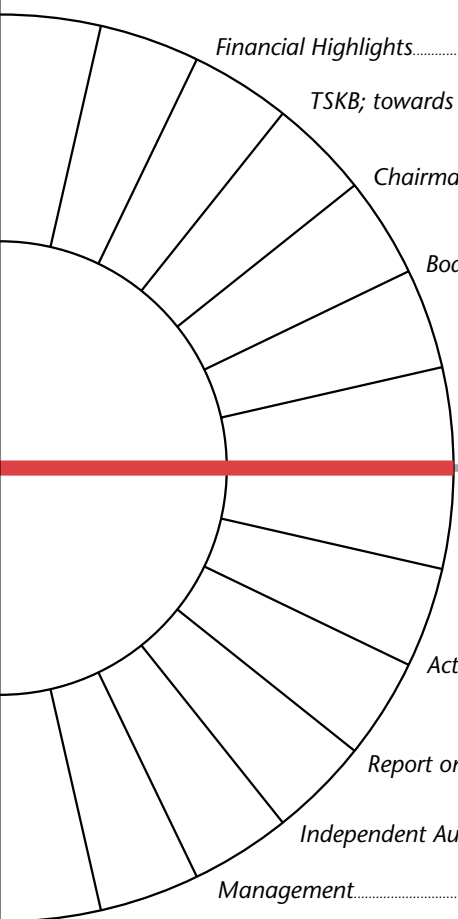




2004

ANNUAL REPORT

CONTENTS



Financial Highlights.....	3	
TSKB; towards new horizons.....	4	
Chairman's Statement.....	6	
Board of Directors.....	8	
Message of the Chief Executive Officer.....	10	
Senior Management.....	12	
Economic Indicators.....	15	
Activities of the Bank in 2004.....	16	- Loans - Investment Banking - Treasury, Capital Markets and Financial Institutions - Information Technology
Report on Harmonization with the Principles of Corporate Governance.....	24	
Independent Auditor's Report and Financial Statements.....	43	
Management.....	86	



ANNUAL REPORT



SUNDIAL

Without a doubt it is life that makes time valuable, and humankind uses devices to measure time as to optimize its potential and to develop.

The oldest instrument known to measure time is the sundial.

The oldest sundial known to have been used is that used by the Egyptians in 1500 BC.

Sundials have, for centuries, enlightened the path of the humankind and guided them in making good use of time and finding their way. They have shown that the experience and accumulation of doing the right thing at the right time is the most important investment above all.



FINANCIAL HIGHLIGHTS (*)

TL Billion

	2004	2003
Paid in Capital	949,960	919,732
Valuation Reserves	14,984	13,245
Accumulated Loss	(655,567)	(677,215)
Net Income/Loss for the Year	69,040	54,417
Minority Interest	3,826	2,179
Total Liabilities	1,911,306	1,551,018
Loans and Financial Lease Receivables	1,406,475	1,105,630
Financial Investments	739,981	539,266
Equity Investments	92,677	85,465
- Venture Capital	14,126	16,039
- Other Participations	78,551	69,427
Fixed Assets	22,888	23,213
Other Assets	31,528	55,802
Gross Income	247,785	246,967
Interest Expenses	61,912	62,679
Administrative Expenses	14,856	27,400
Depreciation and Other Expenses	69,093	50,133
Provisions	32,884	52,338

(*) The totals for the years 2003 and 2004 are expressed in terms of TL purchasing power as of 31/12/2004.





TSKB; TOWARDS NEW HORIZONS...

For a worldwide unique bank like TSKB, whose mission is reflected on its name, it is natural to be proud of its current status brought about by its 55 years of existence and seeing that it has significantly fulfilled its missions.

Remembering that in the year 1950, the foundation date of TSKB, industrialization and capital accumulation had lagged far behind in the Country, the significance of the current status of the industry operating in an open economy subject to worldwide competition and selling goods to domestic and foreign markets becomes more apparent.

As the atmosphere of macroeconomic instability and problems associated with it during the past three decades is replaced with one that of a stable environment and structural reforms continue to be carried out, the importance of decision makers in the private sector to adopt themselves to the new environment gains importance.

As the value added of knowledge in production processes of goods and services and in new products gains more importance the necessity of increased utilization of knowledge process and distribution becomes apparent.

On the other hand resilience in adapting to continuously changing conditions, creativity and entrepreneurship will be increasingly decisive factors in establishing the competitiveness of the Country and the industry.

The year 2005, which marks the 55th anniversary of the establishment of TSKB, sets out to be a milestone from the perspective of Turkey's relations with Europe. As the fruits of the endeavors taken in 2004 and currently being undertaken become ripe, expectations towards the future will become clearer.

It is however certain that efforts to ensure the industrialization and development of the Country will continuously be made and TSKB, which has focused itself to these targets since its foundation will have opportunities to take additional responsibilities and duties in parallel to its mission in the foreseeable future.





CHAIRMAN'S STATEMENT

Dear Shareholders,

The positive developments in the Turkish economy continued in 2004. After expanding by 7.9% in 2002 and 5.9% in 2003 economic growth continued in 2004 and the rate of growth during the year stood at 9.9%. The economic growth continued to be driven by the private sector. Private sector final consumption expenditure and investments rose in real terms during 2004 while those of the state sector declined.

