

ŞEKERBANK T.A.Ş.
THE SECOND QUARTER OF 2013
INTERIM REPORT

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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 1997 and currently 32.22 % of the Bank shares are publicly offered. One of the main Bank's shareholders, Şekerbank T.A.Ş. Voluntary Pension Fund, provides its members with additional social rights and retirement guarantees in the social security system. The Bank has subsidiaries and affiliates in the sectors of finance and tourism.

Shareholder Structure

Shareholders	Number of Shares	Nominal Value(TRL)	% of Shares
Şekerbank T.A.Ş. Voluntary Pension Fund	339.787.080,00	339.787.080,00	33,9787
Samruk Kazyna National Welfare Fund	219.575.906,00	219.575.906,00	21,9576
BTA Securities JSC	117.638.674,00	117.638.674,00	11,7639
Sugar Beet Cooperatives	835.677,57	835.677,57	0,0836
Publicly Traded	322.162.662,43	322.162.662,43	32,2162
Total	1.000.000.000,00	1.000.000.000,00	100

INTRODUCTION

Şekerbank reached TRL 114 Million net profit as of end of the first half of 2013. The deposit size of the Bank reached TRL 10.633 Million, while the equity size of the Bank over the same period grew by 19,68 %, reaching TRL 1.937 Million. The asset size reached TRL 15.592 Million, while the credit portfolio grew by 18,45 %, reaching TRL 11.238 Million.

The share of the deposits used as the main funding resource of Şekerbank reached 68,20 % of the total liabilities and net worth.

Message from the Chairman

Esteemed Shareholders,

We completed the first six month of the 60th year of our establishment, became prominent in strategic products and projects, meantime our focused strategy and ‘Community Banking’ mission declared by us in all platforms and persuaded during the last six years became more distinct in our activities.

Founded in 1953 in Anatolia with small savings of thousands of producers to support production, our bank’s activities are organized with the focal point and common ground to support the social and sustainable development every time. In line with that we reach out the segments that cannot benefit from the banking service sufficiently. We serve actively not only in the metropolises but in the Anatolian cities and districts, and in many locations we give our services, we maintain a very important fiduciary relation with the local people thanks to our half-a-century-old branch locations. We consider it as an important richness.

We achieve many firsts through international cooperation in numerous areas from energy efficiency to alternative credit facility process under the sustainable development, and offer our knowledge accumulation in this area to our widespread client profile. We think that this mission becomes much more meaningful within the economic, ecologic and social conjuncture of nowadays.

We keep growing by maintaining our long-standing strategy of supporting the production. As of 30.06.13 the total asset size of our bank, 72 percent of which is composed of loans, increased 5 percent on annual basis, reaching TL 15,6 billion by the end of the first six months.

According to the data of the unconsolidated balance sheet dated 30/06/2013, the deposit size of Şekerbank T.A.Ş. has reached TL 10,6 billion with 13 percent growth on annual basis. As a result of profitable performance last year, our Bank has increased its equity by 20 percent, reaching TL 19 billion as of 30/06/2013.

Today, we gladly see that our expertise in the areas we have focused on and our ‘Community Banking’ strategy is reflected on both the balance sheet data and the funding cost. Last month, we managed to decrease cost comparing to the previous year. While renewing our syndication with 21 percent increase in volume. Şekerbank’s robust financial structure coming from the focused banking approach will continue to be reflected on both the balance sheet data and the decisions of our international business partners from which we obtain funding sources as our expertise is consolidated.

Regards,

Dr. Hasan Basri Gökten
Chairman of the Board of Directors

Message from the General Manager

Our Dear Shareholders,

According to our unconsolidated financial statements dated 30/06/2013, Şekerbank reached TL 114 million net profit in the first six months of this year.

During ‘Meetings with Producing Anatolia’, which we have organized in connection within our 60th anniversary, to encourage production, new investments, and support the rise of new brands from Anatolia, all our personnel from the General Management to Branches by listening to the needs of the provinces developed new solutions for them. After Afyonkarahisar, Malatya, and Rize we met producers, SMEs, and our craftsmen in Kahramanmaraş.

