSİM-issued policies increased by 20% to 891,876 last year while total premium production was up by 6% to TRY 526,835,325.

In 2013 Ziraat Sigorta was once again the country's leading supplier of agricultural insurance. The 50% rise in Ziraat Sigorta's premium production, largely for crop coverage, was the biggest contributor to the agricultural insurance business line's growth. Ziraat Sigorta by itself accounted for 45% of TARSİM's premium production last year.

Total and Ziraat Bank/Ziraat Sigorta's share of total agricultural insurance premium production in 2013

PREMIUMS / SECTORAL SHARE		NET PREMIUMS (TRY)		NET POLICIES ISSUED	
		SECTOR	ZİRAAT SİGORTA	SECTOR	ZİRAAT SİGORTA
End-2012	End-2013	Change (2012-2013)	Change (2012-2013)	Change (2012-2013)	Change (2012-2013)
41%	45%	6%	17%	20%	31%

A significant proportion of the financing that Ziraat Bank provides to the agricultural sector consists of loans to micro-scale, family-owned businesses. When considered in the context of the social impact of product and services of Ziraat Bank's, offerings, this is clear-cut evidence of the contributions that the Bank makes to improving welfare and increasing employment in rural areas.

Ziraat Bank will continue to provide multidimensional support to agriculture and thus contribute to its growth and development.

Ziraat Bank is committed to playing a leading and stakeholding role in order to support real-sector projects both in Turkey and abroad.

PROJECT FINANCE ACTIVITIES AND SUSTAINABILITY AT ZIRAAT BANK

The contributions that Ziraat Bank makes to economic development are also to be seen in the project finance business line.

In 2013 Ziraat Bank once again played an active role in financing projects in many different sectors so long as they effectively contribute to the national economy, create high added value, and are capable of generating their own revenue streams.

In the projects that Ziraat Bank financed in 2013, careful attention was given not just to their contributions to Turkey's economic development but also to their environmental and social benefits as well. Examples of such undertakings include projects that call for recycling and recovering waste paper to make it economically useful, highway projects that improve transportation by shortening distances and thus conserve fuel, financing projects that enhance local producers' ability to compete, renewable energy projects, projects to prevent illegal tapping of the electrical power grid, and projects to increase local employment through the creation of new production opportunities.

The Bank is committed to playing a leading and stakeholding role in order to support real-sector projects both in Turkey and abroad.

The importance of environmental and social risk assessment

In the conduct of its project finance activities, Ziraat Bank draws up project-specific lending agreements and has assessments performed of the social and environmental risks that a project entails.

For every project, a preliminary study is carried out to determine if the project needs an environmental impact assessment (EIA). The lending process may not proceed unless an "EIA Favorable" or "EIA Not Required" decision is reached. In the case of projects fraught with severe environmental risks, an "environmental consultant" must be designated even if a favorable report has been issued.

During the construction and operation stages, the independent technical consultant and the environmental consultant responsible for the project may be requested to submit reports at prescribed intervals if such are deemed to be necessary. These reports make it possible for the Bank to keep track of project firms' compliance with the environmental and social conditions set out in the lending agreement.

Depending on the nature and location of an investment as well as other considerations, investor firms may be required to obtain appropriate licenses from the Cultural Heritage Protection Authority in order to help prevent activities that may be detrimental to historical monuments etc. During the investment phase, construction firms are required to supply proof that they have obtained necessary building licenses from local municipal authorities for approved projects. This rule supports efforts to ensure that construction takes place in compliance with laws and regulations and to keep building activities from causing environmental harm.

Investment monitoring reports are issued detailing the progress of projects and investments being undertaken by firms that have borrowed from Ziraat Bank. In this process, the Bank keeps track of projects not just as a lender but rather as a partner in the investment.

In the conduct of Ziraat Bank's project finance operations in 2013, the social/environmental risks of four of fourteen projects with a total risk exposure of USD 1.6 billion were subjected to regular auditing and reporting by an environment consultant. Based on the results of such auditing, no project was found to be in breach of its lending agreement terms.

Loans that are extended in collaboration with the World Bank are periodically subjected to environmental documentation audits as well as to financial audits. While such audits are performed by randomly sampling records, World Bank officers also have the right to visit and inspect projects. During 2013, no project being financed with World Bank credit was visited or inspected by any World Bank officer.

Similarly during the reporting period, no project financed with European Investment Bank or European Investment Fund credit was subjected to any environmental audit by any of their officers.



The Value Created and Shared (continued)

One of Ziraat Bank's objectives is to provide firms that supply the public sector with increasingly more financial services.

12 projects

In 2013, the contracts governing 12 of 26 currently active projects contained clauses pertaining to the protection of human health.

TRY 8,132 million

In 2013 the Bank handled a 4,282,811 payments amounting to TRY 8,132 million in total.



Project finance and human health

The project finance agreements that Ziraat Bank enters into may also contain clauses pertaining to the prevention of activities that are detrimental to human health.

In 2013, the contracts governing 12 of 26 currently active projects (corresponding to 46% of the total) contained clauses pertaining to the protection of human health. In four projects, there were also clauses calling for the inclusion of a social-impact study in the environmental consultant's report.

World Bank investment project social-impact control mechanisms

Although there are no projects specifically subject to human rights auditing that are covered by lending agreements with international thematic funds, World Bank-funded investment projects do include social-impact control mechanisms that are integrated into their environmental-impact control mechanisms.

For an investment that is to be financed by Ziraat Bank with World Bank-supplied funding, an environmental management plan must be prepared and people in the project's locality must be informed of this by means of public meetings. In addition, care is given

so that projects being financed do not lead to unnecessary displacement and projects are not financed if they make it necessary for a significant number of people to be involuntarily resettled.

Agricultural loans and manufacturing firms

When evaluating agricultural projects, points are given for the inclusion of good agricultural practices and for adherence to organic farming criteria and practices. The inclusion of such practices impacts favorably on a customer's risk rating.

In the case of manufacturing firms and the compliance of their production facilities, the absence of apparatus such as ecological purification, flue filtration, and similar systems in sectors where such equipment is deemed necessary or whose use is legally mandated earns a facility a "Poor" or "Very Poor" score and adversely impacts a firm's overall rating.

THE VALUE CREATED FOR PUBLIC AGENCIES AND ORGANIZATIONS

Public agencies and organizations represent an important and natural customer base for Ziraat Bank.

In 2013 Ziraat Bank's Ankara Public Corporate Branch was put into service in order to provide a sound and effective basis for the service relationship between the Bank and public agencies and organizations. The Bank intends to increase the number of such branches and also plans to open "public enterprise branches" before the end of 2014. Another Ziraat Bank objective is to provide firms that supply the public sector with services with increasingly more financial services. The Bank anticipates intensifying its marketing efforts in this direction in 2014.

Ziraat Bank is the main distribution channel for state support payments in Turkey.

Every year Ziraat Bank processes tens of millions of support payments made by a host of public agencies and organizations. In that capacity, it serves as the main distribution channel in the management of state social policy.

In 2013 Ziraat Bank successfully handled the following payments on behalf of public authorities:

- Agricultural Support Payments
- Housing Benefit Payments
- Employee Savings Incentive Payments
- Protocol-Based Payments & Collections

These activities are summarized briefly below.

Agricultural Support Payments

Last year Ziraat Bank continued to process agricultural support payments as required by laws, regulations, and administrative communiques. In 2013 the Bank handled a 4,282,811 payments amounting to TRY 8,132 million in total.

Housing Benefit Payments

Under Statute 5664 (Act concerning the payment of housing benefits to those entitled to them) dated 22 May 2007 and Regulation 26613 dated 14 August 2007, Ziraat Bank is charged with handling payments made under a protocol which the Bank has entered into with Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. (EGYO), a semi-privatized property & housing real estate investment trust. The Bank continues to make payments as instructed by EGYO. In 2013 Ziraat Bank made 55,993 payments amounting to TRY 16.5 million in total to such beneficiaries.

Employee Savings Incentive Payments

Ziraat Bank processes Employee Savings Incentive Program payments and collections on behalf of the Treasury pursuant to principles and procedures set forth in applicable laws and regulations. In 2013 the Bank made payments amounting to TRY 316.5 thousand in total to 383 such beneficiaries.

Protocol-Based Payments & Collections

Ziraat Bank provides public agencies and organizations with payment and collection processing services under protocol agreements that it enters into with them. In 2013 the Bank processed 127,030,776 such transactions amounting to TRY 167,419 million in total.

ZİRAAT BANK: TURKEY'S CUSTOMER-FOCUSED BANK

For the first time in 2013 the Banking Regulation and Supervision Agency (BDDK) included "customer focus" along with "retail customer service" and "financial consumer protection" among the categories of criteria according to which it audits the Turkish banking industry.

Under the Customer-Focused Audit model (MOD) that BDDK has developed for this purpose, retail banking products and services are examined and rated on the basis of:

- Transparency and customer awareness,
- Fairness of pricing principles,
- Responsibility (Customer relationship management quality),
- Consumer perception.

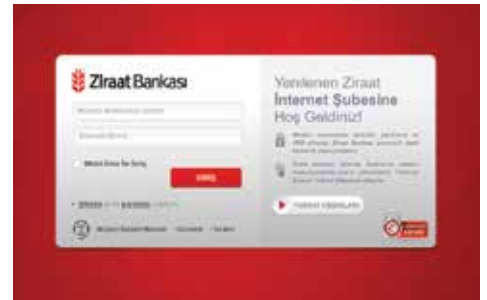
When introduced as a pilot project, BDDK checked the performance of banks supplying 95% of the sector's retail banking services against these criteria and assigned them "MOD points". Ziraat Bank ranked first among all the Banks so audited by earning the greatest number of points.

Enhancing value to customers: Ziraat Bank's New Generation Online Branch opened for service in 2013.

Ziraat Bank's online branch has been redesigned to give its customers a faster, more convenient, and more functional internet banking experience. With its information architecture, infrastructure, design and new-generation information technology, the Ziraat Bank Online Branch's new features and its simplified, practical layout make it as enjoyable to use as it is easy.

The Value Created and Shared (continued)

One of Ziraat Bank's invariable goals is to provide all of its customers with banking products and services in formats that are practical and are easy to understand and access. The Bank continues to make new additions to its roster of banking industry best practices.



The goal of the Ziraat Bank New Generation Online Branch is to allow customers to take care of their banking business more effectively: newly-added screens give customers convenient access to the information and transactions they want while a “smart calendar” module lets them set reminders for themselves on dates in the future.

With its easily-accessible menu of actions categorized according to needs and with its user-friendly look, the Ziraat Bank New Generation Online Branch seeks to exceed customers' expectations. Owing to its streamlined design, the branch is just as functional on mobile devices as it is on computers, making it usable wherever and whenever a customer needs to.

Thanks in part to the launch of the New Generation Online Branch, the number of Ziraat Bank online banking customers increased by 50% in 2013.

In the twelve months to end-2013, the number of customers registered to enter the Ziraat Bank online branch grew by 50% and reached 2.7 million. Paralleling this growth, the number of financial transactions performed increased by 12.9% from 31 million to 35 million over the same period while the total value of such transactions grew by 51.5% to TRY 90.9 billion.

Enhancing value to customers: Delivering even better service to customers with disabilities

In keeping with its customer-focused service approach, offering banking products and services in formats that are convenient for customers with disabilities to use is an important priority for Ziraat Bank.

The entrances to the great majority of Ziraat Bank branches are designed to make them usable by customers with orthopedic disabilities. Work is currently in progress to give such customers more convenient access to the Bank's branch, ATM, and online banking services. Under a pilot project that is currently under way, a number of branches and ATM units are being redesigned so as to make them even more usable. The Bank plans to extend these changes to other locations based on the results of this project. Under another project, revisions are to be made that will allow visually-impaired customers to benefit from Ziraat Bank's services too.

The Ziraat Bank online branch was designed to be usable by those who are visually-impaired. Work is currently in progress to make changes in the Bank's mobile banking applications so that they too may better serve the needs of such users.

Enhancing value to customers: 150 new branches in 150th year

Ziraat Bank opened more new branches—150 in all—than any other bank in Turkey last year.

In 2013 all processes related to branch openings, closures, and relocations were integrated into Ziraat Bank's electronic task flows. This not only reduced the operational workloads involved but also further improved objective decision-making through integration with Geographical Information Systems.

In 2011 Ziraat Bank's network consisted of 1,434 branches; as of end-2013 there were 1,636. During the same, Ziraat Bank's share of the total number of branches in the Turkish banking system increased to 15.0%.

This growth in branch numbers not only brings the Bank closer to customers but also helps reduce the environmental pollution that would result in customers having to use transportation to come to a branch.

The wide coverage of the Bank's extensive ATM network also brings it closer to customers. At end-2013, 12.7% of the ATM units operating in Turkey belonged to Ziraat Bank.