In order to realize its basic goal of price stability, in 2004 the Central Bank of the Republic of Turkey (TCMB) continued to use short-term interest rates as its main policy instrument. The TCMB pursued a strategy of a fiscal policy focused on price stability setting short-term interest rates according to possible future developments in inflation. In addition, it took measures necessary for financial stability and continued within the framework of the stabilization program to pursue its goal of using monetary performance criteria and Net Domestic Assets indicators. Within this context, at the end of August 2004, it reached its targets for the Monetary Base and Net International Reserves performance criteria and the Net Domestic Assets indicators.

In 2004 the fight against inflation continued to yield positive results. At the end of 2004 12-month Wholesale Inflation (TEFE) had declined to 13.8%, while consumer inflation (TÜFE) had fallen to 9.3%. The structural reforms



which are being implemented together with disciplined fiscal policies had a positive impact on the struggle with inflation.

The increases in production, consumer expenditure and fixed investments in 2004 fuelled a rise in imports, which was greater than the growth in exports and which meant that the trade deficit widened when compared with 2003. In 2004 Turkey's imports rose by 40.1% compared with the previous year to US\$ 97.1 billion. Imports of investment goods increased by 53.2%, semi-finished products by 30.8% and consumer goods by 84.8%. Turkey's exports rose by 32.8% over the same period to US\$ 62.7 billion.

Investments in private sector manufacturing industry increased in real terms in 2004 and the Bank provided TL 670 trillion worth of financing to the private sector through industrial credits, financial leasing and participations.

With my respects,

Cahit Kocaömer
Chairman of the Board of Directors





BOARD OF DIRECTORS

As of December 2004



Murat Akpınar
Vice President



Onur Ökten
Member



Murat Ulus
Member



Cahit Kocaömer
Chairman



Erol Sabancı
Member



Turgay Atalay
Member



Burhanettin Kantar
Auditor



Halil Eroğlu
Member, CEO



Nuri Kavaklıoğlu
Member



Hasan Candan
Member



Yavuz Canevi
Member



Ahmet Kaçar
Member



Ömer Karakuş
Auditor





MESSAGE OF THE
CHIEF EXECUTIVE OFFICER



Dear Shareholders,

2004 was the fifty-fifth year of the Bank's operations and witnessed positive developments from the point of view both of the country's economy and of the Bank. In the country as a whole the economy continued to grow and inflation continued to fall in line with targets. The positive economic environment was reflected in the Bank's activities.

TSKB continued to successfully fulfill its primary principle of contributing to the development of the Turkish private sector in 2004 when its placements of medium and long-term foreign exchange credits totaled US\$ 419 million. This figure was the highest ever total for the Bank's medium/long-term foreign exchange credits extended in a single year and represented a rise of 61% on a US dollar basis when compared with 2003. There are a number of reasons for this increase. In addition to the positive environment, one of the most important reasons for the high volume was the resources secured from the European Investment Bank, KfW, the Council of Europe Development Bank and the World Bank and forwarded directly to the investor. Another important factor underlying the increase in 2004 was that, in addition to extending loans directly, the Bank began providing indirect funding to entrepreneurs through intermediary banks and leasing companies by serving as an APEX bank. In 2004 TSKB secured a US\$ 303 million facility from the World Bank to finance private producer-exporters. Through the Export Finance Intermediation Loan II (EFIL II) TSKB began indirectly funding the private sector via five banks and four leasing companies. Credit utilization was very quick and in the nine months between the date it became available and the end of the year more than half of the credit was utilized. As a result of these activities, TSKB

successfully realized its function of being a bank which funds other banks.

Another development which was important from the perspective of the Bank in 2004 was the subordinated loan secured from the International Finance Corporation (IFC). The maturity of the loan secured from the IFC is seven years, including a five year grace period on payments on principal. The above mentioned credit strengthened still further TSKB's already strong capital base.

In 2004 TSKB recorded important steps in the field of investment banking. In parallel to an increasingly confident environment there was a surge in public offerings in Turkey and the Bank took its share of this increase. During the year it realized public offers for Denizbank and AFM. In addition, 8.2% of the Bank's shares were sold to foreign funds within the scope of investment banking activities.

2004 was a year in which Turkey made significant progress towards integration with the European Union and on 17 December 2004 it received a date for the opening of accession negotiations. TSKB will continue to support the Turkish private sector through the process of integration with the European Union and beyond.

