More than a bank

2013 Annual Report

Ziraat Bank

Contents

Ziraat Bank International AG in Brief

Ziraat Bank International AG, a commercial bank operating under German law, has been in operation in various forms since 1964 and 100% subsidiary of T.C. Ziraat Bankası A.Ş.

The Bank positions itself as an all-purpose commercial bank with its Head Office in Frankfurt and its 10 branches throughout Germany.

Financial Indicators

	2013	2012	2011
Total Assets	912,490	969,928	903,129
Securities	29,959	38,928	64,933
Loans to Customers	698,857	567,954	547,706
Loans to Banks	89,061	138,424	265,738
Deposits	461,197	371,061	420,011
Shareholders' Equity	160,756	158,702	155,666
Net Profit	2,053	3,037	2,536

Milestones

1964
Establishment of the first representative office of T.C. Ziraat Bankası A.Ş. in Germany

1964-1988
Expansion of the number of the representative offices to eight

1988
Establishment of the first T.C. Ziraat Bankası A.Ş. branch with full banking licence in Frankfurt am Main and transformation of the representative offices into branches thereof

2001
Establishment of Ziraat Bank International AG as a 100% subsidiary of T.C. Ziraat Bankası A.Ş. via takeover of the assets and liabilities of the branch and the merger with Deutsch-Türkische Bank AG, a former subsidiary, also in Frankfurt am Main

2002
Acquisition of 4% of the shares of Azer-Türk Bank, Baku (46% owned by T.C. Ziraat Bankası A.Ş.)

2004
Acquisition of 32% of the shares of Turkish Ziraat Bank Bosnia dd., Sarajevo (68% owned by T.C. Ziraat Bankası A.Ş.)

2005
Establishment of internet banking including online money transfers to Turkey

2008
With the opening of sub-branches in Essen and Nuremberg, the number of branches in Germany reaches ten.

2012
Total assets of EUR 969.9 k

2013
All preliminary work is finalized for the Business Plan that will be put into force covering 3 years period, starting from 2014. The Plan aims to change the business model and strategy of the Bank, eventually targeting a healthy return on its strong equity within the frame of the corporate risk appetite embraced by the Parent Bank whilst adopting the infrastructure of the Bank to this new environment.

Our Parent Company

- 1863: Establishment of our parent bank, 100% owned by the Republic of Turkey
- 2000: Transformation into a joint stock company according to the Turkish Law
- 2004 to 2010: The most profitable bank in Turkey
- 2013: Total assets TL 207 billion, has the largest domestic and international network within Turkish banks

HÜSEYIN AYDIN
General Manager T.C. Ziraat Bankası A.Ş.

Financial Indicators of T.C. Ziraat Bankası A.Ş. Turkey

(TL Million)	2013	2012	Change (%)
Total Assets	207,530	162,868	27
Liquid Assets and Banks	29,067	22,647	28
Securities Portfolio	62,798	65,469	-4
Loans	111,048	71,426	55
Deposits	141,735	118,966	19
Shareholders' Equity	18,367	17,167	7
Interest Income	14,370	14,811	-3
Interest Expense	6,631	7,910	-16
Pretax Profit	4,379	3,505	25
Net Profit/Loss	3,330	2,650	26

Supervisory Board

MUHARREM KARSLI
Chairman
Chairman of the Board of
T.C. Ziraat Bankası A.Ş.,
Ankara/Turkey

FEYZİ ÇUTUR
Deputy Chairman
Member of the Board of
T.C. Ziraat Bankası A.Ş.,
Ankara/Turkey

OSMAN ARSLAN
Member
Assistant General Manager of
T.C. Ziraat Bankası A.Ş.,
Ankara/Turkey

ÖMER M. BAKTIR
Member
Assistant General Manager of
T.C. Ziraat Bankası A.Ş.,
Ankara/Turkey

M. CENGİZ GÖĞEBAKAN
Member
Assistant General Manager of
T.C. Ziraat Bankası A.Ş.,
Ankara/Turkey

BİLGEHAN KURU
Member
Assistant General Manager of
T.C. Ziraat Bankası A.Ş.,
Ankara/Turkey

Foreword of the Chairman of the Supervisory Board

After the financial system crisis of 2008, the regulators all over Europe has been imposing new and tighter regulations, sometimes local in nature, targeting concentration especially in credit risk. Whilst this fact is affecting every single institution operating in the system at varying magnitudes, the adaptation of relatively small structures is considered to be easier and smoother. However, though, in the real world, the combination of elevated credit risk in almost all sectors, the historical low yields for safe-haven assets and tighter regulations make life tough for almost all banks in pursue of commercially acceptable financial results.

Although Ziraat Bank has incomparable advantages under these conditions with its flexible and compact asset structure and the support of its parent, state-owned Turkish Bank; T.C. Ziraat Bankası A.Ş., still, the Supervisory Board understand the need for a 'reviewed' Business Plan outlining a new main strategy, especially under these rapid changing conditions.

One other important purpose of a new Business Plan is to follow the footsteps of the Parent Bank which is conducting a major restructuring including the whole Ziraat Financial Services Group. The aim is to ensure sustainable profitability and growth with a business and customer oriented commercial approach.

With the new plan in force, the Bank has already taken initial steps; money remittances services, which has been the core competence of the Bank during its 50 years of presence in Germany, will continue to be important, but as an ancillary business with a solid and stable commission income. The focus, however, will be on regular commercial banking activities, funding businesses and the trade, especially between Turkey and Germany or Eurozone in general to achieve a better utilization of the equity.

In 2013, a Balance Sheet size of EUR 912.5 million and a net profit of EUR 2.1 million has been achieved despite the ongoing restructuring processes covering both market and after market aspects. Figures achieved during the initial phase of this transition period indicates the Bank is, actually, on the right track to produce commercially sensible financial results in its 50th year anniversary and afterwards, befitting the success achieved by its parent; Ziraat Financial Services Group.

Supervisory Board has fulfilled its duty of supervising function required by the prevailing regulations by taking decisions on various subjects submitted by the Management Board. The Supervisory Board approved the result of the audit on the financial statements for the period from 1st January until 31st December 2013 together with the management report which is audited by PWC Frankfurt am Main, with an unqualified audit opinion.

By this occasion and on behalf of the Supervisory Board, I would like to thank our valuable customers, correspondent banks, the Management and our staff for their contribution to our Bank and I am strongly confident that the year 2014 will have its place in the history of Ziraat Bank International AG not only as the 50th anniversary but also as the year the Bank has transformed itself as a competitor in the German Banking System.

Muharrem Karslı
Chairman of the Supervisory Board

The Management Board

İSMAİL EROĞLU
Member of the Management Board

AYTEN TÜRKMEN
Chairman of the Managing Board & CEO
Since May 6, 2013

ALİ KIVANÇ ÜNAL
Member of the Management Board

Foreword of the Management Board

Letter from the Board of Managing Directors;

Despite the strong job creation in the U.S., which would eventually lead to a solid growth, Eurozone economies are observed to be struggling to balance public finances and therefore fail to achieve a growth in 2013. No hint of pick-up in the demand is in sight and inflation continues to stay well under the targeted “slightly less than 2%” level despite ultra loose monetary policies conducted by the European Central Bank.

As the Board of Managing Directors of Ziraat Bank International AG, we decided to take the necessary steps to follow what our parent bank, T.C. Ziraat Bankası A.Ş. have accomplished. We will focus our efforts to open a path for the Bank in its 50th year, that will lead to a customer oriented commercial bank which is able to compete with its peers in the sector. The strong support and synergy generated within the Group will be one of the main drivers.

In this regard, the new Market and After Market structure together with the new Business Plan, created within the frame determined by the vision and mission of the Ziraat Financial Services Group, started to generate a healthy yet profitable Balance Sheet which will eventually enable us to utilize our strong equity in a more efficient and feasible way, thus providing a better return to our shareholder.

Since the year 2013 has been a year of thorough restructuring, the financial results achieved, although strong they may be, should be considered as a step towards our goals determined in line with those already being achieved by our shareholder.

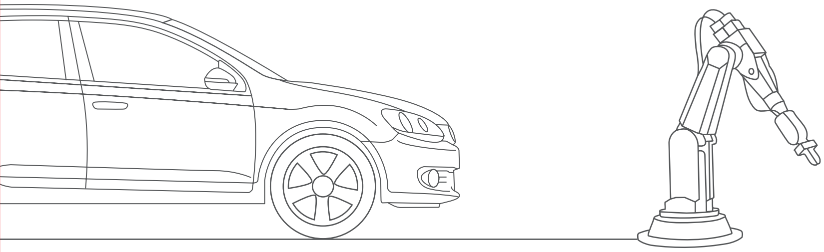
But even in this volatile environment through which long term plans and projections are difficult to make, we managed to keep the asset side of the balance sheet in good order, generating a profit of EUR 2.1 million without compromising our conservative risk approach and not increasing our traditionally low NPL ratio which is, indeed, close to zero. The solid Balance Sheet which amounts to EUR 912.5 million at the end of the year has been fuelled by the corporate loan portfolio with an increasing focus on German and Eurozone companies. Total loans reached EUR 787,9 million which shall make a good base for the next year, in which we will be celebrating our 50th anniversary. Our liquidity and capital ratios continue to reflect our strong risk management understanding while enabling us to a wider space to realize what we have planned in our new Business Plan for the coming years.

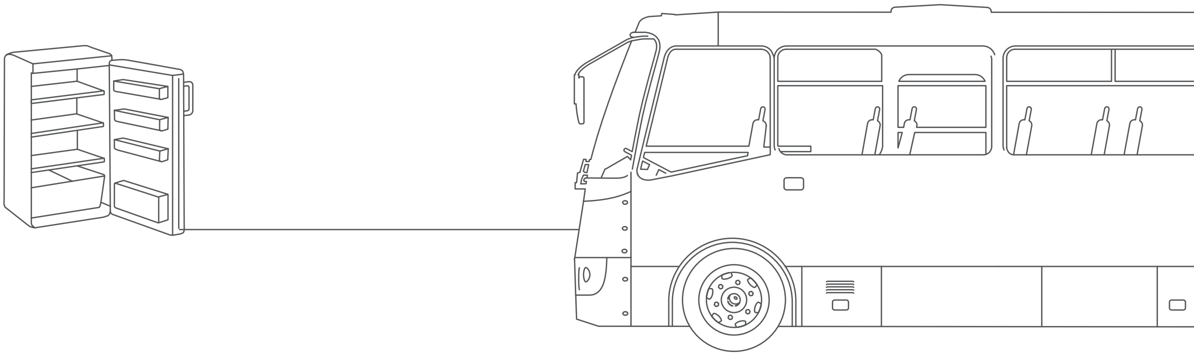
İSMAİL EROĞLU
Member of the Management Board

AYTEN TÜRKMEN
Chairman of the Managing Board & CEO

ALİ KIVANÇ ÜNAL
Member of the Management Board

A well-rooted business partnership





More than 82,000 Turkish-origin entrepreneurs employ nearly 400,000 in the Federal Republic, achieving a solid EUR 40 billion yearly turnover.

