



Şekerbank T.A.Ş.

First Quarter of 2010 Interim Report

FIRST QUARTER OF 2010 ŞEKERBANK INTERIM REPORT

GENERAL INFORMATION

Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

Şekerbank T.A.Ş. ('the Bank') was founded in 1953 as a Turkish bank with 14 partners in Eskişehir and started its operations under Pancar Kooperatifleri Bankası A.Ş. in Eskişehir and changed its name to Şekerbank T.A.Ş by moving headquarters to Ankara in 1956. 15 % of the Bank shares were offered to public in 1996 and currently 31.96 % of the Bank shares are publicly offered. Bank's one of the main shareholders, Şekerbank T.A.Ş. Voluntary Pension Fund, gives its members additional social rights and retirement guarantees in the social security system. The Bank has subsidiaries and affiliates in the sectors of sugar, trade, finance, feed industry and mining.

Business line of the Bank covers extending all kinds of cash and non-cash loans in Turkish Lira and foreign currency and carrying out capital market transactions, accepting deposits in TRY and FC and providing other banking services.

Shareholder Structure

Name of Shareholders	Amounts of Share	Share (%)	Paid in Capital
Şekerbank T.A.Ş. Voluntary Pension Fund	169,894	33.98	169,894
BTA Securities JSC	169,894	33.98	169,894
Public offerings	159,795	31.96	159,795
Others	417	0.08	417
Total	<u>500,000</u>	<u>100.00</u>	<u>500,000</u>

INTRODUCTION

Şekerbank reached TRY 30.502 thousand net profit in the first quarter of 2010. The deposit size of the Bank grew by 12,38 % YoY, reaching TRY 6.446 million.

The asset size grew by 10,52 % YoY, reaching TRY 9.344 million. The equity size of the Bank over the same period grew by 24,35 %, exceeding TRY 1.275 million, while the credit portfolio grew by 18,26 %, reaching TRY 5.871 million.

The share of the deposits used as the main funding resource of Şekerbank in the liability side reaches 68,99 % of the total liabilities and net worth, while 91,08 % of the deposits has been used as financing source.

Message from the Chairman

Esteemed Shareholders,

In a period in which the world economies are slowly beginning to recover, while the sudden fluctuations experienced at the markets are filling the agenda, our Sector and the Bank are announcing the financial statements data for the first 3 months of 2010. Being stick to our cautious policy despite of the positive mood arising globally at present time, we look at the indefinite future with more confidence when compared to the international markets.

In the unconsolidated financial statements of Sekerbank for the first three months, its size of assets increased to TRY 9,3 billion and thus the annual growth of 11 % was realized.

Looking at our assets' items, being the Bank for servicing small enterprises, farmers, SMEs and in parallel with our objective to become the locomotive of the growth based on export and production, we had continued provided our support to the economy. Within this frame, in our first quarter financial statements, the share of loans in the assets reached 63% and the loans, 91% of which were financed through by deposits, being our main funding source, were brought into the economy.

Like in any other period, growth of our net worth recorded the unconsolidated financial statements dated 31.03.2010 definitely attracts attention. The net worth reached TRY 1,3 billion, having been increased by 24 % in comparison with the same period of the previous year. On the other hand, the total net worth of the Bank would be increased after finalization of the Bank's paid-up capital of increase from TRY 500 million to TRY 750 million. The capital adequacy ratio of the Bank has also shown an increase in the first quarter when compared to the same period of the previous year and was realized at the level of 15,76 %.

In line with our 'Anatolian Banking' strategy, we determined the locations for our 4 branches, opening procedures of which we had started in the first 3 months of the year, as locations in Anatolia where very few bank branches are present. Along with these 4 branches, while we are in the process of getting permission for 5 new branches to be opened, for our country growing Sekerbank will continue to support production increase by providing banking services to more people and will continue growing together with its employees and all social stakeholders.

Respectfully,

Dr. Hasan Basri Gökten
Chairman of Board of Directors

Message from the General Manager

Esteemed Stakeholders,

In accordance with the unconsolidated financial statement of our Bank for the first 3 months, our net profit was realized as TRY 31 million. This profit of the Bank was obtained from the actual banking activities which gradually increased in volume. As a matter of fact, the share of our securities portfolio in the total assets is proceeding at around 25% and we are intending to decrease gradually this rate towards 20%. On the other hand, we increased the provision reserve coverage rate in our financial statement to 74% by maintaining our sustainable profitability principle and preferring a little more conservative structure for the risky assets in particular.

In the first three months of the year, our loans reached TRY 5,9 billion TL, having annualized 18% and 8% year-to-date growth.

The performance we have shown in the first quarter is a reflection of the success we have achieved in the basic banking activities by concentrating on the target segments we have specified. Within the understanding to provide long term banking services for our customers, we did not downsize in credits despite the varying market conditions and we continued to provide the support for the Craftsmen, Farmers and SMEs under all circumstances and this strategy will be continued within this year as well. Being SME and enterprise bank, 60% of our total loans in this period was constituted by loans to that area and we provided a credit growth of TRY 3,7 billion in the commercial finance. Especially in Anatolia, we financed TRY 1 billion to small enterprises and achieved a growth of 5% percent in this area since the beginning of the year.