150th year

The Bank's products and services were promoted through a diversified lineup of communication channels such as TV, radio, cinema, newspapers, magazines, and the internet on the occasion of the Bank's 150th year in business.

FINANCIAL LITERACY

In today's world, well-educated people are what enable their societies to stand out and compete. As part of the process of increasing financial affluence, financial literacy is of great importance to Turkey's development and progress vision because it helps make consumers of financial products and services better aware of their nature and underlying concepts and thus able to make informed choices about risks and alternatives.

The proper management of material resources is as crucial to societies' future as it is to individuals'.

Knowledge not only underlies economic empowerment but also brings with it economic strength and self-confidence. Financial literacy is valuable because it nourishes the propensity for long-term saving and generates the essential national resources needed to finance investments.

Ziraat Bank believes in the need for financial literacy, which is to say in the need to improve people's ability to make informed decisions, and it therefore engages in systematic efforts in that direction. Beginning with making certain that a customer has proper access to correct information about the Bank's products and services through every channel, such efforts embrace a wide range of activities that include financial-themed meetings and information workshops with focus groups.

Members of Ziraat Bank's senior management also appear as speakers at many events while interviews given to newspapers and magazines provide opportunities to communicate messages that will contribute to financial literacy among a wider audience.

ZİRAAT BANK CONSTANTLY ENGAGES IN COMPETITION-MINDFUL MARKET COMMUNICATION ACTIVITIES.

Advertising, promotion and other marketing communication tools are foremost among the most important elements enabling advertisers to communicate with consumers. Marketing communication helps improve an advertiser's effectiveness both nationally and internationally while also providing tangible benefits to consumers, firms, and the public at large.

Taking this awareness as its point of departure, Ziraat Bank seeks first of all to ensure that all of its marketing communication and promotional activities inform customers correctly.

Ziraat Bank's marketing communication policy is based on the following principles:

- Advertising must be lawful and also compatible with the rules of competition
- All marketing communication must be prepared with an awareness of social and professional responsibilities and it must be conducted within the framework of principles of fair competition that

are generally accepted by the business community.

- Marketing communication must contain no messages or any verbal or visual elements that are incompatible with a country's or a culture's generally-accepted public morality.
- Marketing communication must be designed so as not to abuse customers' trust or to exploit their lack of knowledge or experience.
- Messages capable of influencing customers' purchasing decisions about products and services must be truthful, must not be misleading, and must be communicated at times and in ways that allow them to be understood by customers.

Ziraat Bank regards sponsorships as a means of communicating with the public and therefore engages in such projects systematically.

Celebrating Ziraat Bank's 150th anniversary, 2013 was a busy year for the Bank from the standpoint of marketing communication.

The Bank's products and services were promoted through a diversified lineup of communication channels such as TV, radio, cinema, newspapers, magazines, and the internet. A wide variety of activities were also conducted on the occasion of the Bank's 150th year in business.

For further details please see page 52 of this report.

The Value Created and Shared (continued)

While restructuring itself in line with its new customer-focused business model, Ziraat Bank continues to meet the banking product and service needs of its corporate and retail customers by providing them through the right delivery channels, on time, and on favorable terms.

RESTRUCTURING EFFORTS CONTRIBUTE TO RISK MANAGEMENT AND ENHANCING SUSTAINABILITY PERFORMANCE.

While restructuring itself in line with its new customer-focused business model, Ziraat Bank continues to meet the banking product and service needs of its corporate and retail customers by providing them through the right delivery channels, on time, and on favorable terms. The Bank has redefined its business practices, its customer segmentation, and its domestic and international subsidiary organizational structure in order to incorporate all of the following elements:

- Retail Lending Decision Module
- Creditworthiness Evaluation Modules
- Lending Process Revision
- "Başak Model" Evaluation Methods

For further details about these projects please see page 35 of Ziraat Bank 2013 Annual Report. <http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReports.pdf>

Goals for the future:

- Another agreement is to be signed with the European Investment Bank under the EIB II project that covers a second EUR 100 million tranche of funding to be used in financing investments by SME and larger-sized firms.
- An agreement is to be signed with the French Development Agency covering the Agricultural Sector Modernization Project after which lending under the program will begin.
- Negotiations will be finalized with the German Development Bank covering a 10-year, EUR 150 million line of credit to be used as micro and SME agricultural loans in rural areas and to those involved in the agricultural value-creation chain.
- Negotiations between Ziraat Bank and the European Investment Bank will be finalized covering the financing of agricultural projects using grants-in-aid provided by the EU under the Rural Development component of the Instrument for Pre-accession Assistance (IPARD).
- A seven-year agreement between Ziraat Bank and the Council of Europe Development Bank will be signed covering a EUR 100 million line of credit consisting of two parts, amounting EUR 50 million each, that are to be lent to SME by Ziraat Bank and Ziraat Leasing respectively.
- The scope of services provided to customers with disabilities will be expanded.
- More Ziraat Bank "public enterprise branches" will be opened in order to provide a sound and effective ground for the service relationship between the Bank and public agencies and organizations.

Employees

As one of Turkey's biggest employers, Ziraat Bank believes in the importance of people-focused working conditions.

92.6%

92.6% of all newly-hired personnel in 2013 were recruited from local sources.

57.5%

In the scope of Ziraat Bank's HR policy, 57.5% of employees' requests for transfers were fulfilled in situations where staffing conditions permitted.



In keeping with its people-focused business model and practices, Ziraat Bank gives great importance to providing equal opportunity to all of its personnel. The Bank regards and supports differences in its workforce as a fundamental source of richness that nourishes a shared culture.

Ziraat Bank regards maintaining a progressive and participatory workplace environment that encourages employee involvement as a fundamental objective.

Ziraat Bank personnel demographic highlights

- As of 31 December 2013, Ziraat Bank had 24,725 people on its payroll.
- 85% of Ziraat Bank employees hold at least one university degree (bachelor's or higher). The average age of employees is 35; their average length of service is 11 years.
- Ziraat Bank employs more people with a master's or doctoral degree than any other bank in Turkey.
- During 2013, 143 people joined the Ziraat Bank team to fill positions set aside for physically handicapped individuals.

The breakdown by gender and age groups of Ziraat Bank's human resource is as follows:

AGE	MALE %	FEMALE %	TOTAL
19-30	55.35	44.65	10,581
31-40	61.10	38.90	6,959
41-50	61.56	38.44	4,808
51+	86.58	13.42	2,377
TOTAL	61.18	38.82	24,725

Ziraat Bank's domestic organizational structure consists of headquarters and eight regional department units.

The chart below shows a breakdown by gender of personnel employed in each regional department during the reporting period.

REGIONAL DEPARTMENT	MALE %	FEMALE %	TOTAL
Çukurova Regional Department	63	37	2,023
Ege Regional Department	59	41	3,367
Güneydoğu Anadolu Regional Department	72	28	1,318
İç Anadolu-1 Regional Department	55	45	2,754
İç Anadolu-2 Regional Department	71	29	1,858
Karadeniz Regional Department	66	34	2,346
Marmara Regional Department	63	37	2,624
Trakya Regional Department	51	49	3,791
TOTAL	61	39	20,081

The Value Created and Shared (continued)

In the conduct of career-management activities in 2013, 6,375 employees were promoted to the next higher position based on the results of their written and/or oral exams.

4,276 new personnel in 150th year

As in previous years, Ziraat Bank continued to open its doors to young people seeking to pursue a career in banking in 2013. In its recruitment announcements and examinations, the Bank allows candidates to specify the province in which they would prefer to work. This practice arises from Ziraat Bank's principle of recruiting locally. 92.6% of all newly-hired personnel in 2013 were recruited from local sources. Under a new procedure introduced in the Bank's 150th year, Ziraat Bank also began hiring people with lycee and associate degree diplomas.

An important tenet of Ziraat Bank's HR policy is to employ people in places where they prefer to work. In keeping with this, 57.5% of employees' requests for transfers were fulfilled in situations where staffing conditions permitted.

All Ziraat Bank personnel are employed under full-time, indefinite-term work agreements. During 2013, a total of 3,125 employees resigned from Ziraat Bank. The Bank's personnel turnover rate is 13% a year.

The next chart shows personnel turnover rates in Ziraat Bank regional department and headquarters units during 2013.

UNIT	2013 NEW HIRES	2013 TERMINATIONS	TURNOVER RATE
Çukurova Regional Department	456	320	17
Ege Regional Department	459	404	12
Güneydoğu Regional Department	416	186	15
İç Anadolu-1 Regional Department	261	309	12
İç Anadolu-2 Regional Department	410	200	11
Karadeniz Regional Department	556	352	16
Marmara Regional Department	599	323	13
Trakya Regional Department	887	511	14
Headquarters	232	520	12
TOTAL	4,276	3,125	13

Code of Ethics Pledge, information disclosure

During the recruitment and hiring process, every employee is required to sign the Bank's Code of Ethics Pledge. Information about job descriptions and assignments and about performance and reward criteria is disclosed clearly and transparently through the Ziraat Bank internet portal and by email. These procedures are also monitored by appropriate headquarters units for evidence of irregularities, abuse, and the like.

Individual Performance Management System

The Ziraat Bank Individual Performance Management System is a system whereby employees' success and rankings are measured at regular intervals on the basis of objectively quantifiable data, and in accordance with predetermined parameters.

Besides numerical benchmarks, the Individual Performance Management System also considers competencies that are contingent upon an individual's job position. Numerical-based performance measurement means assessing performance by means of objective criteria that are associated with strategic objectives. In Ziraat Bank's system, benchmarks pertaining to customer focus, profitability, productivity, and risk management contribute substantially to the numerical performance points an employee receives.

The Ziraat Bank Individual Performance Management System encompassed all regional department and branch personnel in 2013. Work is currently in progress to bring headquarters personnel into this system as well.

In 2013 Ziraat Bank introduced a new bonus system which is compatible with the Bank's new marketing- and sales-focused organizational structure, which seeks to improve the effectiveness of sales staff, and which is based on individual performance ratings. This new system was designed so as to enable employees who demonstrate superior performance to earn more in keeping with the principle that improvements in performance and effectiveness should be rewarded and that compensation should increase with success.

The performance bonus payments that are made on the basis of periodically-conducted performance evaluations are intended to strengthen the customer-focused business model, to foster marketing- and effectiveness-focused work attitudes, to motivate employees and increase their loyalty to the company, and to provide material rewards for individual success that is compatible with corporate objectives.

Under the Ziraat Bank Individual Performance Management System, a quarterly bonus budget is determined taking the Bank's profitability and operational results into account and so as not to exceed 7% of total monthly salary payments. The amount so allocated is paid to employees, along with their February, May, August, and November salaries, as an individual performance bonus that is determined according to objectively-defined, specific, and numerically quantifiable criteria. In line with the Bank's strategies and objectives, this system is marketing-oriented and bonuses are paid so as to enable employees who contribute more on that front to earn more.

The Ziraat Bank Individual Performance Management System was designed to reward superior performance and essentially to increase the productivity of sales personnel.

All Ziraat Bank employees benefit from the Individual Performance Management System.

Human Resources Career Management

As an employer, Ziraat Bank's approach to career management is transparent. The Bank additionally seeks to recruit and train its own management personnel.

A very important tenet of Ziraat Bank's people-focused HR policy is that employees should take satisfaction in the performance of their jobs by serving in positions that are compatible with their competencies. To achieve this, in 2012 the Bank changed over from a title-based, largely vertical organizational structure to a more horizontal structure based on job descriptions. With this change, the concept of "job description" was introduced in career management at Ziraat Bank. In addition to a "title description" that defines an employee's position in the professional hierarchy, every employee has also been assigned a "job description" that sets out the particulars of his job, the customers he comes into contact with, and his marketing/operational functions.

In the conduct of career-management activities in 2013, 6,375 employees were promoted to the next higher position based on the results of their written and/or oral exams.

As of end-2013, a new job description setting out his duties and authorities had been written for every Ziraat Bank employee.

The Value Created and Shared (continued)

During 2013, a total of 21,278 employees were provided with training at Ziraat Bank. Average training time per employee was 51.84 hours.

262

A total of 20,338 employees were provided with training on 262 subjects intended to improve their financial literacy.

88%

88% of all Ziraat Bank personnel took part training issues related to the prevention of money-laundering and terrorism-financing.



Personnel training in 2013

Personnel training activities conducted during 2013 are summarized below.

- “First Step Training” was provided to newly-recruited personnel to help them become familiar with Ziraat Bank, adapt to its corporate culture, and acquire basic and essential knowledge and skills.
- “Certification Training” was provided to equip personnel in bank officer and assistant positions with the knowledge, skills, and competencies required by their positions.
- “Change Management Training Programs” were conducted to support the development of such managerial skills as supporting change, understanding employees during periods of change, becoming a part of bank strategies,

correctly using motivational tools, and resolving conflicts.