Your success is our success.

Ziraat Bank International AG is playing an increasing role in the development of the trade volume between Turkey and Germany with 50 years of experience in Germany and its high level of expertise in trade finance.

With the support of our parent bank T.C. Ziraat Bankası A.Ş. with more than 1,600 branches in Turkey, and 83 operational units in 16 countries worldwide, our Bank offers modern banking solutions for companies and institutions that are already involved in or aim at taking part in the increasing trade activities between Turkey and Germany.

As a bank of Turkish origin, Ziraat Bank International AG displays the dynamic and continuously developing nature, which stands as a clear evident feature of the Turkish market in its ongoing progress.

Through our client-focused strategy we always aim to offer a better, well-conducted service to our private and commercial customers.

A growing market with increasing business potential

The trade volume between Turkey and Germany is increasing as a result of the successful economic performance of both countries in the recent years. Germany continued to be the most important foreign trade partner of Turkey in 2013 and the trade volume between two countries has reached EUR 33.7 billion.

Some important basic data of the bilateral relationship:

- 82,000 Turkish originated companies in Germany, with 400,000 employees and annual sales turnover of approximately EUR 40 billion
- Over 5,248 German companies and Turkish companies with German capital in Turkey
- USD 257 million German direct investments in Turkey in the year 2013, Germany is also the biggest foreign investor in Turkey with investments worth more than USD 12 billion since 1980
- The bilateral trade grew of USD 37,9 billion by nearly 5 per cent in 2013 represents an historical record.

Your Ideal Business Partner

Ziraat Bank International AG

With solution-oriented products, a first-class service quality and a customer-oriented strategy, Ziraat Bank International AG provides optimal conditions for your business success.

T.C. Ziraat Bankası A.Ş.

In-depth market knowledge, a wide range of services, supported by 24,725 employees in over 1,600 branches across the country are some key features of our parent company, which will assist your business competently at any time.

International Network of Ziraat Group

With 83 operational units in 16 countries, Ziraat network connects you with business partners in Turkey as well as worldwide.

Our Service Range
Ten domestic branches and constantly improving online banking constitute the basis for customized services of Ziraat Bank.

Corporate/Commercial customers
Some of our most important services for our corporate customers and regarding trade finance:

- Domestic and international payment services and settlement
- Online banking
- Overdraft loans
- Working capital loans
- Aval credits
- Mid-term loans with variable interest rate
- Financing of exports and imports
- Pre-export financing
- Post-financing of imports
- Letter of Credit
- Letter of Guarantee
- Forfaiting
- Foreign exchange transactions
- Current and Short/Long-term Time Deposits

Private customers
Some of our most important services for our private customers

- Kombikonto – Combination of call money & current account
- Time deposit
- Installment loans
- Overdraft loans
- Housing loans for real estate in Turkey
- Remittances from/to Turkey
- Ziraat BankCard (Girocard)

Your ideal business partner

Management Report

Ziraat Bank International AG positions itself as an all-purpose commercial bank with its Head Office in Frankfurt and its 10 branches throughout Germany.

Outline

Ziraat Bank International AG is playing an increasing role in the development of the trade volume between Turkey and Germany with 50 years of experience in Germany and its high level of expertise in trade finance.

50

50 years of experience in Germany

1863

The parent bank, T.C. Ziraat Bankası A.Ş. has been established in 1863.

Ziraat Bank International AG, a commercial bank operating under German law, has been in operation in various forms since 1964 and 100% subsidiary of T.C. Ziraat Bankası A.Ş.

The Bank positions itself as an all-purpose commercial bank with its Head Office in Frankfurt and its 10 branches throughout Germany.

Main functions are funding corporate and retail customers with short and medium term loans, providing saving products, clearing of local currency transfers for correspondent banks, international transfer services to retail customers via branches, documentary collection and remittances, providing online banking solutions for its retail and corporate customers.

The Board of Managing Directors (Management Board) is responsible for the management of the Bank. The Supervisory Board is responsible as defined by law and articles of association and supervises and controls the management of the Bank by means of the Board of Managing Directors. They are informed in writing and verbally by the Board of Managing Directors in detail and on a regular basis about the business development as well as important individual transactions and actions of the Bank.

Furthermore, important matters are discussed in continuous contact with the Chairman of the Supervisory Board. The responsibilities of all members of the Board of Managing Directors are stipulated in an organizational chart.

The Bank is divided in fourteen departments including staff units Risk Management & Control, Organisation and AML & Compliance.

The parent bank, T.C. Ziraat Bankası A.Ş. has been established in 1863. The Undersecretariat of Treasury of the Republic of Turkey is the sole owner. It is one of the biggest banks in Turkey with 24,742 employees, 1637 domestic branches and 83 operational units in 16 countries worldwide.

General Economic Conditions and Business Environment

In 2013, a record setting level of USD 37.9 billion in bilateral trading volume between Turkey and Germany has been achieved, indicating 10% increase compared to last year.

Trade Relations

Traditionally Germany has been the most important trading partner of Turkey and the biggest provider of industrial and capital goods. In 2011, the bilateral trading volume reached to a record of USD 36.9 billion and in 2012, although some 6% less than previous year, a second all-time high of USD 34.5 billion has been achieved. Of this total USD 34.5 billion, USD 21.4 billion created from exports to Turkey while USD 13.1 billion from imports from Turkey.

In 2013, another record setting level of USD 37.9 billion has been achieved, indicating 10% increase compared to last year.

At present, Turkey ranks 17th among Germany's trading partners while Germany is on the top of Turkey's list, as mentioned above, the strong economic relations stretches past decades and since 1980, Germany has been the biggest trading partner and biggest foreign investor for Turkey.

The breakdown of this trade relation is well balanced, ranging from manufacturing to commerce and services.

As an interesting development, among the exports from Turkey to Germany, technology has a steadily increasing share. According to the statistics, The Turkish Development Center for Export (IGEME) observes a qualitative and quantitative increase in shipments of Turkish goods to Germany. The product groups with emphasis on technology (spare parts for cars and linen goods) has been on the top of the list of goods and services exported.

The dominance of agricultural products and cheap textiles seems to be under threat by a wide range of increasingly competitive industrial goods from cars to machinery and to miscellaneous products made from synthetic materials.

Over the years, Turkey's SMEs have evolved into an important manufacturing and service provider force for European Markets, products and services ranging from machinery to TV sets and cars, from construction to financial services.

The interest of German companies in Turkish Energy sector is not only limited with traditional items; renewables have an increasing significance in the breakdown.

USD 101.2 billion
FDI received by Turkey (2002-2012)

5,248
number of German companies operating in Turkey (2013 Q1)

Despite these recent developments, textiles and clothing are still on top of the list of the products delivered from Turkey to Germany.

Energy, among other sectors, has been an increasing driving force in both the economic and political relations between two countries, probably as a result of increasing demand, the increasing market liberalization and the advantageous position of Turkey. The interest of German companies in Turkish Energy sector is not only limited with traditional items; renewables have an increasing significance in the breakdown.

There are approximately 3 million Turkish-origin residents living in Germany among which are having the German citizenship of about 700,000.

More than 82,000 Turkish-origin entrepreneurs employ nearly 400,000 in the Federal republic, achieving a solid EUR 40 billion yearly turnover. This also has been an important driving force both in the economy of Federal Republic of Germany and in the bilateral relations.

Direct Investments

Turkey managed to attract over USD 100 billion FDI in the last decade as a direct outcome of strong macroeconomic and political stability within the country as well as high liquidity in international markets prevailing during this period.

Despite the global crisis, Turkey enjoyed a strong FDI inflow in the recent years although well below the epic 2006-2007 levels. In 2012, a decent USD 10.1 billion chose Turkey, some 37% less than the previous year's mighty USD 16.1 billion. This decline can be traced to the presence of less favourable external economic conditions.

The initial focus of corporate banking activities of Ziraat Bank International AG is based on financing the trade in/between Turkey, Germany and Eurozone.

The FDI performance pictured above shows the rise of Turkey as an economic power during the last decade, especially visible when compared to the past. Turkey received USD 101.2 billion FDI between the years 2002-2012 in comparison to a mere USD 14 billion during the 1975-2001 period. In terms of nominal volume, Turkey ranks among Top-30 countries with regard to FDI inflows. Almost 80% of FDI to Turkey originated from EU last year.

As of March 2013, 5,248 German origin companies are operating in Turkey. Some of these enterprises are old companies such as Siemens with decades of long presence in this country. Germany contributed 5.5% of total FDI in the last decade.

On the opposite side of the capital traffic, Germany is a major destination of Turkish Investors, thanks to historical relations, clear and foreseeable regulatory structure, prominent workforce and strategic location.

Of the total USD 19.2 billion accumulated between the years 2002-2012, direct Investment from Turkey to Germany amounts USD 1.3 billion in exceeding 6% of the total capital outflow.

Among the 4270 companies established with foreign capital in Turkey in 2012, Germany has the biggest share by 491 companies, constituting some 11.5% of the total. 72 of those 491 companies have paid-in capital USD 200,000 or more.

The figures of the last 60 years underline the density of the German equity; during this period, 5,383 of the total 34,479 foreign companies in Turkey were established with capital coming from Germany, which puts the country on the top of the ranking.

As of the end of the 1st quarter of 2013, there are 5,248 German companies operating in Turkey among which are global giants such as; Siemens, Bosch etc.

The initial focus of corporate banking activities of Ziraat Bank International AG is based on;

- financing the trade in/between Turkey, Germany and Eurozone
- German companies which have trade relations or investments in Turkey.

Therefore, reaching to these companies which have investments and/or operations in Turkey is becoming even more important.

Despite the fact that the companies who take part from the mutual economic relations of the two countries are in the focus, the Bank, in the second phase of the new strategy, will expand its coverage area towards other European and non-European countries matching the coverage of Ziraat Financial Group, which has presence in 16 countries.

A growing market with increasing business potential

Germany continued to be the most important foreign trade partner of Turkey in 2013 and the trade volume between two countries has reached USD 37.9 billion.

Course of the Fiscal Year 2013

In 2013, Ziraat Bank International AG achieved solid figures which will be a good base for the course of the new Business Plan, covering the years 2014 to 2016.

EUR **912.5** million

Balance sheet size (2013)

EUR **2.1** million

Net profit (2013)

The year 2013 has been a year of transition for the Bank. A transition of the long overdue business model in which the core competence used to be money remittances, transition of the balance sheet, transition of the infrastructure, policies, manuals and workflows.

