



Şekerbank T.A.Ş.

Third Quarter of 2010

Interim Report

THIRD QUARTER OF 2010 ŞEKERBANK INTERIM REPORT

GENERAL INFORMATION

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

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 1997 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 finance, information technology and tourism.

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	254,840	33.98	254,840
BTA Securities JSC*	254,840	33.98	254,840
Public offerings	239,693	31.96	239,693
Others	627	0.08	627
Total	<u>750,000</u>	<u>100.00</u>	<u>750,000</u>

* BTA Securities JSC has signed a trust management agreement on Şekerbank's shares with "Samruk-Kazyna", the National Welfare Fund of Kazakhstan. The closing of title is continuing under the agreement.

INTRODUCTION

Şekerbank reached TRY 103.952 thousand net profit as of end of the third quarter of 2010. The deposit size of the Bank grew by 11,87 % YoY, reaching TRY 6.909 million.

The asset size grew by 25,37 % YoY, reaching TRY 10.656 million. The equity size of the Bank over the same period grew by 9,52 %, exceeding TRY 1.343 million, while the credit portfolio grew by 39,88 %, reaching TRY 6.957 million.

The share of the deposits used as the main funding resource of Şekerbank in the liability side reaches 64,84 % of the total liabilities and net worth, while financing the loans with deposits.

Message from the Chairman

Esteemed Shareholders,

Thanks to its robust balance sheet structure, balanced risk distribution, strong equities, and risk management, the Turkish banking system stands out as the most self-confident sector in the future decade.

Considering the ratio of the credits to the Gross National Product, the ratio in our country is 1/4 of the EU average and rather low. We see that the need of the SMEs credit increased and that demand for it will be rapidly growing further. Considering the ratio of total credit to GNP in Turkish market especially compared with the EU countries we may say that it will develop very rapidly and that the said development will be seen in every segment.

As the interest rates fall and competition rises, the margins shrink. However, the credit volume of the banks will increase faster compared with the GNP growth. If we select the EU average credit volume as the measurement criterion, in order to reach/exceed it, our credits will increase 4-fold more in the long run (compared with GDP). The transaction volume created by the increasing credits will be able to compensate the decreasing margins. An increase will be seen especially in the long-term investment credits and the mortgage-type credits. Accordingly, the banking sector will continue to make its current liquidity available to the real sector as resource. It is possible to foresee that the companies focused on sustainable growth instead of the aggressive attitude and prioritizing the liquidity management will have no difficulty in accessing the appropriate resources.

As Şekerbank, we have adopted the strategy of controlled and sound growth and specializing on certain fields while growing. Similar to the previous years, our bank continued performing well this year in the segments of entrepreneurs, small businesses, SMEs, and agriculture. Based on 58-year experience in SME banking and strength of accumulated experience in this field, we target to increase the share of SME credits in the total cash credits to more than 40%, because we think that the SMEs have key importance in production, employment, and increasing the economic vitality.

Another segment with a gradually increasing share in the Turkish Banking sector is agriculture. We are the bank that knows the farmer very well, knows his needs and working conditions, and develops new products, applications in line with these needs. Agricultural banking is not a new opening for Şekerbank but it is the reason of establishment. We, as the bank, reserve approximately three-fold of the average share the private banks, excluding the public banks, reserve for agriculture in their own credit portfolio to this segment.

The energy efficiency is another field to which we give priority strategically together with agriculture, and which stands out in the sector as well. With our product EKO kredi, we were the first in the sector launching the product in regard to the energy saving/efficiency investments and introduced energy saving concept to more than 12,000 people up to now. With EKO kredi, we target to protect both the energy sources of Turkey and the budgets of families and businesses.

We are implementing our 'Community Banking' mission in our own internal structuring, human resources applications as well as our products and services. In this regard this year we have launched 4 new branches in off-center regions like Iğın, Ortaca, Esenyurt, and Mustafakemalpaşa. By the yearend, we will launch similar 6 branches more, and we will to increase our prevalence across

Anatolia in the year 2012 increasing branch number to 300 to be opened in new places. Due to our human resources that are capable of acting locally, our equity that amounts to TRY 1.3 billion, and steady growth, we will be exceeding our targets in the coming period.

Respectfully,

Dr. Hasan Basri Gktan
Executive Chairman of Board of Directors

Message from the General Manager

Esteemed Stakeholders,

According to the nonconsolidated financial results of our bank dated 30/09/2010, our net profit has become TRY 104 million.

As of September 2010, our bank has grown by 25 % in comparison with the previous period, and our asset size reached TRY 10.7 billion. In the third quarter our credit volume reached TRY 6.9 billion due to 40% increase comparing with the same period of the previous year. We have achieved 28 % growth in credits since the previous year end.

From the beginning of this year, we have outperformed the sector in credits especially due to financing of SMEs and small businesses and our product EKOkredi made available to more than 12,000 people. In line with our 'Community Banking' mission we started this year declaring: 'We are beside the producers/manufacturers' and as of September 2010 achieved 40 % growth in credits on year-on-year basis. Besides, we routed all our deposit to credits supplying financial resources to the real sector, i.e. production.

By further increasing its performance, exceeding the budget targets by the yearend, Şekerbank will close the year 2010 with high growth figures again.