- “Professional Training” was provided to employees in line with the Bank’s objectives and strategies in order to familiarize them with new products, services, and changes in laws and regulations.
- All training mandated by laws and regulations was duly provided to personnel.

During 2013, a total of 21,278 employees (corresponding to 159,518 individual trainees*) were provided with training at Ziraat Bank. These figures do not include e-training. Average training time per employee was 51.84 hours.

Owing to the extensive nature of its service network, Ziraat Bank also makes considerable use of e-training in the conduct

Position	MALE		FEMALE	
	Individual trainees*	Average training time/person	Individual trainees*	Average training time/person
Managerial	4,397	1.43	1,446	0.47
Other	87,063	28.40	66,612	21.54
TOTAL/AVERAGE	91,460	29.83	68,058	22.01

* Individual trainee: This term is used in the Bank’s training statistics. If one employee takes part in three different training programs during a year, he counts as three “individual trainees” even though he is only one person.

of its personnel training activities. E-training makes it possible to provide training to more employees in less time and without causing lost worktime. Employees can take part in e-training wherever and whenever it is convenient for them and they can proceed at their own pace. E-training is used to support classroom training. By reducing the need for employees to travel to training sites, e-training also makes an indirect contribution to environmental wellbeing. A total of 216,030 trainee individuals took part in e-training programs during 2013.

In 2013, a total of 20,338 employees were provided with training on 262 subjects intended to improve their financial literacy.

During the year, training was provided on issues related to the prevention of money-laundering and terrorism-financing. 88% of all Ziraat Bank personnel took part in such training.

Ziraat Bank's approach to personnel remuneration

Along with the changeover from a title- to a job-description structure, a new remuneration system was also introduced at the beginning of 2013. Some aspects of the system were revised and some additions were made in light of needs during the year. At the beginning of 2014, employees will also start receiving a supplementary payment in addition to their normal salary to compensate them for the time they must spend in their current position that exceeds the normal period that must pass before they are entitled to be promoted.

For details about the relationship between remuneration and performance at Ziraat Bank, please refer to the Individual

Performance Management System on page 49 of this report.

Remuneration Committee

The Remuneration Committee is responsible for supervising and auditing remuneration practices on behalf of the Board of Directors at Ziraat Bank. This committee reviews remuneration policies and practices within the framework of risk management in order to ensure their compliance with the Bank's ethical values and strategic objectives and it makes recommendations accordingly to the Board of Directors at regular intervals.

Ziraat Bank's approach to senior management remuneration

All remuneration that is to be paid to members of the Bank's Board of Directors and to its general manager is decided upon at annual general meetings. The Treasury Undersecretariat's representative is authorized to advance motions concerning such payments.

Healthcare and other fringe benefits

Ziraat Bank employees who are not civil servants as well as their family members also benefit from healthcare services provided by the Social Security Institution. Subject to certain principles and procedures, they may also receive additional payments for medical treatment from:

- Ziraat Bank's budget within the framework of authorities granted by the Bank's Board of Directors
- The budget of the Health Assistance Fund in the case of personal who are members of that fund and within the framework of authorities granted by the fund's own administration.

Ziraat Bank also enters into agreements with private hospitals, clinics, medical

imaging centers, doctors' surgeries, and similar healthcare providers under which its employees have access to their medical services. Such matters are announced via the Bank's internet portal.

Occupational health & safety at Ziraat Bank

Occupational health & safety units have been set up at Ziraat Bank's Ankara and İstanbul headquarters as required by the Occupational Health & Safety Act. Workplace physicians are on duty at these units.

Occupational health & safety training was also provided to 3,752 people at Ziraat Bank in 2013.

During 2013, no worktime was lost at the Bank for such reasons as injuries, occupational diseases, strikes, lockouts, natural disasters, or structural collapse. Similarly there were no fatal job-related accidents at the Bank last year.

A proactive approach in private pensions

Ziraat Bank engages in a synergetic collaboration with Ziraat Hayat ve Emeklilik, a life insurer and private pension provider, in order to help its employees augment their pension savings and enjoy a more comfortable retirement by taking advantage of the benefits afforded by the national Private Pension System (PPS).

Under the "Biz Bize" Group Pension Plan, bank employees and their relatives are not charged PPS policy entrance fees, do not have to pay management fees, and pay a specially-discounted fund operations fee.

An employer-sponsored group pension plan for Ziraat Bank personnel was launched on 1 January 2013. In this plan, the Bank contributes up to 3% of an employee's gross monthly salary (or at least TRY 50) a

The Value Created and Shared (continued)

Seeking to ensure the sustainability of a participatory and collaborative workplace environment, Ziraat Bank gives great importance to employee communication.

month to the group pension-plan account that the employee opens with Ziraat Hayat ve Emeklilik and to which he contracts to contribute up to 3% of his gross monthly salary (or at least TRY 50) a month. Under this scheme, which is intended to help employees build up their retirement savings more quickly, employees also receive an additional state contribution corresponding to 25% of the amount that they pay into their pension account.

In order to increase employees' motivation and company loyalty and also to encourage them to save up for retirement, Ziraat Bank will begin paying an employer's pension contribution of TRY 50 a month to every employee as of 1 January 2014 whether or not the employee pays a contribution of his own. In this way, even employees who have never paid a pension contribution of their own will be brought into the PPS through the employer group pension contracts that are created. Employees who have not previously paid a pension contribution and who are covered by these new employer group pension contracts will also be able to take advantage of the additional employer contribution rule if they opt to start making their own contributions.

Improvements in working conditions

System development projects are being carried out to reduce the amounts of overtime that must be worked at Ziraat Bank.

The Bank's branches are being renovated both to improve employees' working conditions and to create more modern and spacious settings in which to provide customers with financial consultancy services. In this context, branches are being completely redesigned taking Ziraat Customer Business Model principles and concepts into account; four hundred branches underwent such renovation in 2013.

Employee communication

Seeking to ensure the sustainability of a participatory and collaborative workplace environment, Ziraat Bank gives great importance to employee communication. Information about the ways it does this is given below.

Ziraat Bank Employee Suggestion System:

Ziraat Bank has always supported innovation and it regards employees' suggestions and feedback as input for its ongoing development. The Ziraat Bank Employee Suggestion System was set up to give the Bank the benefit of employees' knowledge and experience, to encourage employees to think critically, and to continuously improve service efficiency and quality. In 2013 work began on creating a more user-friendly suggestion system to replace the existing one. Designed to be more actively used by employees and to ensure that suggestions reach and are assessed by those concerned more quickly, this new system is scheduled to become operational in the first quarter of 2014.

Communication Meetings: When laying out its strategic roadmaps, Ziraat Bank solicits and makes use of its employees' experience, opinions, and suggestions. This was done in the following ways during the reporting period.

- **First Step Meetings:** These are meetings at which the Ziraat Bank general manager explains the Bank's strategies and goals to all employees. At these meetings, employees may pose questions that the general manager himself answers personally. Thirty-two such meetings were held in 21 cities last year.
- **Information Meetings:** Held at approximately three-month intervals, these are meetings that are attended by the senior managers of the Bank's domestic and international branches and subsidiaries and at which they

are informed about all impending new developments. At the end of the presentation, a question-and-answer session is conducted so that current issues may be discussed interactively. Fifty-two of these meetings were held last year.

- **Performance Meetings:** These are quarterly meetings led by Ziraat Bank's general manager at which target performances are discussed and process-related issues are debated.
- **Focus Group Meetings:** Focus group meetings are attended by branch personnel and by headquarters and regional department senior executives. Such meetings provide valuable opportunities to air employees' views and suggestions about changes in branch business processes.
- **Weekly Bulletins:** Innovations and changes taking place at Ziraat Bank are announced to all employees through weekly bulletins. The first such bulletin appeared in March 2012; as of end-2013, 76 issues had been published.

Marking the Bank's 150th anniversary, 2013 was an especially important year at Ziraat Bank.

Ziraat Bank employees get together at 150th Anniversary Staff Gatherings.

Celebrations commemorating the 150th year of Ziraat Bank's founding at 150th Anniversary Staff Gatherings held in Diyarbakır, Ankara, İstanbul, İzmir, and Trabzon during 2013 were enthusiastically attended by all bank personnel, who reported taking great satisfaction from the events.

Ziraat Bank Board Chairman Muharrem KARSLI and Ziraat Bank General Manager Hüseyin AYDIN both attended the 150th Anniversary Staff Gatherings, which were emceed by Vatan Şaşmaz. Each event began with opening remarks by Mr. KARSLI and a presentation by Mr. AYDIN and then



continued with a light show, a “Flying Drummers” performance, a showing of the Bank’s 150th anniversary advertising film, anecdotes, and the showing of another film about the Bank’s corporate history. The evening ended with concert performances.

Regional departments also hosted dinners for retired Ziraat Bank personnel in commemoration of the Bank’s 150th year. Speaking at these gatherings, bank executives thanked the attending guests for their dedicated efforts during the conduct of their careers while also noting that it is employees who are the most responsible for Ziraat Bank’s having been “More than a bank” for a century and a half.

150th Anniversary Reception

Ziraat Bank’s 150th Anniversary Reception was held in Ankara on 27 November 2013. The event, which was attended by Ziraat Bank’s senior management and three thousand distinguished guests, was also honored by the presence of Prime Minister Recep Tayyip ERDOĞAN and Deputy Prime Minister Ali BABACAN.

The reception was held at the Ankara Congressium congress center, whose exterior and foyer served as the backdrop for visual effects and one of the biggest video-mapping displays ever performed in Turkey. Guests arriving at the reception entered the main hall by passing through an image of Ziraat Bank’s original headquarters in Ankara’s historical Ulus district projected on the exterior. Once inside, guests were treated to a stunning visual experience in the form of a video display highlighting the changes, the growth and development, and the achievements of Ziraat Bank since the day it was founded. All images were projected in high-resolution through an indoor mapping system that perfectly matched the dimensions of the interior.

A special exhibition of a selection of 150 works from the Ziraat Bank Art Collection was also held concurrently with the 150th Anniversary Reception.

Enhancing value to employees

In Ziraat Bank in 2014:

- employees will continue to be provided with ongoing training, with career-path opportunities compatible with their job positions, and with progressive working conditions.
- career advancement opportunities both in job titles and in position duties will be enriched by making full use of the Bank’s financial services subsidiaries. To this end, the Bank is planning to introduce a Competency Evaluation System that will make it possible to rate employees on the basis of the competencies they need to fulfill the requirements of different job descriptions.
- in order to create synergies between Ziraat Bank and its domestic and international subsidiaries and affiliates and also to increase the operational effectiveness of international units, the Bank plans, as part of the Change & Transformation Project, to update HR regulations at all international units, to match personnel to job descriptions, and to complete remuneration system and other employee rights management revisions by the end of the year.

As the years go by, Ziraat Bank will continue to further advance its standing as Turkey’s strongest national bank and global player. Aware that it owes its unique and distinguished position in its sector to superior human resources whose valuable market knowledge and experience enable the Bank to provide customers with the right value at the right time and in the right way, Ziraat Bank is committed to further developing its progressive human resources management systems and practices.

Goals for the future:

- Employees will be provided training on sustainability practices.
- The Individual Performance Management System will be expanded to include headquarters units.
- Employees will receive compensation for delayed promotions in addition to their normal salary payments.
- Systems will be developed to reduce the need to work overtime.
- All employees will be paid an additional TRY 50 / month as a PPS employer’s contribution even if they have not made such a payment themselves.
- The new suggestion system will become operational.
- A Competency Evaluation System will be introduced in order to rate employees on the basis of the competencies they need to fulfill the requirements of different job descriptions.
- All international units’ HR regulations will be updated, personnel will be matched to job descriptions, remuneration system and other employee rights management revisions will be completed.
- An average of 300 branches will be renovated every year.

The Value Created and Shared (continued)

Role of Ziraat Bank in the Community

By providing employment opportunities to about 25,000 people, supporting the efforts of tens of millions of customers to transform their dreams into reality, and playing a key role in reducing the national savings gap, Ziraat Bank has been contributing beneficially to society since the day it was founded.

With a presence all over Turkey today and in its capacity as the only local financial services provider in some four hundred small towns, the contributions that Ziraat Bank makes to the community manifest themselves in many different ways. The Bank will continue to add value to the community and to take a multidimensional approach to supporting social development through activities capable of having a broad social impact.



Sevkettin Dağ, "The Bosphorus", oil painting, 1933.

Protecting cultural values

For a century and a half, Ziraat Bank has been consistently supporting culture and the arts through a spirit of social collaboration.

Supporting the arts is a Ziraat Bank tradition.