Despite these ongoing restructuring and reorganization efforts, the Bank still achieved solid figures which will be a good base for the course of the new Business Plan, covering the years 2014 to 2016. A balance sheet size of EUR 912.5 million generated an after tax net profit of EUR 2.1 million, thanks to the efforts restructuring the asset side of the balance sheet concentrated in the last quarter of the year.

During its 50 years of activities in the region, Ziraat Bank International AG provided a value for the German Financial System and its shareholder by achieving respectable results without compromising its conservative approach and well balanced risk management.

Current Outlook

Net Assets

The Bank has a small and simple asset structure with an unfeasibly low leverage ratio. The need for the asset growth, enlarged corporate customer base, diversification of exposures in terms of sector and origin and expanding the product range & coverage is visible and are the main subjects of the new Business Plan.

New transactions and rollovers of existing commitments have been executed in accordance with the changing market conditions as well as new regulatory requirements, whilst keeping a healthy and secure liquidity position at any given time.

Ziraat Bank has kept its intense business relations with the parent bank and with its subsidiaries. The transactions, which include but not limited to money market, currency, secondary market loan transactions and documentary collections have, of course, been executed at market levels, profitability and risk approach being the main criteria.

Balance Sheet Structure

In 2013, loans to customers increased by 23.1% to EUR 698,857 k.

Figures balance sheet (EUR k)	2013	2012	2011	2010	2009
Balance sheet total	912,490	969,928	903,129	682,911	476,479
Loans and advancements to customers	698,857	567,954	547,706	316,556	249,077
Loans and advancements to banks	89,061	138,424	265,738	293,078	136,982
Securities	29,959	39,928	64,933	54,904	68,466
Investments	349	349	349	348	348
Shares in affiliated companies	8,181	8,181	8,181	8,181	8,181
Liabilities to customers					
- maturing daily	221,057	220,584	140,501	141,775	122,684
- with agreed-upon term or cancelation period	240,140	150,477	279,510	208,879	151,671
Liabilities to banks					
- maturing daily	8,897	147,065	6,046	3,053	4,230
- with agreed-upon term or cancelation period	277,148	289,676	314,108	172,631	42,709
Capital funds	160,756	158,702	155,666	153,130	152,972

In the period under report the gross balance sheet total decreased by 5.92% to EUR 912,490 k. The gross business volume increased by 3.99% to EUR 1,046,648 k.

The loan volume in the amount of EUR 1,031,946 k (previous year EUR 994,944 k) consisted of 8.63% loans and advances to banks (EUR 89,061 k), 67.72% loans and advances to customers (EUR 698,857 k) as well as 1.78% from guarantees and letters of credit (EUR 18,349 k).

Furthermore securities of EUR 29,959 k (2.90%), irrevocable loan commitments of EUR 109,882 (10.65%), balances at central banks of EUR 67,884 k (6.57%),

Foreign exchange contracts with a credit equivalent amount of EUR 1,944 k (0.19 %), other risk-bearing assets of EUR 7,520 k (0.73%), investments of EUR 349 k (0.03%) and shares in affiliated companies of EUR 8,181 k (0.79%) were also allocated to the loan volume.

Liabilities to customers increased from EUR 371,061 k to EUR 461,197 k, liabilities to banks decreased from EUR 436,741 k to EUR 286,045 k.

The total capital funds shown as at December 31, 2013 amount to EUR 160,756 k.

Financial Position

Overall the income statement for the fiscal year 2013 closes with a net profit of EUR 2,053 k.

Capital Structure

The capital consists of subscribed capital of EUR 130,000 k, the capital reserve in the amount of EUR 13,000 k and retained earnings in the amount of EUR 15,702.

Investments

There are no investments planned in 2014.

Liquidity

The liquidity position of the Bank was ordered at any time. The requirements of the Liquidity Regulation have been complied with. Substantial funding resources provide customer deposits and the deposits of credit institutions.

Results of Operations

Figures profit and loss (EUR k)	2013	2012	2011	2010	2009
Net income	11,260	9,063	10,932	8,211	8,764
Commission income	6,166	7,212	7,080	6,355	6,004
General administration expenses	15,197	13,709	13,699	13,135	12,926
Operating result before provision for risk	3,509	3,936	4,999	2,155	2,163
Operating result after provision for risk	1,792	5,676	4,031	2,358	3,549
Annual net profit	2,053	3,037	2,536	2,218	2,062

Again the most important source of the operational business was interest income and commission income from payment transactions and from the loan business. With EUR 3,509, k the operating result before provision for risk is slightly lower than the result of the previous year (EUR 3,936 k).

Overall the income statement for the fiscal year 2013 closes with a net income of EUR 2,053 k (previous year EUR 3,037 k). The balance sheet profit decreases by 32 percent.

Post Balance Sheet Date Events

The Bank opens a representative office in Istanbul in the second quarter of 2014. The Turkish Banking Authority has granted the license in December. The representation is an important tool in the implementation of new strategies.

Forecast, Opportunities and Risk Report

Risk Report

In order to fulfil the requirements in terms of § 25a German Banking Act financial institutions among others have to dispose of suitable regulations for the identification, assessment, controlling as well as monitoring and communication of risks and of regulations by means of which the financial situation can be determined at any given time with sufficient accuracy.

To ensure these requirements the Bank disposes of a risk monitoring-, early risk detection- and risk controlling system. Because of the nature and scope of the business activity credit risks, interest risks, liquidity risks, operational risks and currency risks arise in the Bank as well as country risks strategic risks and other risks. The Bank quantifies the types of risk specified in AT 2.2 of the minimum requirements for risk management (MaRisk) as essential risks.

The business strategy resolved by the Board of Managing Directors is the basis for the Bank's orientation in accordance with the business policy. The necessary handling of the resulting risks arises from the current as well as intended business activity. The Board of Managing Directors as a whole is responsible for the Bank's risk management.

The Bank's risk strategy is marked by the cautious handling of risks. As far as possible risks are avoided or transferred to other partners. A credit risk strategy is defined annually for the planned activities in the loan sector. Especially in the loan business with Turkish corporate customers the loan risk is transferred to other financial institutions by means of guarantees on a case by case basis. In the area of trading transactions money market deposits or - loans are carried out for the purpose of short-term management of liquidity. Derivates transactions are made solely for the risk-reducing closure of open positions. Risks from changes of the general interest level are limited on the overall Bank level by limiting the impact on earnings from the interest maturity transformation. A strategy for the short term investment of customer deposits as well as a liquidity management strategy, including a contingency plan, provide at all times willingness to pay and sufficient liquidity even in case of high withdrawals from customer deposits.

Risks are limited by controlling in terms of regulatory capital requirements and by means of limits for all essential risk sectors within the scope of compliance with the risk bearing capacity. Only parts of the capital- and revenue reserves are defined as risk coverage amount so that there are additional unallocated risk coverage amounts.

The risk identification, -measurement, -monitoring as well as regular or event-driven communication to the Board of Managing Directors as a whole and other addressees is done by the newly founded department "Risk Management & Control, Organization". It merges the development of strategic and methodological foundations with operational risk controlling. In 2013 the implementation of a professional software by the company msgGillardon, Bretten for risk measurement and -monitoring was completed. This software is used in the area of interest- as well as liquidity risks.

Risk management is based on the risk monitoring and the respective reporting. Resolutions of the Board of Managing Directors are adopted by involving internal committees, primarily the Asset-Liability-Committee (ALCO) and the Credit Committee. The market departments, being functionally separated from the after market units, are responsible for the implementation.

As independent office the Internal Audit Department of the Bank monitors the operating- and business procedures, risk management and - controlling as well as the internal control system. In the year under review the Bank has completed a full outsourcing of the Internal Audit Department. In addition to the long-standing outsourcing of the IT-related auditing to the "GDB

Gesellschaft für Datensicherheit und IT-Beratung mbH", a holding company of the Prüfungsverbandes deutscher Banken e.V., (Auditing Association of German Banks), Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft was contracted with the bank-specific auditing. The Bank pursues hereby the aim to accompany the ever-growing legal-regulatory, economic and technical requirements through targeted professional testing activities. In accordance with the MaRisk requirements a auditing officer was appointed internally who acts as interface between the Bank and the audit firm. A risk-based audit schedule which is agreed upon by the audit firm, the audit officer as well as the Board of Managing Directors as a whole is the basis for the audit activity for both audit sectors. The completely outsourced Internal Auditing is free from directives regarding the evaluation of audit findings and the reporting and reports to the audit officer as well as to the Board of Managing Directors.

Risks

Credit risks

The Bank conceives possible losses of value that can occur through loss or deterioration of the customers' creditworthiness as credit risks. The Bank accepts credit risks within the classic lending business with German respectively Turkish private- and corporate customers in Germany and also through granting of credits to commercial customers in Turkey that partly are secured by guarantees of Turkish banks as well as within the scope of the handling of the documentary business. Additionally there are credit risks in money dealing with other banks as well as due to concluding securities transactions.

Monitoring of the credit risk is executed according to the specifications of the credit risk strategy. A prudent credit worthiness analysis is decisive for the loan decision. The risk rating in the Bank's risk classification procedure is based on defined ratios that arise from the analysis of the balance sheet and profit- and loss statement In accordance with the risk factor of the credit transactions the areas market and after market have to adhere to a two-votes-procedure when granting loan. At least once a year a review of the borrower's credit-worthiness as well as a revaluation of the pledged securities is carried out. For loans that need intensive supervision and for problem loans appropriate handling procedures have been established.

As a matter of principal the consent of the Supervisory Board is necessary for lending to banks, for corporate customers the lending depends on the collateral. Here the credit authorities are spread over five competence levels. The branches of the Bank dispose of minor loan authorities only. In the Credit Committee all three Members of the Board of Managing Directors are entitled to vote. Loans that surpass the competence of the Credit Committee require the consent of a sub-committee (three members of the Board of Managing Directors as well as two members of the Supervisory Board) or of the entire Supervisory Board.

Within the scope of internal reporting the Board of Managing Directors as a whole is kept informed quarterly on the development of the credit business by means of the credit risk report. Furthermore a risk bearing capacity calculation is established quarterly taking into account the capital charges for the credit risk.

Within the scope of a "standard" scenario the credit risk amounts are calculated by means of available external ratings (that also take into account the individual country risk) for financial institutions, companies and security transactions Depending on the rating class, the respective amount, which has to be deducted from the risk covering amount is determined taking into account the average loss rate for each individual transaction based on the remainder of the debt For transactions covered by bank guarantees the risk is determined on the basis of the rating class of the guarantor. If there are no external rating information on the borrower respectively his majority shareholder or the guarantor the rating of the Bank's own credit analysis is used, provided the basis for the analysis is not older than the current or preceding year. Otherwise the set-off against the risk coverage amount is done with the probability of default which is to be assumed for the rating level B- (S&P). The changes of stock exchange prices for securities are included in the risk bearing capacity. If due to the valuation the necessity for depreciation occurs, it has to be set-off against the risk coverage amount additionally. For this each security has to be evaluated individually. Netting with stock price gains is admissible only in case these have also to be accounted for at year-end thereby affecting profit and loss. For loans to private customers a flat probability of default of 3% in relation to the residual debt of the individual borrower is assumed within the scope of the risk bearing capacity calculation. Collateral are currently not taken into account as risk-reducing.

