C Kredi ve Kalkınma Bankası Anonim Şirketi

Consolidated Financial Statements Together With Report of Independent Auditors December 31, 2004

C KREDİ VE KALKINMA BANKASI ANONİM ŞİRKETİ

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ERNST & YOUNG

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To the Board of Directors of
C Kredi ve Kalkınma Bankası Anonim Şirketi

We have audited the accompanying consolidated balance sheet of C Kredi ve Kalkınma Bankası Anonim Şirketi (the Bank - a Turkish corporation) and its subsidiaries (collectively the Group) as of December 31, 2004 and the related consolidated income, changes in equity and cash flow statements for the year then ended, all expressed in the equivalent purchasing power of Turkish lira as of December 31, 2004. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit also includes examining, on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2004 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

February 14, 2005
Istanbul, Turkey

C Kredi ve Kalkınma Bankası Anonim Şirketi

CONSOLIDATED BALANCE SHEET
As at December 31, 2004
(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

ASSETS

	Notes	2004	2003
Cash and balances with Central Bank	3	**36**	18
Deposits with banks and other financial institutions	3	**13,732**	10,354
Other money market placements	3	**5,518**	3,147
Reserve deposits at the Central Bank	4	**9,168**	5,398
Investments in securities	5	**8,410**	4,910
Receivables from customers due to brokerage activities		**3,419**	852
Originated loans and advances	6	**65,088**	84,853
Minimum lease payments receivable	7	**36,584**	15,165
Derivative financial instrument assets	16	**386**	574
Premises and equipment	9	**2,102**	3,309
Intangible assets	10	**2,262**	718
Prepayments and other assets	11, 15	**2,333**	1,159
Deferred tax asset	15	**593**	-
Total assets		**149,631**	130,457

LIABILITIES AND EQUITY

	Notes	2004	2003
Other money market deposits	12	**4,295**	525
Funds borrowed	13	**36,079**	33,693
Derivative financial instrument liabilities	16	**8**	135
Other liabilities and provisions	14	**30,272**	27,392
Income taxes payable	15	**51**	647
Deferred tax liability	15	**-**	397
Total liabilities		**70,705**	62,789
Equity			
Share capital	17	**67,732**	76,975
Unrealized gains (losses)		**97**	137
Legal reserves and accumulated deficit	18	**11,097**	(9,444)
Total equity		**78,926**	67,668
Total liabilities and equity		**149,631**	130,457

The accompanying policies and explanatory notes on pages 6 through 34 form an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2004
(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

	Notes	2004	2003
Interest income			
Interest income on originated loans and advances		**18,145**	11,678
Interest on securities		**1,397**	2,275
Interest on deposits with banks and other financial institutions		**1,446**	3,024
Interest on other money market placements		**929**	2,818
Leasing interest income		**2,120**	419
Other interest income		**582**	94
Total interest income		**24,619**	20,308
Interest expense			
Interest on banking deposits		**-**	(1)
Interest on other money market deposits		**-**	(81)
Interest on funds borrowed		**(2,175)**	(767)
Other interest expense		**(1,459)**	(446)
Total interest expense		**(3,634)**	(1,295)
Net interest income		**20,985**	19,013
Provision for possible loan and lease receivable losses, net of recoveries	6	**(185)**	(2,188)
Foreign exchange gain, net		**1,530**	65
Net interest income after foreign exchange gain and provision for possible loan and lease receivable losses		**22,330**	16,890
Other operating income			
Fees and commissions income on loans		**4,820**	1,470
Commission income on brokerage activities, net		**2,304**	818
Trading income		**130**	1,858
Other income	21	**336**	2,664
Total other operating income		**7,590**	6,810
Other operating expenses			
Salaries and employee benefits	20	**(5,134)**	(2,947)
Depreciation and amortization	9,10	**(623)**	(476)
Fees and commission expenses		**(302)**	(852)
Taxation other than on income		**(534)**	(1,324)
General and administrative expenses	21	**(3,949)**	(2,396)
Other expenses	21	**(395)**	(1,367)
Total other operating expense		**(10,937)**	(9,362)
Profit from operating activities before income tax and monetary loss		**18,983**	14,338
Income tax credit (provision)	15	**641**	(2,996)
Monetary loss		**(8,326)**	(1,988)
Net income		**11,298**	9,354

The accompanying policies and explanatory notes on pages 6 through 34 form an integral part of the consolidated financial statements.

C Kredi ve Kalkınma Bankası Anonim Şirketi

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2004
(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

	Notes	Share capital	Adjustment to share capital	Unrealized gains (losses), net	Legal reserves and accumulated deficit	Total
At January 1, 2003		5,930	23,814	(10)	(16,530)	13,204
Issue of share capital :						
Cash	17	39,570	5,393	-	-	44,963
From reserves	17	2,000	268	-	(2,268)	-
Net loss in available-for-sale securities removed from equity and reported in net profit		-	-	10	-	10
Net gain on available-for-sale financial assets		-	-	137	-	137
Net profit for the year		-	-	-	9,354	9,354
At December 31, 2003/January 1, 2004		47,500	29,475	137	(9,444)	67,668
Accumulated losses netted off	17	-	**(9,243)**	-	**9,243**	-
Net gain in available-for-sale securities removed from equity and reported in net profit		-	-	**(137)**	-	**(137)**
Net gain in available-for-sale financial assets		-	-	**97**	-	**97**
Net profit for the year		-	-	-	**11,298**	**11,298**
At December 31, 2004		**47,500**	**20,232**	**97**	**11,097**	**78,926**

The accompanying policies and explanatory notes on pages 6 through 34 form an integral part of the consolidated financial statements.

C Kredi ve Kalkınma Bankası Anonim Şirketi

CONSOLIDATED CASH FLOW STATEMENT
For the year ended December 31, 2004
(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

	2004	2003
Cash flows from operating activities		
Interest received	**24,808**	19,854
Interest paid	**(3,498)**	(669)
Fees and commissions received	**7,124**	2,288
Trading income	**130**	1,858
Fees and commissions paid	**(302)**	(852)
Cash payments to employees and other parties	**(5,106)**	(2,947)
Cash received from other operating activities	**336**	2,270
Cash paid for other operating activities	**(4,878)**	(8,722)
Income taxes paid	**(1,498)**	(2,083)
Cash flows from operating activities before changes in operating assets and liabilities	**17,116**	10,997
Changes in operating assets and liabilities		
Receivables from customers due to brokerage activities	**(2,671)**	
Originated loans and advances	**9,090**	(80,653)
Reserve deposit	**(4,404)**	(5,386)
In minimum lease payments receivable	**(23,263)**	(14,844)
Other assets	**(5)**	2,416
Other money market deposits	**3,834**	-
Other liabilities	**6,066**	(9,130)
Net cash from operating activities	**5,763**	(96,600)
Cash flows from investing activities		
Purchase of available-for-sale securities	**(8,074)**	(852)
Proceeds from of available-for-sale securities	**3,978**	
Purchase of premises and equipment	**(866)**	(9,434)
Proceeds from sale of premises and equipment	**1,479**	7,023
Purchase of intangibles	**(1,678)**	(674)
Net cash (used in) investing activities	**(5,161)**	(3,937)
Cash flows from financing activities		
Proceeds from issuance of share capital	**-**	44,963
Proceeds from funds borrowed	**35,332**	33,461
Repayments of funds borrowed	**(29,374)**	-
Dividends paid	**-**	-
Net cash provided by financing activities	**5,958**	78,424
Effect of net foreign exchanges and monetary difference on monetary transactions	**852**	(3,937)
Net increase in cash and cash equivalents	**6,560**	(22,113)
Cash and cash equivalents at beginning of year	**11,874**	39,569
Cash and cash equivalents at end of year	**19,286**	13,519

The accompanying policies and explanatory notes on pages 6 through 34 form an integral part of the consolidated financial statements.

