



## Şekerbank T.A.Ş.

Third Quarter of 2009 Interim Report

Şekerbank 

## THIRD QUARTER OF 2009 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>

*\* It is a 100% subsidiary of BTA Bank JSC. The Kazakh Government Welfare Fund purchased a 75.10% stake in BTA Bank JSC by investing approximately USD 2 billion of cash capital into the Bank. BTA Bank JSC is the ultimate shareholder of BTA Securities JSC, which holds a 33.98% stake in Şekerbank T.A.Ş.*

### INTRODUCTION

Şekerbank reached TRY 26,326 thousand net profit in the third quarter of 2009, while 9-month net profit reached TRY 129,548 thousand. The deposit size of the Bank grew by 10.16 % YoY, reaching TRY 6,176 million.

The asset size grew by 8.05 % YoY, reaching TRY 8,500 million. The equity size of the Bank grew by 32.21 %, exceeding TRY 1,226 million, while the credit portfolio grew by 4.52 %, reaching TRY 4,974 million. Şekerbank increased net interest income by 27.12 % on YoY basis.

The balance sheet of Şekerbank as of 30 September 2009 shows stability not only in its asset side but also in its liability side. The share of the deposits used as the main funding resource of Şekerbank in the liability side reaches 72.66 %, while 80.53 % of the deposits has been used as financing source.

## Message from the Chairman

Dear Shareholders,

Our Bank recorded a net profit of TRY 129.5 million in the first nine months of 2009. According to unconsolidated balance-sheet results, the size of our shareholders' equity exceeded TRY 1.2 billion with a 32 percent rise, and our capital adequacy ratio reached 17.29 percent. This performance recorded by our Bank, which has an asset size reaching TRY 8.5 billion, is the outcome of a stable, cautious, credible and professional stance that we have adopted for longer than a half century.

Having celebrated its 56<sup>th</sup> age on October 12, 2009, Şekerbank was established with the small savings of entrepreneurs and producers in Anatolia 56 years ago, and grew while promoting the growth of Turkish economy by lending its hand to every region and every segment of the country.

Today Şekerbank sees the positive results of the long-term strategies it has put into practice some 15 years ago. Structural changes implemented under a stable management approach have brought Şekerbank to a position in 2000s where it takes a role in international competition. Hence, despite the narrowing economy and adverse global economic conditions, in 2009 Şekerbank managed to achieve again the growth foreseen by its strategic business plan set in 2006.

The source of our success is the understanding of 'Anatolian Banking' on which we built our strategy, which differentiates Şekerbank from all its competitors, and maintains it strong. Şekerbank walks its way with this mission in all the processes from branch opening strategy to human resource profile, from lending policies to corporate social responsibility understanding. In this context, we will continue to grow in the period ahead with our courageous approach to banking by supporting not only the big cities but also the small cities, not only the big enterprises but also the small enterprises.

The financial crisis experienced worldwide has confirmed the correctness of manageable sizes and controlled growth strategies, justifying the importance of small, but sound structures that act with optimum risk perception. The Turkish financial sector will assume its role in this atmosphere when the economy policies and practices are being questioned and reshaped with the effect of the world. In its framework, Şekerbank which stepped forward with a partnership model, which is exemplary to the sector, will act with optimum risk perception to become one of the winners of the future period, and continue to grow, creating values with all its social stakeholders.

Best regards,

Dr. Hasan Basri Gökten  
Chairman of Board of Directors

## Message from the General Manager

Dear Shareholders,

Our Bank recorded a net profit of TRY 129.5 million according to unconsolidated financial results dated 30.09.2009. Reaching an asset size of TRY 8.5 billion with 8 percent rise relative to a year ago, the most striking rise in our Bank's balance-sheet is seen in the shareholders' equity. Our shareholders' equity which climbed 32 percent up over a year ago exceeded TRY 1.2 billion as of third quarter of 2009.

With its strong capital structure, Şekerbank's Capital Adequacy Ratio reached 17.29 percent. In the first nine months of the year, Şekerbank's total loans amounted to TRY 5 billion with a 4.5 percent rise compared to the first nine months of the previous year. The loan volume, which increased as a result of the comprehensive investment policy of the Bank encouraging production, attained a share of 59 percent within the total assets.

As Şekerbank, we managed to preserve the upward trend in the deposit volume in 3<sup>rd</sup> quarter of 2009. Exhibiting a 10 percent rise compared to the first nine months of the previous year, the total deposits of the Bank surpassed TRY 6 billion.

One of the most stunning increases in the balance sheet of Şekerbank for the first nine months of 2009 is seen in the net interest income. It recorded a rise of 27 percent over a year ago, reaching TRY 567 million. This increase was achieved with the effect of the consistency of our lending policy and the control over costs on the funding side.

Şekerbank made the funds which it has saved owing to its extremely healthy, liquid and solid balance sheet structure available to the investors, individuals and small enterprises who were in need of loans, and thereby, the deposit-to-credit conversion rate realized at 81 percent. Despite the shrinking economy in the crisis environment, we have been on the side of the Anatolian people, entrepreneurs, SMEs and small enterprises for 56 years, and continued to grow without compromising on our lending policy. In this period, we developed awareness in individuals, small and medium enterprises through EKOkredi, a campaign that we commenced on energy savings and efficiency, and backed them with suitable terms and interest rates. In line with our mission to become a leading bank in financing small enterprises, we will support the non-financial sector and continue to make difference in our focus areas in the period ahead.