The support that Ziraat Bank has been giving to art and artists since the day it was founded is summed up in its slogan "In Art For Art". The Bank continues to take part in and support artistic activities in a variety of ways.

In the 1990s Ziraat Bank began adding new links to the chain of its support for the arts by opening its Mithatpaşa, Kuğulu, Tünel, and Kızıltan Ulukavak art galleries and with the inauguration of the Ömer Nafi Güvenli Exhibition Hall. The 42 shows held at the Kuğulu and Mithatpaşa galleries in Ankara and at the Tünel gallery in İstanbul were visited by more than 40 thousand people during the 2012-2013 season.

Ziraat Bank sponsored the making of "The Butterfly's Dream", a feature-length movie released in 2013 that explores a socioculturally important period of Turkey's history.

Turkey's first museum devoted to banking

Located in the ceremonial hall of the Bank's original headquarters building in the Ulus district of Ankara, the Ziraat Bank

Museum opened its doors to the public on 20 November 1981. On display at this museum, the first in Turkey to be devoted entirely to banking, are artifacts representing the century and a half during which Ziraat Bank was a personal witness to momentous events in every stage of the history of the Turkish Republic.

The Ziraat Bank Museum offers a panoramic view of the commercial, economic, political, cultural, artistic, and educational transformations that the Turkish banking industry has undergone since the beginning down to the present day. On display for visitors to this historic setting are a host of objects and materials highlighting the progress and development of banking in Turkey.

Ziraat Bank plans to relocate the banking museum currently occupying the ceremonial hall of the Bank's former headquarters in Ulus to new premises in the former Ankara Adakale nursery school, which is being redesigned in line with the latest museological concepts and practices. With its planned exhibition space of 710 m², the new museum will make it possible to show visitors a much bigger selection of Ziraat Bank's rich art and artefact collection.



Once the museum has been relocated, the Ulus building's ceremonial hall will be refitted once again in keeping with its erstwhile mission as it continues to bear witness to history.

Enhancing value to society: The Ziraat Bank Art Collection

Ever since its inception as Turkey's first nationally-owned bank in the last quarter of the 19th century, Ziraat Bank has always included cultivation of the arts as an item on its developmental agenda.

From the day it first opened its doors, Ziraat Bank has been commissioning famous contemporary artists to produce sculptures and large-scale paintings for addition to its collection. Indeed Ziraat Bank was the first institution in Turkey to do so. Today the Bank's art collection is tremendously important both for its intrinsic artistic value and as a panorama of the history of Turkish painting and sculpture.

The works that make up the Ziraat Bank Collection begin with examples from the early 19th century that bear the historical stamp of Ottoman-period society while embracing its progressive development. They continue with others that bear witness to the developmental changes that the arts have gone through ever since, right down to the present day. Indeed some of the works in the collection are the

iconic hallmarks of the contemporary arts of their time.

The Ziraat Bank Art Collection is a vast treasure-trove of works ranging from Romantic landscapes to Impressionist and Symbolist interpretations, from Expressionist approaches to Cubist explorations, from the bold abstractions of the Paris School to Gestural and Geometrical Abstraction, and from compositions rooted in traditional values and social realities to avant-garde experimentation and the works of Modernist and Postmodern artists.

Beside serving as an exemplar of a conscientious art collector, Ziraat Bank's commitment to being a pioneer in society's cultural progress is shown by the way in which it shares the works in its collection with the public through the comprehensive exhibitions that it organizes and through a book that documents the implications and results of informed, proper, sound, and methodically- and systematically-supported collecting that is consistent with artistic criteria.

The Ziraat Bank art collection consists of more than 2,500 works, the majority of which are oil paintings but which also include watercolors, gouaches, pastels, prints, ceramics, and sculptures. The collection continues to be

enriched through acquisitions from among works exhibited by artists at Ziraat Bank's galleries.

A project is currently under way to restore a 19th-century building located in İstanbul's Cağaloğlu district that is owned by the Bank. When completed, this venerable structure will serve as the Ziraat Bank Museum of Painting and Sculpture, a venue in which the Bank will continue to support culture and art by making the precious works in its collection accessible to art lovers.

Ziraat Bank is the owner and conserving protector of cultural-heritage buildings located in Ankara and İstanbul as well as many other cities that are landmarks in the history of Turkish architecture.

There are fifty-two listed and protected monuments belonging to the Bank that were erected after 1910 and are still in active use. Through maintenance and repair work that is faithful to these buildings' original architectural spirit, Ziraat Bank plays a part in protecting the cultural heritage.

The Value Created and Shared (continued)

Undertaken by the Bank as a social responsibility project, the involvement in Turkish football is a step forward for society to have a healthy future.

5 seasons

Recognizing the mass appeal of football in Turkey, Ziraat Bank has been the name sponsor of the Turkish Cup for five years since the 2009/2010 season.



Ziraat Turkish Cup: Supporting sport

Recognizing the mass appeal of football in Turkey, Ziraat Bank has been the name sponsor of the Turkish Cup for five years since the 2009/2010 season. Undertaken by the Bank as a social responsibility project, this involvement in Turkish football is a step forward for society to have a healthy future to the betterment of the sport through such efforts as the “Ziraat Turkish Cup Football Machine” advertisement that seeks to combat the mounting tide of stadium hooliganism by promoting messages of good sportsmanship and amicability among fans.

Two first prizes for “Ziraat Turkish Cup Football Machine”

The “Ziraat Turkish Cup Football Machine” TV spot received two accolades in the “Sports Industry of the Year” series of awards in four categories and twelve branches. In an awards ceremony conducted during the Turkish Sports Industry Summit, whose theme was “Sport In Brand Perception” and which was hosted by İstanbul Commerce University, the advertisement received awards in the “Sports Communication Of The Year” and “Sports Communication Message Of The Year” categories.

Support for scholarly publications

Under the Yunus Emre Institute’s “100 Turkish Libraries” project, which was launched in 2012, Ziraat Bank makes an important contribution to scholarly research by supporting the establishment of one hundred Turkish libraries in different countries around the world.

“Kids On Vacation / School Under Repairs”

“Kids On Vacation / School Under Repairs” is a social responsibility project through which schools are being improved in government-designated “Priority Developments Regions”. Under this project, Ziraat Bank makes an important contribution to the future of the country by fixing up and fitting out its children’s schools.

Ziraat Bank was a gold sponsor of the First International Turkish Congress on Children and Media in 2013. On the occasion of this congress, a “Declaration on Children and Media” was prepared and published.

“Seyyah: Ulu Çınarın İzinde” Project

First introduced in the summer of 2012 with Ziraat Bank support to contribute to the personnel and social development of economically deprived children and youths by taking them on trips to interesting places around the country, the second season of the program took place in 2013.

Through the “Vocational Education Project for Women”, economically deprived girls and women are taught vocational skills.

Enhancing value to society: 2013 TRT Documentary Awards

Ziraat Bank acted as a name sponsor for the 2013 TRT Documentary Awards.

Recipients of the Ziraat Bank Special Award

International category

Rawer,

Directed: By Anneloek Sollart (Netherlands)

National category

(Two documentaries received the Ziraat Bank Special Award in 2013.)

Tutku: Meriç Sümen,

Directed: By Mehmet Şafak Türker

Boğaziçi Balıkları,

Directed: By Burak Dal and Bahriye

Kabadayı Dal

E-learning for children

Owing to diminishing natural resources, to economic hardships, and to environmental pollution and the problems it creates, thrift confronts us as an issue of increasingly greater importance.

Ziraat Bank has prepared a series of e-learning materials for children in order to make them aware of thrift while also itself investing in the future of a world that can be at peace with itself. These materials are accessible as interactive distance learning modules on the Bank’s website. Their aim is to help children everywhere to learn, gain awareness, and improve themselves while having fun.

Dubbed “Information Islands”, the series consists of individual learning modules called “Money & Bank Island”, “Thrift Island”, “Borrowing & Credit Card Island”, and “Budget Island”. As children play through these games, they learn about such things as the relationship between money and banks, how banks function, online and telephone banking, how to borrow and use credit cards wisely, and how to make economical use of all resources from money to electricity and water.

E-learning for farmers

In keeping with its mission to support agriculture, Ziraat Bank has prepared a series of e-learning materials for use by farmers.

By educating farmers about modern irrigation practices, the Bank introduces them to methods such as drip irrigation that are more efficient and cause less environmental harm while also informing them about which methods are suitable for which crops. This not only helps farmers reduce their costs but also ensures that water resources are used more effectively and that the environmental effects of uncontrolled and excessive irrigation are prevented.

By educating farmers about agricultural insurance and its importance, the Bank makes them aware of ways to manage the risks that confront them and how to continue their operations by ensuring that their losses are covered when such risks materialize.

Eco-awareness

The “Green Camera Short Film Festival” is organized by the Turkish Environmental Protection Foundation in order to draw university students’ attention to environmental issues and to inform the public at large about them. In keeping with its sense of social responsibility, Ziraat Bank supports this festival as well as the foundation’s other activities and publications, including a magazine.

Goals for the future:

- The Ziraat Bank Banking Museum will be relocated to new premises in the former Ankara Adakale nursery school, which is being redesigned in line with the latest museological concepts and practices so as to show visitors a much bigger selection of the Bank’s rich art and artefact collection.
- The Ziraat Bank Museum of Painting and Sculpture will be opened.



Ziraat Bank and the Environment

Ziraat Bank is an exemplary corporate citizen by spearheading environment-related initiatives and authoring best practices for dealing with such issues.

The Environment

2000-2014

Since the early 2000s, Ziraat Bank has been involved in projects seeking to optimize its use of resources such as energy, water, natural gas, and paper in its business processes, to conserve them, and to eliminate waste.



For the last two decades, the relationship between the environment and economic development has been one of the world's most hotly-debated subjects. Even as the United Nations and a host of international initiatives engage in efforts to protect the environment and to combat climate change and such issues are debated at multilateral conferences, progress is slowed by claims that protecting the environment means sacrificing economic growth and development.

An essential duty incumbent on world-leading companies like Ziraat Bank is to behave like an exemplary corporate citizen by spearheading environment-related initiatives and authoring best practices for dealing with such issues. Such a role makes it necessary not only to control and minimize its own direct environmental impact but also the indirect environmental impact caused by its products and services

and throughout our the value-creation chain. At the same time, Ziraat Bank regards protecting the environment and combating climate change as avenues leading to the creation of new business opportunities and to the possibility of generating added value on a variety of fronts ranging from employment to reducing the national current account deficit.

Since the early 2000s, Ziraat Bank has been involved in projects seeking to optimize its use of resources such as energy, water, natural gas, and paper in its business processes, to conserve them, and to eliminate waste. Under the Sustainability Policy that it announced in 2014, the Bank has embarked upon a process of creating a new and systematic structure for its efforts to manage direct environmental impact.

In 2013, the total carbon footprint of the Ziraat Bank Headquarters was 7,298 tons, of which 2,566 tons and 4,732 tons were from direct and indirect emissions, respectively.

Ziraat Bank's environmental objectives

- The prime environmental objective identified in the Ziraat Bank Sustainability Policy is, in the Bank's capacity as one of the biggest employers with the most extensive physical reach in the Turkish banking industry, to limit its direct and indirect environmental impact and to manage and continuously improve environmental performance through proper strategies and technologies.
- Ziraat Bank has measured its carbon footprint for the first time in 2013. Having done so, Ziraat Bank intends to continue its efforts to reduce the greenhouse gas emissions generated by service processes. The new Ziraat Bank headquarters, a LEED-certified green and intelligent building planned for construction in the İstanbul Financial Center, will become recognized as a sectoral best practice.
- The Bank will continue, without letup, its efforts to manage all of the physical elements of Ziraat Bank's service network (buildings, IT infrastructure, etc.) in keeping with the principle of making efficient use of all natural resources, including energy.
- In addition to fully complying with legally mandated environmental standards in Turkey, champion the spread of globally-accepted best practices and standards on such matters and continue efforts in this direction by engaging in a multilateral dialogue with stakeholders.
- Value and encourage efforts by Ziraat Bank's customers and suppliers to increase environmental awareness and to involve themselves in other endeavors that will add value to environmental sustainability.

ZİRAAT BANK'S 2013 ENERGY CONSUMPTION AND CARBON FOOTPRINT

Total direct energy consumption and emissions (Scope 1) for Ziraat Bank Head Office locations

Head Offices	Direct Energy Consumption - GJ	Direct Emissions (Scope 1) - tCO ₂ e
Natural Gas	27,300	1,470
Diesel	13,061	1,015
Gasoline	1,118	81
TOTAL	41,479	2,566

Total indirect energy consumption and emissions (Scope 2) for Ziraat Bank Head Office locations

Head Offices	Indirect Energy Consumption - GJ	Indirect Emissions (Scope 2) - tCO ₂ e
Purchased Electricity	36,091	4,732

Ziraat Bank has also started collecting its energy and emissions data from its regional offices and branches across Turkey. For FY13 the Bank managed to calculate its diesel and gasoline consumption of 112,971 GJ and associated Scope 1 emissions of 8,731 tCO₂e from its regional offices and branches. The Bank also managed to calculate its purchased electricity consumption of 60,026,389 kWh and associated indirect (Scope 2) emissions of 28,332 tCO₂e from its regional offices and branches for FY13.