Furthermore there are two scenario analyses. In the scenario "stress 1" it is assumed that for all counter-parties to be included via external rating (banks, companies, private customers, issuer of securities) the rating worsens by one level. For loans to private customers a flat probability of default of 5% is assumed. The individual transactions are multiplied with the increased factor for the probability of default, the total of it being the simulated risk capital that has to be covered by the allocated risk coverage amount for credit risks. In the scenario "stress 2" the determined risk amount of the standard calculation (expected loss) is multiplied with the factor 2.5 for the representation of unexpected losses.

In total the credit risk capital charges may not exceed the allocated risk cover amount in the standard scenario and in the other two scenarios. The allocated risk coverage amount for credit risks is for the standard and the two scenario calculations uniformly EUR 30,000 k.

As at December 31, 2013 the calculation is as follows (all figures in EUR k):

Allotted risk coverage amount for credit risks	30,000	30,000	30,000
Capital charge on of the risk coverage amount.	**Standard-scenario**	**Scenario Stress 1**	**Scenario Stress 2**
Financial Institutions, companies	7,734	15,062	19,336
Private customers	664	1,107	1,661
Securities	62	128	156
Write-off requirements securities	4	4	10
Total	**8,464**	**16,301**	**21,163**
Unused line	**21,536**	**13,699**	**8,837**

In case the existing risk capital does not suffice to cover the established risk of the individual simulation calculation, either additional capital resources have to be furnished as risk capital or have to be balanced by means of allocation of non-needed risk capital for other types of risks.

Furthermore in order to quantify the credit risk the Accounting Department determines the volumes of all risk bearing assets on a daily basis. Also a daily list of the Turkey exposure is prepared for the quantification of the country risk (risk concentration); this list is submitted to the Auditing Association of German banks, Cologne, on a monthly basis. The monitoring of loans, that are subject to '§§ 13 and 14 KWG (German Banking Act) is carried out by means of an IT-generated list, taking into account the respective borrower units. The Bank monitors all loan commitments by means of a daily overdraft list as well as a data file with maturities for interest payments and payments on capital.

In order to limit the credit risk in advance those institutions with whom money dealing transactions may be carried out are determined (positive list) in cooperation with the parent company. In order to monitor the credit risk on the level of counter-parties and countries the Bank is using an IT-tool for the surveillance of limits. With it the current limit granted and loan utilizations can be shown aggregated as well as for the individual borrower in real-time. Additionally an IT- list "utilization list total limits" is generated that displays the total risk position of the Bank. Beside the approved limits for the individual kinds of trading transactions and products also their utilization and unused lines are displayed.

In order to evaluate Turkey country risk the Bank – via its parent company – has access to the necessary sources of information in Turkey. Current market reports are made available promptly and are evaluated in the analysis department.

Based on criteria adhered to in the institution latent credit risks are collateralized by general provisions. The amounts to be deducted, arising from the risk-bearing capacity calculation are the basis for establishing and posting of the need for provision.

Market risks consist in form of interest risks as well as currency risks.

Interest risks are calculated monthly by the department Risk Management & Control, Organization and submitted to the Board of Managing Directors as a whole. All interest bearing assets and liabilities of the current year and the following four years are compared with respect to their repricing dates. As a result of the calculation shows a difference amount, which in form of an asset- or liability-gap de facto is subject to an interest risk. By means of computer-aided simulation possible changes of the interest level and their effects on the profit and loss statement are shown. In order to limit the risk (annualized negative change of interest income) an upper limit for loss in the amount of EUR 4,000 k p.a. has been determined. Besides the monthly monitoring this also corresponds to the allocated risk coverage amount for interest risks of the quarterly risk coverage capacity calculation.

In order to determine the required provisions for interest risks a simulation calculation is done as per balance sheet date. Here the internally established interest gap analysis is used as basis. The profit contributions from closed and open interest positions as well as fictitious closing trades have been discounted as per balance sheet date and have been reduced by also discounted future administration- and risk provision expenses. Since as result there are silent interest reserves the Bank does not need to form provision for onerous contracts.

In order to limit the currency risks from open currency positions the Bank concludes spot exchange and forward transactions for the conversions of cash flow payments made in foreign currencies. According to the Bank's regulations an open currency cash position in US-Dollar (USD), British Pound (GBP) or Turkish Lira (TRY) may not surpass 1,500,000 in the respective currency. Without approval of the Board of Managing Directors only minor balances on nostro accounts (working balances) are allowed in all other currencies. The foreign currency position results from all asset/liability transaction of the Bank, including the forward exchange transactions which have been concluded for hedging purposes. According to the Bank's regulations forward exchange transactions may only be concluded for hedging purposes. The amount of the open foreign currency position as well as the compliance with the aforementioned limitation are calculated and monitored daily by the department Risk Management & Control, Organization. The average open position in the three major currencies in the fiscal year 2013 amounted to USD 148,881, GBP 139,682 or TRY 147,203. Furthermore, in order to limit the foreign currency risk an upper limit for losses from currency risks amounting to EUR 1,000 k p.a. was set, which is monitored by the Department of Risk Management & Control, Organization on a quarterly basis as part of a foreign currency risk report and the risk-bearing capacity calculation.

Liquidity risks

The Bank conceives liquidity risks as danger that continuous liquidity could not be ensured. On one hand the reduction of the liquidity risk arises from a structurally short-term maturity profile of the lending business, Opposed to this is a deposit business which in fact by contract is short term in essential parts which however generally can be disposed of within the scope of a stable base. Additionally the investment strategy for customer deposits regulates that percentage shares of the volume in call-money and time-deposits that are due have to be invested in the local banking market on a short-term basis. In order to balance short-dated respectively unexpected liquidity fluctuations the Bank strives to keep a respective stock in securities which can be liquidated by means of repo-business with the European Central Bank or if necessary with other banks.

During the day all cash flow payments, processed via the account at the German Central Bank are gathered in a data file, which also shows the unused refinancing line at the German Central Bank.

For a short-term liquidity preview Trading keeps a list for the current and the following four working days in which all accrual and outflow of funds that can be expected due to contractual agreements are included. A liquidity gap exists when at a defined due date the cumulated payment outflow exceeds the cumulated payment accrual. The liquidity which potentially can be generated additionally in order to cover the liquidity gap (liquidity potential) is shown in the gap analysis. If the liquidity potential is not sufficient to cover the calculated liquidity gap for one of the surveyed working days the Board of Managing Directors as a whole has to be informed about this immediately. Actions to procure the necessary liquidity have to be agreed-upon with the Board of Managing Directors as a whole and have to be initiated immediately. A respective emergency plan has been established.

As part of the internal reporting the department Risk Management & Control, Organization informs the Board of Managing Directors as a whole monthly on the liquidity risk on the overall bank level. For this purpose liquidity stress scenarios in terms of MaRisk are calculated. As far as specified in the respective customer transaction the cash flows are based on the asset-side on contractual agreements. For assets with indefinite capital commitment no return will be accepted On the liability side assumptions for unexpected cash outflows are recorded. The result is the difference amount, which in form of an asset- or liability gap shows the excess or missing liquidity. Also under these liquidity stress considerations the cumulative outflows may not be larger than the cumulated inflows (including the liquidity potential). The monthly report also includes a verbal assessment of the liquidity situation of the Bank. If in the following month the cumulated fund outflows exceed the cumulated fund inflows (inclusive the liquidity potential) the Board of Managing Directors as a whole has to be informed on this in writing immediately. They decide on the further procedure.

The monitoring of the liquidity risks is based on the key figures of the liquidity principle. Within the scope of scenario considerations the Treasury Department monitors and secures that in case of default of essential borrowers sufficient loan facilities exist with the German Central Bank in order to be able to meet due payment obligations. This regulation is valid for expected repayments from an amount of EUR 1 Mio. onwards or their counter-value in currency.

Operational risks

Operational risks are defined in accordance with Basel II as risks from inadequate or faulty internal processes, from failure of people and systems as well as from external events

The Bank counters IT-risks with a detailed and written emergency plan, including a backup-system at a second location (Offenbach a.M.). In case of emergency the entire IT-operation, including the branches, can be maintained on the premises of the Bank as well as on those in Offenbach.

In order to guarantee the functionality of the internal processes the departments define organization directives, function descriptions and authority regulations. Internal controls are integrated into the handling procedures that are suitable to ensure a correct execution.

The department Risk Management & Control, Organization by means of a self-assessment establishes annually a company-wide risk profile that enables the identification and assessment of operational risks. The damage data base for monitoring operational risks takes into account losses of the Bank as a whole.

The Internal Audit Department in particular has been assigned to monitor the compliance with internal controls. Regular schoolings in internal and external training seminars are conducted to minimize the personnel risks regarding the quality of the Bank's employees. Generally the Bank's remuneration system provides for fixed salaries only. Variable components are not agreed in individual contracts. Incentive schemes which are based on the company's success do not exist.

The Bank has set up a separate organizational unit in order to comply with the regulations of the Anti-money-laundering act as well as the compliance requirements. The AML- and compliance officer uses special IT-programs to counteract the danger of misuse. The employees are informed on a regular basis in training seminars on the existing legal requirements or upcoming changes of same. In addition, the compliance function in terms of AT 4.4.2 MaRisk has been been placed with the Department AML & Compliance starting as of 01.01.2014. A so-called Compliance Committee with the participation of the Head of the Department of Risk Management & Risk Control and the Head AML & Compliance was established and included in the "Organizational Rule Composition and definition of Committees" and announced within the financial institution. The compliance function supports management regarding the compliance with legal regulations and requirements and consults and coordinates in the areas of law: Securities Trading Act, data protection law, consumer protection requirements (credit business), prevention of money laundering, terrorist financing and other criminal offenses, which are classified by the financial institution as significant under compliance aspects.

The Bank limits contractual risks by using standard forms of the Bank Verlag (bank publishing house), Cologne and by using a law firm to check individual contracts. All utilized standard forms of the bank-publishing house are checked once a year regarding their validity and if necessary replaced by revised versions.

For the capital backing of operational risks in terms of the solvency ordinance the Bank uses the basis indicator approach.

Strategic risks

Strategic risks are in particular risks that arise from the concentration of the lending business on the granting of credits to Turkish addresses and from the concentration of the deposit business on non-bank-deposits. They also include customer deposits of bigger volumes that are payable daily. These risk factors are taken into account under the aforementioned strategic and methodical risk standards.