With my respects,

Halil Eroğlu
President and Chief Executive Officer





SENIOR MANAGEMENT



Orhan Beşkök
Executive Vice President

Şeniz Yarcın
Executive Vice President

Halil Eroğlu
President and
Chief Executive Officer

Lale Gökman
Executive Vice President

Şemseddin Arat
Executive Vice President

Burak Akgüç
Executive Vice President

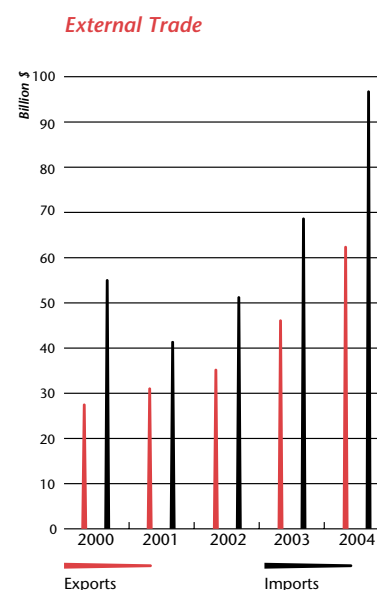
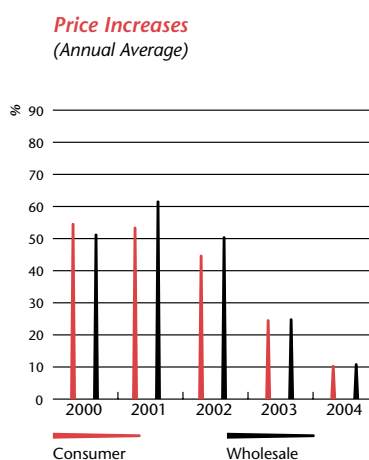
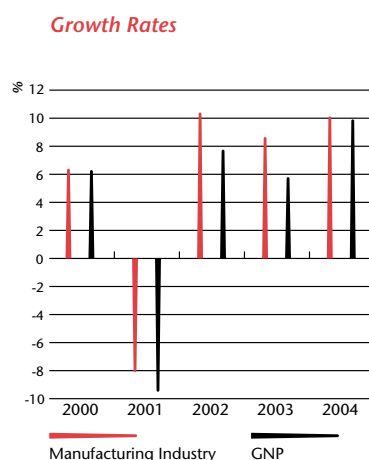




ECONOMIC INDICATORS

(Percentage Change Compared to Previous Year)

	2000	2001	2002	2003	2004
GNP (1987 Producers' Prices)	6.3	-9.5	7.9	5.9	9.9
Manufacturing Industry (1987 Producers' Prices)	6.4	-8.1	10.4	8.6	10.1
Wholesale Prices (Annual average)	51.4	61.6	50.1	25.6	11.1
Consumer Prices (Annual average)	54.9	54.4	45.0	25.3	10.6
Exports	4.5	12.8	15.1	30.0	32.8
Imports	34.0	-24.0	24.5	33.3	40.1





ACTIVITIES OF THE BANK
IN 2004

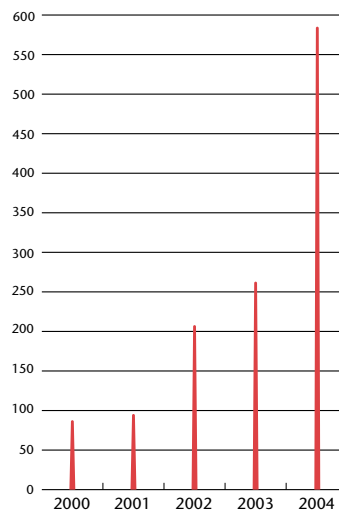
LOANS

The increase in private sector fixed investments that began in 2003 continued in 2004. In 2004 TSKB continued to place at the service of the Turkish private sector the medium and long-term funds that it secured from international financing institutions. In 2004 TSKB continued to extend the Industrial Sector IV, Industrial Pollution Abatement and TERRA II loans that it had secured from the European Investment Bank. During the year the Small and Medium Sized Companies Loan secured from the Council of Europe Development Bank began to be utilized. For the Export Finance Intermediation Loan secured from the World Bank, the Bank served as an intermediary (APEX) bank. The Renewable Energy Loan, which aims to finance investments by private sector institutions that will produce electricity using renewable energy resources

and which was also secured from the World Bank, was placed at the service of investors during the year. The KfW Industrial Pollution Abatement Loan and the SME loan in which the TSKB again serves as an intermediary bank, also began to be utilized during 2004.

In 2004 the Bank's medium and long-term foreign exchange loan commitments rose by 123%, on a US dollar basis, compared with 2003 to US\$ 584 million. Financial leasing directly accounted for US\$ 72.6 million of this total. The positive investment environment, the positive contributions of APEX banking activities and the availability of suitable resources to finance investments were the main reasons for this increase.

Medium- Long Term Loan Commitments
(Including financial Leasing, Million USD)



INVESTMENT BANKING

A Year Of Confidence And Change...

TSKB has shown a remarkable increase in its investment banking activities including public offerings, financial restructuring advisories, M&A and privatization consultancies in 2004, owing to the successful implementation of the Bank's policies in the changing Turkish economy, and the Bank's vast know-how and experience.

Public Offerings...

Over the past 35 years, TSKB has provided financing by participating in the share capital of more than 100 companies. Further, through offering the equity shares of such companies to public, TSKB assumed a prominent and vital role in fostering the development of capital markets.

2004 was a year in which, after a long interval, investors regained their confidence and new instruments and stocks were introduced to the capital markets once again. TSKB's reputable brand name, strengthened by the Bank's many years of independent and successful advisories was also preferred by some of the major institutions of the Turkish economy for their public offerings. TSKB reclaimed its leader position in the public offerings with the successful 139 million USD Denizbank IPO carried with an international investment bank as joint global coordinators. Denizbank offering managed by TSKB was the largest primary offer in 2004 advised by a non-group investment bank. The deal was 5 times oversubscribed both in domestic and international markets. In 2004, TSKB also advised the 17.5 million USD IPO of AFM Cinemas, the largest movie theatre operator in Turkey.