ZİRAAT BANK'S 2013 WATER CONSUMPTION

Total water withdrawal (m³) for Ziraat Bank Head Office Locations

Location	m ³
Head Office Buildings - Ankara	82,283
Head Office Buildings - İstanbul	9,468
HEAD OFFICE BUILDINGS TOTAL	91,751

Efforts to improve natural resource consumption

Paper use and optimization projects

Paper ranks high among the most frequently-used supplies at Ziraat Bank owing to its role as a financial services provider.

Ziraat Bank's paper procurements amounted to 2,084 tons in 2013. In order to reduce its paper consumption, Ziraat Bank adheres to an approach that focuses on taking

advantage of electronic media wherever possible when processing, transmitting, viewing, and retaining (archiving) documents. Thanks to such efforts and practices, an average of 25 million sheets of A4 paper are being conserved every year.

Brief information about projects to decrease paper use at Ziraat Bank and to enhance the effectiveness of paper that is used is presented below.

Ziraat Bank and The Environment (continued)

Under the Sustainability Policy that it announced in 2014, the Bank has embarked upon a process of creating a new and systematic structure for its efforts to manage direct environmental impact.



Electronic-format appraisal reports

Since November 2011, all appraisal reports generated at Ziraat Bank have been requested, disseminated, and archived electronically.

Thanks to this new system, bank employees' non-banking operational workloads and risks have been reduced and operational standards have been improved. Once issued by the system, electronic-format appraisal reports can also be stored and displayed from within the system without having to undergo any other archiving process. This system also prevents the generation of unnecessary printouts.

E-mailed customer transaction advice notes and statements

In 2013, Ziraat Bank began sending statements of all transactions performed by its Operations Center to customers by email.

Under the Centralized Bulk Statement Dispatch Project, transaction notes and statements for transactions which must be so reported as well as for those which requests are made are sent to customers by email.

Bulk bill payments

Work has begun on a project to send out electronic-format rather than paper invoices documenting communication services. Since June 2013, all telephony-related invoices are being processed through the electronic

system. Considering that more than 163,000 telephone bills were handled last year alone, the savings in paper resulting from this procedure may be appreciated.

Loan account documentation

Work is in progress on a project to create virtual loan-account files to replace the physical ones that are used for loan applications. All application-related documents will be scanned into the system after which it will be possible for all involved/authorized units to display them. This project will contribute significantly towards paper-reduction efforts.

In the case of documents that the law requires be obtained from other agencies and organizations when making credit allocation decisions, efforts are currently being made to obtain these from their sources in electronic format as well. That will help such outside concerns in their own efforts to reduce paper use; for the Bank, it will increase employee motivation and customer satisfaction by speeding up processing.

In January 2013, the Bank began obtaining electronic-format documents and information required of firms taking out loans to finance investments. This also saves paper, labor, time, and space. Documentation used in performing firms' financial analyses is also being circulated among units in electronic format.

The practice of sending out documents concerning loan applications approved by Ziraat Bank by mail or fax has been terminated. These documents are now being transmitted in electronic format along with the original application appended to them. A centralized collection system encompassing all Ziraat Bank branches became operational on 12 March 2013.

Electronic-format inspection and internal control reporting

Under a new auditing and control model that is about to be put into effect, all inspection and internal control reports will be issued in electronic format and physical documents will no longer be circulated. This project is expected to contribute significantly to paper conservation.

E-signature & Virtual Inspection Archives Project

With the E-signature & Virtual Inspection Archives Project, the Bank will take another step in the direction of a paperless office environment by replacing all "wet" signatures with electronic ones. Under this project, electronic-format inspection reports and all Board of Inspectors documentation will be stored digitally in the Virtual Inspection Archives. Eventually, digitized reports with e-signatures will also be sent in external correspondence with official agencies.



Other paper conservation activities

- Paper has been eliminated in all in-house correspondence since 19 September 2012. Such correspondence is now being sent via the Bank's internal correspondence system.
- Work is continuing on projects in all branch, regional, and headquarters units to send and receive faxes in electronic format and eliminating printouts.
- In March 2013, Ziraat Bank introduced a policy requiring double-side printing wherever possible. Users are directed to take double-sided printouts if they can and single-sided ones only if they must.

Ziraat Bank seeks to optimize the use of environmentally-harmful office supplies and materials.

When procuring office equipment such as printers and fax machines that require expendable supplies such as toner and drums, the Bank gives attention to the total cost of ownership, which is defined as acquisition cost plus the cost of a unit's operating supplies over a five-year period. In this way, the Bank takes the potential environmental impact of supplies into account and purchasing decisions are made on that basis rather than on low initial cost. Preference is also given to equipment that requires less in the way of expendables over the course of its useful lifetime. By doing so, the Bank helps reduce the adverse environmental impact arising both from the supplies' production and from their disposal as waste.

In the tendering for multifunction printers to be procured in 2013, one of the criteria was "use less toner". In keeping with this, toner-saving software was procured to reduce toner consumption and costs. This program makes it possible to adjust the amounts of toner used by a machine according to different needs. According to the various scenarios in the feasibility study prepared for the program, the software reduces Ziraat Bank's

toner expenditures by between USD 100,000-200,000 a year.

In addition, a pixel optimization solution was purchased that achieves about a 25% saving in the amount of toner used in all printouts taken at the Bank. By lowering toner emissions, the amounts of potentially carcinogenic materials released into the environment is also reduced. Centralized toner management also reduces stock costs by automatically dispatching toner supplies to branches and units only when the currently available stock level has fallen to 20%. Ziraat Bank intends to enter into agreements with environment ministry-licensed firms authorized to safely collect and dispose of spent toner cartridges. This procedure is expected to begin in 2014.

Waste management

Waste paper

Since 2003, Ziraat Bank has been collecting its waste paper as well as paper documents whose retention by the Bank's units is no longer mandated by law and selling it to licensed firms for use in recycling. In this way, the Bank helps reduce the amounts of new raw materials needed in paper manufacturing while also contributing beneficially to the consumption of production factors. A total of 139 tons of waste paper generated by headquarters units was sold in this way during 2013.

IT and other scrap

Ziraat Bank sells discarded IT equipment (computers, printers, photocopiers, etc.), consisting largely of sheet metal (housings, storage batteries, and ATM units) to environment ministry-licensed firms authorized to transport and process such scrap. This prevents the scrap from causing environmental harm while also ensuring that it is recycled for use as inputs by others.

Fire extinguishers

When replacing the chemicals in fire extinguishers that have passed their expiration date, Ziraat Bank works with firms licensed to collect and dispose of such materials. By working only with duly supervised and authorized firms, the Bank ensures that the chemicals are properly eliminated without causing environmental damage.

Monitoring and reducing the environmental impact of construction projects

In the conduct of its own construction works, Ziraat Bank takes an R&D approach when considering the functionality of their plumbing, electrical components, fittings, furniture, furnishings and similar inputs and such aspects as regional and local suitability and recyclability. The Bank gives precedence to concepts whose environmental impact is potentially the least.

Making sustainability concepts intrinsic to architectural and engineering projects and identifying the results of such efforts takes time and correctly quantifying all their ramifications is possible only through long-term objective research.

During 2013, construction work was completed on 360 branch projects in which due attention was given to sustainability concepts. In the project design and application stages, precedence was given to the use of innovative, composite materials that transcended classical criteria and whose environmental impact was considered as well.

When structures are to be demolished, attention is given as early as the project-costing stage to the recovery and reuse of materials. Particular care is given to recycling natural materials. During 2013, about twenty of the Bank's service buildings underwent controlled demolition and their materials were recovered.

Ziraat Bank and The Environment (continued)

Ziraat Bank intends to obtain LEED (Leadership in Energy and Environmental Design) certification for the Ziraat Towers project that it is having built at the International Financial Center Complex in İstanbul's Ataşehir district.

In order to minimize the environmental impact of Ziraat Bank construction projects, waste generated during the conduct of work is transferred under supervision to locations designated by local municipal authorities. In all such projects, efforts are made to contribute beneficially to the environment through effective supervision that ensures that waste is properly removed from building sites.

Enhancing value to the environment: Ziraat Bank's new LEED-certified headquarters project

Ziraat Bank intends to obtain LEED (Leadership in Energy and Environmental Design) certification for the Ziraat Towers project that it is having built at the International Financial Center Complex in İstanbul's Ataşehir district. LEED is a "green building" ratings program and such certification is given only to accepted world-class best practices in building design, construction, operation, and maintenance. Among the features of the new Ziraat Bank headquarters that will qualify it for LEED certification, mention may be made of the following:

- Bicycle parking spaces are provided to encourage alternative modes of transportation.
- More than 20% of the grounds are devoted to green space.
- Rainwater runoff is managed economically.

- High-efficiency fixtures are used.
- Low-emission materials are used.
- Daylight use is maximized.
- Waste water is recycled with 100% efficiency.
- Mains water is utilized with 100% efficiency.

Initiatives to reduce energy use

Ziraat Bank is focused on having a sustainable IT infrastructure that uses energy efficiently.

When tendering its computer, multifunction printer, and similar IT procurements, Ziraat Bank makes energy use one of the criteria of its total cost of their ownership calculations. The Bank seeks to reduce the operating costs of such equipment over the course of its useful lifetime by procuring units that use less energy. Besides reducing the load that these units impose on the national energy grid, this approach incidentally leads to water resource conservation because 22% of the country's electricity is generated by hydroelectric power plants.

In all IT hardware procurements, energy consumption is treated as an important parameter that informs the contract award decision. Total cost of ownership is calculated taking into account the amount of energy that a unit will use over a five-year period. This rule supports the procurement of energy-efficient IT hardware.



When hardware is to be procured, Ziraat Teknoloji, a bank-owned technology subsidiary, takes part in the preparation of technical specifications and also subjects equipment to performance tests that include electrical-efficiency measurement. Electrical efficiency is one of the specific criteria to which points are assigned during the testing process and preference is given to goods that earn suitable utilization ratings.

Instead of purchasing separate printers, photocopiers, scanners, and fax machines, preference is given to equipment that saves energy by combining all four functions in a single unit. This practice results in energy savings of up to two-thirds.

E-signatures in tenders

Ziraat Bank has begun using e-signatures in its tendering processes in order to save on time as well as on the fuel and paper that would otherwise be used by/for personnel and travel. This helps eliminate the environmental harm caused by the use of expendables in the conduct of procedures and it also permits labor and time to be used for other purposes.

Less travel through videoconferencing

Ziraat Bank possesses a huge service network that reaches every part of Turkey. Videoconferencing is used for meetings in which the Bank's headquarters units and



other units scattered all over the country must take part. This method helps reduce the incidental environmental impact caused by the Bank's travel and transport activities.

Synergies between branches in different localities

Information and operations related to customers' projects in different cities are handled with the support (including technical personnel) of the regional/branch units involved. This saves on fuel, time, and labor costs.

Centralized audit

Potentially risk-fraught transactions are identified by means of a variety of scenarios deployed every month by the Ziraat Bank centralized audit team. This allows necessary checks to be made through the system without any physical documentation being required. This practice saves not only paper but also time, expense, and energy.

Fuel-consumption criteria in vehicle procurements

When procuring vehicles, Ziraat Bank gives as much attention to fuel consumption as it does to other criteria. The fuel that vehicles being considered for purchase require is treated as an element of total cost of ownership while fuel economy is included as one of the criteria of tendering specifications. Besides lowering the vehicles' environmental impact, this practice also incidentally reduces total fossil fuel consumption at the national level.

Changeover to LED illumination

Seeking to conserve energy wherever possible, Ziraat Bank is reducing its illumination costs by installing more energy-efficient LED lighting systems in its branches, signage, and ATM housings. The Bank is also minimizing its use of fluorescent lighting owing to the human and environmental health and safety issues that it poses.

Efficiency in architectural design

When designing architectural projects, resource utilization is improved through the use of natural daylight, potentially eco-harmful materials are avoided, and precedence is given to applications that will quickly pay for themselves in two years or so.

Changeover to a new WAN structure

A project, launched about a year ago to change all branch data lines to a new WAN (wide area network) structure, is slated for completion by the end of March 2014. Under this project, transfer speeds will be increased and cabling will also be simplified without the need for new hardware.

