

**ŞEKERBANK T.A.Ş.
THE FIRST QUARTER OF 2015
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 33,76 % 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)	Share Ratio (%)
Şekerbank T.A.Ş. Voluntary Pension Fund	382.260.464,98	382.260.464,98	35,1605
Samruk Kazyna National Welfare Fund	219.310.353,00	219.310.353,00	20,1723
BTA Securities JSC	117.638.674,00	117.638.674,00	10,8205
Sugar Beet Cooperatives	940.137,27	940.137,27	0,0865
Publicly Traded	367.037.254,75	367.037.254,75	33,7602
Total(*)	1.087.186.884,00	1.087.186.884,00	100,00

(*) The capital of the Bank has been increased to TRL 1.158.000 Thousand as of 31 March 2015 with the approval of BRSA dated 7 May 2015 and numbered 7158.

INTRODUCTION

Şekerbank reached TL 29,3 Million net profit in the first 3 months of 2015. The deposit size of the Bank reached TL 13.875 Million, the asset size reached TL 21.549 Million. The equity size of the Bank over the same period grew by 16,13 %, reaching TL 2.405 Million, while the credit portfolio grew by 7,23 %, reaching TL 14.910 Million.

The share of the deposits used as the main funding resource of Şekerbank in the liability side reaches 64,39 % of the total liabilities and net worth.

Message from the Chairman

Esteemed Shareholders,

As it's known, with the change in the policy of the FED, currencies of developing markets have started to lose value and interest rates have entered into increase trend globally. Developing countries, which have to borrow funds from outside to support their GDP growth because of insufficient internal savings, have been affected the most from the change in the policy of FED. Decrease in monetary expansion has unavoidably increased resource costs in Turkey and all over the world.

Within this frame, as of the second half of 2014 until February 2015 the Central Bank of the Republic of Turkey have been maintaining a loose monetary policy to support the growth. During this period, the Central Bank both endeavored to support growth and took precautions to minimize the effects of future changes of the global financing conditions on our economy.

We all know that in the future the terms of abundant and cheap finance will run out, consumption without production will become quite expensive and the countries which are accustomed to consume without producing will encounter with hard conditions. Our Central Bank that have anticipated such conditions since 2012 took measures aimed for the consumer loans' down size have decreased the profit of banking sector in the short term; however, that will yield advantageous results in medium-long term as our Central Bank aims to achieve a healthy growth originating from production rather than consumption and reduce the fragility caused by savings deficit of the Turkish economy.

Established with the purpose of supporting rural development and production 62 years ago and improved this purpose within sustainable development perspective, Şekerbank has been concentrating on production-oriented loans not only during the last period of time, but from the past till nowadays. Today, as a bank which allocated 89 percent of its loan portfolio to commercial loans, we have maintained our leadership in the sector in this field.

As a business organization which up to nowadays has succeeded in cooperation with real sector during the various vulnerable periods in our economy, we continued supporting production in the last period, when the economy has been growing below its potential.

As of 31 March 2015, total assets of the Bank grew 11% on annual basis, reaching 21,5 billion TL , while total credit portfolio reached 15 billion TL.

Since the beginning of the year the bank's total deposit volume has realized as 13,9 billion TL, growing faster than the loans in the first quarter .

As of the first quarter, the net worth of Şekerbank have risen to 2,4 billion TL, growing 16% on annual basis.

We believe that finance sector has an important growth potential. Despite the fluctuations in external conditions, our finance sector will continue to develop alternative resources, finance real sector and, thus, grow thanks to its strong financial structure.

As Şekerbank, we will sustain our model role in the sector with our expertise in financing production.

Best Regards,
Dr. Hasan Basri Gökten
Chairman

Message from the General Manager

Esteemed Stakeholders,

According to our non-consolidated financial results as of 31 March 2015, the Bank has achieved 29,3 million TL net profit with 90% growth compared to the same period of the last year.

As of 31 March 2015, while total assets grew 11% on annual basis, reaching 15 billion TL with 11%, our credit volume constituting 70% of the total assets has reached 21,5 billion TL.

As a bank which has been founded with the small savings of thousands of farmers and entrepreneurs in Anatolia 62 years ago, our purpose is still to provide suitable financing for farmers and entrepreneurs to increase national production.

We are the comrade of farmers and tradesmen. Within this context, since the beginning of the year we have been travelling from village to village to prevent our farmers from leaving their farms and to support continuation of production within the scope of "Family Farm Banking" that we launched at the end of last year so.