Income risks

The annual budget which includes target values for all components of income is the central supervision instrument of the income situation. Interest income is predicted on the basis of the expected average loan volume in the business year and by using an estimated interest margin. Profit ratios are compiled in a monthly report and are compared to the actual development. During the Supervisory Board meetings these figures are submitted and explained. In case negative divergences to the target specifications become apparent in the course of the year the appropriate approvals have to be requested and the budget has to be adjusted to the actual circumstances.

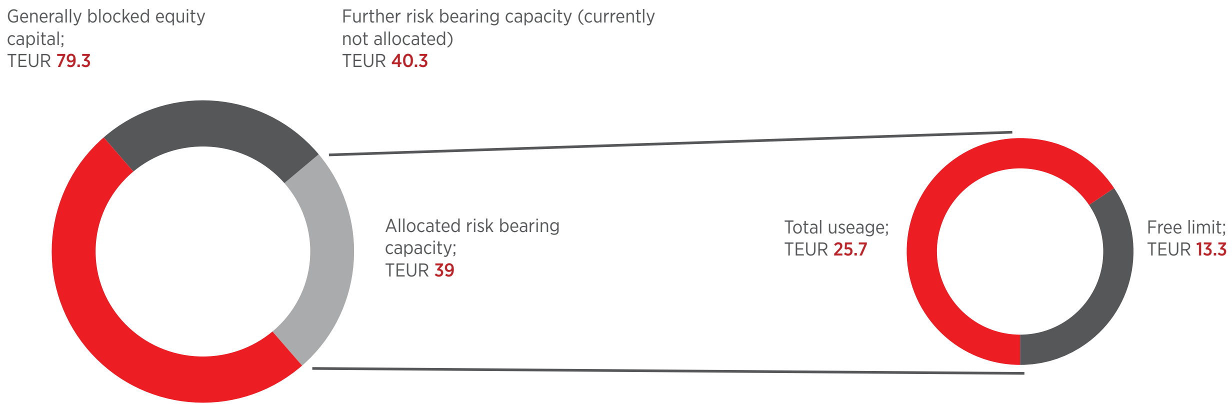
Communication

The risks are discussed by means of the Board of Managing Directors' reporting to the Supervisory Board and by means of the internal communication between department head and Board of Managing Directors. If necessary the Board of Managing Directors is informed ad hoc. For information- and controlling purposes the Board of Managing Directors receive reports or evaluations on a daily, weekly, monthly, and respectively quarterly basis. The Board of Managing Directors reports about the development and situation of the Bank to the Supervisory Board which meets in regular intervals.

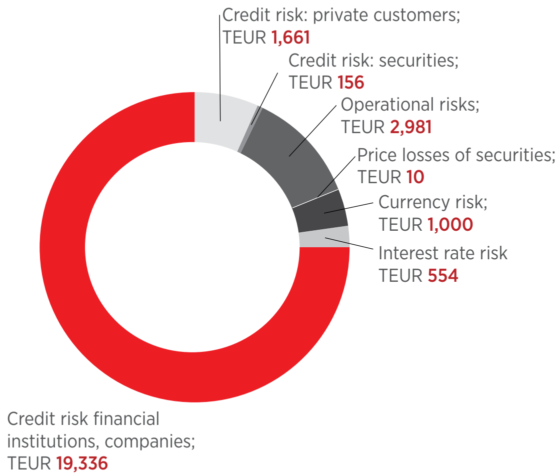
Risk Assessment

Overall, we assess the risk exposure of the Bank as appropriate. Essentially we focus on the controllability of risks. Based on the risk-bearing capacity risk strategy is defined in such a way that the opportunities can be optimally utilized. Within the scope of the risk bearing capacity calculation that is issued quarterly the existing limits for the individual risks have been observed always in the past fiscal year. Beyond this, no further risks that could have been hazardous to the business did occur.

Calculation and usage of risk bearing capacity (TEUR)
Based on Stress 2 as of 31st December 2013

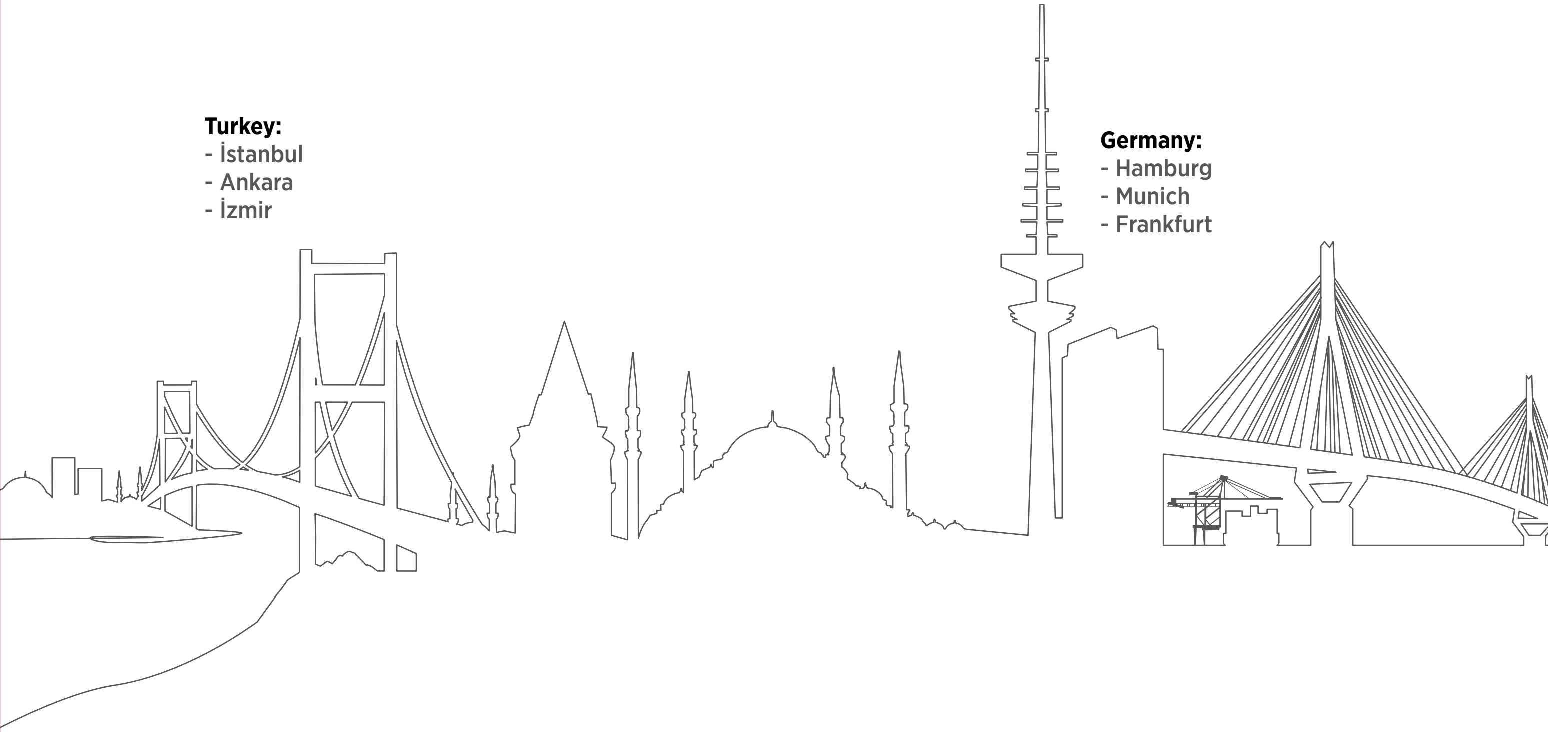


Distribution of total usage by types of risk
Based on Stress 2 as of 31st December 2013



Bridging business between Turkish and German corporates

Strong Trade Centres



As a leading trade-related financial services provider, Ziraat Bank International AG offers a range of products and services to meet its clients' specific banking requirements.

The restructuring and reorganization of the Bank cover a wide range of subjects, ranging from business model to channelling of employees to specialist positions.

branches

The organizational structure of the branches is being redesigned.

İstanbul

A representative office in İstanbul will be opened in 2014.

Ziraat Bank in 2014 and Beyond...

The Board of the Managing Directors is putting a Business Plan into force covering 3 years period, starting from 2014. The Plan reflects the Board's general organizational policies and business strategies to achieve its targets set in accordance with the Shareholder's values and the Bank's Vision & Mission determined by the Supervisory Board. The plan aims to change the business model and strategy of the Bank, eventually targeting a healthy return on its strong equity within the frame of the corporate risk appetite embraced by the parent bank whilst adopting the infrastructure of the Bank to this new environment.

This restructuring and reorganization of the Bank cover a wide range of subjects, ranging from business model to channelling of employees to specialist positions.

Ziraat Bank International AG is the largest international subsidiary of T.C. Ziraat Bankası A.Ş. and therefore in a unique position to answer the financial needs of those conducting business in/between Germany and Turkey. From this point, the vision of the Bank is to become an important financial services provider in Europe, relatively equalling the value created and the level of quantifiable success achieved by its parent bank. This can only be achieved by the help of extensive corporate recognition and experience accumulated in almost half a century in the region as well as synergy & support provided by the parent bank.

In order to create a high skilled specialist employee profile that will support the Board of Managing Directors achieve this vision and the quantitative targets come along with it, periodic training and professional courses are being held focusing on new products and markets as well as managing the risks coming with the new products.

One of the most important instruments in implementing new strategies during this new era of our Bank will be its

Representative Office in Istanbul. Turkish Banking authority has granted the license in December 2013. The Representative Office will start functioning by 2nd quarter and gradually increase its activities with the special mission of supporting the action plan by establishing the required environment for a healthy and reliable data flow from regional markets to keep the Board of Managing Directors and Risk Analysts updated in the most rapid and reliable way possible.

Another important part of the restructuring and reorganization targets the branches. The organizational structure of the branches is being redesigned in a way to enable an active participation on local Corporate Banking activities, new client acquisition and asset generation.

The Board puts great emphasis on required IT investment. Committees have been established under the supervision of the Board to implement large scale projects, expanding Bank's operational capabilities to adopt new Business Model and new products whilst reducing the operational burden on Branch employees to enable more marketing activities.

Expanding geographical coverage and diversification will be explored within the conservative risk approach of the Bank. Utilization of the Parent Bank's vast resources extending 16 countries with 83 points will present important opportunities in this regard.

Depending on the capabilities of the Bank with its strong shareholder and the expectations laid above, a relatively strong growth plan has been initiated without compromising prudent liquidity and capital management.