Ziraat Bank owns and operates an extensive ATM system. Studies looking into the feasibility of installing biometric systems on ATM units and their housings are currently in progress. With the completion of this project, it will also be possible to centrally monitor local ambient temperatures and energy use. By collecting and analyzing such data, energy use can be reduced by making fine-tuned adjustments.

Centralized branch inspections

Along with the introduction of the New Auditing Model at Ziraat Bank, the Centralized Inspection Project will also become operational, thereby making it possible to perform branch inspections directly from headquarters. Under this project, bank inspectors will carry out their inspections remotely without having to actually visit a branch's physical premises. This project is expected to achieve significant savings in terms of time, cost, and energy.

Identifying risky transactions by the Inspection Scenario Team

Scenarios have been composed for use by the Inspection Scenario Team to identify transactions that are incompatible with Ziraat Bank's corporate risk attitudes. These scenarios will enable the team's members to spot potential risks among thousands of transactions and enable bank inspectors to focus their attentions on those. This project is intended to achieve significant savings in terms of time, cost, and energy.

Enhancing value to the environment: Ziraat Bank Data Centers Project

Ziraat Bank is restructuring its data centers in light of its current needs. The Ziraat Bank Data Centers Project has a twofold IT focus that concentrates separately on:

- The organizations to which services are provided (Ziraat Bank units, other banks, insurance companies, pension companies, etc.)
- The diversity of the services being provided (online banking, ATM network access, credit cards, etc.).

In the design, construction, installation, and relocation of data centers, attention is to be given to the interactions among all of these services.

The gains to be secured through this project may be summed up as follows:

1. Risk management functions will be improved by the changeover to a technological structure that is newer and more secure.
2. A higher level of performance will be achieved.
3. Less energy will be consumed.

Ziraat Bank and The Environment (continued)

In the area of renewable energy and energy efficiency investments, which have become increasingly more important in Turkey and throughout the world especially in recent years, projects are being carried out that will increase both the Bank's knowledge about such matters and its capacity.

1,724

In 2013 Ziraat Bank procured 1,724 split air conditioners equipped with high energy-efficiency inverter technology and non-ozone-depleting gas.



As things currently stand, Ziraat Bank consumes 6,570,000 kWh of electricity every year. With the renovation of the Ziraat Bank Data Centers, it is anticipated that this will fall to about the 4,226,700 kWh level, corresponding in other words to savings of about 2,343,300 kWh a year.

IT power utilization

In 2005 Ziraat Bank initiated a Green IT project with the aim of optimizing the energy use of the computers used in its branch, regional, and headquarters units.

Under a policy introduced in 2013, users are messaged notices advising them to shut down their computers. These warnings are sent out at 19:30, 21:30, and 23:30. Units will automatically shut down unless the user takes action within 60 seconds of the notification. When computers at Ziraat Bank remain idle for 10 minutes, their monitors automatically go into sleep mode in order to help conserve energy.

Other environmental-impact mitigation activities

In 2013 Ziraat Bank procured 1,724 split air conditioners equipped with high energy-efficiency inverter technology and non-ozone-depleting gas. Of these units, 212 that the Bank procured to help reduce its heating costs, comply with the Variable Refrigerant Flow/Volume (VRF/VRV) standard.

The specifications for Ziraat Bank's procurements of cleaning materials used by its branches and units stipulate that they must be manufactured from chemicals that are not harmful to either human or environmental health. The cleaning equipment (vacuum cleaners, mops, floor polishers, etc.) and the cleaning supplies (detergents, soaps, polishes, disinfectants, etc.) used to clean service buildings are procured by outside cleaning service providers however their compliance with specifications are periodically checked by the Bank.

In line with its efforts to reduce the environmental impact of its personnel transportation services, Ziraat Bank has begun using routing software that shortens travel distances and thus saves fuel. This project, which seeks both to maximize service quality and to minimize cost, is slated for completion by the end of 2014.

Ziraat Bank focuses on efficiently managing its indirect environmental impact.

Ziraat Bank's indirect environmental impact manifests itself in its product and service presentation processes.

Ziraat Bank supplies financial support to businesses that play a key role in combating environmental degradation and climate change, especially in the areas of renewable energy and energy efficiency. The Bank also collaborates with international financial institutions on such issues.

More detailed information about the Bank's activities under this heading during the reporting period is given in the "Our Customers" section beginning on page 33 of this report.

Effective indirect environmental impact management through sectoral specialization

In parallel with its general strategies and sustainability policy, Ziraat Bank seeks to more effectively manage the indirect impact that its products and services have on the environment and on climate change through a new organizational structure that focuses on sectoral specialization. The Bank is currently in the process of creating units that will specialize in manufacturing, construction, agriculture, and energy project investments. This will make it possible for the Bank to keep a much closer watch on sector-specific issues such as technology, changes in the legal framework, and investment tax incentives and thus to propose potent value-creation solutions to its customers.

In the area of renewable energy and energy efficiency investments, which have become increasingly more important in Turkey and throughout the world especially in recent years, projects are being carried out that will increase both the Bank's knowledge about such matters and its capacity to be involved in them by obtaining support from consultancies and through in-house activities in order to deal with Turkey's growing energy needs and to encourage interest in renewable energy projects.

Goals for the future:

- The Data Centers Project will be completed.
- The Bank will work with environment ministry-licensed firms to have spent toner cartridges disposed of.
- Biometric systems will be installed on ATMs to help conserve energy.
- The Employee Transport Service Route Optimization Project will be complete.
- LEED certification will be obtained for the Ziraat Towers project that is being built at the International Financial Center Complex in Istanbul's Atasehir district.
- The Virtual Loan Account Files Project will become operational.
- Efforts will be completed to obtain electronic-format documents in the case of documentation that the law requires be obtained from other agencies and organizations when making credit allocation decisions.
- Under a new auditing and control model that is to be put into effect, all inspection and internal control reports will be issued and circulated in electronic format.
- The Centralized Inspection Project will become operational, thereby making it possible for bank inspectors to carry out their inspections remotely and without going to branches.
- Under the E-signature & Virtual Inspection Archives Project, the Bank will continue to move towards a paperless office environment by replacing all "wet" signatures with electronic ones.
- Projects will be finalized to send and receive faxes in electronic format and to eliminate printouts in all branch, regional, and headquarters units.
- A project to change all branch data lines over to a new WAN structure will be completed.

A Responsible Corporate Citizen

Ziraat Bank believes that full compliance with corporate governance rules and laws is what guarantees sustainable economic performance and ethical and fair competition and that this is the most fundamental means of balancing and developing stakeholders' interests.

Responsibility



Ziraat Bank gives great importance to complying with the law, to transparency, to ethical conduct, and to accountability and it carries out all of its operations in line with such principles.

Ziraat Bank believes that full compliance with corporate governance rules and laws is what guarantees sustainable economic performance and ethical and fair competition and that this is the most fundamental means of balancing and developing stakeholders' interests.

For Ziraat Bank, how goals are achieved is just as important as achieving the goals themselves.

Every Ziraat employee is expected to be mindful of the law and to act ethically and honestly in every decision that is taken and in every action that is performed in the Bank's name. This simple rule is equally applicable to everyone from members of the Board of Directors to junior clerks on duty in Turkey's remotest town.

Ziraat Bank's corporate governance structure

The Ziraat Bank Board of Directors consists of nine members. This number is deemed to be sufficient to permit the effective organization and conduct of the board's activities.

The duties of board chairman and of bank general manager are performed by different individuals.

For information about the members of the Ziraat Bank Board of Directors, please see pages 64-67 of the Bank's 2013 annual report.

The general manager has full authority and responsibility for the management and coordination of Ziraat Bank's day-to-day business in the broadest sense. The Bank has ten assistant general managers, each one of whom is responsible for the conduct of designated duties. Ziraat Bank's senior management consists of its general manager and its assistant general managers.

For information about the members of Ziraat Bank's senior management, please see pages 68-71 of the Bank's 2013 annual report.

Ziraat Bank is a state-owned bank. There are no ultimate controlling shareholders.

There are four committees charged with specific activities at Ziraat Bank.

These four committees, which have been set up by Ziraat Bank in accordance with the requirements of the Turkish Commercial Code, the Banking Act, and other applicable laws, regulations, and administrative provisions, consist of the Credit Committee, the Audit Committee, the Corporate Governance Committee, and the Remuneration Committee. The Board of Directors is authorized to set up other committees if needed or if deemed to be necessary.

For information about the committees set up at Ziraat Bank, please see page 76 of the Bank's 2013 annual report.

Internal audit, internal control, and risk management at Ziraat Bank

Internal audit, internal control, and risk management functions at Ziraat Bank are carried out by the Board of Inspectors and by the Internal Control and Risk Management Group. Although these two bodies work in coordination, their duties, responsibilities, and organizational structures are completely independent of each other. Their purview encompasses all bank branches and units as well as subsidiaries and affiliates that are subject to the Bank's oversight with the aims of ensuring that:

- Banking activities are conducted precisely and securely
- Long-term profitability targets are fulfilled
- Financial and administrative reporting is reliable
- The effects of risks capable of adversely impacting on the Bank's reputation and financial stability are minimized.

The Ziraat Bank Board of Inspectors employs a staff of 167 bank inspectors to carry out its operations in line with internationally accepted internal auditing standards.

Internal control functions at Ziraat Bank are structured in such a way as to encompass the activities of all domestic and international branches, regional departments, and headquarters units as required by government regulations governing banks' internal systems.

Internal control functions at all the Bank's foreign branches are carried out in line with annual internal control plans that are approved by the Audit Committee.

The compliance oversight functions mandated under article 18 of Regulations Concerning The Internal Systems Of Banks are also carried out as part of internal control, at which time all activities carried out or planned by the Bank and new banking transactions and products are reviewed to determine that they are in compliance with applicable laws, regulations, and administrative provisions, with the Bank's internal policies and rules, and with generally-accepted banking practices.

Risk management at Ziraat Bank

In the conduct of its risk management activities, Ziraat Bank's fundamental approach is to foster a risk culture throughout the Bank and to ensure that risk management functions are as close as possible to best practices by making ongoing improvements in both systems and human resources quality.

Risk management activities are conducted under the main headings of:

- Credit risk,
- Market risk,
- Operational risk and
- Balance sheet risk (interest rate risks and liquidity risks incurred on bank accounts).

The ultimate goal of all risk management activities is to achieve compliance with internationally-accepted best practices. For information about internal audit, internal control, and risk management functions at Ziraat Bank, please see pages 78-80 of the Bank's 2013 annual report.

Prevention of money-laundering and terrorism-financing at Ziraat Bank

Ziraat Bank's efforts to prevent money-laundering and the financing of terrorism are conducted in accordance with policies that are publicly disclosed on the Bank's website and also in compliance with the requirements of law. The Bank is committed to preventing its products and services from being used to launder money and/or to finance terrorism and it fulfills this commitment by ensuring that its management and personnel comply fully and strictly with mandated standards.

The Audit Committee is charged with the conduct of the compliance program formulated pursuant to Regulations Concerning Compliance Programs For Obligations Pertaining To The Prevention Of Money-Laundering And Terrorism-Financing and with the fulfillment of statutorily mandated duties, authorities, and responsibilities related to such issues.

Conducting all of its operations within the framework of the "Know Your Customer" principle, Ziraat Bank regards, as two fundamental objectives, both establishing the identities of customers and of those acting on their behalf and ensuring that all required records are maintained in full.

Policies in effect at Ziraat Bank

Policies approved and put into effect by the Ziraat Bank Board of Directors are of great importance from the standpoint of the functioning of the Bank's corporate governance structure.

Disclosure Policy

<http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/DisclosurePolicy.pdf>

Prevention of Money-Laundering and Terrorism-Financing Policy

<http://www.ziraatbank.com.tr/en/OurBank/InvestorRelations/Documents/AMLPolicy.pdf>

The following issues have been integrated into the Bank's HR regulations, which are accessible to all personnel through the Ziraat Bank intranet:

- Human Resources
- Pricing
- Compensation
- Prevention of Bribery & Corruption.

Ziraat Bank's Environment Policy has been formulated as a component of its Sustainability Policy.

Ziraat Bank Investor Relations Unit

The Ziraat Bank Investor Relations Unit is responsible for managing relations with shareholders in the event that a public offering takes place and also for satisfying the transparency requirements mandated by laws and regulations. This unit is ready to play an effective role in the protection and exercise of shareholder rights, including but not limited to their right of access to information and their right of inspection. Although Ziraat Bank has yet to undertake a public offering, it has already committed itself to behaving as a company that has.