In the first quarter of the year we maintained 12% growth in agricultural loans, having better performance than the sector. We have supported production by providing finance to almost 7.500 farmer families all around Turkey.

With our mission "Community Banking", we will continue to work with all our strength to improve our achievements of the first quarter without deviating from our aims with the foresight that the competition will escalate in the fields we focus.

Yours sincerely,

Halit Yıldız
General Manager

Şekerbank by Numbers

Financial Highlights (TL thousand)	31.03.2015	31.03.2014
Assets	21.548.938	19.441.577
Loans (Net)	14.910.167	13.904.214
Securities	2.464.592	1.928.167
Equity	2.405.197	2.071.174
Deposits	13.875.077	13.083.168
Profit Before Taxation	29.570	21.044
Net Profit	29.270	15.411

Financial Ratios	31.03.2015	31.03.2014
Net Profit / Assets*	0,54%	0,32%
Net Profit / Equity*	4,87%	2,98%
Securities / Assets	11,44%	9,92%
Loans (Net) / Assets	69,19%	71,52%
Deposits / Assets	64,39%	67,29%

* Annualized

Explanations Regarding the Chairman and the Members of Board of Directors, General Manager and Executive Vice Presidents and Their Shares in the Bank as of 31.03.2015

Title	Name and Surname	Responsibility Areas
Chairman of the Board of Directors	Dr.Hasan Basri Gökten	Chairman & Executive Board Member, Credit Committee, Corporate Governance Committee, Remuneration Committee
General Manager	Halit Haydar Yıldız	Board Member, General Manager, Credit Committee
Members of the Board of Directors	Victor Romanyuk (*)	Vice-Chairman, Remuneration Committee, Audit Committee
	Emin Erdem	Executive Board Member, Credit Committee
	Erdal Batmaz	Executive Board Member
	Nariman Zharkinbayev	Executive Board Member, Credit Committee
	Halil Can Yeşilada (*)(**)	Audit Committee, Corporate Governance Committee
	Üzeyir Baysal	Independent Director, Remuneration Committee
	Khosrow Kashani Zamani	Corporate Governance Committee
	Murat Ishmukhamedov (**)	Corporate Governance Committee
	Daniyar Amanov	-
	Ulf Wokurka	Independent Director, Corporate Governance Committee

Executive Vice Presidents	Ali Güray Demir	Credit Legal and Managerial Follow-up
	Çetin Aydın	Audit
	Nejat Bilginer	Human Resources
	Nihat Büyükbozkoyun	Operations
	Selim Güray Çelik	Financial Control, Budgeting and Strategic Planning, Corporate Governance Committee
	Gökhan Ertürk	Retail Banking Marketing
	Ramazan Karademir	Internal Control and Risk Management
	Orhan Karakaş	Corporate and Commercial Banking Marketing
	Fatin Rüştü Karakaş	Retail Credit Management
	Salih Zeki Önder	Financial Institutions
	Feyza Önen	Treasury
	Hüseyin Serdar	Support Services
	Ahmet İlerigelen	Corporate and Commercial Credit Management and Follow-Up

(*) 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 Victor Romanyuk are Audit Committee Members of the Bank.

(**)According to the Board of Directors' decision dated 29.04.2015 and numbered 100, the Board of Director Member Murat Ishmukhamedov has been appointed as the Audit Committee Member due to the end of the term of Halil Can Yeşilada.

The Chairman of the Board of Directors Dr. Hasan Basri Gökten has total shares of 0.049 % in nominal, amounting to TRL 538 Thousand, Khosrow Kashani Zamani who is the Board of Directors Member has total shares of 0.013 % in nominal, amounting to TRL 137 Thousand, Hüseyin Serdar who is the Executive Vice President of Support Services has total shares of 0.003 % in nominal, amounting to TRL 30 Thousand which they obtained from 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 TL and FC and providing other banking services. As of 31 March 2015, the Bank provides service with 4.351 staff, 312 branches in the country.

