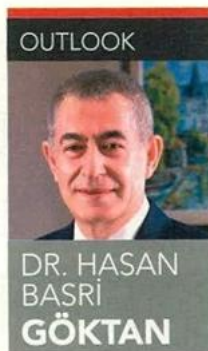


# "Turkey: A country of vast potential and sustainable growth"

Despite the slowdown in global growth and geopolitical risks, Turkey succeeded in becoming the fourth fastest growing G-20 economy with 4 percent growth in 2015. With the strengthened solidarity since July 15<sup>th</sup> and strong motivation to implement structural reforms, Turkey has the ability to achieve a growth rate of up to 4.5-5 percent. Within this context, Turkey, due to its vast potential and sustainable growth performance enhanced with structural reforms, will continue to be a center of attraction for international investors.



Chairman of the Board of Directors, Şekerbank

The 'Inability to grow', which is a problem for the global economy and one that has been pressing for a long time, continues to be a major issue. Even though the Federal Reserve System (FED) has been giving messages of robust economic activity, the European Union (EU) and China are still under focus regarding the slowdown in their growth performances. This picture has caused ambiguity regarding the major central banks' policies and especially the FED's monetary policy, which is crucial for emerging markets. After the first signals of a shift in the FED's ultra-loose monetary policy in May 2013, emerging markets have been experiencing slowdown in their growth performance. After a prolonged period of stress

regarding FED's normalization process, as of January 2016, when the FED signaled to stay on hold due to concerns regarding China's economy for some time, emerging markets once again became the center of attraction. However, sooner or later the FED will begin a normalization process which will put a drag on emerging markets, especially for those with external balance problems.

In addition to the uncertainties in the global financial markets, after the surprise result of the Brexit referendum, the future of the EU, one of Turkey's main trade partners, has become a topic of concern. Although this situation is seen as a long-term risk by some and an opportunity by others, it will definitely have

an impact on the EU economy. Therefore, the EU's economic future has the potential to impact a wide geographical area, which includes Turkey.

**Once again, the world has witnessed the strength of the Turkish economy**

When we look at the Turkish economy, the traitorous coup attempt on July 15th was defeated by the state and the nation as a union. Turkey managed to bring everything back to normal in a very short time, with the accurate measures taken by the Government, the Central Bank, the Banking Regulation and Supervision Agency along with the business and finance sectors by taking a solid stand of solidarity.

When we look towards the past, we see that the Turkish economy has made big gains over the past 15 years. Accordingly, the financial stability, relatively low debt ratios, strong financial system and growth potential that have continued during this period have strengthened the Turkish economy. In this respect, even with the recession in the global economy, Turkey with its strong growth story and vast potential, continues to be one of the safest heavens for international investors. The fact that credit rating agencies have kept Turkey's note at investment grade after July 15th is just even more proof of this trust. During this time, once again, the world has indeed witnessed the strength of the Turkish economy.



Turkey is a country with many opportunities and very high potential so with the measures taken, was quickly able to overcome the temporary shock. Right after July 15<sup>th</sup>, the government began to realize a wide reform program in its agenda with the aims of increasing the savings ratio, providing finance for growth, maintaining the balance of the budget, upgrading the

technological structure of industrial production and improving the investment climate. The "Turkey Sovereign Wealth Fund", which will provide favorable financing to large infrastructure investments, the "Automatic Private Pension System", which will be the second option for public social security, tax regulations and incentives for R&D have also all been put into place.

**Sustainable growth performance enhanced with structural reforms**

Currently, the many economic indicators show that Turkey has shown a better performance than many of her peers and EU countries. A stronger economy is clearly possible if we can maintain the solidarity and the spirit of togetherness that emerged especially following July 15th. We can achieve an economic growth of 4.5 to 5 percent with the structural reforms that have already been initiated. As a matter of fact, even with all of the geopolitical risks and global fluctuations, Turkey has succeeded in becoming the fourth fastest growing G-20 nation with 4 percent growth in 2015. In this context, even with all of the recession in the global economy, Turkey, with her strong growth history and vast potential, continues to be one of the safest havens amongst her peers for international investors.

In regards to promoting growth, the Turkish banking sector is doing all that is possible and will continue to do so in the future. As the Central Bank lowered the interest rates, banks have also lowered the credit interest rates and this downward trend will continue. As Şekerbank, we want to take our national economy even further ahead. In this respect, we will do all we can to promote production and to invigorate the economy. We will continue to bring in foreign resources and make them available to SMEs and companies

that require financial assistance for investments.

Indeed, as Şekerbank, in the immediate aftermath of July 15th we acquired approximately 130 million USD worth of syndication loans from international markets, which was also an encouraging development for our sector. This credit was provided by 11 banks from various countries, and was perceived by financial circles as a sign of continued trust in the Turkish banking sector.

With the gains over the past decade, we have established a strong and dynamic economy and due to the unity that has developed, we believe there will be no deviation from the economic targets.

**63 years of expertise in community banking**

Şekerbank was established in Anatolia 63 years ago with the small savings of hundreds of thousands of sugar beet farming

cooperative members for promoting rural development and agricultural production. In other words, promoting production is in Şekerbank's DNA. We are still fulfilling our mission today.

Within our widespread branch network in 71 provinces and 97 off-center districts, most of our branches have been operating at the same location for half a century. We have a human resource profile befitting of the bank's competence in local banking.

We particularly finance export-oriented SME's and local producers in Anatolia with the aim of supporting economic growth based on investment and production.

67% of our SME loans, which is more than half of our total credit portfolio is made up of micro and small businesses. We make our resources widespread, working for more people to have access to financial assistance. With the one





and only microfinance program in Turkey, we undertake a pioneering role in financial inclusion.

With Şekerbank's leading role in financing energy efficiency in Turkey, we have introduced 85 thousand customers to energy saving thus far and we plan to expand the awareness on energy efficiency by reaching out to 10 thousand new customers yearly.

To summarize, for the past 63 years since our foundation, with a responsible and people-oriented banking understanding and our trust in the future of our country, we are growing hand in hand with Turkey.

**1.6 billion TRY to 60 thousand farming families within just 1.5 years**

The real feature that makes Şekerbank different is the preference to adopt social responsibility as a way of doing business. The best example of this is the 'Family Farming Banking' project that was launched in 2014 as a first in Turkey and the world to prevent

rural-urban migration. With this project, we aim to merge divided agricultural lands, increase efficiency in agricultural production, encourage collective farming and prevent the destruction of local culture. In just the last year and a half, with 'Family Farming Banking', we have supported in total 60 thousand farming families and provided 1.6 billion TRY in financing.

**A pioneering role in sustainable development banking**

Furthermore, we continue to support energy efficiency investments with EKOkredi, which we developed as a first in

Turkey in 2009, in order to finance energy efficiency investments with favorable conditions and to support the sustainability of natural resources.

With EKOkredi, we have provided over 709 million TRY of financial support in the field of energy efficiency thus far. Whereby, we have been able to introduce energy efficiency to 76 thousand 399 individuals, 7 thousand 868 SMEs, including tradesmen and farmers, reaching close to 85 thousand customers in total. With the energy efficiency investments financed via EKOkredi so far, 25.3 billion kilowatt-hours of energy has been saved along with 5.4 million tons of CO<sub>2</sub> emissions prevented. Also, within EKOkredi, over 118 thousand houses were insulated resulting in a savings of 217 million cubic meters of natural gas.

To protect the natural resources and to increase energy efficiency in Turkey, we will continue to take the leading role in sustainable development banking. EDİT