1- CORPORATE INFORMATION

General

C Kredi ve Kalkınma Bankası A.Ş. (formerly Toprak Yatırım Bankası A.Ş.) (the Bank) was incorporated in Turkey in April 9, 1999. Based upon the decision of the Banking Regulation and Supervision Agency (BRSA) number 538 on November 30, 2001 which was published in the Official Gazette number 24600 on December 1, 2001, the management and all shares of the Bank's previous main shareholder (Toprakbank A.Ş.), except its rights on dividends, were transferred to the Saving Deposit Insurance Fund (SDIF) in accordance with Article 14 items 3 and 4 of the Banking Law. C Faktoring A.Ş. (formerly Elit Finans Faktoring Hizmetleri A.Ş.) acquired 89.92% of the Bank's shares on November 1, 2002 in an auction from Savings Deposit Insurance Fund.

As of December 31, 2004 98.32 % (December 31, 2003 – 98.32%) of the shares of the Bank belongs to C Faktoring A.Ş. and are controlled by Damla Cıngıllıoğlu. As of December 2004, the historical paid-in capital of C Faktoring A.Ş is amounted to TL 61,200.

The registered head office address of the Bank is located at Büyükdere Caddesi, Beybi Giz Plaza Kat:7 Meydan Sok. No: 28 Maslak 80670 İstanbul -Turkey.

The consolidated financial statements of the Bank are authorized for issue by the senior management on February 14, 2005. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements (which form the base of these consolidated financial statements) after issue.

Nature of Activities of the Bank/Group

For the purposes of the consolidated financial statements, the Bank and its consolidated subsidiaries are referred as "the Group".

The Bank operates as an investment bank and is mainly involved in corporate services such as financial leasing, lending and trade finance. As an investment bank, the Bank borrows funds from financial markets, its counterparties and obtains cash blockages and cash collaterals from its credit customers but is not entitled to receive deposits from customers. Its subsidiary C Menkul Değerler A.Ş. (C Menkul) is involved in intermediary and brokerage activities and C Bilişim Teknolojileri A.Ş. (C Bilişim) is specialized in software development and other technological affairs related to financial industry.

The Bank has two branches located in Ankara and İzmir.

2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect. The consolidated financial statements have been prepared on an historical cost basis except for the measurement at fair value of derivative financial instruments, trading and available-for-sale financial assets. As of December 31, 2004, the Group did not early adopt the changes in IFRS effective for annual periods beginning on or after 1 January 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Bank and its subsidiaries which are incorporated in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the provisions of Banking Law and accounting standards promulgated by the Turkish Capital Market Board, Turkish Commercial Code and Tax Legislation. The financial statements have been prepared from statutory financial statements of the Bank and its subsidiaries and presented in accordance with IFRS in Turkish Lira (TL) with adjustments and certain reclassifications for the purpose of fair presentation in accordance with IFRS. Such adjustments mainly comprise the effects of deferred taxation (IAS 12) and employee termination benefits (IAS 19).

Measurement Currency

Measurement currency of the Bank and its subsidiaries is TL. As a result of a long period of high inflation, the TL has ended up in large denominations, creating difficulty in expressing and recording transactions. A new law was enacted on January 31, 2004 to introduce Yeni Türk Lirası (New Turkish Lira, YTL), as the new currency unit for the Republic of Turkey effective January 1, 2005. Conversion rate for TL against YTL is fixed at YTL 1 to TL 1,000,000 (full) throughout the period until complete phase-out of TL.

In accordance with the declaration of the BRSA dated January 5, 2005, the Bank continued to use the TL as the functional and presentation currency as of December 31, 2004. Effective January 1, 2005 the Bank's functional and presentation currency will be YTL and financial statements including comparative figures for the prior periods / year(s) will be presented in thousands of YTL.

The restatement for the changes in the general purchasing power of TL as of December 31, 2004 is based on IAS 29- Financial Reporting in Hyperinflationary Economies. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three year inflation rate approaching or exceeding 100%. As of December 31, 2004, the three year cumulative rate has been 70% (2003 - 181 %) based on the Turkish countrywide wholesale price index published by the State Institute of Statistics. Such index and conversion factors as of the end of the three years ended December 31, 2004 are given below:

Dates	Index	Conversion Factors
December 31, 2001	4,951.7	1.697
December 31, 2002	6,478.8	1.297
December 31, 2003	7,382.1	1.138
December 31, 2004	8,403.8	1.000

The main guidelines for the above mentioned restatement are as follows :

- the consolidated financial statements as of December 31, 2003, including monetary assets and liabilities reported therein, which were previously reported in terms of the measuring unit current at the end of that year is restated in its entirety to the measuring unit current at December 31, 2004.

- monetary assets and liabilities reported in the consolidated balance sheet as of December 31, 2004 are not restated because they are already expressed in terms of the monetary unit current at that balance sheet date.

- the inflation adjusted share capital was derived by indexing cash contributions, dividends reinvested, transfers from statutory retained earnings and income from sale of investments and property transferred to share capital from the date they were contributed.

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and other components of equity (except for the statutory revaluation adjustment which is eliminated) are restated by applying the relevant conversion factors.

- the effect of general inflation on the net monetary position is included in the income statement as monetary gain (loss).

- all items in the income statement are restated by applying appropriate average conversion factors with the exception of depreciation, amortization, gain or loss on disposal of non-monetary assets (which have been calculated based on the restated gross book values and accumulated depreciation/amortization).

Restatement of balance sheet and income statement items through the use of a general price index and relevant conversion factors does not necessarily mean that the Group could realize or settle the same values of assets and liabilities as indicated in the consolidated balance sheets. Similarly, it does not necessarily mean that the Group could return or settle the same values of equity to its shareholders.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries drawn up to December 31, 2004.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The consolidated financial statements of the Group include the Bank and its subsidiaries, which it controls. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to minority shareholders' interests are shown separately in the balance sheet and income statement, respectively, except where the minority shareholders, who are nominee shareholders, do not exercise their minority rights.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The subsidiaries included in consolidated financial statements and the effective shareholding percentages of the Bank at December 31, 2004 and 2003 are as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding And Voting Rights%	
			2004	2003
C Menkul Değerler A.Ş. (formerly Prestij Menkul Değerler A.Ş.)	Istanbul/Turkey	Brokerage	**99.25%**	99.25%
C Bilişim Teknolojileri ve Telekomünikasyon Hizmetleri A.Ş.	Istanbul/Turkey	Software development and technology	**99.00%**	99.00%

The purchase method of accounting is used for acquired businesses. Subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

In May 2003, the Group participated in the newly established C Bilişim Teknolojileri ve Telekomünikasyon Hizmetleri A.Ş. with 99.00% and in July 2003 acquired 99.25% of the share capital of C Menkul Değerler A.Ş. (Note 8).

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date announced by the Central Bank of Turkey (Central Bank). All differences are taken to the income statement as foreign exchange gain (loss).

Foreign currency translation rates used by the Group as of respective year-ends are as follows:

Dates	TL (full) / USD	TL (full) / EUR
December 31, 2002	1,634,501	1,703,477
December 31, 2003	1,395,835	1,745,072
December 31, 2004	1,342,100	1,826,800

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful Life (Years)
Buildings	50
Office equipment, furniture and fixtures	5
Motor vehicles	5
Leasehold improvements	4

The carrying values of premises and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of premises and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of premises and equipment.