As a bank, which funding structure is mostly based on deposits, we pay special attention to loan/deposits ratio, which realized as 91% in our financial statement for the first quarter. When the total deposits are considered, it has increased to approximately TRY 6,4 billion TL and the growth was realized at the level of 12%.

As a whole, when we look at the first 3 months data, we over performed our budget targets. We are expecting the effect of our balance sheet growth to impact more on the profitability in the next period and estimating a sustainable profitability for both our Bank and the Sector.

Best regards,

Meriç Uluşahin
General Manager

Şekerbank by Numbers

Financial Highlights (TRY thousand)	31.03.2010	31.12.2009	31.03.2009
Total Assets	9.343.572	8.954.704	8.454.304
Total Loans (Net)	5.871.480	5.416.162	4.964.969
Securities	2.400.154	2.526.338	2.436.608
Shareholder's Equity	1.274.748	1.249.390	1.025.161
Total Deposits	6.446.309	6.639.981	5.735.929
Profit Before Taxation	38.811	198.557	57.072
Net Profit	30.502	152.488	44.253

Financial Ratios	31.03.2010	31.12.2009	31.03.2009
Capital Adequacy Ratio	15,76%	16,30%	14,57%
Net Profit / Total Assets*	1,31%	1,70%	2,09%
Net Profit / Shareholder's Equity*	9,57%	12,20%	17,27%
Securities / Total Assets	25,69%	28,21%	28,82%
Total Loans / Total Assets	62,84%	60,48%	58,73%
Total Deposits / Total Assets	68,99%	74,15%	67,85%

* Annualized

Chairman and the Members of Board of Directors, Statutory Auditors, General Manager as of 31.03.2010

Name & Surname	Title and Responsibilities
Dr. Hasan Basri Göktan (*)	<i>Executive Chairman of the Board of Directors,</i>
Yerkin Tatishev	<i>Vice Chairman of the Board of Directors</i>
Arman Dunayev	<i>Member of the Board of Directors, Member of the Audit Committee</i>
Emin Erdem	<i>Member of the Board of Directors, Member the of Credit Committee</i>
Tatiana Alekseevna Filippova	<i>Executive Member of the Board of Directors, Member of the Credit Committee, Member of the Corporate Governance Committee</i>
Erdal Batmaz	<i>Executive Member of the Board of Directors, Substitute Member of the Credit Committee, Co-ordinating the Subsidiaries</i>
Halil Can Yeşilada	<i>Member of the Board of Directors, Chairman of the Audit Committee, Member of the Corporate Governance Committee</i>
Anvar Saidenov	<i>Member of the Board of Directors, Substitute Member of the Credit Committee</i>
Khosrow Kashani Zamani (*)	<i>Independent Member of the Board of Directors, Chairman of the Corporate Governance Committee</i>
Meriç Uluşahin	<i>Member of the Board of Directors, General Manager</i>
M. Cahit Başer	<i>Statutory Auditor</i>
Mehmet Unal	<i>Statutory Auditor</i>
Kamil Özdemir	<i>Statutory Auditor</i>

(*) Chairman of the Board of Directors Dr. Hasan Basri Göktan holds shares (0.025%) with a nominal value of TRY 125 Thousand, Khosrow Kashani Zamani, member of the Board of Directors, holds shares (0.022%) with a nominal value of TRY 111 Thousand acquired at the public offering.

Executive Vice Presidents as of 31.03.2010

Name & Surname	Title and Responsibilities
Abdullah Yücel Akbulut	<i>Administrative Follow up Executive Vice President</i>
Çetin Aydın	<i>Financial Control and Operations Executive Vice President</i>
Zafer Ersan	<i>Audit Executive Vice President</i>
Murat Ishmuhamedov	<i>Risk Management Executive Vice President</i>
Ramazan Karademir	<i>Credit Management Executive Vice President</i>
Orhan Karakaş	<i>Commercial Banking Executive Vice President</i>
Salih Zeki Önder	<i>Financial Institutions Executive Vice President</i>
Abdurrahman Özciğer	<i>Retail Banking Executive Vice President</i>
Hüseyin Serdar	<i>Support Services Executive Vice President</i>
Tanol Türkoğlu	<i>IT Executive Vice President</i>
Halit Haydar Yıldız	<i>Small Enterprises Executive Vice President</i>

(*) As of April 14, 2010 Nejat Bilginer has appointed as Executive Vice President to Human Resources.

Summary on the Bank's Services and Fields of Activity

The Bank's fields of activities cover extension of all kinds of cash and non-cash loans in Turkish Lira and foreign currencies, carrying out capital market transactions, accepting deposits in TRY and FC and providing other banking services. As of 31 March 2010, the Bank provides service with 3,669 staff, 256 branches in the country and 1 representative office abroad.