Liquidity ratios have been projected on a monthly basis until the end of the term the Business Plan covers, and reflect a profitable yet conservative liquidity approach. Capital planning has been built over a more efficient utilization of the capital and a healthy, commercially acceptable return on equity ratio.

Among the quantitative targets determined by the Management Board, the most important and significant is the corporate loans business, which will be main driving force of the New Main Strategy and core competence of the Bank. The Business Plan emphasizes a steady, consistent growth of corporate loans in order to achieve the targeted balance sheet size and profitability.

Traditionally Germany has been the most important trading partner of Turkey and the biggest provider of industrial and capital goods. In 2013, the trade volume between two countries hit a record setting USD 37.9 billion, indicating 10% increase compared to last year.

Turkey managed to attract over USD 100 billion FDI in the last decade as a direct outcome of strong macroeconomic and political stability within the country as well as high liquidity in international markets prevailing during this period.

As of March 2013, 5248 German origin companies are operating in Turkey. Germany contributed 5.5% of total FDI in the last decade.

Given the Bank's recognition inherited from the parent bank, historical activities, experience and good track record in Turkey, the potential laid above presents valuable opportunities with acceptable risk/return parameters within the framework of the Bank's general risk appetite.

Therefore, for the sake of efficient use of existing potential and safety, the initial steps will be towards local SMEs with Turkish origins, local SMEs that have trade or other economic relations with Turkey. This will not only provide efficient utilization of the natural potential but also will provide a relative security given both the Bank's historical experiences and parent bank's capabilities in assessing risk related with Turkey.

As a mature target, with the support of the base created from this potential in terms of size and profit, further diversification will be targeted through local corporate and SMEs, with of course, keeping a close eye on costs and risks exposed.

To achieve the Business Plan and its targets, however, this core competence as laid above, must be supported with Treasury, Financial Institutions & Forfaiting functions, not forgetting initial steps of Trade Finance business, which will help achieve a balanced and liquid portfolio without compromising better yields.

Forecasts for the Business Year 2014

Global economy continued its journey towards sustainable growth in 2013, albeit at a subdued pace. In the second half of the year, the momentum seemed to shift from Emerging Markets to advanced economies, U.S. being in the centre.

Ultra-loose monetary policies adopted by the FED started to show the long-awaited effects; U.S. economy seems to be in a path, which is leading to sustainable job creation. In 2013 alone, the U.S. economy has added over 2.3 million new jobs, and this has been the 3rd year in a row where over 2 million jobs created. This obviously means that despite all the lack of confidence, companies are employing more to support their production factors to match the rising demand.

The parent bank's efforts to convert Ziraat Financial Services Group towards a customer oriented commercial financial services provider have been brought to a mature stage.

EUR **1.28** billion

balance sheet size target for 2014

EUR **6.4** million

net profit projection for 2014

The picture of the Eurozone economy has been remarkably different. And it is, indeed, becoming increasingly difficult to talk about 'a' European economy since the difference between the individual economies forming the Eurozone widened considerably.

In this difficult environment, German economy proved, once again, resilient with strong fundamentals, solid aggregate demand and the traditional trade surplus thanks to its distinguished industrial production and manufacturing sectors. Despite the falling external demand especially due to the difficulties the rest of the Europe have been facing, the German economy achieved a relatively strong growth of 1.3% which is also the main driver behind the Eurozone's 0.5% sluggish performance.

Turkish economy, where an important part of the business conducted by the Bank has been based on, is among those economies expected to gear down with the negative impact of the FED's tightening.

The indicators show that the shift towards tighter monetary policies will gradually gain pace, especially in the U.S. and eventually followed by other majors. Therefore, the Board of Managing Directors puts great emphasis on following possible effects on the Turkish financial system.

The total net public debt / GDP is less than half of the Eurozone aggregate of 92.7% and the government debt is concentrated on local currency, minimizing the effects of direct external shocks.

Financial system in Turkey seems to be resilient towards external shocks. Top tier banks are enjoying strong global demand for their syndicated loan issues thanks to strong balance sheets and healthy loan portfolios.

Private sector external debt service requirement to total external debt is relatively low and the imminent obligation is far from causing a permanent damage on SMEs' balance sheets, in case of a permanent depreciation of Turkish Lira. In addition to this, resiliency of these companies to external shocks has been well proven during the heights of 2001 and 2008 crisis.

Global growth is expected to reach 3.6% in 2014 and 3.9% in 2015 where U.S. economy's contribution is projected to be at a pace close to 3% according to optimist analysts. The key factors to reach the expected global growth rate will be the performances Eurozone and China economies. If the Euro Region can achieve 1.4% growth rate as IMF projects, and China grows by some 7.5% as planned, the global targets can easily be achieved to provide further comfort for the financial markets and consumers.

For our Bank, 2013 has been a year of restructuring, re-organization and transition. Despite Germany's unique economic outlook that presents a relative strength, the regulatory environment for financial institutions are observed to be considerably tighter, compared to pre-crisis times.

Furthermore the parent bank's efforts to convert Ziraat Financial Services Group towards a customer oriented commercial financial services provider have been brought to a mature stage where the subsidiaries and other operational units scattered through the globe in 16 countries have been included in the restructuring and reorganization, to be able to follow the mother ship and respond the expectations of the shareholder which are evolving within a commercial framework.

The most significant reflection of these efforts on our Bank which is about to celebrate its 50th year of presence in Germany is the new Board of Managing Directors, sharing the new values, vision, mission and strategy with the Supervisory Board.

Depending on the capabilities of the Bank with its strong shareholder and the expectations laid above, a relatively strong growth plan has been initiated. For the first time in its 50 years of existence the balance sheet size target for 2014 is mainly fuelled by corporate loans. The balance sheet size target for 2014 is approximately EUR 1.28 billion and the net profit projected to reach EUR 6.4 million.

Statement by the Management Board on Relations with Affiliated Companies

Due to the majority shareholding of T.C. Ziraat Bankası A.Ş., a dependent company report was compiled in accordance with § 312 AktG ["Aktiengesetz": German Stock Corporation Act], which closes with the following declaration of the Management Board: "We declare that Ziraat Bank International AG, according to the circumstances known to us at the time when the above stated legal transactions took place, always received adequate return."

Frankfurt am Main, April 28, 2014

ZIRAAT BANK INTERNATIONAL AG
The Board of Managing Directors

İSMAİL EROĞLU
Member of the Management Board

AYTEN TÜRKMEN
Chairman of the Managing Board & CEO

ALİ KIVANÇ ÜNAL
Member of the Management Board

Ziraat Bank International Aktiengesellschaft, Frankfurt am Main Balance Sheet as at December 31, 2013

ASSETS	EUR	EUR	2012 K EUR
1 Liquid funds			
a) Cash	9,237,295.61		6,635
b) Balances with central banks thereof: With the German Federal Bank EUR 67,843,918.11 (prev. Y. EUR 205,884,126.55)	67,843,918.11	**77,081,213.72**	205,884
2 Debt instruments issued by public bodies and bills of exchange eligible for refinancing with central banks			
a) Treasury bills and non-interest bearing treasury notes and similar debt instruments issued by public bodies thereof: Refinancable at the German Federal Bank 0.00 EUR	-.--		-
b) Bills of exchange thereof: Refinancable at the German Federal Bank 0.00 EUR	-.--	-.--	-
3 Receivables from banks			
a) Due on demand	2,858,834.43		1,594
b) Other receivables	86,202,336.70	**89,061,171.13**	136,830
4 Receivables from customers		**698,857,149.06**	567,953
thereof: Secured by mortgage charges EUR 10,517,714.32 (prev. Y. EUR 5 k) Municipal loans EUR 0.00 (prev. Y. EUR 0.00)			
5 Debentures and other fixed-interest securities			
a) Money market paper			
aa) Issued by public bodies	-.--		-
ab) Issued by others	-.--	-.--	-
b) Bonds and Debentures			
ba) Issued by public bodies thereof: Eligible as collateral at the German Federal Bank EUR 0.00 (prev. Y. EUR 0.00)	19,374,273.98		19,376
bb) Issued by others thereof: Eligible as collateral at the German Federal Bank EUR 539,975.17 (prev. Y. EUR 10,506,821.92)	10,584,641.84		20,553
c) Own debentures Nominal amount 0.00 EUR	-.--	**29,958,915.82**	-
6 Shares and other variable-yield securities		**-.--**	-
6a Held for trading		**-.--**	-
7 Investments		**349,274.54**	349
thereof: Investments in banks EUR 349,274.54 thereof: Investments in financial service institutions EUR 0.00			
8 Shares in affiliated undertakings		**8,180,670.10**	8,181
thereof: In banks EUR 8,180,670.10 thereof: In financial service institutions EUR 0.00			
9 Trust assets		**-.--**	-
thereof: Trust loans EUR 0.00			
10 Compensation receivables from public bodies, including debentures arising from their exchange		**-.--**	-
11 Intangible assets			
a) Self-created property rights and similar rights and values	-.--		-
b) Acquired concessions, industrial property rights and similar rights and licenses in such rights and values	404,217.41		106
c) Company- or goodwill value	-.--		-
d) Prepayments	-.--	**404,217.41**	253
12 Tangible fixed assets		**939,000.52**	1,141
13 Called, unpaid capital		**-.--**	-
thereof: Called-up EUR 0.00			
14 Other assets		**7,519,841.38**	1,035
15 Prepaid and deferred items		**138,611.06**	38
16 Deferred tax assets		**-.--**	-
17 Positive difference from the asset accounts		**-.--**	-
18 Loss not covered by equity		**-.--**	-
Total assets		912,490,064.74	969,928

Ziraat Bank International Aktiengesellschaft, Frankfurt am Main Balance Sheet as at December 31, 2013