Intangible Assets

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on the acquisition. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill

Goodwill, represents the excess of the cost of the acquisition over the fair value of and identifiable net assets of the subsidiary at the date of acquisition. Goodwill is amortized on a straight line basis over its estimated useful economic life of 10 years. It is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is stated at cost less accumulated amortization and any impairment in value.

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Investments

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Group. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets i.e. for assets carried at cost or amortized cost, change in value is not recognized; for assets classified as available for sale, the change in value is recognized in equity.

The Group maintains available-for-sale securities portfolio. Debt securities, primarily government bonds and treasury bills, are classified as 'available-for-sale' and stated at fair values. Gains or losses on remeasurement to fair value, representing the differences between amortized cost and fair value, are recognized as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognized in the income statement. For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Interest earned on available-for-sale investments is reported as interest income. Dividends received are included in dividend income.

Repurchase and Resale Transactions

The Group enters into short-term sales of securities under agreements to repurchase such securities. Such securities, which have been sold subject to a repurchase agreement, continue to be recognized in the balance sheet and are measured in accordance with the accounting policy of the security portfolio which they are part of. The counterparty liability for amounts received under these agreements is included in other money market deposits. The difference between sale and repurchase price is treated as interest expense and accrued over the life of the repurchase agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repurchase agreements) are not recognized in the balance sheet, as the Group does not obtain control over the assets. Amounts paid under these agreements are included in other money market placements. The difference between purchase and resale price is treated as interest income and accrued over the life of the reverse repurchase agreement.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to net off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Recognition and Derecognition of Financial Instruments

The Group recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of financial asset. The Group derecognizes a financial liability when and only when a liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and balances with central banks, deposits with banks and other financial institutions and other money market placements with an original maturity of three months or less.

Originated Loans and Advances to Customers

Loans originated by the Group by providing money directly to the borrower or to a sub-participation agent at drawdown are categorized as loans originated by the Group and are carried at amortized cost. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

All loans and advances are recognized when cash is advanced to borrowers.

Provisions for Possible Loan and Lease Receivable Losses

Based upon its evaluation of credits granted, management estimates the total credit risk provision that it believes is adequate to cover uncollectible amounts in the Group's loan and receivable portfolio and losses under guarantees and commitments.

If there is objective evidence that the Group will not be able to collect all amounts due (principal and interest) according to original contractual terms of the loan; such loans are considered impaired and classified as "loans in arrears" and "doubtful lease receivables".

The amount of the loss is measured as the difference between the loan's or receivable's carrying amount and the present value of expected future cash flows discounted at the loan's or receivable's original effective interest rate or as the difference between the carrying value of the loan and the fair value of collateral, if the loan or receivable is collateralized and foreclosure is probable.

Impairment and uncollectibility are measured and recognized individually for loans and receivables that are not individually significant, and on a portfolio basis for a group of similar loans and receivables that are not individually identified as impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group ceases to accrue interest on those loans and receivables that are classified as "loans in arrears" and "doubtful lease receivables" and for which the recoverable amount is determined primarily by reference to fair value of collateral.

The carrying amount of the asset is reduced to its estimated recoverable amount through the use of an allowance for impairment account. A write off is made when all or part of a loan or receivable is deemed uncollectible or in the case of debt forgiveness. Write offs are charged against previously established allowances and reduce the principal amount of a loan or receivable. Recoveries of loans written off in earlier periods are included in income.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the provision for loan losses expense. Unwinding of the discount is treated as income and remaining provision is then reassessed.

Leases

The Group as Lessee

Finance leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Related payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

The Group as Lessor

Finance leases

The Group presents leased assets as a receivable equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are recognized immediately as expenses.

Funds Borrowed

Funds borrowed are initially recognized at cost. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method, less amounts repaid. Amortized cost is calculated by taking into account any discount or premium on settlement. Gain or loss is recognized in the income statement when the liability is derecognized or impaired as well as through the amortization process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits

(a) Defined Benefit Plans:

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Provision is made for the present value of the defined benefit obligation calculated using the Projected Unit Credit Method. All actuarial gains and losses are recognized in the income statement.

(b) Defined Contribution Plans:

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Income and Expense Recognition

Interest income and expense are recognized in the income statement for all interest earning/bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Recognition of interest on loans in arrears overdue for 90 days is suspended. Interest income includes coupons earned on fixed income investment securities and accrued discount and premium on treasury bills and other discounted instruments.

Fees for various banking services, commission income and correspondent charges and expenses are recorded as income and expense when collected and paid. Dividends are recognized when the shareholders' right to receive the payments is established.

Income Tax

Tax expense / (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from goodwill amortization.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Derivative Financial Instruments

The Group enters into transactions with derivative instruments, including swaps and forwards in foreign exchange markets. These derivative transactions are considered as effective economic hedges under the Group's risk management policies; however since they do not qualify for hedge accounting under the specific provisions of IAS 39, they are treated as derivatives held for trading. Derivative financial instruments are initially recognized in the balance sheet at cost and subsequently are remeasured at their fair value.

Fair values are obtained from quoted market prices, to the extent publicly available, discounted cash flows and options pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

For derivatives that do not qualify for special hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the period.

Fiduciary Assets

Assets held by the Group in a fiduciary, agency or custodian capacity for its customers are not included in the balance sheet, since such items are not treated as assets of the Group.

Use of Estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. CASH AND CASH EQUIVALENTS

	2004	2003
Balances with the Central Bank	**36**	18
Deposits with banks and other financial institutions	**13,732**	10,354
Other money market placements	**5,518**	3,147
Cash and cash equivalents in the balance sheet	**19,286**	13,519
Less: Time deposits with original maturities of more than three months	**-**	-
Cash and cash equivalents in the cash flow statement	**19,286**	13,519

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

3. CASH AND CASH EQUIVALENTS (continued)

As of December 31, 2004 and December 31, 2003 interest range of deposits and placements are as follows:

	2004			
	Amount		**Effective interest rate**	
	Turkish Lira	**Foreign Currency (*)**	**Turkish Lira**	**Foreign currency**
Balances with the Central Bank	**3**	**33**	-	-
Deposits with banks and other financial institutions	**11,385**	**2,347**	**19.51%**	**-**
Other money market placements	**5,518**	**-**	**18.00%**	**-**
Total	**16,906**	**2,380**		

	2003			
	Amount		Effective interest rate	
	Turkish Lira	Foreign Currency (*)	Turkish Lira	Foreign currency
Balances with the Central Bank	2	16	-	-
Deposits with banks and other financial institutions	8,610	1,744	26.17%	-
Other money market placements	3,147	-	26.00%	-
Total	11,759	1,760		

(*) All foreign currency deposit amount with banks represent demand deposits.

4. RESERVE DEPOSITS AT THE CENTRAL BANK

	2004	2003
- Turkish lira	**251**	433
- Foreign currency	**8,917**	4,965
	9,168	5,398

According to the regulations of the Central Bank, banks are obliged to reserve a certain portion of certain liability accounts as specified in the related decree. Such reserves are deposited with the Central Bank.

As of December 31, 2004 and 2003, reserve deposit rates applicable for Turkish Lira liabilities and foreign currency liabilities were 6% and 11%, respectively.

As of December 31, 2004, the interest rates applied for Turkish Lira and USD reserve deposits are 12.5% and 1.04% (2003- 16 % and 0.41%), respectively.