Significant Developments

Şekerbank mandated UniCredit Bank AG, London Branch for an SME receivables-backed securitization programme. The programme is targeting a 5-year maturity funding through bond issuance with an initial amount of EUR 100 million.

It has been resolved that resigning requests of Murat YULDASHEV, Khalil KAMALOV and Erdal ARSLAN among members of the Board of Directors shall be accepted and Arman DUNAYEV and Anvar SAIDENOV shall be appointed as the new members of Board of Directors according to the resolution no 18 dated 01.02.2010 of the Board of Directors which will be submitted for the approval of the nearest General Assembly.

ISS Corporate Services, Inc. (ISS) which has been certified by the Capital Market Board of Turkey to perform Corporate Governance Rating assessment, upgraded Şekerbank's rating from 81.36 as of 27.02.2009 to 86.64 as of February 08, 2010. The breakdown of Şekerbank's rating score is shown below.

Categories	Weight	Score	Assigned Score
Shareholders	0.25	85.08	8.5
Public Disclosure and Transparency	0.35	88.95	9.0
Stakeholders	0.15	97.89	10.0
Board of Directors	0.25	78.21	8.0
Total	1.00	86.64	8.5

The decisions have been taken to increase registry capital ceiling for TL 250.000.000,00 and profit distribution in the General Assembly held on 20.04.2010. General Management has been authorized to fulfill required permissions and all other preparations in order to meet capital increase of TL 250.000.000,00 as follows; TL 162.209.821,82 from extra ordinary reserves, TL 59.300.028,24 other

capital reserves, TL 11.220.334,12 subsidiaries sale profit, TL 5.269.815,82 share premium, and TL 12.000.000,00 from the profit of 2009 which has been approved in 2009 General Assembly and distribute TL 13.000.000,00 cash dividend.

TÜDAŞ Ödeme Sistemleri ve Danışmanlık A.Ş. has applied to take over 87,79 % shares of the Desmer A.Ş with a nominal value of TRY 3.511.783.-. The Board of Directors authorized General Management to sell DESMER A.Ş. to TÜDAŞ. The deal has been finalized with the total amount of TRY 7.434.777,71 as of March 10, 2010. The total profit of TRY 3.148.695, 95 has been booked to the Bank's accounts.

As per the resolution of the Board of Directors dated March 24, 2010 no 81, in accordance with the Charter of the Bank and the provisions of the Turkish Commercial Law it has been decided to propose to the General Assembly distribution of the 2009 year profit that constitutes the basis for distribution of the profit according to the independent audited financial statements of the Bank for the year 2009, in the amount of TRY 143.630.606,56 as follows:

- TRY 7.181.530,33 that corresponds to 5% of the profit to be transferred to the Legal Reserves Account,
- TRY 25.000.000,00 which corresponds to 5% of the paid-in capital to be distributed to the shareholders, in the form of TRY 13.000.000,00 cash and TRY 12.000.000,00 share certificates, and TRY 2.244.800,00 to the Board Members as dividends,
- TRY 224.480,00 to be transferred to the Second Legal Reserves,
- The balance of TRY 117.932.584,23 to be transferred to the Extraordinary Contingency Reserves.

Aid and Donations

The aid and donations given in the first quarter of 2010 is TRY 177.240,62.

Financial Standing, Profitability, and Solvency

The Bank's unconsolidated capital adequacy ratio in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 15,76 % (December 31, 2009 – 16,30%).

Şekerbank posted TRY 30.502 Thousand net profit in the 3 months of 2010, whereas its total assets grew by 4,34 % in comparison with December 31, 2009, reaching TRY 9.344 Million. Loans reached 62,84 % of the total assets as of March 31, 2010.

As of March 31, 2010 securities portfolio has decreased by 4,99 % since the year end and realized as TRY 2.400 Million.

The share of deposits of the Bank has reached 68,99 % of the total liabilities and net worth. Bank's total equity is TRY 1.275 Million as of March 31, 2010.

The Bank posted TRY 146 Million as net interest income and TRY 26 Million as net fee and commission income.

The Bank's branch network of 256 branches as well as widespread presence within the country, broad customer and deposit base has positive impact on the loans repayment.

Outlook for the future

In accordance with the vision of Şekerbank, “Becoming leader bank in financing the small and micro enterprises”, Şekerbank offers products and services which highlights financing of SME’s and Farmers.

Şekerbank provides banking services not only in major cities, but also in small cities and towns in Anatolia. Acting in line with its “Anatolian Banking” mission within 57 years, the Bank provides customized solutions for regions with its 256 branches in 70 cities and 184 towns throughout Turkey with its locally behaved staff. In 2010 Şekerbank targets 30% growth in Retail Banking, 52% in SME’s and Farmers Banking and 17% growth in the Corporate Commercial Banking.

Şekerbank continues to introduce banking services to regions which do not have banking service. In the first quarter of 2010 the Bank started opening procedures for 4 branches.

Şekerbank’s growth target in 2010 for the main balance sheet items are as follows:

- Assets %18,
- Loans %25,
- Deposits %12.