Our agricultural banking experts have visited almost 7 thousand 800 villages and interviewed 235 thousand farmers within the scope of Anatolia Tours intended for the agricultural sector, which we have been doing every year since 2008. This is the sixth year when, within the Hasat Kart Anatolia Tour frame, our expert teams have visited from March 20, 2013 to the end of May almost 1300 villages and talked one to one to almost 40 thousand farmers.

As a 60-year-old deep-rooted institution founded to finance agriculture, we have a special accumulation of knowledge in local banking. Most of our branches have been serving at the same locations for half a century. With our structure, we have been pursuing a credit policy supporting production from past to present. We allocate half of our loan portfolio to SMEs. During the first six month we again have given priority in our credit facility policy to farmers, craftsmen, small enterprises, and SMEs in the first six months of this year as well.

Despite of the uncertainty in the global markets and unease caused by this uncertainty in the developing markets, we displayed a good credit performance in the second quarter thanks to the investment appetite of our widespread client base in Anatolia.

As of the end of the first six months, our total credit volume has risen to TL 11,2 billion, growing 18,5 percent on annual basis. With the impact of our agricultural and enterprise banking field activities in Anatolia, the six-month growth rate in credits since the beginning of the year is 11,4 percent.

With our branch network covering 70 cities and 92 non-central districts, we will continue to be a bank with the ‘Community Banking’ mission, supporting production and occupying a special place in the social and economic memories of our country.

Respectfully,

Meriç Uluşahin
General Manager

Şekerbank by Numbers

Financial Highlights (TRL thousand)	30.06.2013	30.06.2012
Assets	15.591.554	14.864.153
Loans (Net)	11.238.019	9.487.701
Securities	1.876.918	3.374.150
Equity	1.936.791	1.618.290
Deposits	10.633.061	9.437.455
Profit Before Taxation	147.209	157.002
Net Profit	114.233	120.577

Financial Ratios	30.06.2013	30.06.2012
Net Profit / Assets*	1,47%	1,62%
Net Profit / Equity*	11,80%	14,90%
Securities / Assets	12,04%	22,70%
Loans (Net) / Assets	72,08%	63,83%
Deposits / Assets	68,20%	63,49%

* Annualized

Chairman and the Members of the Board of Directors, General Manager as of 30.06.2013

Name	Title
Dr. Hasan Basri GÖKTAN(*)	Executive Chairman of the Board of Directors
Viktor ROMANYUK	Vice Chairman of the Board of Directors
Meriç ULUŞAHİN	Member of the Board of Directors, General Manager
Emin ERDEM	Executive Member of the Board of Directors
Nariman ZHARKINBAYEV	Executive Member of the Board of Directors
Erdal BATMAZ	Executive Member of the Board of Directors
Halil Can YEŞİLADA(**)	Independent Member of the Board of Directors
Askhat BEISENBAYEV	Member of the Board of Directors
Khosrow Kashani ZAMANI(*)	Member of the Board of Directors
Zhandos YESSENBAY(**)	Independent Member of the Board of Directors
Ulf WOKURKA	Member of the Board of Directors
Üzeyir BAYSAL	Independent Member of the Board of Directors

(*)Chairman of the Board of Directors Dr. Hasan Basri Göktaş holds shares (0.05%) with a nominal value of TRL 501 Thousand, Khosrow Kashani Zamani, member of the Board of Directors, holds shares (0.012%) with a nominal value of TRL 122 Thousand acquired through the public offering.

(**) According to Communiqué Regarding Determination and Enforcement of Corporate Governance Principles of CMB, Serial :IV No:56, Audit Committee members of the banks are accepted as independent members of the Board of Directors. Halil Can Yeşilada and Zhandos Yessenbay are Audit Committee Members of the Bank.