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

5. INVESTMENTS IN SECURITIES

	2004		2003	
	Amount	**Effective Interest rate**	Amount	Effective Interest rate
Available-for-sale securities at fair value				
Turkish government bonds	**8,410**	**26.00%**	4,910	35.76%
Total	**8,410**		4,910	-

As of December 31, 2004 and 2003, available-for-sale securities comprise Turkish Government floating rate notes (FRN) with quarterly coupon payments having a maturity range of January 2005-September 2006 and August 2004 -January 2005, respectively.

As of December 31, 2004, the carrying value and the nominal amounts of securities kept in the Central Bank, İstanbul Menkul Kıymetler Borsası (Istanbul Stock Exchange), Takas ve Saklama Bankası A.Ş. (Istanbul Stock Exchange Clearing and Custody Bank) a correspondent bank for legal requirements and as guarantee for stock exchange, money market operations and for derivative transactions are TL 8,118 and TL 7,711 (December 31, 2003 - TL 4,910 and TL 4,554) , respectively.

Carrying value of debt instruments given as collateral under repurchase agreements are :

	2004	2003
Available-for-sale securities at fair value	**292**	-

6. ORIGINATED LOANS AND ADVANCES

	2004						
	Amount				Effective Interest Rate		
	Turkish Lira	Foreign Currency	Foreign Currency Indexed	Total	Turkish Lira	Foreign Currency	Foreign Currency Indexed
Corporate loans	23,382	32,016	8,111	63,959	29.78%	USD-9.58% EUR-8.56%	USD-9.47% EUR-8.90%
Consumer loans	374	-	1,550	1,924	24.33%	-	USD-9.93%
Total loans	24,206	32,016	9,661	65,883			
Loans in arrears (*)	-	-	-	2,499	-	-	-
Less: Reserve for possible loan losses (**)	-	-	-	(3,294)	-	-	-
	-	-	-	65,088			

(*) TL 2,226 of loans in arrears were transferred from the previous shareholders through acquisition of the Bank from SDIF auction.

(**) including TL 795 general reserve provided on a portfolio basis as of December 31, 2004.

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

6. ORIGINATED LOANS AND ADVANCES (continued)

	2003						
	Amount				Effective Interest Rate		
	Turkish Lira	Foreign Currency	Foreign Currency Indexed	Total	Turkish Lira	Foreign Currency	Foreign Currency Indexed
Corporate loans	43,833	40,610	624	85,067	32.20%	USD-8.17% EUR-8.95%	USD-9.54%
Consumer loans	34	-	446	480	38.42%	-	USD-10.7%
Total loans	43,867	40,610	1,070	85,547			
Loans in arrears	-	-	-	2,856	-	-	-
Less: Reserve for possible loan losses(*)	-	-	-	(3,550)	-	-	-
	-	-	-	84,853			

(*) including TL 694 general reserve provided on a portfolio basis as of December 31, 2003.

Movements in the reserve for possible loan losses:

	2004	2003
Reserve at the beginning of year	**3,550**	1,580
Provision for possible loan losses	**185**	2,196
Recoveries	**-**	(8)
Provision net of recoveries	**185**	2,188
Monetary gain	**(441)**	(218)
Reserve at end of year	**3,294**	3,550

At December 31, 2004, loans and advances (loans in arrears) on which interest is not being accrued or where interest is suspended amounted to TL 2,499 (2003 – TL 2,856).

7. MINIMUM LEASE PAYMENTS RECEIVABLE

Gross investment in finance leases receivable:

	2004	2003
Not later than one year	**21,088**	9,402
Later than one year and not later than five years	**19,713**	7,092
Minimum lease payments receivable, gross	**40,801**	16,494
Less : Unearned interest income	**(4,217)**	(1,329)
Net investment in finance leases	**36,584**	15,165
Less : Reserve for impairment in lease receivables	**-**	-
Minimum lease payments receivable, net	**36,584**	15,165

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

7. MINIMUM LEASE PAYMENTS RECEIVABLE(continued)

As of December 31, 2004 TL 20,945 of net investment in finance leases is denominated in US$, TL 15,633 of net investment in finance leases is denominated in EUR (December 31, 2003 – TL 10,493 and TL 4,672 denominated in US$ and EUR, respectively) and TL 6 of net investment in finance leases is denominated in TL. The effective interest rate for minimum lease receivables denominated in US$ is 8.37 % (December 31, 2003 – 8.90%) and in EUR 9.20%(December 31, 2003 – 8.78%).

Net investment in finance leases may be analyzed as follows:

	2004	2003
Not later than one year	**18,513**	8,400
Later than one year and not later than five years	**18,071**	6,765
	36,584	15,165

As of December 31, 2004, weighted average maturity of USD and EUR minimum leasing receivables are 14.4 and 13.4 months respectively. (2003- USD-15.1 months; EUR-13.9 months)

8. INVESTMENT IN SUBSIDIARIES

The Group has participated in newly established company C Bilişim Teknolojileri ve Telekomünikasyon Hizmetleri A.Ş. (C Bilişim) which is specialized in software development and other technological affairs on May 7, 2003. As of December 31, 2004 and 2003, the related company is consolidated in the accompanying financial statements.

On July 3, 2003, the Group purchased 99.25 % Prestij Menkul Değerler A.Ş. (a brokerage house) as per the agreement signed as of March 24, 2003 for TL 850 (historical amount). After the acquisition, as of July 24, 2003 the title of the company was changed as C Menkul Değerler A.Ş.

Goodwill of TL 275 is computed for the related company as the difference between fair value of net assets and the consideration paid, and is amortized over a period of 10 years on a linear basis. The company is included in the consolidated financial statements from July 3, 2003.

9. PREMISES AND EQUIPMENT

	Land and Building	**Leasehold Improvements**	**Office Equipment**	**Motor Vehicles**	**Total**
At January 1, 2004, net of accumulated depreciation	**2,153**	**113**	**597**	**446**	**3,309**
Additions	-	207	462	197	866
Disposals	(1,550)	-	(2)	(32)	(1,584)
Depreciation charge for the year	(12)	(52)	(297)	(128)	(489)
At December 31, 2004, net of accumulated depreciation	**591**	**268**	**760**	**483**	**2,102**

As of December 31, 2004 there are no leased assets in the premises and equipment balance of the Bank.

TL 1,550 of disposals from land and buildings balance represents land sold to a related party (Note 19).

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

9. PREMISES AND EQUIPMENT (continued)

	Land and Buildings	Leasehold Improvements	Office Equipment	Motor Vehicles	Total
At December 31, 2003					
Cost	2,175	328	1,714	524	4,741
Accumulated depreciation	(22)	(215)	(1,117)	(78)	(1,432)
Net carrying amount	**2,153**	**113**	**597**	**446**	**3,309**
At December 31, 2004					
Cost	617	535	2,161	687	4,000
Accumulated depreciation	(26)	(267)	(1,401)	(204)	(1,898)
Net carrying amount	**591**	**268**	**760**	**483**	**2,102**

10. INTANGIBLE ASSETS

	Goodwill	Software Licenses and Other	Development Costs
At January 1, 2004, net of accumulated amortization	**262**	**106**	**350**
Additions	-	1,678	-
Transfers	-	350	(350)
Amortization charge for the year	(28)	(106)	-
At December 31, 2004, net of accumulated amortization	**234**	**2,028**	**-**
At December 31, 2003			
Cost	275	221	350
Accumulated amortization	(13)	(115)	-
Net carrying amount	**262**	**106**	**350**
At December 31, 2004			
Cost	275	2,249	-
Accumulated amortization	(41)	(221)	-
Net carrying amount	**234**	**2,028**	**-**

Goodwill on acquisition of C Menkul is being amortized over a period of 10 years starting from July 1, 2003.