The Changing Face Of Advisory...

TSKB's ability to offer advisory services, which bring together both development and investment banking via its experienced and reputable experts help the Bank to achieve a unique position in capital markets.

In the recent economic turmoil in 2001, due to its unsurpassed independence and objectivity, TSKB has been nominated and qualified to be the Coordination Secretariat for the voluntary financial restructuring of large credits, namely "Istanbul Approach". TSKB was also the major advisory body for the consortium of creditor banks vs. debtors on each due diligence of the debtors. In 2004, TSKB continued its vital role in Istanbul Approach, as the Coordination Secretariat and has undertaken the financial restructuring of 7 groups, in addition to more than 20 groups in the previous year.

Following the positive developments in the Turkish economy, TSKB further enhanced its range of services. Currently, TSKB renders a wide range of investment banking services, including public offerings, M&A advisory, advisory to the Privatization Administration, real estate appraisal, company valuation, acquisition finance, corporate restructuring and venture capital management, working with several international institutions in different projects.

In 2004, TSKB successfully worked with a considerable group of local and international investment banks in its public offerings and privatization advisories, and it was duly awarded "Best Local Partner" by the Euromoney Awards for Excellence.



Major Milestones in Investment Banking in 2004...

In 2004, TSKB was awarded as the advisor of Savings Depository Insurance Fund ("SDIF") and has been rendering advisory services for the asset sale of a strategically important media group having 2 national TV channels, among the 5 leading channels in Turkey and the 7 radio channels, with the highest total listening share in the market. Due to its extensive know-how in the media sector, SDIF mandated TSKB as the valuation advisor of two other major media groups.

In year 2004, TSKB acted as the arranger in the acquisition finance of a group, which won the tender of Bursagaz – natural gas distribution of the city of Bursa- from the Privatization Administration.

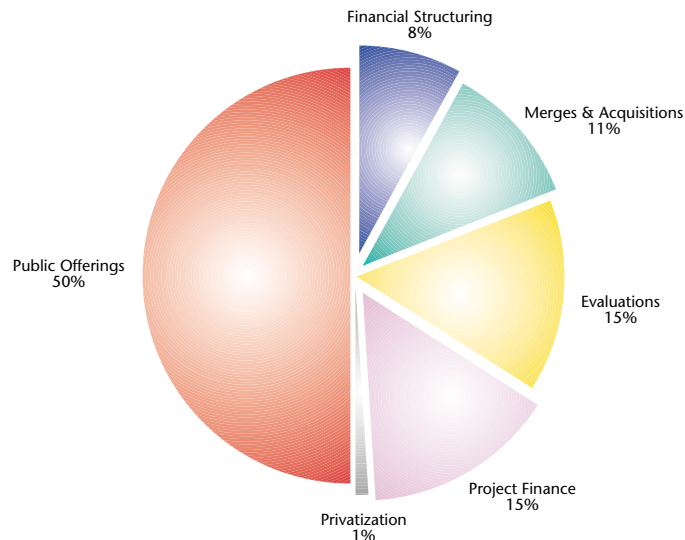
TSKB acted as the sole financial advisor to one of the leading companies in Turkey in operational leasing in

establishing a partnership with an international group. The deal, which was mandated in July 2004 was finalized in March 2005, setting a successful example for the developing M&A market in Turkey.

The advisory services carried out by TSKB in 2004 displayed its ability to advise companies in a broad spectrum by providing technical assistance, evaluation, sales, marketing, structuring and administrative advisory.

TSKB's strategy is to build on its strong position in the Turkish capital markets as the pioneering investment bank in the coming years and fulfill its mission of promoting the growth of private sector, encouraging and assisting local and foreign capital to participate in Turkish companies and contributing to the growth of capital markets in Turkey

Proportional Distribution of Investment Banking Activities



TREASURY, CAPITAL MARKETS AND FINANCIAL INSTITUTIONS

Treasury

The year 2004 was remarkable both in terms of macroeconomic and political stability in Turkey. In the light of sound fiscal and monetary policies, the consumer inflation rate dramatically declined to 9.3% at the end of 2004 from 18.4% in 2003 while the economic growth is expected to reach one of the highest figures of the recent history. Given the accelerated economic activity and the revalued TRL, the current account deficit soared to a record level of US\$ 15 billion (roughly 5% of GNP) and became the major source of concern in 2004. However, positive sentiment in domestic markets coupled with “measured” interest rate hikes in US has prevailed over the financing riddle. The financial markets have welcomed 2005 with strong optimism backed by the positive mileage on the way of European Union membership and on the new IMF Stand-by agreement for the next three years. At the European Union Summit on December 17, Europe's political leaders decided to start accession negotiations with Turkey on October 3. Moreover, the government has reached an agreement with the IMF on the details of the economic policies for 2005-2007 period with US\$10 billion financing over the three years. The Turkish Treasury borrowed US\$ 5.7 billion from the international markets in 2004 through various Eurobond issues at terms of 5 to 30 years. The consolidated budgetary debt stock increased to US\$ 235.6 billion as of 2004, while the ratio of total debt stock to GNP fell to 75% from 79%

in 2003. The Central Bank cut the short-term interest rates by four times in 2004, bringing its overnight borrowing rate from 26% to 18%. Correspondingly, the yields on long-dated benchmark bond improved significantly to 19-20% level as of end-2004. In line with the accelerating momentum in TSKB's figures and business, Treasury Department doubled up transaction volume to approximately to US\$ 31 billion, which provided the Bank with a remarkable capital gain and market recognition. The Department took maximum advantage of the positive sentiment in financial markets, without jeopardizing the Bank's liquidity strength. Monitoring the currency, fixed-income, derivative and money markets in broad sense, most of the opportunities that might have worked in Bank's favor were utilized throughout the year.