Executive Vice Presidents as of 30.06.2013

Name	Title
Abdullah Yücel AKBULUT	Loan Monitoring and Proceedings Executive Vice President
Çetin AYDIN	Financial Control and Operations Executive Vice President
Nejat BİLGİNER	Human Resources Executive Vice President
Zafer ERSAN	Audit Executive Vice President
Ramazan KARADEMİR	Credit Management Executive Vice President
Orhan KARAKAŞ	Corporate and Commercial Banking Executive Vice President
Salih Zeki ÖNDER	Financial Institutions Executive Vice President

Abdurrahman ÖZCİĞER	Retail Banking Executive Vice President
Tanol TÜRKÖĞLU	Information Technology Executive Vice President
Halit Haydar YILDIZ	SME Banking Executive Vice President
Hüseyin SERDAR(*)	Support Services General Secretary

(*)General Secretary Hüseyin Serdar holds shares (0.003%) with a nominal value of TRL 26.7 Thousand acquired through 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 TRL and FC and providing other banking services. As of 30 June 2013, the Bank provides service with 3.709 staff, 282 branches in the country.

Significant Developments

- On 15 January 2013 the Bank obtained the approval of the Capital Markets Board of Turkey for the issuance of bonds or similar debt instruments, which are planned to be sold outside of Turkey to the real and legal persons. In relation to the said issuance, Citigroup Global Markets Limited, Standard Chartered Bank and UniCredit Bank AG are authorized to perform a series of "road-show" meetings.
- The international rating agency Moody's has upgraded Şekerbank's foreign currency deposit rating from Ba2 to Ba1. The other ratings remained the same. All ratings seem to be stable.
- The Board of Directors of the Bank has authorized the General Management to issue bonds up to TRL 500 Million with 6 months maturity.
- Our Bank's Board of Directors has authorized the General Management to issue debt instrument such as bond, etc. having the force of secondary subordinated debt pursuant to article 8 of the "Regulation on Equity of Banks", up to €300 million or equivalent Turkish Lira or foreign currency amount with fixed or floating interest rate and with various orders and maturities, in once or multiple times, provided that the same is sold by our Bank to real and legal persons residing out of Turkey, and file applications regarding the same with the Capital Markets Board and the other competent authorities to obtain the necessary permissions.
- Our Bank repaid syndicated loan that is obtained last year before its maturity and has obtained a new one-year maturity syndicated loan composed of two tranches as US\$ 70 million and € 52 million by repaying and the agreement for the said loan has been signed. Our Bank has increased the syndication amount by 21% compared to the last year.
- As of 1 July 2013 JCR Eurasia Rating has upgraded the credit rating of the Bank to "AA-(Trk)" from "A+(Trk)" on the Long Term National scale, which denotes the high investment grade and to "A-1+(Trk)" from "A-(Trk)" on the Short Term National Scale along with 'Stable' outlooks. On the other hand, the Long Term International Local and Foreign Currency ratings have been affirmed as "BBB-".
- As of 10 July 2013, Fitch Ratings has affirmed the Bank's long term foreign currency and local currency notes as "BB-", short term notes as "B", national note as "A+(TUR)"; financial capacity note as "bb-"; supporting note as "5" and outlook as stable.

Aid and Donations

The aid and donations given as of end of the first half of 2013 is TRL 117.144

Financial Standing, Profitability, and Solvency

Şekerbank posted TRL 114 Million net profit as of end of the first half of 2013. Total assets reached TRL 15.592 Million by increasing 7,40% since 2012 yearend. Loans reached 72,08% of the total assets as of 30 June 2013.

As of 30 June 2013, securities portfolio has decreased by 7,42 % since 2012 year end, reaching TRL 1.877 Million. The share of deposits of the Bank has reached 68,20% of the liabilities and networth. The Bank's equity is TRL 1.937 Million as of 30 June 2013.

The Bank posted TRL 425 Million as net interest income and TRL 102 Million as net fee and commission income. The Bank's branch network of 282 branches with a presence all around the country, broad customer and deposit base have positive impacts on the Bank's performance.