Significant Developments

On 06 February 2015, the rating company Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. announced our Bank's Corporate Governance rating score as 9.11 (91.10%). The Bank's Corporate Governance score for the year 2014 is detailed as follows:

Sub-Categories	Weight	Rates in 2013	Rates in 2014
Shareholders	0.25	%97.79	%91,05
Public Disclosure and Transparency	0.25	%85.78	%90,68
Stakeholders	0.15	%94.39	%94,67
Board of Directors	0.35	%88.17	%89,93
Total	1.00	%90.91	%91,10

In accordance with the article 378 "Early Detection and Management of Risk" of the Turkish Commercial Code based on the Board resolution number 43 dated 17.02.2015; it was resolved to create the "Committee for Early Detection and Management of Risk" to be responsible for early detection of the reasons that compromise the existence, development and continuation of the Bank, implementation of the necessary measures and management of the risk and remedies against them, the Committee is composed of the Executive Vice Presidents in charge of Internal Control and Risk Management, Internal Audit, Financial Control Budget and Strategic Planning, Corporate and Commercial Credit Management and chaired by the Board of Directors Member responsible for the Internal Systems of the Bank.

On February 23, 2015, Fitch Ratings has confirmed Şekerbank's Long Term International Foreign Currency and Local Currency Ratings as 'BB-', Short-Term Rating as B; Sovereign Rating as A+(TUR); Financial Capacity Rating as BB-; and Support Rating as 5, and raised its appearances from negative to stable.

At the Board meeting dated 25.02.2014; it was resolved that pursuant to the Articles of Association of the Bank and the provisions of the Turkish Commercial Code after deducting the deferred tax revenue in the amount of TL 14,724,344.03, which is not subject for the profit distribution, from the actual profit of TL 223,969,065.46 according to the independent audited financial statements of 2014 year, to distribute the remaining amount of TL 209,244,721.43 as follows,
- TL 10,462,236.07 corresponding to 5% will be transferred to the Legal Reserves Account,
- TL 198,782,485.36 remaining after transfer to the Legal Reserves Account, TL 14,724,344.03 that is the deferred tax revenue, and TL 63,947.43 that is in the retained earnings account, all of which total to TL 213,570,776.82, will be transferred to the Extraordinary Reserves account.

It was put to the vote and approved at the Ordinary General Assembly of Shareholders of the Bank that was held on 19.03.2014.

According to the letter sent by BTA Securities JSC, one of the main shareholders of the bank, and Kazkommertsbank JSC, the indirect shareholder of the Bank, , on March 03, 2015 Kazkommertsbank JSC has raised the shares of BTA Bank JSC to 99,09% by taking over the 47,415% of the shares of BTA Bank JSC owned by Kenes Rakishev and 4,26% of the shares of BTA Bank JSC owned by Samruk Kazyna; and Kenes Rakishev has become a main shareholder of Kazkommertsbank JSC by taking over the 16,02% of the shares of Kazkommertsbank JSC. Following the said share transfer, Kazkommertsbank JSC and Kenes Rakishev have become indirect shareholders of the bank in the ratio of 10,81% and 1,73%, respectively, due to the fact that BTA Securities JSC, which has 10,91% shares of our Bank, is fully owned by BTA Bank JSC.

The Bank sold uncollectable non-performing commercial and consumer loans including credit cards amounting to TRL 209.057.111 on 30 March 2015 at total TRL 15.100.000 in cash to Güven Varlık Yönetim A.Ş. - for TRL 2.200.000, to Destek Varlık Yönetim A.Ş. for TRL 7.200.000 and to Final Varlık Yönetim A.Ş. for TRL 5.700.000.

Pursuant to the Capital Markets Board's decision dated 3 February 2015 and numbered 3/128, the bond issuance of the total nominal value of TRL 122.000.000 with 140 days maturity, redemption date on 17 September 2015 and TRQSKBK91513 ISIN code has been completed through placement with qualified investors.

According to the Board of Directors' decision dated 29.04.2015 and numbered 100, the Board of Directors Member Murat Ishmukhamedov has been appointed as the Audit Committee Member due to the end of the term of Halil Can Yeşilada.

Financial Standing, Profitability, and Solvency

In the first 3 months of 2015 Şekerbank posted TL 29,3 Million net profit, which increased 89,93% in comparison with the same period of the last year, whereas its assets reached TL 21.549 Million increasing by 10,84 %. Loans reached 69,19% of the total assets as of March 31, 2015.

As of March 31, 2015 securities portfolio has increased by 27,82 % in comparison to March 31, 2014, reaching TL 2.465 Million. The share of deposits of the Bank has reached 64,39% of the liabilities and net worth. The Bank's equity is TL 2.405 Million as of March 31, 2015.

The Bank posted TL 238 Million as net interest income and TL 70,3 Million as net fee and commission income. The Bank's branch network of 312 branches with a presence all around the country, broad customer and deposit base have positive impacts on the Bank's performance.