Software and licenses are being amortized over economic useful lives of 5 years.

As of December 31, 2004, development costs comprising mainly the programmer's wage expenses related with the new banking software project that was started in July 2003 has been transferred to "software licenses and others" since the Bank has started to utilize the software.

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

11. PREPAYMENTS AND OTHER ASSETS

	2004	2003
Prepaid expenses	43	474
Prepaid taxes	1,498	-
Other	792	685
Total	2,333	1,159

As of December 31, 2004 and 2003 prepaid taxes of TL 250 and TL 2,072 has been offset against current taxes payable, respectively. (Note 15).

12. OTHER MONEY MARKET DEPOSITS

Other money market deposits:

	2004				2003			
	Amount		Effective interest rate		Amount		Effective interest rate	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency	Turkish Lira	Foreign currency
Obligations under repurchase agreements								
- Due to customers	284	-	17%	-	-	-	-	-
Stock Exchange Money Market	4,011	-	18%	-	525	-	26%	-
Total	4,295	-			525	-		

13. FUNDS BORROWED

	2004				2003			
	Amount		Effective interest rate		Amount		Effective interest rate	
	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency	Turkish Lira	Foreign Currency
Short-term								
Fixed interest	189	21,348	15%	USD-3.74% EUR-5.03%	44	33,649	USD-2.88% EUR-4.02% CHF-4.32%	-
Floating interest	-	10,138	-	EUR-5.66%	-	-	-	-
Long-term								
Fixed interest	-	-	-	-	-	-	-	-
Floating interest	-	4,085	-	USD-6.73% (*)	-	-	-	-
Total	189	35,890			44	33,649		

(*) Long term floating rate borrowings consist of two project finance facilities amounting to USD 2,200,000 and USD 800,000 with maturities of October 27, 2008 and September 16, 2011, respectively.

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

14. OTHER LIABILITIES AND PROVISIONS

	2004	2003
Cash blockage and cash collaterals of credit customers	**24,388**	20,258
Liability for defined benefit plans	**145**	133
Taxation other than income	**868**	671
Others (*)	**4,871**	6,330
	30,272	27,392

(*) As of December 31, 2004, the balance includes TL 4,302 (December 31, 2003- TL 2,277) of payables due to suppliers of equipment acquired for leasing.

Employee Termination Benefits

In accordance with existing social legislation, the Bank and its subsidiaries incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In Turkey, such payments are calculated on the basis of 30 days' pay (limited to a maximum of TL 1.575 and TL 1.390 (historical) at December 31, 2004 and 2003, respectively) per year of employment at the rate of pay applicable at the date of retirement or termination. In the consolidated financial statements as of December 31, 2004 and 2003, the Group reflected a liability calculated using the Projected Unit Credit Method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The principal actuarial assumptions used in the calculation of the total liability at the balance sheet transactions date are as follows:

	2004	2003
Discount rate	**16%**	25%
Expected rates of salary (limit increase)	**10%**	18%

The movement in provision for employee termination benefits is as follows:

	2004
At December 31, 2003	133
Interest cost	8
Charge for the year	28
Indemnity paid during the year	-
Monetary gain	(24)
At December 31, 2004	**145**

Actuarial gains and losses are recognized in the income statement in the period they occur.

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

15. INCOME TAXES

General Information

In 2003, the effective corporation tax rate was 30%. However, with Law No. 5035 published at January 2, 2004, only for the year 2004 the corporation tax is calculated at 33%.

The tax legislation provides for a temporary tax of 30% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year. However, in accordance with Law No. 5035, temporary taxes for the year 2004 is calculated and paid at the rate of 33%.

Tax returns are required to be filed until the fifteenth of the fourth month following the year-end and paid in one installment until the end of the related month.

In 2003 and prior years corporation tax is computed on the statutory income tax base determined in accordance with the Procedural Tax Code without any adjustment for inflation accounting. With Law No. 5024 published on December 30, 2003 related with changes in Procedural Tax Code, Income Tax Law and Corporation Tax Law, starting from January 1, 2004, taxable income is derived from the financial statements which are adjusted for inflation accounting. Accumulated earnings arising from the first application of inflation accounting on December 31, 2003 balance sheet is not subject to corporation tax, and similarly accumulated deficit arising from such application is not deductible for tax purposes. Moreover, accumulated tax loss carry forwards related with 2003 and prior periods will be utilized at their historical (nominal) values in 2004 and future years. Certain changes have been made in the application of the inflation adjustment to the statutory accounts with Law No. 5228 published on July 31, 2004. The Group has adjusted its statutory accounts at December 31, 2004 considering the requirements of the new law and has reflected the tax charge accordingly in the accompanying financial statements.

Tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records and revised assessments for a retrospective maximum period of five years.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Major components of income tax expense in the year ended December 31, 2004 and 2003:

	2004	2003
Income statement		
Current income tax		
Current income tax charge	**301**	2,719
Deferred income tax		
Relating to origination and reversal of temporary differences	**(882)**	290
Relating to change in income tax rates	**(60)**	(13)
Income tax provision/(credit) reported in consolidated income statement	**(641)**	2,996

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

15. INCOME TAXES (continued)

The taxes payable and prepaid taxes are detailed below :

	2004	2003
Current taxes payable	**301**	2,719
Prepaid taxes (Note 11)	**(250)**	(2,072)
Net balance	**51**	647

A reconciliation of income tax expense/(credit) applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense/(credit) at the Group's effective income tax rate for the years ended December 31 were as follows:

	2004	2003
Net profit from ordinary activities before income tax after monetary loss	**10,657**	12,350
At Turkish statutory income tax rate of 33% (2003 – 30%)	**3,517**	3,705
Expenditure not allowable for income tax purposes	**313**	229
Tax benefit of investment allowance	**(4,029)**	(1,482)
Effect on opening deferred income tax of change in effective tax rate (33% to 30%)	**(60)**	(13)
Other	**(382)**	557
Income tax provision (credit) reported in consolidated income statement	**(641)**	2,996

Deferred income tax

Deferred income tax at December 31, 2004 and 2003 are as follows :

	2004	2003
Deferred income tax liabilities		
Valuation and depreciation differences of premises and equipment	**(179)**	(114)
Accounting for financial leases	**-**	(385)
Valuation differences of derivatives	**(114)**	(188)
Gross deferred income tax liabilities	**(293)**	(687)
Deferred income tax assets		
Liability for defined benefit plans	**44**	40
Reserve for loan losses	**239**	208
Accounting for financial leases	**273**	-
Tax benefit of Investments incentives	**284**	-
Others (including fair value adjustment and fixed asset restatement effect)	**46**	42
Gross deferred income tax assets	**886**	290
Net deferred income tax asset/(liability)	**593**	(397)

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

15. INCOME TAXES (continued)

Movement of net deferred tax (asset) and liability can be presented as follows:

	2004	2003
Balance at January 1	**397**	137
Deferred income tax provision /(credit)recognized in income statement	**(942)**	277
Monetary (gain)/loss	**(48)**	17
Balance at December 31	**(593)**	397

16. DERIVATIVES

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices. Derivative financial instruments include forwards and swap contracts.

The table below shows the favorable (assets) and unfavorable (liabilities) fair values of derivative financial instruments together with the notional amounts analyzed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

The Group calculates the fair values of forward and swap contracts by estimating a forward rate, swap points at maturity date with effective interest rates of Turkish Lira and foreign currency instruments at the reporting date, which is then discounted, to the reporting date.