Located at www.ziraatbank.com.tr, Ziraat Bank's corporate website plays an important role in keeping the public informed with the most current news and information. Although Ziraat Bank is not now a publicly-traded company, it already satisfies many of the requirements of corporate governance principles. Information and documents concerning such matters are published on its website in the Turkish and English languages. Such documentation covers a broad range of issues from trade registration details to the Bank's existing partnership and management structure, from its articles of association to material event disclosures, and from its financial statements to its annual reports.

About This Report

Statement of compliance with GRI principles

Ziraat Bank declares that this report was prepared in accordance with Level A of Global Reporting Initiative (GRI) Reporting Guide version 3.1.

Scope of the report

This is the first sustainability report published by Ziraat Bank.

Ziraat Bank's sustainability performance, as covered by this report, is primarily concerned with a variety of economic, social and environmental issues. These issues are considered from the standpoints of stakeholders, the corporate structure, banking, the environment, human resources and the community.

This report, designed to provide stakeholders with access to detailed and current information on the Bank's sustainability performance, enriches Ziraat Bank's information sharing, reporting and transparency traditions. The report is designed to demonstrate Ziraat Bank's accountability and transparency and to record its corporate performance, while also showing how sustainability is being integrated into all aspects of the Bank's business.

In addition, the report serves as a research and teaching tool for the Bank's internal and external stakeholders and drives best practices throughout the Bank.

The matters considered in this report were determined in light of systematic and internationally recognized auditing procedures carried out at Ziraat Bank during 2013 as a result of discussions and meetings held with members of the Bank's top and

middle management and also on the basis of stakeholder feedback.

The Bank's Sustainability Policy was approved by the Board of Directors on 30 September 2014. The content of this report is limited to Ziraat Bank's own activities and does not cover the Bank's subsidiaries and affiliates.

The information contained in the sustainability report is supplemented by other Ziraat Bank reports and documents.

Period covered by the report

Unless otherwise indicated, this report covers the period of 1 January 2013 - 31 December 2013. The information provided in this report will serve as a benchmark in any future sustainability reports which Ziraat Bank may publish.

Reporting cycle

Ziraat Bank will continue to report on its sustainability performance at 12-month intervals in the future.

Reporting content and external assurance

The performance of Ziraat Bank undergoes periodic inspection and approval by public agencies and organizations.

The information in this scope are summarized below:

1. Ziraat Bank financial information is subject to annual independent reporting. Its 2013 performance was audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (see 2013 Annual Report page 82)
2. Ziraat Bank financial information is subject to BDDK and Court of Account.

3. Ziraat Bank information systems are subject to independent auditing once every two years while its banking processes are independently audited every year. (2013 audit was performed by PwC.)
4. Ziraat Bank has an Internal Audit system.
5. Ziraat Banks account and transactions are audited annually by TBMM KİT commission.
6. Ziraat Bank's human resources transactions are audited by Labor Ministry inspectors.
7. Ziraat Bank consumer related transactions and processes are audited by Customs and Trade Ministry inspectors presumed to applicable Consumer Protection and Trade Law.

How this report is published

Ziraat Bank's Sustainability Report was published in Turkish and English. For PDF file of the report: <http://www.ziraatbank.com.tr/en/InvestorRelations/CorporateGovernance/Pages/SustainabilityReports.aspx>

Independent Assurance Statement

To,
The Board of Directors and Management
Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Ankara, Turkey

The Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (Ziraat Bank A.Ş.) Sustainability Report 2013 ("the Report") has been prepared by the Management of Ziraat Bank A.Ş. ("the Company"), which is responsible for the collection and presentation of information contained in the Report. Our responsibility, in accordance with the instructions of Ziraat Bank A.Ş. Management, is to provide independent assurance on the Report in accordance with the International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). The assurance statement should not be taken as a basis for interpreting the performance of Ziraat Bank A.Ş. across the scope of issues covered in the Report.

Our responsibility in performing our assurance activities is to the Management of Ziraat Bank A.Ş. only and in accordance with the terms of reference agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization.

What did we do to form our conclusion

Our assurance engagement has been planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures were designed to obtain a 'limited' level of assurance (as set out in ISAE 3000) on reporting principles.

In order to form our conclusions we undertook the key steps outlined below:

We planned and performed our work, as summarized below, to obtain the evidence we considered necessary to reach our limited assurance conclusion on the Selected Information:

1. Interviewed select key senior personnel of Ziraat Bank A.Ş. to understand the current processes in place for capturing the Selected Information pertaining to the reporting period;
2. Reviewed Selected Information on site covering Ziraat Bank A.Ş. Corporate Offices in Turkey against evidence, on a sample basis;
3. Evaluated the design and implementation of key processes and controls over the Selected Information;
4. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period;
5. Assessed the disclosure and presentation of the Selected Information in the Report.

The selected information

The Selected Information in the scope of our assurance covered the following GRI G3.1 Indicators:

- EN3. Direct energy consumption by primary energy source (Gigajoules) for the Company's Head Office locations
- EN4. Indirect energy consumption by primary energy source (Gigajoules) for the Company's Head Office and Branch locations.
- EN16. Total direct and indirect green-house gas emissions by weight consumed for the Company's Head Office locations.

We also reviewed other quantitative data in the Report on a sample basis against its proper compilation from source data.

The limitations of our review

Our assurance scope excludes:

- Aspects of the Report and data/information other than those mentioned above;
- Data and information outside the defined reporting period i.e. 1st January 2013 to 31st December 2013;
- The indicators other than ones disclosed under Selected Information section of this statement
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Review of the information on economic and financial performance included in the Report, which we understand, are derived from the Company's audited financial records.

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 2013 is not prepared in all material respects in accordance with the GRI G3.1 Guidelines.

Our assurance team and independence

Our assurance team was comprised of climate change and sustainability experts from our Turkish practice and undertakes similar engagements with a number of significant international and Turkish businesses. As an assurance provider, we are required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics¹ for Professional Accountants. Our independence policies and procedures ensure compliance with the Code.

We permit this report to be disclosed in the Ziraat Bank A.Ş. Sustainability Report for the year ended 31 December 2013, to enable the Directors of Ziraat Bank 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 Ziraat Bank A.Ş. for our work or this report except where terms are expressly agreed between us in writing.

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

A member firm of Ernst & Young Global Limited



Zeynep Okuyan Gökyılmaz, SMMM

Partner

Istanbul, 10 December 2014

¹ International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This Code establishes ethical requirements for professional accountants. The guidance related to network firms was updated in July 2006.



Statement GRI Application Level Check

GRI hereby states that **Ziraat Bank** has presented its report "Sustainability Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 19 December 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The "+" has been added to this Application Level because Ziraat Bank has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 11 November 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

G3.1 Content Index - Financial Services Sector Supplement

STANDARD DISCLOSURES PART I: Profile Disclosures			
Profile Disclosure	Disclosure	Level of reporting	Location of disclosure
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization.	Fully	Chairman's Message, page 20-21, General Manager's Message, page 22-23
1.2	Description of key impacts, risks, and opportunities.	Fully	Same as above
2. Organizational Profile			
2.1	Name of the organization.	Fully	T.C. Ziraat Bankası A.Ş.
2.2	Primary brands, products, and/or services.	Fully	Ziraat Bank in Brief, page 14-15
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Ziraat Bank in Brief, page 14-15
2.4	Location of organization's headquarters.	Fully	Doğan Bey Mahallesi Atatürk Bulvarı No: 8, Altındağ, Ankara, Turkey
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Ziraat Bank operates in 17 countries. For additional information please see Ziraat Bank Key Indicators (End-2013), page 16-17.
2.6	Nature of ownership and legal form.	Fully	Ziraat Bank is a wholly-owned entity of the Undersecretariat for the Treasury of the Republic of Turkey.
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Ziraat Bank in brief, page 14-15
2.8	Scale of the reporting organization.	Fully	Ziraat Bank Key Indicators (End-2013), page 16-17
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	There has not been any significant change during the reporting period.
2.10	Awards received in the reporting period.	Fully	2013 Award & Recognition Highlights, page 18-19
3. Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	2013 (01 January-31 December)
3.2	Date of most recent previous report (if any).	Fully	This is the first report published by Ziraat Bank.
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual
3.4	Contact point for questions regarding the report or its contents.	Fully	Ms. Şeyda Kulaç Ünal, Change and Project Management Officer Department of Organization T: +90 312 584 7151 F: +90 312 584 2209 skulac@ziraatbank.com.tr Ms. Siğnem Aygün Gülmez, Change and Project Management Officer Department of Organization T: +90 312 584 2235 F: +90 312 584 2209 siaygun@ziraatbank.com.tr
3.5	Process for defining report content.	Fully	Ziraat Bank's Sustainability Report content is based on an assessment of materiality, considering legal and regulatory requirements (such as the Banking Law), a peer review, the Bank's sustainability strategy and risk assessment and information requests from stakeholders. Ziraat Bank used Tayburn's consultancy services to undertake the Materiality Analysis which was based on GRI's Guidance on Defining Report Content. Findings of the prioritization analysis has been provided to the Bank's senior management for review, and their feedback was obtained. Please see Ziraat Bank's sustainability priorities, page 31.

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	The content of this report is limited to Ziraat Bank's own activities in Turkey, and does not cover the Bank's subsidiaries.
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Please see 3.6
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	This report does not cover the Bank's subsidiaries.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	Turkish Financial Reporting Standards for financial data; GRI Level A reporting protocol; no diversions
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	There is no any restatement.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	Not applicable. This is the first sustainability of Ziraat Bank.
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	GRI 3.1 Content Index, page 71
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	Ziraat Bank strives to ensure full data assurance for all significant sustainability data reported. For details please see, About this report, page 68.

4. Governance, Commitments, and Engagement

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	A Responsible Corporate Citizen, page 66-67
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	The Chairman of the Board of Directors does not carry any executive duties.
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	There is no independent member in Ziraat Bank's Board of Directors
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	A Responsible Corporate Citizen, page 66-67 Employees, 47-53
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	A Responsible Corporate Citizen, page 66-67 Please also see page 74-76 of the 2013 Annual Report at: http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReport2013.pdf
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	A Responsible Corporate Citizen, page 66-67

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	A Responsible Corporate Citizen, page 66-67
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Ziraat Bank in brief, page 14-15 Please also see http://www.ziraat.com.tr/en/OurBank/AboutUs/Pages/VisionAndMission.aspx
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	All projects, including sustainability-related activities at Ziraat Bank are conducted with the knowledge and oversight of the Board of Directors. The projects that may be undertaken at the bank are considered and dealt with by the Strategic Steering Committee. The Strategic Steering Committee convenes once a week, with the participation of Assistant General Managers.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Please see page 73-74 of the 2013 Annual Report at: http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReport2013.pdf
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	A Responsible Corporate Citizen, page 66-67
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	Ziraat Bank and Sustainability, page 30
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	Ziraat Bank and Sustainability, page 30
4.14	List of stakeholder groups engaged by the organization.	Fully	Ziraat Bank and Sustainability, page 29
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Multiple stakeholder groups being in interaction with Ziraat Bank are both affected by the Bank's activities and can affect the Bank's performance and operating conditions, directly or indirectly. During the preparations of this report, the Bank worked with Tayburn to analyze and define its stakeholders in line with internationally accepted Stakeholder Engagement Standard. The Bank's stakeholder groups, participation platforms, etc. are summarized in the table given on page 29.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Ziraat Bank prefers transparent and interactive communication. The Bank has used a variety of inputs collected from the various stakeholder groups throughout different channels during the reporting period. For more details please see Stakeholders: Dialogue and Priorities, page 28-29
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	In engagements with Ziraat Bank's stakeholders, economic, social and environmental issues such as customer satisfaction, global and national economic developments, community involvement, sustainable agricultural development, carbon emissions accounting, conscientious use of energy and other natural resources have been raised. For a complete list of these topics please see page 31. Ziraat Bank addressed these issues throughout this report.