Capital Markets

The Bank's Capital Markets team provides qualified services to our customers in various products in domestic & international markets. TSKB has the license to give all kinds of intermediary services to customers in T-Bonds & Bills, Eurobonds and Repo transactions both in local & foreign currency. Mutual Funds, F/X transactions, Equities, and derivative products are also provided. Our services have reached to approximately 5,300 clients. The year 2004 was a success in terms of increased volume & profitability. We are aiming to further improve our activities in 2005 via intensive marketing and our internet services.



Financial Institutions

In mid-September 2004, TSKB established its Financial Institutions Unit. The Bank's Financial Institutions Unit has set up new relationship with financial institutions and banks mainly from US, Europe, Japan, and Middle East focusing on a well recognized presence in the international financial markets. Although TSKB's share in Turkey's overall import and export transactions is comparatively low, in line with its new strategy during 2005 and the following years, TSKB will make use of its strong corporate base. Maintaining close relationship with numerous correspondent banks abroad, TSKB carries on its work of generating short-term and long-term resources from international financial markets through syndicated-term loan facility, bond issues and other structured products.

Mutual Funds

As the promoter and investment manager, TSKB manages the portfolio of five types of Mutual Funds, being Equity Fund, Variable Fund which regulates under the rules of Type A Funds and Bond Fund, Variable Fund, Liquid Fund which regulates under the rules of Type B Funds. TSKB's Mutual Funds (Type A Equity, Type A Variable, Type B Liquid, Type B Variable and Type B Bond) have acquired the returns of 23.59%, 23.73%, 18.23%, 20.57%, 21.01% respectively in 2004. The portfolio manager is responsible for managing the portfolio consistent with the objectives stated both in the internal prospectus of the fund and

the Capital Markets Code. The portfolios of all the funds, which TSKB manages, are invested in sufficiently liquid and well-diversified securities for a balanced risk and return.

Research

TSKB Research ordinarily issues morning calls, weekly and monthly bulletins, and produces equity reports at regular intervals. Most of the output, however, is tailor-made and we appreciate answering to calls from institutional and individual clients by reporting one-pagers, i.e. earnings updates, at high frequencies more than producing a small number of detailed and long valuation papers. We also normally shore the CorpFin Department up, and as IPO's go, we produce very detailed research and valuation outputs also. Economics and market strategy outlook, combining the information stream with political insights, analyses and quantitative modelling, also falls within the jurisdiction of Research at TSKB more often than not. We plan to widen the scope of our equity coverage and fine-grain our strategic thinking in 2005.

Bahrain Branch

After being granted the off-shore banking license from the Bahrain Monetary Agency (BMA) on December 30, 2004, TSKB Bahrain Branch (OBU) has started its operations as a first full branch of TSKB Turkey on January 18, 2005.



INFORMATION TECHNOLOGY

TSKB continues to effectively use the new possibilities afforded by information and communications technology in its internal processes and in customer services, and it sees information technology

as a driving force in shaping business processes and customer relations, product variety, competitive advantage and support for management decision-making. 2004 was a year in which the Bank developed many critically important projects and the progress achieved in the field of information technology contributed to Bank increasing its sectoral share and influence.

The Transition to the New Turkish Lira

Work on the transition to the New Turkish Lira (YTL) began with analytical studies in May 2004 in line with the project planning implemented at the beginning of 2004. The plan, which was drawn up through the intensive efforts of the planning, coordination and end-user departments, was implemented without any problems at the beginning of November. TSKB was one of the banks which realized its works on the New Turkish Lira in the shortest time and with the lowest cost.



Work To Develop Infrastructure

2004 was a year in which the Bank's IT hardware and network infrastructure underwent the most

comprehensive upgrade of recent years. The entire local area network was renewed, server and work stations were all converted to broadband and their performance enhanced, and the server upgrade project to ensure easier management and security and greater Internet security were all completed. TSKB's technological infrastructure is continually renewed in order to provide the latest and most secure technological environment for its customers and personnel and ensure the continuation of all activities without interruption and with a high level of customer satisfaction.

Electronic Business Flow

The TSKB electronic business flow application, which was introduced at the end of 2003 began to demonstrate its positive impact workforce and process productivity in 2004. During the course of the year a large number of business processes were transferred



to an electronic environment and over 12,000 business transactions were completed over the new system. During this period, the credit processes which form part of TSKB's functions as an APEX bank came to prominence as a very important advance in Internet based automation. Loan applications for the EFIL II resources which were secured from the World Bank were completed through the integration of the electronic business flow and web-based access during the electronic data communication, reporting and approval processes. This highly productive application was also made ready for placements by TSKB as an APEX bank of the new resources secured from the KfW and European Investment Bank.