			2004			
	Fair value assets	**Fair value liabilities**	**Notional amount in Turkish Lira equivalent**	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**
Derivatives held for trading						
Forward purchase contract	**95**	**-**	**18,998**	**18,998**	**-**	**-**
Forward sale contract	**-**	**6**	**18,902**	**18,902**	**-**	**-**
Currency swap purchase	**291**	**-**	**47,481**	**36,555**	**10,926**	**-**
Currency swap sale	**-**	**2**	**46,769**	**36,508**	**10,261**	**-**
	386	**8**	**132,150**	**110,963**	**21,187**	**-**

			2003			
	Fair value assets	Fair value liabilities	Notional amount in Turkish Lira equivalent	Up to 1 month	1 to 3 months	3 to 6 months
Derivatives held for trading						
Forward purchase contract	510	-	10,815	10,815	-	-
Forward sale contract	-	135	10,374	10,374	-	-
Currency swap purchase	64	-	2,914	2,914	-	-
Currency swap sale	-	-	2,852	2,852	-	-
	574	135	26,955	26,955	-	-

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

17. SHARE CAPITAL

As of December 31, 2004 the Bank's historical subscribed and issued share capital was TL 47,500 .

Number of common shares, TL 100,000 (full) par value (authorized and issued) **475,000,000**

The movement of the share capital (in numbers and in historical TL) of the Bank is as follows:

	2004		2003	
	Number	**TL**	Number	TL
At January 1,	**475,000,000**	**47,500**	59,304,000	5,930
Shares issued				
-cash	-	-	395,696,000	39,570
-from reserves	-	-	20,000,000	2,000
At December 31,	**475,000,000**	**47,500**	475,000,000	47,500

As December 31, 2004 and December 31, 2003 the shareholders of the Bank and their respective ownership percentages can be summarized as follows:

	2004		2003	
Shareholders	**Amount**	**(%)**	Amount	(%)
C Faktoring A.Ş.	**46,700**	**98.32**	46,700	98.32
Others	**800**	**1.68**	800	1.68
Historical amount	**47,500**	**100.00**	47,500	100.00
Restatement effect, net	**20,232**		29,475	
Restated amount	**67,732**		76,975	

There are no rights, preferences and restrictions on the distribution of dividends and the repayment of capital.

As allowed by BRSA, the Bank has net off its accumulated deficit through deduction from its legal reserves, retained earnings and adjustment to share capital in 2004 at an amount of TL 9,243.

18. LEGAL RESERVES AND ACCUMULATED DEFICIT

Legal Reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted. As of December 31, 2004, the Group's legal reserves, which were included within the legal reserves and accumulated deficit balance amount to TL 43 (December 31, 2003-TL 466) at nominal values.

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

18. LEGAL RESERVES AND ACCUMULATED DEFICIT (continued)

Dividends

The profit appropriation for 2003 is finalized at the general meeting on March 30, 2004 and it has been resolved not to distribute any dividends for the year 2003.

19. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank is controlled by C Faktoring A.Ş., who owns 98.32% of the shares which in turn is controlled by Damla Cıngıllıoğlu with a share holding of 99.53%. For the purpose of these financial statements the companies controlled by Damla Cıngıllıoğlu and her family (Cıngıllıoğlu family) are referred to as related parties.

Balances :

Related party		Cash and cash equivalents	Originated Loans	Non-cash Loans	Funds borrowed	Notional amount of derivative financial instruments	Other Liabilities
Shareholders	December 31, 2004	**-**	**-**	**47**	**-**	**21,402**	**124**
Shareholders	December 31, 2003	-	1,209	8	-	2,023	890
Others	December 31, 2004	**6,432**	**2,122**	**2,124**	**30,995**	**40,374**	**4,218**
Others	December 31, 2003	360	-	430	29,820	4,470	990

Transactions :

Related party		Interest Income	Interest Expense	Other Income	Other Expense
Shareholders	December 31, 2004	**-**	**-**	**1,315**	**114**
Shareholders	December 31, 2003	139	-	32	-
Others	December 31, 2004	**2,202**	**199**	**-**	**-**
Others	December 31, 2003	-	-	1,684	518

TL 1,491 of other income in 2003 represents the amount recovered in kind from a related party in a relation to a loss of TL 1,148 incurred on purchase and subsequent sale of a property during 2003 resulting from the impairment in value of the property due to a change in municipality development plan after the purchase date.

TL 114 of other expense in 2004 represents losses incurred as a result of a sale of the property to a related party in 2004 (Note 9).

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

20. SALARIES AND EMPLOYEE BENEFITS

	2004	2003
Staff costs		
Wages and salaries	**4,300**	2,466
Cost of defined contribution plan (employers share of social security premiums)	**405**	196
Provision for employee termination benefits including indemnity	**28**	82
Others	**401**	203
Total	**5,134**	2,947

As of December 31, 2004, the number of employees of the Bank is 50 (December 31, 2003 - 44).

21. OTHER INCOME AND EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

Other income

	2004	2003
Stamp tax	**-**	781
Recovery of loss on sale of property (Note 19)	**-**	1,491
Gain on sale of fixed assets	**9**	-
Others	**327**	392
Total	**336**	2,664

Other expenses

	2004	2003
Loss on sale of property (Note 19)	**114**	1,148
Consultancy expenses	**186**	107
Others	**96**	112
Total	**395**	1,367

General and administrative expenses

	2004	2003
Rent expense	**990**	536
Representation, utility and stationery expenses	**463**	492
Computer expenses	**385**	435
Communication expense	**323**	176
Vehicle expenses	**299**	293
Insurance expense	**215**	106
Traveling expense	**76**	287
Others	**1,198**	71
Total	**3,949**	2,396

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

22. COMMITMENTS AND CONTINGENCIES

In the normal course of business activities, the Bank and its subsidiaries undertake various commitments and incur certain contingent liabilities that are not presented in the financial statements including:

	2004	2003
Letters of guarantee	**159,907**	114,662
Letters of credit	**27,806**	12,008
Other guarantees	**4,787**	3,973
Total non cash loans	**192,500**	130,643

Trust Assets

As of December 31, 2004, the nominal values of the TL denominated assets held by the Group in fiduciary agency or custodian capacities amounted to TL 57,149 (December 31, 2003- TL 27,006) and foreign currency denominated assets amounted to TL 163,181 (December 31, 2003- TL 1,043).

Operating Lease Commitments

Group as Lessee

As of December 31, 2003, the Bank leased a building for training purposes from a related party with an operational lease agreement dated November 20, 2003 for one year. The agreement does not include non-cancelable commitments and cancelled within 2004. As of December 31, 2004 the Bank has an outstanding lease agreement with third parties as lessee. The agreement includes a cancelable commitment with two months of notice.

23. FINANCIAL RISK MANAGEMENT

Through its normal operations, the Bank is exposed to a number of risks, the most significant of which are credit, currency, liquidity, interest rate and operational risk. Responsibility for the management of these risks rests with the Board of Directors, which delegates the operational responsibility to the Bank's general management and appropriate subcommittees.

The primary risks within the Bank's activities are interest rate and exchange risk. TL interest rates can be volatile, and a substantial part of the Bank's balance sheet is denominated in currencies other than TL. The Bank manages its exposure to market risk through the Asset and Liability Committee, comprising members of senior management, and through limits on the positions which can be taken by the Bank's treasury and securities trading division.

Credit Risk

Credit risk arises where the possibility exists of a counter party defaulting on its obligations. The most important step in managing this risk is the initial decision whether or not to extend credit. The granting of credit is authorized at Board level or at appropriate levels of management depending on the size of the proposed commitment and in accordance with the banking regulations in Turkey. The Group places emphasis on obtaining sufficient collateral from borrowers including, wherever possible, cash collaterals, mortgages or security over other assets.