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G3.1 FSSS DMAs	Disclosure	Level of reporting	Location of disclosure
DMA PS	Disclosure on Management Approach PS		
Aspects	Product Portfolio	Fully	Ziraat Bank operates in every segment of the banking sector including entrepreneurial, corporate, commercial, SME, retail, and international banking. For more details about the Bank's product portfolio please see: www.ziraatbank.com.tr
FS1	Policies with specific environmental and social components applied to business lines.	Fully	Ziraat Bank's Sustainability Policy, page 26-27 Customers, page 33-46
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Fully	Project Finance Activities and Sustainability at Ziraat Bank, page 41-42
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Fully	Project Finance Activities and Sustainability at Ziraat Bank, page 41-42
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Fully	Ziraat Bank improves staff competency to implement the environmental and social policies and procedures by regular trainings in line with the bank's sustainability policy.
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	Fully	Ziraat Bank's Sustainability Policy, page 26-27 Shareholders: Dialogue and Priorities, page 28-29
	Audits	Fully	Project Finance Activities and Sustainability at Ziraat Bank, page 41-42
	Active Ownership	Fully	Ziraat Bank has no assets of this nature.
DMA EC	Disclosure on Management Approach EC		
Aspects	Economic Performance	Fully	Ziraat Bank Key Indicators (End-2013), page 16-17 For more information please see page 10-11 of the 2013 Annual Report at: http://www.ziraat.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReports.pdf
	Market presence	Fully	Ziraat Bank in brief, page 14-15
	Indirect economic impacts	Fully	Customers, page 33-46
DMA EN	Disclosure on Management Approach EN		
Aspects	Materials	Fully	Ziraat and The Environment, page 58-62
	Energy	Fully	Ziraat and The Environment, page 62-65
	Water	Fully	Ziraat and The Environment, page 58-59
	Emissions, effluents and waste	Fully	Ziraat and The Environment, page 58-59
	Products and services	Fully	Ziraat and The Environment, page 65
	Compliance	Fully	A Responsible Corporate Citizen, page 66-67
	Transport	Fully	Ziraat and The Environment, page 65
	Overall	Fully	Ziraat and The Environment, page 65
DMA LA	Disclosure on Management Approach LA		
Aspects	Employment	Fully	Employees, page 47-53
	Labor/management relations	Fully	Employees, page 47-53
	Occupational health and safety	Fully	Employees, page 47-53
	Training and education	Fully	Employees, page 47-53
	Diversity and equal opportunity	Fully	Employees, page 47-53
	Equal remuneration for women and men	Fully	Employees, page 47-53

G3.1 FSSS DMAs	Disclosure	Level of reporting	Location of disclosure
DMA HR	Disclosure on Management Approach HR		
Aspects	Investment and procurement practices	Fully	Employees, page 47-53, Please also see: http://www.ziraat.com.tr/en/OurBank/HumanResources/Pages/ACareerAtZiraat.aspx
	Non-discrimination	Fully	Ziraat Bank adheres to a human resources policy that is rooted in both diversity and equality of opportunity. The bank opposes any form of discrimination as a matter of policy.
	Freedom of association and collective bargaining	Fully	In Ziraat Bank there is no any collective bargaining agreement in place. Employees are hired on an individual basis and rights under the Turkish Labor Law are fully provided.
	Child labor	Fully	Ziraat Bank does not tolerate the use of child labor in business. Additionally, companies which employ child labor will not be financed at all, whenever identified.
	Prevention of forced and compulsory labor	Fully	Ziraat Bank does not tolerate or support the use of forced or compulsory labor.
	Security practices	Fully	Employees, page 51 Ziraat Bank ensure the safety of employees and customers and all necessary precautions are taken.
	Assessment	Fully	Employees, page 49-52
	Remediation	Fully	Employees, page 49-52
DMA SO	Disclosure on Management Approach SO		
Aspects	Corruption	Fully	A Responsible Corporate Citizen, page 66-67
	Public policy	Fully	A Responsible Corporate Citizen, page 66-67
	Anti-competitive behavior	Fully	A Responsible Corporate Citizen, page 66-67
	Compliance	Fully	A Responsible Corporate Citizen, page 66-67
DMA PR	Disclosure on Management Approach PR		
Aspects	Product and service labelling	Fully	This disclosure is not material to Ziraat Bank because it offers banking products and services.
FS15	Policies for the fair design and sale of financial products and services.	Fully	Ziraat Bank's policy in this issue is to offer banking products and services to all of its customers in formats that are practical, intelligible, and accessible and also to enrich the banking industry through innovative and exemplary practices.
	Marketing communications	Fully	Page 45
	Customer privacy	Fully	A Responsible Corporate Citizen, page 66-67
	Compliance	Fully	A Responsible Corporate Citizen, page 66-67
STANDARD DISCLOSURES PART III: Performance Indicators			
Product and Service Impact			
Product portfolio			
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Fully	Ranging from deposits to loans and from foreign trade finance to cash management, all of these products, services, and solutions are focused on satisfying the financial needs of Ziraat Bank customers in the best possible way no matter what segment they may be in. To see the current product line of Ziraat Bank categorized by segment, please visit http://www.ziraatbank.com.tr/en/index.html (i.e. please check Retail, SME, Commercial tabs on the left hand side of the main menu)
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Fully	Customers, page 33, 36, 37, 38 and 39
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Fully	Customers, page 35
Audit			
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Fully	Project Finance Activities and Sustainability at Ziraat Bank, page 41-42

Indicator	Disclosure	Level of reporting	Location of disclosure
Active ownership			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Fully	Ziraat Bank has no subsidiaries or affiliates of this nature.
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Fully	Ziraat Bank has no assets of this nature.
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Fully	As Ziraat Bank has no subsidiaries or affiliates of this nature, it has not been necessary to develop such a voting policy.
Economic			
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	The Value That We Create and Share, page 32. Please also see page 10-11 of the 2013 Annual Report at: http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReport2013.pdf
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	Chairman's Message, page 20-21, Ziraat Bank's Sustainability Policy, page 26-27; Ziraat Bank and The Environment, page 66
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Employees, page 47-53
EC4	Significant financial assistance received from government.	Fully	Ziraat Bank does not receive any type of financial assistance from government.
Market presence			
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	Ziraat Bank has an extensive supply chain with a large number of suppliers providing goods and services to keep its operations functioning. Ziraat Bank meets the daily needs of its branch network by means of procurements from local suppliers. However, the Bank buys, in bulk purchases, the products and services with price advantage from a single supplier. Please also see The Value That We Create and Share, page 32-38
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	In its recruitment announcements and examinations, the bank allows candidates to specify the province in which they would prefer to work. This practice arises from Ziraat Bank's principle of recruiting locally. 92.6% of all newly-hired personnel in 2013 were recruited from local sources.
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Page 41, 42, 43
Environmental			
Materials			
EN1	Materials used by weight or volume.	Fully	Please see Paper use and optimization projects, page 59.
Energy			
EN3	Direct energy consumption by primary energy source.	Fully	The total direct energy consumption for Head Office buildings in Ankara and İstanbul for 2013 is 41,479 GJ.
EN4	In direct energy consumption by primary energy source.	Fully	Ziraat and The Environment, page 59
Water			
EN8	Total water withdrawal by source.	Fully	Ziraat and The Environment, page 59

Indicator	Disclosure	Level of reporting	Location of disclosure
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	Ziraat Bank does not own any land or property in or near any area of the sort described.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Ziraat Bank does not provide service which has any significant impact on biodiversity.
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Ziraat and The Environment, page 59
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Ziraat Bank has measured its carbon footprint for the first time in 2013. Having done so, Ziraat Bank intends to continue its efforts to reduce the greenhouse gas emissions generated by service processes.
EN19	Emissions of ozone-depleting substances by weight.	Fully	Ziraat and The Environment, page 59
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully	Ziraat Bank does not report on this indicator as the disclosure is not material to its business because the Bank's business activities/operations do not generate significant emissions of these substances
EN21	Total water discharge by quality and destination.	Fully	Ziraat Bank does not report on this indicator as the disclosure is not material to its business because all water is discharged to public waste water treatment across its operations.
EN22	Total weight of waste by type and disposal method.	Fully	Ziraat and The Environment, page 60-61
EN23	Total number and volume of significant spills.	Fully	There have been no significant spills from any Ziraat Bank facility in the reporting period. In addition, the Bank's business activities do not have a material risk of significant spills of hazardous substances.
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Efforts to improve natural resource consumption, page 59-60; Initiatives to reduce energy use, page 62-63
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	There have been no fines or non-monetary sanction for non-compliance with environmental laws and regulations.
Social: Labor Practices and Decent Work			
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	Ziraat Bank personnel demographic highlights, page 47
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	Ziraat Bank personnel demographic highlights, page 48
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	All Ziraat Bank personnel are employed under full-time.

Indicator	Disclosure	Level of reporting	Location of disclosure
LA15	Return to work and retention rates after parental leave, by gender.	Fully	In 2013, return to work and retention rates after parental leaves is as follows: <ul style="list-style-type: none"> The number of employees by gender that were entitled to parental leave: 511 The number of employees by gender that took parental leave: 602 The number of employees who returned to work after parental leave ended, by gender: 435 The number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work, by gender: 280 The return to work and retention rates of employees who returned to work after leave ended, by gender: 98%
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	In Ziraat Bank there is no any collective bargaining agreement in place.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Same as above
Occupational health and safety			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	In the reporting period, there were not any work-related incidents of death or injury; and occupational diseases.
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Occupational health & safety training was also provided to 3,752 people at Ziraat Bank in 2013.
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	Employees, page 50
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Human Resources Career Management, page 49; Personnel training in 2013, page 50
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	Individual Performance Management System, page 49
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	Ziraat Bank personnel demographic highlights, page 47; for governance bodies composition please see page 66-71 of the 2013 Annual Report at: http://www.ziraatbank.com.tr/en/InvestorRelations/Documents/AnnualReports/AnnualReport2013.pdf
Equal remuneration for women and men			
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	As the salary system is completely based upon performance, there is not an application that tracks the difference between male and female employees' salaries.
Social: Human Rights			
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	During the reporting period the Bank was not party to any investment agreement of this nature.
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	So far as the bank is aware, there were no suppliers or contractors who were being investigated on account of these issues during the reporting period.

Indicator	Disclosure	Level of reporting	Location of disclosure
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	Personnel training in 2013, page 50
Non-discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	There were no incidents of discrimination reported during the reporting period.
Freedom of association and collective bargaining			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	During the reporting period there were no trade or labor union organizational activities at Ziraat Bank. During the reporting period, Ziraat Bank had no dealings with any supplier who, to the bank's knowledge, was in violation of their employees' union rights, which is to say of their employees' right to join or not to join a trade or labor union.
Child labor			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	There have been no incidents during 2013.
Prevention of forced and compulsory labor			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	There have been no incidents during 2013.
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	No operations have been subject to human rights reviews and/or impact assessments during the reporting period.
Remediation			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	No complaints were lodged on any matter pertaining to human rights during the reporting period.
Social: Society			
Local communities			
SO1 (FSSS)	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	In the projects that Ziraat Bank financed in 2013, careful attention was given not just to their contributions to Turkey's economic development but also to their environmental and social benefits as well. Examples of such undertakings include financing projects that enhance local producers' ability to compete and projects to increase local employment through the creation of new production opportunities.
SO1 (G3.1)	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	Same as above
FS13	Access points in low-populated or economically disadvantaged areas by type.	Fully	With 1,636 service points, Ziraat Bank is the only local provider of financial products and services in four hundred small towns located all over Turkey.
FS14	Initiatives to improve access to financial services for disadvantaged people.	Fully	During 2013, 143 people joined the Ziraat Bank team to fill positions set aside for physically handicapped individuals. Ziraat Bank: Turkey's Customer-Focused Bank, page 43-44
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	There were not any in-house operations with significant potential or actual negative impacts on local communities during the reporting period.
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	Ziraat Bank does not have/nor finance any operation with significant potential or actual negative impacts on local communities.

Indicator	Disclosure	Level of reporting	Location of disclosure
Corruption			
S02	Percentage and total number of business units analyzed for risks related to corruption.	Fully	A Responsible Corporate Citizen, page 67
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	Personnel training in 2013, page 50
S04	Actions taken in response to incidents of corruption.	Fully	No corruptive practices were encountered in 2013, so no corrective actions needed to be taken. For more information: A Responsible Corporate Citizen, page 66-67
Public policy			
S05	Public policy positions and participation in public policy development and lobbying.	Fully	Ziraat Bank is not a participant in the political and public policy making process.
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	Ziraat Bank is not providing any financial and in-kind assistance to political party, politician or to the relevant institutions.
Anti-competitive behavior			
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	There have been no legal actions for anti-competitive behavior, anti-trust, and monopoly practices during the reporting period.
Compliance			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	There have been no fines for non-compliance with laws and regulations in the reporting period.
Social: Product Responsibility			
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Ziraat Bank complies with laws and regulations relating to the disclosure of information about the products and services it provides. For example, the Bank is obliged to provide product disclaimer statements, terms and conditions and offer copies of legally binding documentation to consumers. The Bank also assists customers in comparing its products to peers' products available in the market by providing objective, transparent and understandable information and consultancy.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	Customers, page 33
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Fully	Ziraat Bank: Turkey's Customer-Focused Bank, Financial Literacy, page 43-45
Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	The practices in relation to the marketing and promotion of the financial products are strictly governed by legislation. Ziraat Bank complies with laws and regulations relating to marketing and promotion of products and services.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	In the reporting period, there were not any complaints delivered to Ziraat Bank.
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	In the reporting period, there were not any complaints delivered to Ziraat Bank.
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	There have been no fines for non-compliance with laws and regulations concerning the provision and use of products and services in the reporting period.

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