7 x 24 Service

The bank began offering through its updated Internet Website, its online branch and one of the most developed electronic distribution channels in the sector, many special products which can only be accessed by TSKB customers in an easy to use and secure environment. Work continued on the development of the possibilities offered over the Internet to our customers in relation to corporate credit facilities and the plan is to make the products available for use during 2005.

Business Continuity

In 2004 coordination between the Information Technology Department and the Auditing Committee enabled significant progress to be made in the TSKB business continuity project. Work is continuing on the centralization in a digital environment of the process definitions which represent an important advance from the perspective of institutional corporate memory and information management. Work on the location of the emergency center, the equipment park and procedures, which are a critical component of the project, have reached its final stage.





REPORT ON HARMONIZATION WITH
THE PRINCIPLES OF CORPORATE
GOVERNANCE

1. DECLARATION OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

The introduction of the Principles of Corporate Governance, which are at least as important as financial performance has been very beneficial for the development of both national and international capital markets and from the point of view of the Bank's interests.

The Bank aims to secure the maximum degree compliance with the abovementioned principles and has introduced applications in this regard.

Amendments providing for the following are not included in the Bank's articles of association:

- The right of an individual to request the appointment of a special auditor;
- Advance payments of dividends;
- The participation of stakeholders in the management of the Bank;
- The use of a cumulative voting system in the election of members of the Board of Directors;
- The taking of decisions by the general assembly related to divisions and changes in shares which could result in amendments to the Bank's capital, management structure or total assets, large volume purchases/sales of or leaser/lessee agreements related to material/non material assets, or the provision of donations or assistance, or the granting of guarantees such as sureties or collateral to third parties.

Work is continuing on:

- The development of a Shareholders' information policy.

The fact that the principles of exceptionality have not yet been implemented has not to date created any conflicts of interest between stakeholders but they will, in accordance with developments, be included within a plan and implemented within the shortest possible time.

The thoughts of the Bank related to the identification and evaluation of the level of compliance with corporate management and the development of the scope and quality or the level of compliance are given below.

2. INVESTOR RELATIONS DEPARTMENT

An Investors Relations Department has been established in the Bank.

The member and head of the department is Ece Ünal.

The contact details of Ece Ünal are given below.

Name Surname	Telephone No	Email Address
Ece Ünal	0212 334 51 91	unale@tskb.com.tr

Work is continuing on the formation of the Corporate Management Committee in expectation of the finalization of the relevant legal amendments.

The above-mentioned department is active on the subject of the utilization of Shareholders' rights and facilitates communication between the Bank's high-level management and the Shareholders.

The abovementioned department will very shortly begin reporting its activities to the Board of Directors.



The Investor Relations Department is active in fulfilling the following main functions:

- Ensuring the records related to Shareholders are maintained in a healthy, secure and updated manner;
- With the exception of information related to the Bank which is classified as secret or commercially confidential and has not been made public, responding to written requests for information from the Shareholders;
- Ensuring the regulations in force at the general assembly meeting comply with the Bank's articles of association and other internal regulations;
- Preparing documents at the general assembly meeting which can be utilized by the Shareholders;
- Keeping records of the results of voting and ensuring that reports related the results are forwarded to the Shareholders;
- Monitoring and observing every kind of matter related to the enlightenment of the public, including the Bank's regulations and information policy.

The department did not receive any written applications during the period.

The department responded to all of the oral applications it received.

The necessary infrastructure for monitoring data related to the applications has been completed and in the future the numbers of applications made and the responses given will be included in the compliance reports that will be published.

3. UTILIZATION OF THE SHAREHOLDERS' RIGHTS TO ACCESS INFORMATION

There were no written requests from Shareholders for information during the period.

All of the oral requests for information from the Shareholders were answered.

The necessary infrastructure for monitoring data related to the applications has been completed and in the future the numbers of applications made and the responses given will be included in the compliance reports that will be published.

With the exception of information which is not categorized as a commercial secret or has not been made public, all requests for information from the Shareholders are met.

Requests for information coming from our Shareholders, is evaluated at the level of at least a department manager, and with the exception of information which is confidential or categorized as a commercial, care is taken to ensure that responses provided in the shortest time in a complete, realistic and honest manner.

Our Shareholders can access statements on frequently asked questions and information related to developments which will affect the utilization of their rights on the Internet via our website at www.tskb.com.tr.

In accordance with the provisions of the law, some of the minority Shareholders have the right to request from the General Assembly the appointment of a special auditor to study specific incidents.

In 2004 our Shareholders did not request that the General Assembly appoint a special auditor.

The Bank's articles of association do not include any provisions for the right of an individual to request the appointment of a special auditor

Although the general assembly has to fulfill the requirement as specified in the law to appoint a special auditor, bearing in mind the request to appoint a special auditor is one of exceptions to the principle of following the agenda, because of concerns that in practice it might create problems in terms of the protection of information which is a commercial secret and has not been made public, the amendment of the articles of the association to include the individual right to request the appointment of a special auditor is something which will be considered in the future in the light of developments.



All the information which is required for the effective exercise of Shareholders' rights is normally presented for the use of Shareholders on our website in annual reports and reports on special situations, and requests by private individuals.

Requests by the Shareholders for information related to commercial and legal relations between the Bank and real and legal entities which have a direct or indirect capital, management or auditing relationship with the Bank are answered in line with related legislations.