The day–to-day management of credit risk is developed to individual business units, which perform regular appraisals of counter party credit quantitative information.

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

23. FINANCIAL RISK MANAGEMENT (continued)

As of December 31, 2004 and 2003 the breakdown of cash, minimum lease receivables and non-cash loans in terms of industry groups is as follows:

	December 31, 2004			
	Cash	**Min. lease receivables**	**Non-cash**	**Total**
Construction	4,170	1,449	58,565	64,184
Textile	7,332	12,096	19,766	39,194
Energy	626	-	30,171	30,797
Food	22,297	1,214	3,232	26,743
Tourism and entertainment	6,582	10,612	8,593	25,787
Transportation	4,123	7,350	12,201	23,674
Machinery	-	-	19,117	19,117
Financial sector	1,880	-	13,319	15,199
Automotive	5,313	1,707	5,963	12,983
Computer	-	-	12,815	12,815
Metal	2,827	71	-	2,898
Plastic	2,376	-	369	2,745
Others	6,230	1,935	7,239	15,404
Corporate loans & leasing receivables	**63,756**	**36,434**	**191,350**	**291,540**
Consumer & staff loans	**1,924**	**-**	**1,150**	**3,074**
Interest accruals, net of cash blockage accruals	203	150	-	353
Loans in arrears	2,499	-	-	2,499
Provision for possible loan losses	(3,294)	-	-	(3,294)
	65,088	**36,584**	**192,500**	**294,172**

	December 31, 2003			
	Cash	Min. lease receivables	Non-cash	Total
Energy	15,079	-	69,750	84,829
Textile	9,048	8,658	11,835	29,541
Food	18,657	-	9,156	27,813
Financial sector	17,726	1,929	2,948	22,603
Tourism and entertainment	4,576	-	15,701	20,277
Construction	3,189	2,765	6,164	12,118
Agriculture	4,370	-	-	4,370
Cement	2,243	-	-	2,243
Metal	1,987	-	-	1,987
Computer	377	-	1,213	1,590
Automotive	1,181	-	170	1,351
Others	6,210	1,742	13,244	21,196
Corporate loans & leasing receivables	84,643	15,094	130,181	229,918
Consumer & staff loans	473	-	462	935
Interest accruals, net of cash blockage accruals	431	71	-	502
Loans in arrears	2,856	-	-	2,856
Provision for possible loan losses	(3,550)	-	-	(3,550)
	84,853	15,165	130,643	230,661

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

23. FINANCIAL RISK MANAGEMENT (continued)

Currency Risk

The Group manages foreign currency risk by regular weekly the Asset and Liability Committee meetings, comprising members of senior management, and through limits on the positions which can be taken by the Bank's treasury and securities trading divisions.

The concentrations of assets, liabilities and off balance sheet items are summarized below:

	TL	USD	EUR	Other	Total
As of December 31, 2004					
Cash and balances with Central Bank	3	33	-	-	36
Deposits with banks and other financial institutions	11,385	1,591	516	240	13,732
Other money market placements	5,518	-	-	-	5,518
Reserve deposits at the Central Bank	251	8,917	-	-	9,168
Investments in securities	8,410	-	-	-	8,410
Receivables from customers due to brokerage activities	3,419	-	-	-	3,419
Originated loans and advances	23,411	26,125	15,552	-	65,088
Minimum lease payments receivable	6	20,945	15,633	-	36,584
Derivative financial instrument assets	378	4	4	-	386
Premises and equipment	2,102	-	-	-	2,102
Intangible assets	2,262	-	-	-	2,262
Prepayments and other assets	1,916	130	286	1	2,333
Deferred tax asset	593	-	-	-	593
Total assets	**59,654**	**57,745**	**31,991**	**241**	**149,631**
Other money market deposits	4,295	-	-	-	4,295
Funds borrowed	189	14,571	21,319	-	36,079
Derivative financial instrument liabilities	6	-	2	-	8
Other liabilities and provisions	2,815	18,565	8,892	-	30,272
Income tax payable	51	-	-	-	51
Total liabilities	**7,356**	**33,136**	**30,213**	**-**	**70,705**
Net on-balance sheet position	**52,298**	**24,609**	**1,778**	**241**	**78,926**
Off-balance sheet net notional position	**27,383**	**(24,692)**	**(1,883)**	**-**	**808**
Net position	**79,681**	**(83)**	**(105)**	**241**	**79,734**
Non-cash loans	**74,403**	**75,749**	**40,498**	**1,850**	**192,500**
As of December 31, 2003					
Total assets	65,615	47,820	16,910	112	130,457
Total liabilities	6,796	36,123	18,057	1,813	62,789
Net on-balance sheet position	58,819	11,697	(1,147)	(1,701)	67,668
Off-balance sheet net notional position	7,613	(8,037)	(795)	1,722	503
Net position	66,432	3,660	(1,942)	21	68,171
Non-cash loans	91,304	29,981	7,782	1,576	130,643

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

23. FINANCIAL RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is a substantial risk in Turkish markets, which exhibit significant volatility.

In order to manage this risk, the Group measures and manages its cash flow commitments on a daily basis, and maintains liquid assets, which it judges sufficient to meet its commitments.

The Group uses various methods, including predictions of daily cash positions, and scenario analysis to monitor and manage its liquidity risk to avoid undue concentration of funding requirements at any point in time or from any particular source. Risk management and treasury departments monitor daily liquidity gaps in all currencies. The Bank is not allowed to take any liquidity risk (monitored cumulatively) in any currency, in any point in any time as decided by the upper management of the Bank presented by the below table.

In order to minimize the asset-liability maturity mismatch, the Bank purchased options for cash loan utilizations amounting to a total of 20 million EURO and with maturities of one year from a foreign affiliated bank. These options are exercisable within nine months after the contract dates and are not settled net in cash.

The table below analyses assets and liabilities of the Group as of December 31, 2004 and December 31, 2003 into relevant maturity groupings based on the remaining period at balance sheet date to contractual maturity date:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
As of December 31, 2004						
Cash and balances with Central Bank	36	-	-	-	-	36
Deposits with banks and other financial institutions	13,732	-	-	-	-	13,732
Other money market placements	5,518	-	-	-	-	5,518
Reserve deposits at the Central Bank	9,168	-	-	-	-	9,168
Investments in securities	2,130	-	-	-	6,280	8,410
Receivables from customers due to brokerage activities	3,419	-	-	-	-	3,419
Originated loans and advances	4,921	24,484	6,018	19,611	10,054	65,088
Minimum lease payments receivable	1,479	3,167	4,809	9,058	18,071	36,584
Derivative financial instrument assets	386	-	-	-	-	386
Premises and equipment	-	-	-	-	2,102	2,102
Intangible assets	-	-	-	-	2,262	2,262
Prepayments and other assets	771	63	-	-	1,499	2,333
Deferred tax asset	-	-	-	-	593	593
Total assets	**41,560**	**27,714**	**10,827**	**28,669**	**40,861**	**149,631**
Other money market deposits	4,295	-	-	-	-	4,295
Funds borrowed	10,684	3,270	9,707	8,053	4,365	36,079
Derivative financial instrument liabilities	-	8	-	-	-	8
Other liabilities and provisions	28,563	1,229	-	335	145	30,272
Income taxes payable	-	-	51	-	-	51
Total liabilities	**43,542**	**4,507**	**9,758**	**8,388**	**4,510**	**70,705**
Net liquidity gap	**(1,992)**	**23,207**	**1,069**	**20,281**	**36,351**	**78,926**
As of December 31, 2003						
Total Assets	46,912	30,479	6,701	28,176	18,189	130,457
Total Liabilities	31,114	4,645	8,020	18,613	397	62,789
Net liquidity gap	15,798	25,834	(1,319)	9,563	17,792	67,668

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

23. FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk

The Group funds its TL assets through its shareholders' equity (as of December 31, 2004, total shareholders equity comprises 52.7 % of the total assets) and is not exposed to interest rate risk in TL assets and liabilities. Foreign currency assets of The Group give raise to interest rate risk as a result of mismatches or gaps in the amounts of foreign currency assets and liabilities and that mature or reprice in a given period. The Group manages interest rate risk by the Asset and Liability Committee and Risk Management Committee, comprising members of senior management, and through limits on the positions, which can be taken by the Bank's credit and treasury divisions.