Best regards,

Meriç Uluşahin  
General Manager

## Şekerbank by Numbers

<b>Financial Highlights (TRY thousand)</b>	<b>30.09.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
Total Assets	8,499,679	8,041,338	7,866,782
Total Loans (Net)	4,973,826	4,799,814	4,758,700
Securities	2,368,004	2,233,916	2,092,175
Shareholder's Equity	1,226,204	975,271	927,473
Total Deposits	6,176,133	5,931,571	5,606,586
Profit Before Taxation	167,293	181,744	154,554
Net Profit	129,548	144,307	122,524

<b>Financial Ratios</b>	<b>30.09.2009</b>	<b>31.12.2008</b>	<b>30.09.2008</b>
Capital Adequacy Ratio	17.29	14.70	14.11
Net Profit / Total Assets*	2.03	1.79	2.08
Net Profit / Shareholder's Equity*	14.09	14.80	17.61
Securities / Total Assets	27.86	27.78	26.60
Total Loans / Total Assets	58.52	59.69	60.49
Total Deposits / Total Assets	72.66	73.76	71.27

\* Annualized

## Chairman and the Members of Board of Directors, Statutory Auditors, General Manager and Executive Vice Presidents as of 30.09.2009

<b>Name &amp; Surname</b>	<b>Title and Responsibilities</b>
Dr.Hasan Basri Gökten (*)	<i>Executive Chairman of the Board of Directors, Member of the Credit Committee, Member of the Corporate Governance Committee</i>
Yerkin Tatishev	<i>Vice Chairman of the Board of Directors</i>
Meriç Uluşahin	<i>Member of the Board of Directors, General Manager, Member the of Credit Committee</i>
Emin Erdem	<i>Executive Member of the Board of Directors, Member of the Credit Committee</i>
Tatiana Alekseevna Filippova	<i>Executive Member of the Board of Directors, Member of the Corporate Governance Committee, Member of the Credit Committee</i>
Erdal Batmaz	<i>Executive Member of the Board of Directors, 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>
Murat Yuldashev	<i>Member of the Board of Directors</i>
Erdal Arslan	<i>Member of the Board of Directors, Member of the Audit Committee</i>
Khalil Kamalov	<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>
M. Cahit Başer	<i>Statutory Auditor</i>
Kuat Seksenalınov (**)	<i>Statutory Auditor</i>
Mehmet Ünal	<i>Statutory Auditor</i>
Abdullah Yücel Akbulut	<i>Administrative Follow up Executive Vice President</i>
Çetin Aydın	<i>Financial Control and Operation Executive Vice President</i>
Zafer Ersa	<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>
Zuhal Ulutürk	<i>Human Resources Executive Vice President</i>
Halit Haydar Yıldız	<i>Small Enterprises Executive Vice President</i>

(\*) Chairman of the Board of Directors Dr. Hasan Basri Gökten 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.

(\*\*)Kuat SEKSENALINOV has resigned from his duties as a Statutory Auditor and in accordance with the article 351 of Turkish Commercial Code, Statutory Auditors appointed Kamil ÖZDEMİR as a Statutory Auditor of Şekerbank T.A.Ş.

### **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 2009, the Bank provides service with 3,854 staff, 256 branches in the country and 1 representative office abroad.

### **Significant Developments**

Bağcılar, Silivri, Keçiören, Edremit, Akdeniz Sanayi Sitesi branches of Şekerbank got into swing with 311, 310, 312, 313, 315 branch codes at the addresses respectively "Bağcılar Caddesi No:54 Bağcılar / İSTANBUL", "Ali Çetinkaya Caddesi No:13/A Silivri/İSTANBUL", "Kızlar Pınarı Caddesi No:156 Keçiören/ANKARA", "Sıtkıpaşa Caddesi No:3 Edremit/BALIKESİR", "Şafak Mah. 5012. Sok. No:52 Kepez/ANTALYA" . AHL Serbest Bölge Branch's name has been changed as "İstinye Branch" and will continue its operations at the address " Darüşşafaka Caddesi No:45 İstinye-Sarıyer/İSTANBUL "

Şekerbank T.A.Ş. participated with TRY 50 thousand first contribution on 28.09.2009 and TRY 2,000 thousand as the second contribution on 15.10.2009, totaling to TRY 2,050 thousand to the Credit Guarantee Fund.

### **Aid and Donations**

The aid and donations given in the third quarter of 2009 is TRY 23.515,38.

### **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 17,29 % (June 30, 2009 – 16.83 %).

Şekerbank posted TRY 129,548 Thousand net profit in the 9 months of 2009, whereas its total assets grew by 8.05 % in comparison with September 30, 2008, reaching TRY 8,500 Million. Loans reached 58.52 % of the total assets as of September 30, 2009.

As of September 30, 2009 securities portfolio has increased by 13.18 % and realized as TRY 2,368 Million and the share in total assets increased from 26.60 % to 27.86 %.

The share of deposits of the Bank has reached 72.66 % of the total liabilities. Bank's total equity is TRY 1,226 Million as of September 30, 2009.

The Bank posted TRY 567 Million as net interest income and TRY 73 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**

Within the scope of the Business Plan; Şekerbank wants to be "the Bank of Anatolia" by taking advantage of its wide branch network throughout of Anatolia. Şekerbank wants to combine its product range with the brand reliability by using its strong status in the customer segment of SME and Micro Scale customers. Şekerbank set its vision as "Becoming a leader bank in financing the small enterprises among Turkey's top ten private banks in terms of asset size." According to the development of economy, alternative scenarios have been constituted. It is anticipated that the loan/deposit ratio, applied by growth in loans on basis of widespread and healthy deposit base, will be maintained as 80-81% and not to be raised over 85%.