In order to facilitate the rights of our Shareholders to information, every kind of information which will affect the use of their rights is provided for the use of our Shareholders on an updated basis in an electronic environment.

4. INFORMATION RELATED TO THE GENERAL ASSEMBLY

One General Assembly was held in 2004, namely the General Assembly meeting of 26 March 2004 related to the year 2003.

The above-mentioned meeting was realized with the participation of Shareholders representing 88.41%, namely TL 100,787,400 million of our total paid-up capital of TL 114 trillion.

There was no participation in the meeting from stakeholders or the media.

The advertisement inviting Shareholders to the meeting was published at least two weeks prior to the meeting in the Turkish Commercial Gazette, Dünya newspaper and the Istanbul Stock Exchange (ISE) bulletin, detailing the venue of the meeting, the day, hour, agenda and examples of power of attorney.

Care will be taken to extend this time period to three weeks.

Information related to the meeting is also communicated to the holders of registered shares by fax and registered mail within the same period.

Although the registry of shares is dependent on a decision by the Board of Directors, there are no provisions related to the time in which they must be recorded in the ledgers in order to facilitate the attendance at the General Assembly of owners of registered shares.

The annual report, the financial statements and reports, the proposal for dividend distribution, the necessary documents related to the articles on the agenda on the general assembly agenda, other documents based on the articles on the agenda articles and the latest version of the articles of association together any changes that are to be made to the articles of association, along with the explanations thereof, are available for inspection by the Shareholders in the Bank's head office from the moment that the invitation to the general assembly has been advertised.

As of 2005, the above mentioned information and documents can also be accessed via our Internet site at www.tskb.com.tr.

At the ordinary general assembly held in 2004, the right of Shareholders to ask questions was recognized and the questions asked at the general assembly were answered.

At the meeting proposals on the following subjects were unanimously approved by the Shareholders:

- Opening and the formation, according to the statutes, of the Chairmanship Council and its authorization to sign the minutes of the General Assembly meeting;
- The reading and discussion of the reports of the Board of Directors, Auditors and the Independent Audit related to the accounts and procedures of the bank for 2003.
- The evaluation and approval of the bank's 2003 balance sheet and profit and loss statement and the release of the Board of Directors and Auditors from responsibility;
- The decision regarding the determination and distribution of profits, and the setting of a date for the distribution of profits;



- The election of the Auditors;
- The determination of the remuneration to be paid to the members of the Board of Directors and the Auditors;
- The presentation to Shareholders of details of donations made during the year;
- Close.

According to the statutes the Board of Directors is authorized to make decisions related to issues which are classified as important, such as:

- The granting of loans above a pre-specified limit;
- The formation or dissolution of participations and partnerships;
- The management of immoveable assets and the purchase, lease or sale of real estate.

There are no provisions in statutes about the taking of decisions by the general assembly related to divisions and changes in shares which could result in amendments to the Bank's capital, management structure or total assets, large volume purchases/sales of or leaser/lessee agreements related to material/non-material assets, or the provision of donations or assistance, or the granting of guarantees such as sureties or collateral to third parties.

It is not considered that the inclusion of a clause to this effect in the Bank's statutes will be of benefit to the Bank's stakeholders as it would:

- Reduce the effectiveness of the management;
- Have a negative impact on competitiveness and result in important opportunities being missed.

Maximum care is taken as regards consideration of the wording of the articles facilitating participation in the general assembly, but not only are the Shareholders not thought to have experienced any difficulties as regards participation in the general assembly but to date no feedback has been received from the Shareholders in this regard.

At the end of the meeting the minutes of the general assembly are entrusted to the Shareholders and in addition, in order to inform Shareholders who have not attended the meeting, since 2005 they have been made available electronically by being placed on our website at www.tskb.com.tr.

In the announcement of the general assembly care is taken to ensure that following are included:

- The date and time of the meeting;
- The venue of the meeting in a way that will not cause confusion;
- The agenda;
- Information which it is deemed necessary related to the items on the agenda;
- If changes to the statutes are on the agenda then the original and revised forms article/articles from the relevant institutions;
- By which organ the invitation has been issued;
- If the first meeting has been postponed for any reason and the invitation to the general assembly issued again, then the reason for the postponement of the first meeting and whether this meeting was quorate;
- The inclusion in the advertisements for ordinary meeting of the address at which the annual report and financial statements and other documents and material related to the general assembly can be found.

The Bank shall, prior to the general assembly meeting, present for the Shareholders' information changes in the management or operating organization that occurred in the previous financial year or are planned for the following period together with the explanations for them.

Within this framework the following will be presented to the Shareholders and will be available at the general assembly:

- The announcement and explanation related to changes in the Bank's organizational structure.
- If there is one, the report from the institution providing consulting services on this subject, if not information and documents prepared on the subject by the Bank.



- If there are changes in the organization of participations and affiliations, annual reports, annual financial statements and proforma financial tables covering the previous three financial periods for all the institutions which are party to the organizational changes.

While preparing the agenda for the general assembly meeting, care will be devoted to ensuring that every proposal is given under a different headline, the headlines of the agenda are expressed in a way that will not be unclear and open to differing interpretations and that items on the agenda will not be included under headings such as 'other' or 'miscellaneous', which is forbidden by law.