LIABILITIES AND EQUITY	EUR	EUR	EUR	2012 K EUR
1 Liabilities to banks				
a) Payable on demand		8,896,893.71		147,065
b) With an agreed term or notice period		277,148,101.87	**286,044,995.58**	289,676
2 Liabilities to customers				
a) Savings deposits				
aa) With an agreed notice period of three months	3,044,069.42			2,094
ab) With an agreed notice period of more than three months	452,051.60	3,496,121.02		363
b) Other liabilities				
ba) Payable on demand	221,057,482.98			220,584
bb) With an agreed term or notice period	236,643,881.71	457,701,364.69	**461,197,485.71**	148,020
3 Certificated liabilities				
a) Debt securities issued		-.--		-
b) Other certificated liabilities thereof:		-.--	-.--	-
Money market paper 0.00 EUR	-.--			
Own acceptances and promissory notes outstanding 0.00 EUR	-.--			
3a Held for trading			-.--	-
4 Trust liabilities			-.--	-
thereof: Trust loans 0.00 EUR				
5 Other liabilities			**526,117.02**	706
6 Deferred items			**2,327,689.54**	1,935
6a Passive deferred taxes			-.--	-
7 Accrued expenses				
a) Pensions and similar commitments		-.--		-
b) Tax accruals		43,340.54		-
c) Other accrued expenses		1,594,884.89	**1,638,225.43**	783
8 Untaxed reserves (cancelled)			-.--	-
9 Subordinated liabilities			-.--	-
10 Capital with participation rights			-.--	-
thereof: Due within two years 0.00 EUR				
11 Special accounts for general banking risks			-.--	-
12 Equity				
a) Called up capital				
Subscribed capital	130,000,000.00			108,000
Uncalled outstanding deposits not less	-.--	130,000,000.00		
b) Capital reserve		13,000,000.00		32,811
c) Revenue reserves		15,702,490.00		14,854
ca) Legal reserve	-.--			
cb) Reserve for shares in a controlling or majority of companies involved	-.--			
cc) Reserves set up under statutes or by-laws	-.--			
cd) Other revenue reserves	15,702,490.00			
d) Net earnings/loss		**2,053,061.46**	**160,755,551.46**	3,037
Total liabilities and equity			**912,490,064.74**	**969,928**
1 Contingent liabilities				
a) Contingent liabilities from the endorsement of bills rediscounted		-.--		
b) Contingent liabilities from guarantees and indemnity agreements		18,349,127.79		22,730
c) Contingent liabilities from sureties pledged as collateral security on behalf of third parties		-.--	**18,349,127.79**	-
2 Other commitments				-
a) Liabilities from non-genuine repurchase agreements		-.--		-
b) Placement and underwriting commitments		-.--		-
c) Irrevocable lines of credit granted		109,882,386.41	**109,882,386.41**	9,967

Profit and Loss Account of Ziraat Bank International AG, Frankfurt am Main for the Period From January 1, 2013 to December 31, 2013

EXPENSES	EUR	EUR	EUR	2012 K EUR
1. Interest expense			14,470,616.94	13,552
2. Commission expense			401,058.85	350
3. Net expenses for the trading portfolio			-	-
4. General and administrative expenses				
a) Personnel expenses				
aa) Wages and salaries	8,506,218.57			7,523
ab) Social security contributions, pensions and welfare expenses thereof: For pensions EUR 233,172.07 (prev. Y. TEUR 227)	1,338,982.72	9,845,201.29		1,314
b) Other administrative expenses		4,796,189.00	14,641,390.29	4,385
5. Amortisation, depreciation and write-downs of intangible and tangible fixed assets			429,991.75	406
6. Other operating expenses			123,836.81	74
7. Write-offs and provisions on receivables and certain securities and write-ups on accruals relating to the credit business			1,724,799.76	1,480
8. Write-offs and provisions on investments, shares in affiliated companies and securities treated as non-current assets			-	-
9. Expenses from losses assumed			-	-
10. Transfers to untaxed reserves (no longer applicable)			-	-
11. Extraordinary expense			-	-
12. Taxes on income			689,026.49	1,639
13. Other taxes not covered by caption 6			1,526.00	1
14. Profits transferred as a result of profit pooling, profit transfer or partial profit transfer agreements			-	-
15. Net profit for the year			2,053,061.46	3,037
Total expenses			**34,535,308.35**	**33,761**

Profit and Loss Account of Ziraat Bank International AG, Frankfurt am Main for the Period From January 1, 2013 to December 31, 2013

INCOME	EUR	EUR	2012 K EUR
1. Interest income from			
a) Loans and money market transactions	24,274,465.68		20,288
b) Fixed-interest securities and debenture bonds	1,456,181.96	25,730,647.64	2,302
2. Current income from:			
a) Shares and other variable-yield securities			
b) Participating interests	-		-
c) Shares in affiliated undertakings	-	-	24
3. Income from profit pooling, profit transfer and partial profit transfer agreements	-	0.00	-
4. Commission income		6,566,631.93	7,563
5. Net income for the trading portfolio		-	-
6. Income from write-ups on receivables and certain securities and dissolutions of provisions relating to the credit business		958,098.38	2,120
7. Income from write-ups on investments, shares in affiliated companies and securities treated as non-current assets		-	100
8. Other operating income		1,279,930.40	1,364
9. Income from dissolutions of untaxed reserves (no longer applicable)		-	-
10. Extraordinary income		-	-
11. Income from losses transferred		-	-
12. Net loss for the year		-	-
Total income		**34,535,308.35**	**33,761**

Notes to the Financial Statements for Fiscal Year 2013

1. ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation methods applied to the items of the balance sheet and income statement comply with Secs. 242 et seq. and 340 et seq. HGB ("Handelsgesetzbuch" German Commercial Code), the RechKredV ("Verordnung über die Rechnungslegung von Kreditinstitutionen" German Bank Accounting Directive) and the German Stock Corporation Act ("Aktiengesetz": AktG).

The subscribed capital amounts to EUR 130,000,000 and consists of 1,300,000 registered shares with a nominal value of EUR 100.

According to the balance sheet approach the bank has differences in results between the commercial and tax balance sheet amounting to EUR 436 k of deferred tax assets identified.

The calculation of the taxes was carried out with 15% corporate tax, 5.50% solidarity surcharge, and trade tax with the average trade tax rates of assessment of the competent local authorities. The added value results mainly from the educated care under § 340f HGB and the increase in risk provisions for loans to customers. The Bank did not use the activation of the election law. It remains undone in the balance sheet.

The **receivables and liabilities in foreign currency** contained in the individual items were converted (including accrued interest) at the exchange rates set by the European Central Bank at balance sheet date.

Expenses from currency conversion are in the profit and loss account under the item "Other operating expenses". Currency transactions that have been concluded as hedges are evaluated on basis of the cash price with swap accrual. Only from these transactions resulting gains (Sec. 256a HGB) are shown in the profit and loss account under the item "Other operating income".

Liquid assets are stated at nominal value.

Receivables are disclosed with the nominal value, reduced by individual- and general provisions. Bills receivable, other receivables accepted and receivables purchased à forfait are discounted at the rate paid.

Appropriate specific allowances for bad debts have been set up for all recognizable risks in the **lending business**. A general overall valuation adjustment for all potential risks in the lending business was set up in the amount of EUR 3,081 k (previous year EUR 1,611 k). This provision is based on internal criteria. The country risk provision contained therein was increased to EUR 1,221 k (previous year EUR 401 k).

The **bonds and debentures,** which are assigned liquidity reserve, were evaluated at acquisition costs respectively at continued book values or at the lower market values according to the strict minimum value principle. There have no Securities been deposited with Deutsche Bundesbank at the end of the year.

In the investment book is one of the credit linked notes issued by DZ Bank in the amount of nominal EUR 10,000 k. Securities of the capital assets are attached to the end of the year with the purchase costs less time proportionate depreciation on the repayment amount or with purchase costs below the nominal value plus time proportional writings up on the repayment amount, as far as a durable depreciation is not to be expected. The hidden reserves of the credit linked note amounts to EUR 75 k as of December 31, 2013.

Investments and shares in affiliated companies are accounted for in accordance with the applicable rules for fixed assets at cost. Arising from currency translation of foreign currencies resulting increase or depreciation are not reported profit and loss account.

Tangible and intangible assets were carried on at purchase cost on the basis of useful life expectancy recognized by tax law less a pro rata depreciation. The depreciations are deducted linear during the expected useful life. Inferior assets up to EUR 400 net were complete deducted in the year of purchase;

The Bank has the option to write off low value fixed assets of more than EUR 150 to EUR 400 immediately in the year of purchase applied as of 2014.

The evaluation of the **other assets** was also carried out in accordance with the strict principle of the lower of cost or market.

Liabilities were assessed at the amounts repayable and appropriate accruals were made for all contingent liabilities known as of the balance sheet date.

Interest was accrued on receivables, bonds, debentures and liabilities and allocated to the respective balance sheet item.

Other expenses and income are recorded on an accrual basis.

Provisions are made in accordance with reasonable commercial assessment.

The bank uses a profit and loss- oriented approach to determine if a provision for contingent loss according to § 340a i.V.m § 249 para. 1 clause 1 altern. 2 German Commercial Code has to be formed. Valuation subject is the banking book that includes all balance-sheet and off balance-sheet interest-related financial instruments not booked in the trading portfolio (including securities of the liquidity reserve and securities of the investment portfolio). The accrual of the banking book's interest-related financial instruments is done on the basis of the bank's portfolio structure that is also the basis of the bank's internal management.

The periodic profit contributions from closed interest positions, from open interest positions as well as fictitious closing trades are finally netted per maturity range. The periodic (net-) profit contributions have been discounted as per balance sheet date. The discounted total amount is reduced with the future administration- and provision of risk expenses relating to the respective transactions. (The interest rate used for the discounting of the periodic profit contributions is also used for the calculation of administration- as well as provision of risk expenses.)

The Bank is in the consolidated financial statements of T.C. Ziraat Bankası A.Ş., Ankara included. The consolidated financial statements include all subsidiaries and associated companies (Largest and smallest parameter). The financial statement is stored on the website of the T.C. Ziraat Bankası A.Ş., Ankara (www.ziraat.com.tr) and the website of the Turkish Banking Association (www.tbb.org.tr) and the public information platform (www.kap.gov.tr).

2. EXPLANATIONS TO THE BALANCE SHEET AND INCOME STATEMENT

2.1 Maturity Breakdown

2.1.1 Loans and advances to banks with remaining period*

	2013	2012
	EUR k	**EUR k**
up to three months	2,000	69,000
more than three months up to one year	71,623	64,500
between one and five years	12,916	3,150
more than five years	0	0

* proportional interest has not been allocated in accordance with the simplification rule of Sec. 11 Sentence 3 RechKred.V.

2.1.2 Loans and advances to customers with remaining period*

	2013	2012
	EUR k	**EUR k**
up to three months	93,549	21,973
more than three months up to one year	55,102	208,388
between one and five years	516,035	138,207
more than five years	24,686	192,311
with indefinite term	5,367	3,670

* proportional interest has not been allocated in accordance with the simplification rule of Sec. 11 Sentence 3 RechKred.V.

2.1.3 Bonds and debentures in the nominal amount of EUR 1,000 k and accordingly booking value of EUR 912.5 k will mature in 2014.

2.1.4 Liabilities to banks with remaining period* of

	2013	2012
	EUR k	EUR k
up to three months	0	0
more than three months up to one year	0	0
between one and five years	257,614	97,795
more than five years	18,229	191,881

* proportional interest has not been allocated in accordance with the simplification rule of Sec. 11 Sentence 3 RechKred.V.

2.1.5 Saving deposits with an agreed period of notice with remaining period* of

	2013	2012
	EUR k	EUR k
up to three months	3,243	2,148
more than three months up to one year	0	0
between one and five years	177	239
more than five years	76	70

* proportional interest has not been allocated in accordance with the simplification rule of Sec. 11 Sentence 3 RechKred.V.