The table below summarizes the Group's exposure to interest rate risk on the basis of the remaining period at the balance sheet date to the next repricing date.

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Non interest Bearing	Total
At December 31, 2004							
Cash and balances with Central Bank	-	-	-	-	-	36	36
Deposits with banks and other financial institutions	13,367	-	-	-	-	365	13,732
Other money market placements	5,518	-	-	-	-	-	5,518
Reserve deposits at the Central Bank	9,168	-	-	-	-	-	9,168
Investments in securities	4,187	4,223	-	-	-	-	8,410
Receivables from customers due to brokerage activities	-	-	-	-	-	3,419	3,419
Originated loans and advances	53,493	3,249	2,275	2,904	3,167	-	65,088
Minimum lease payments receivable	1,479	3,167	4,809	9,058	18,071	-	36,584
Derivative financial instrument assets	-	-	-	-	-	386	386
Premises and equipment	-	-	-	-	-	2,102	2,102
Intangible assets	-	-	-	-	-	2,262	2,262
Prepayments and other assets	-	-	-	-	-	2,333	2,333
Deferred tax asset	-	-	-	-	-	593	593
Total assets	**87,212**	**10,639**	**7,084**	**11,962**	**21,238**	**11,496**	**149,631**
Other money market deposits	4,295	-	-	-	-	-	4,295
Funds borrowed	15,756	4,344	15,188	472	319	-	36,079
Derivative financial instrument liabilities	-	-	-	-	-	8	8
Other liabilities and provisions	19,600	1,229	-	335	145	8,963	30,272
Income taxes payable	-	-	-	-	-	51	51
Total liabilities	**39,651**	**5,573**	**15,188**	**807**	**464**	**9,022**	**70,705**
Balance sheet interest sensitivity gap	**47,561**	**5,066**	**(8,104)**	**11,155**	**20,774**	**2,474**	
Off balance sheet interest sensitivity gap	**143**	**665**	**-**	**-**	**-**		
Total interest sensitivity gap	**47,704**	**5,731**	**(8,104)**	**11,155**	**20,774**		

The Group manages its interest rate risk by its above presented balance sheet structure.

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

23. FINANCIAL RISK MANAGEMENT (continued)

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Non interest bearing	Total
At December 31, 2003							
Cash and balances with Central Bank	18	-	-	-	-	-	18
Deposits with banks and other financial institutions	10,315	-	-	-	-	39	10,354
Other money market placements	3,147	-	-	-	-	-	3,147
Reserve deposits at the Central Bank	5,398	-	-	-	-	-	5,398
Investments in securities	2,259	2,270				381	4,910
Receivables from customers due to brokerage activities	-	-	-	-	-	852	852
Originated loans and advances	52,052	9,123	955	17,699	4,869	155	84,853
Minimum lease payments receivable	708	1,543	2,039	4,034	6,769	72	15,165
Derivative financial instrument assets	-	-	-	-	-	574	574
Premises and equipment	-	-	-	-	-	3,309	3,309
Intangible assets	-	-	-	-	-	718	718
Prepayments and other assets	64	59	3	7	-	1,026	1,159
Total assets	73,961	12,995	2,997	21,740	11,638	7,126	130,457
Other money market deposits	525						525
Funds borrowed	18,046	3,973	7,970	3,496	-	208	33,693
Derivative financial instrument liabilities	-	-	-	-	-	135	135
Other liabilities and provisions	-	-	-	15,095	-	12,297	27,392
Income tax payable	-	-	-	-	-	647	647
Deferred tax liability	-	-	-	-	-	397	397
Total liabilities	18,571	3,973	7,970	18,591	-	13,684	62,789
Balance sheet interest sensitivity gap	55,390	9,022	(4,973)	3,149	11,638		
Off balance sheet interest sensitivity gap	503	-	-	-	-		
Total interest sensitivity gap	56,893	9,022	(4,973)	3,149	11,638		

Operational Risk

Operational risk arises from the potential for the financial loss or reputation damage as a result of inadequate systems (including systems breakdown), errors, poor management, and breaches of internal controls, fraud or external events. The Bank's business units manage this risk through appropriate risk controls and loss mitigation actions. These actions include a balance of policies and procedures.

As of December 31, 2004, the Bank has 2 branches but all the operations are managed from its head office. Therefore the Bank is not exposed to any operational risk related with branch operations. The Bank has the following committees in place for operational risk management :

- Internal Control Department
- Internal Audit Department
- Financial Control and Risk Management Department

With these committees all the banking activities such as credit facilities, contracts and daily cash outflows etc. are monitored on a real-time basis and reported to the Board of Directors. There are also written and Board approved risk policies and operational procedures which are also monitored on a real time basis.

Capital Adequacy

To monitor the adequacy of its capital, the Bank uses ratios established by BRSA. These ratios measure capital adequacy (minimum 8% as required by BRSA) by comparing the Bank's eligible capital with its balance sheet assets, off-balance sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk. As of December 31, 2004, the Bank's capital adequacy ratio on unconsolidated basis based on statutory financial statements and calculated in accordance with BRSA regulations is 57.24%.

(Currency -- In billions of Turkish Lira, in equivalent purchasing power at December 31, 2004)

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Values

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements at other than fair values.

	Carrying amount		Fair value	
	2004	2003	**2004**	2003
Financial assets				
Originated loans and advances	**65,088**	84,853	**65,166**	84,853
Minimum lease payments receivables	**36,584**	15,165	**37,213**	15,165
Financial liabilities				
Cash blockage and cash collaterals of credit customers	**24,388**	20,258	**24,398**	20,258

Fair values of remaining financial assets and liabilities carried at cost, including cash and balances with Central Bank, deposit with banks and other money market placements, reserve deposits at the Central Bank, funds borrowed and other money market deposits, are considered to approximate their respective carrying values due to their short-term nature.

To the extent relevant and reliable information is available from financial markets in Turkey, the fair value of financial instruments is based on such market data. The fair values of other financial instruments are determined by using estimation techniques that include reference to the current market value of another instrument with similar characteristics or by discounting the expected future cash flows at prevailing interest rates.

The interest used to determine the fair values of financial instruments, applied on the balance sheet date to reflect active market price quotations are as follows:

	Originated loans and advances		**Minimum lease payments receivables**		**Cash Blockage and Cash Collaterals of credit customers**	
			Interest Rates Applied (%)			
Currency	**December 31, 2004**	December 31, 2003	**December 31, 2004**	December 31, 2003	**December 31, 2004**	December 31, 2003
Turkish lira	**25**	32	**25**	-	**18**	25
US$	**8**	8	**8**	9	**3**	5
EURO	**7.5**	9	**7.5**	9	**2**	2

25. SUBSEQUENT EVENTS

Effective from January 1, 2004, the ceiling of retirement pay has been increased from YTL 1.575 million to YTL 1.649 per annum.