Best regards,

Meriç Uluşahin
General Manager

Şekerbank by Numbers

Financial Highlights (TRY thousand)	30.09.2010	31.12.2009	30.09.2009
Total Assets	10.656.051	8.954.704	8.499.679
Total Loans (Net)	6.957.304	5.416.162	4.973.826
Securities	2.518.136	2.526.338	2.368.004
Shareholder's Equity	1.342.963	1.249.390	1.226.204
Total Deposits	6.909.213	6.639.981	6.176.133
Profit Before Taxation	133.896	198.557	167.293
Net Profit	103.952	152.488	129.548

Financial Ratios	30.09.2010	31.12.2009	30.09.2009
Net Profit / Total Assets*	1,30%	1,70%	2,03%
Net Profit / Shareholder's Equity*	10,32%	12,20%	14,09%
Securities / Total Assets	23,63%	28,21%	27,86%
Total Loans / Total Assets	65,29%	60,48%	58,52%
Total Deposits / Total Assets	64,84%	74,15%	72,66%

* Annualized

Chairman and the Members of Board of Directors, Statutory Auditors, General Manager as of 30.09.2010

Name & Surname	Title and Responsibilities
Dr. Hasan Basri Gökten	<i>Executive Chairman of the Board of Directors</i>
Arman Dunayev	<i>Vice Chairman of the Board of Directors, Member of the Audit Committee</i>
Emin Erdem	<i>Executive 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, coordinating 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</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>
Kamil Özdemir	<i>Statutory Auditor</i>
Erdal Arslan**	<i>Statutory Auditor</i>

(*)Abay ISKANDIROV has been assigned as a Member of Board of Directors as of April 2010, he has taken oath on October 26, 2010.

(**) In November 2010 Mr. Erdal ARSLAN has been resigned from the Statutory Auditor position due to his election as an independent Board Member of Şekerbank T.A.S. by the Extraordinary Shareholders Meeting. At the same meeting also Mr. Ulf Wokurka has been elected election as an independent Board Member of Şekerbank T.A.S.

Chairman of the Board of Directors Dr. Hasan Basri Gökten holds shares (0.025%) with a nominal value of TRY 187,5 Thousand, Khosrow Kashani Zamani, member of the Board of Directors, holds shares (0.022%) with a nominal value of TRY 166,5 Thousand acquired at the public offering.

Executive Vice Presidents as of 30.09.2010

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>
Nejat Bilginer	<i>Human Resources. 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>
Cem Muratoğlu	<i>Strategy, Organization and Subsidiaries 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 General Secretary</i>
Tanol Türkoğlu	<i>IT Executive Vice President</i>
Halit Haydar Yıldız	<i>Small Enterprises Executive Vice President</i>

(*)Executive Vice President Çetin Aydın holds shares (0.04%) with a nominal value of TRY 300 Thousand acquired at the public offering.

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 30 September 2010, the Bank provides service with 3,543 staff, 260 branches in the country and 1 representative office abroad.

Significant Developments

JCR Eurasia Rating has assigned a rating of 'A+(Trk)' along with a 'Stable' outlook to Şekerbank T.A.Ş. on the Long Term National Scale, which denotes the high investment grade. JCR Eurasia has assessed the Long Term International Foreign and Local Currency ratings as 'BB', which are the same as those assigned to Turkey's sovereign rating. Other notes and details of the ratings are given in the table below:

Long Term International Foreign Currency	: BB /(Stable Outlook)
Long Term International Local Currency	: BB /(Stable Outlook)
Long Term National Local Rating	: A+ (Trk) /(Stable Outlook)
Short Term International Foreign Currency	: B /(Stable Outlook)
Short Term International Local Currency	: B /(Stable Outlook)
Short Term National Local Rating	: A -1(Trk)/(Stable Outlook)
Sponsored Support	: 2
Stand-Alone	: B

The 14th term of the labor agreement negotiations between Sekerbank T.A.S. and The Bank-Insurance Worker Union for the period 01.05.2010–30.04.2012 has been finalized with reconciliation for signing.

Increase in compensation is assessed as below:

For the first year 01.05.2010 – 30.04.2011; 8% + 25 TL,

For the second year 01.05.2011 – 30.04.2012; Inflation + 1%

As per the resolution of the Board of Directors dated October 18, 2010, It has been decided to held the Extraordinary General Assembly Meeting of the Bank on November 04, 2010, Thursday, at 11:00 a.m. at the headquarters located at Büyükdere Caddesi No: 171 Metrocity A Blok Esentepe-Mecidiyeköy/ İSTANBUL for the purpose of discussing and resolving the agenda items.

Agenda

1. Opening & Establishment of Presidential Board and to authorize the Presidential Board to sign the Minutes of Extraordinary General Assembly,
2. To authorize Board of Directors to issue bills in accordance with the article 18 of Articles of Association of Şekerbank T.A.Ş.,
3. Election of Board of Directors,
4. Requests,
5. Closing.

Aid and Donations

The aid and donations given as of end of the third quarter of 2010 is TRY 215.470,62.

Financial Standing, Profitability, and Solvency

Şekerbank posted TRY 104 Million net profit as of end of the third quarter of 2010, whereas its total assets grew by 19,00 % in comparison with December 31, 2009, reaching TRY 10.656 Million. Loans reached 65,29 % of the total assets as of September 30, 2010.

As of September 30, 2010 securities portfolio has decreased by 0,32 % since 2009 year end and realized as TRY 2.518 Million.

The share of deposits of the Bank has reached 64,84 % of the total liabilities and net worth. Bank's total equity is TRY 1.343 Million as of September 30, 2010. The Bank posted TRY 398 Million as net interest income and TRY 75 Million as net fee and commission income. The Bank's branch network of 260 branches as well as widespread presence within the country, broad customer and deposit base has positive impact on the loans repayment.