2.1.6 Other Liabilities to customers with remaining period* of

	2013	2012
	EUR k	EUR k
up to three months	58,964	41,846
more than three months up to one year	64,540	84,447
between one and five years	111,493	20,330
more than five years	0	0

* proportional interest has not been allocated in accordance with the simplification rule of Sec. 11 Sentence 3 RechKred.V.

2.2 Balance Sheet Items in Foreign Currency

Assets and liabilities in foreign currency amount to totally EUR 492,560 k. Therein contained are EUR 257,187 k receivables, EUR 8,528 k investments and shares in affiliated companies/shareholdings, EUR 223,299 k liabilities and EUR 3,546 k contingent liabilities.

2.3 Affiliated Companies

	2013	2012
	EUR k	EUR k
Loans and advances to banks	3,335	68,258
Loans and advances to customers	0	5,000
Liabilities to banks	282,887	429,283
Liabilities to customers	0	0
Contingent Liabilities to affiliated companies	421	439

* proportional interest has not been allocated in accordance with the simplification rule of Sec. 11 Sentence 3 RechKred.V.

2.4 Securities Negotiable on the Stock Exchange

The loans and debentures shown in the financial statements of EUR 29,959 k are negotiable and listed on a stock exchange.

2.5 Analysis of Fixed Assets

Composition:

	As of Jan. 1, 2013	Purchase Cost Additions	Purchase Cost Disposals	Amortization Depreciation Total	Amortization Depreciation Fiscal-Year	Net Book Value As of Dec. 31, 13	Net Book Value As of Dec. 31, 12
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Property, plant and equipment	7,558	134	0	6,753	332	939	1,141
Intangible assets	2,347	394	0	2,337	84	404	360
Shares in affiliated companies	8,181	0	0	0	0	8,181	8,181
Investments	349	0	0	0	0	349	349
Securities	10,000	100	0	0	0	10,000	10,000
Total	**28,435**	**528**	**0**	**9,090**	**432**	**19,873**	**20,031**

2.6 Other Individual Items

Other assets		**EUR k**
Receivables from the tax office		1,016
VAT 2013	EUR 300 k	
VAT 2012	EUR 445 k	
Trade tax 2013	EUR 271 k	
Accruals on swap forward exchange transactions		4,745
Debt collection checks-send		93
Swap collateral		1,600
Credits for operating expense accounting		27
Other		39

Other liabilities		**EUR k**
Liabilities to the tax office		214
Wages- and church tax	EUR 127 k	
Tax payable on directors‘ remuneration	EUR 5 k	
VAT payable on directors‘ remuneration	EUR 55 k	
Withholding tax	EUR 25 k	
Solidarity surcharge of interest income tax	EUR 2 k	
Social insurance		5
Checks for collection		136
Debt collection checks-total		93
Foreign exchange valuation		75
Other		3

2.7.1 Contingent Liabilities

Contingent liabilities		**EUR k**
Guarantees		18,176
Documentary credit confirmed and opened		173

Contingent Liabilities to affiliated companies		**EUR k**
Guarantees		421
Turkish Ziraat Bank Bosnia dd	EUR 421 k	

The item “contingent liabilities” includes a credit linked note in the amount of EUR 10,000 k.

The Bank is due to the past experience of a very low (below 5%) availment.

2.7.2 Unconditional Loan commitments

The volume of Unconditional loan commitments amounts as of 31.12.2013 to EUR 109,882. The Bank assumes a usage of 25%.

2.8 Securities Assigned

As of December 31, 2013 EUR 299,339 k of the liabilities to customers were assets assigned as collateral. The total amount of the assets assigned as security for contingent liabilities amounted to EUR 1,318 k.

2.9 Income Statement

The total amount of the revenues shown in § 34 para. 2 no. 1 RechKredV relate to Germany with EUR 11,380 k (EUR 5,893 k commission income / EUR 3,249 k interest income / EUR 2,238 k other income), to other EU-countries with EUR 1,245 k (EUR 1,245 k interest income) and with EUR 21,910 k (EUR 21,236 k interest income / EUR 674 k commission income) to other countries.

Income taxes for the fiscal year 2013 amount to EUR 689 k. This figure comprises income taxes for the current year.

The other operating income in the amount of EUR 1,280 k is related mainly to receivables from the VAT in the amount of EUR 502 k (2013 EUR 300 k, 2012 EUR 202 k).

Income from foreign exchange transactions, which were completed on special cover, we received EUR 111 k, and Gains on foreign exchange with customer in Turkish lira we earned EUR 485 k. The reimbursement of incidental expenses of the rented premises from previous years amounted to T EUR 33 and from the dissolving of accruals we realized EUR 53 k.

The other operating expenses in the amount of EUR 124 k amongst others include expenditures and side cost of previous years.

3 OTHER SPECIFICATIONS

3.1 Other financial obligations

Long-term obligations (EUR 5,464 k) resulting mainly from rental and lease agreements for business premises for the head office and ten branches.

3.2 Open forward transactions

USD-forward exchange contracts with a volume of EUR 36,514 k (nominal USD 50,357 k) and TRY-forward exchange contracts with a volume of EUR 57,085 k (nominal TRY 169,000 k) that were pending as of balance sheet day relate to hedging transaction for covering currency risks from receivables in USD and TRY.

3.3 Equity investments and shares in affiliated companies

The participation in the capital of Azerbaycan Türkiye Birge Sehimdar Kommersiya Bank, Baku, Azerbaijan is 4% still. The participation amount of USD 100 k and AZN 312,296.88 is equivalent to the acquisition cost in the amount of EUR 347,603.07.

The participation share in affiliated companies, Turkish Ziraat Bank Bosnia dd, Sarajevo, amounted to BAM (International currency code of Bosnia-Herzegovina) 19,200,000.- in the fiscal year 2013. The participation amount represents 32% of the capital stock and equivalent to a booking value of EUR 8,180,670.10. The net profit of Turkish Ziraat Bank Bosnia dd, Sarajevo for 2012 amounted to BAM 665,000 (EUR 340 k). The capital of the company amounts to BAM 60,000,000.- (EUR 30,678 k) in 2013.

3.4 Profits and Proposal for the Distribution of Profits

In accordance with the resolution passed by the shareholders' meeting of June 3, 2013 EUR 3,036,630.03 have been allocated to the retained earnings.

The ordinary share capital of the Bank was increased by resolution of the shareholders' meeting on 03.06.2013 through a capital increase from company funds of EUR 108,000,000.00 to EUR 22,000,000.00 to EUR 130,000,000.00. The capital was increased by the conversion of EUR 19,800,000.00 from the capital reserve of a total of EUR 32,811,028.50 and an amount of EUR 2,200,000.00 from the retained earnings of a total of EUR 14,854,831.47.

We propose to the shareholders' meeting to carry the profit of 2013 EUR 2,053,061.46 to the retained earnings.

3.5 Remuneration of Board Members

The total remuneration of Board Members in 2013 was as follows:

The total remuneration of the Board Members	**EUR**
Board of Managing Directors	431,580.39
Supervisory Board	87,461.46

The credits to executives and staff amounted as of 31.12.2013 to EUR 45,641.23 to the Board of Managing Directors.

3.6 Number of Employees

In 2013 137 staff members have been employed on an annual average (including the ten branches). They are divided as follows as of the end of the year:

Proxy holders	**5**
Authorized signatories	**80**
Other employees	**56**

3.7 Total remuneration of the Auditor in 2013

a) Auditing benefits	
- Year end auditing	EUR 120,000.00
b) Other confirmation benefits	EUR 1,092.00
c) Tax-Office benefits	
d) Other benefits	

3.8 Shareholders and Executive Bodies of the Bank

3.8.1 Shareholders

Name of the shareholder:	Türkiye Cumhuriyeti Ziraat Bankası A.Ş., Ankara, Turkey
Share of capital:	100.00%

3.8.2 Supervisory Board

Muharrem Karslı Chairman (until 16.01.2014)	Chairman of the Board of T.C. Ziraat Bankası A.Ş., Ankara, Turkey resident in: İstanbul / Turkey
Osman Arslan Member Chairman (as of 16.01.2014)	Assistant General Manager - International Banking & Subsidiaries of T.C. Ziraat Bankası A.Ş., Ankara / Turkey resident in: Ankara / Turkey
Feyzi Çutur Vice Chairman (until 16.01.2014)	Member of the Board of T.C. Ziraat Bankası A.Ş., Ankara, Turkey resident in: Istanbul / Turkey
Ömer M. Baktır Member Vice Chairman (as of 16.01.2014)	Assistant General Manager - Marketing of T.C. Ziraat Bankası A.Ş., Ankara / Turkey resident in: Istanbul / Turkey
M. Cengiz Göğebakan Member (until 16.01.2014)	Assistant General Manager of T.C. Ziraat Bankası A.Ş., Ankara, Turkey resident in: Ankara / Turkey
Bilgehan Kuru Member (as of 03.06.2013 until 16.01.2014)	Assistant General Manager of T.C. Ziraat Bankası A.Ş., Ankara, Turkey resident in: Istanbul / Turkey
Can Örüng Member (as of 16.01.2014)	Head of Subsidiaries & Foreign Units Coordination of T.C. Ziraat Bankası A.Ş., Ankara, Turkey resident in: Istanbul / Turkey
Süleyman Türetken Member (as of 16.01.2014)	Head of Corporate Marketing of T.C. Ziraat Bankası A.Ş., Ankara, Turkey resident in: Istanbul / Turkey
Mehmet Turgut Member (as of 16.01.2014)	Head of Credit Processes of T.C. Ziraat Bankası A.Ş., Ankara, Turkey resident in: Ankara / Turkey
Yavuz Yeter Member (as of 16.01.2014)	Head of Financial Institutions & International Banking of T.C. Ziraat Bankası A.Ş., Ankara, Turkey resident in: Istanbul / Turkey

3.8.3 Board of Managing Directors

Ayten Türkmen, Banker, Frankfurt am Main (as of 06.05.2013 as Chairman)

İsmail Eroğlu, Banker, Karben

Ali Kıvanç Ünal, Banker, Frankfurt am Main

Frankfurt am Main, April 28, 2014

Ziraat Bank International AG

The Board of Managing Directors

İSMAİL EROĞLU
Member of the Management Board

AYTEN TÜRKMEN
Chairman of the Managing Board & CEO

ALİ KIVANÇ ÜNAL
Member of the Management Board

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Ziraat Bank International Aktiengesellschaft, Frankfurt am Main, for the business year from January 1 to December 31, 2013. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB [Handelsgesetzbuch - German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, Germany, April 28, 2014

PricewaterhouseCoopers

Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Eva Handrick	ppa. Dieter Stenke
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

The translated auditor's report is not signed since the German text is authoritative.

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