Samples of proxy documents for Shareholders who will be represented by proxies will be made public together with the announcement of the meeting as well as being made available to Shareholders electronically.

The method and principles of the voting procedure at the Bank's general assembly are given below:

- One vote for every 100 liras worth of shares, five votes for every 500 lira share, and there will be no concession in voting rights.
- In the event of shares having more than one owner, the voting right can only be exercised by a joint representative.
- Shareholders can be present in person at the general assembly or they can also be represented by proxies.
- Voting in the general assembly meetings is conducted openly by the raising of hands. But Shareholders who attend the meeting can use a secret ballot if such a request is made by Shareholders who account for one tenth of the capital represented by the attendees of the general assembly.

The method and principles according to which voting will be conducted will be announced to the Shareholders at the beginning of the meeting.

While preparing the agenda, the Board of Directors will, within the bounds of possibility take into account topics which have been forwarded by the Shareholders to the Bank's Investor Relations Unit and which they have requested be included on the agenda.

In line with both the legal provisions and the Bank's articles of association, ordinary general assembly meetings must be held within three months of the end of the financial year.

Our ordinary general assemblies are held within the shortest possible time and no later than three months of the end of the financial year.

In keeping with our statutes, our general assembly meetings are held at a venue in the Bank's head office in a location which enables all of the Shareholders to attend.

The Shareholders are informed of the total number of votes that can be cast at the general assembly meetings, together with the announcements that there are no differentiations between Shareholders and no concessionary votes, at the beginning of the meeting and in the participant forms which are distributed.

At the general assembly meetings the Shareholders are given information on the news items and analyses that have appeared in the media regarding assertions related to the Bank.

Answers are given to the questions submitted by the Shareholders to the Board of Directors and Auditors as required by the rights of Shareholders and on condition that they do not fall within the scope of commercial secrets.

The chairman of the general assembly meeting will chair the meeting in an efficient manner which facilitates the utilization of the Shareholders' rights.

At the general assembly meeting care is taken to ensure that every question which is asked by Shareholders is answered directly at the general assembly meeting and if the question asked is not related to the agenda or cannot be answered immediately, then the question asked will be answered within a maximum of one week.



The Members of the Board of Directors take care to ensure, as far as is possible, that the officials and auditors responsible for the preparation of the financial statements are present at the meeting to make statements on the subjects on the agenda as required.

In the general assembly meetings every item on the agenda is voted on individually and, in order to prevent any doubt whatsoever about the results of the voting, before the general assembly meeting has finished the votes are counted and the results of the voting announced to the Shareholders.

The minutes of the General assembly meetings can always be accessed in writing or electronically via our internet site at www.tskb.com.tr.

5. VOTING AND MINORITY RIGHTS

In accordance with the Bank's statutes ownership of a share worth 100 lira conveys one voting right, every share worth 500 lira conveys five voting rights and, in terms of point of voting rights, there are no concessionary shares.

The members of the Board of Directors and the Auditors are chosen by the General Assembly in line with banking legislation and the provisions of the Turkish Commercial Code.

In accordance with the Bank's statutes, one of the members of the Board of Directors is chosen from candidates put forward by the Turkish Grand National Assembly.

In accordance with the law, the General Manager is automatically a member of the Board of Directors.

There are no mutual participatory relations between the Bank and any of its Shareholders.

The Board of Directors includes one representative from Vakıflar Bank, which owns 8.38% of the Bank's capital, and one from Akbank, which owns a 6.45% share.

The cumulative voting method is not included in the Bank's articles of association.

There are no upper limits for the number of votes which can be cast by our Shareholders at general assembly meetings.

Voting rights are a direct result of the acquisition of shares and there are no measures requiring their utilization within a specific period following the acquisition of voting rights.

There are no provisions in the statutes preventing those who do not own shares but who are representing others from voting as proxies.

As well as exercising their voting rights in person at general assembly meetings, Shareholders can also exercise them via third parties, who may or may not be Shareholders in their own right.

Every Shareholder categorized as a real person can only be presented by one person in the general assembly and if Shareholders which are legal entities are represented by more than more person then only one of them can vote on their behalf. When voting they shall show an authorization document to indicate on whose behalf they are voting.

6. DIVIDEND DISTRIBUTION POLICY AND THE TIMING OF THE DIVIDEND DISTRIBUTION

The provisions of our statutes on the distribution of dividends can be summarized as follows:

- 5% of net profits are to be set aside for the legally required reserves and a further 5% against possible future losses;
- The distribution from the remaining net profit of 6% of the paid-in capital as 'first dividend';



- The payment of 5% of the net remaining profits to founder shares (limited to TL 200 billion of paid-in capital), 2.5% to the Board of Directors and 5% to employees;
- The distribution of a proportion of the remaining net profits, which shall be proposed by the Board of Directors and approved by the General Assembly.

Starting from 2005 process was initiated under which the statutes were amended to provide for the reduction of the dividend paid to the members of the Board of Directors was reduced from 2.5% to 0.5% and the dividend paid to employees from 5% to 3% and limited to three salary payments.

The Board of Directors prepares the dividend distribution policy and submits proposals to the general assembly for the distribution of dividends taking into account:

- The expectations of Shareholders and the need not to disrupt the delicate balance required by the need for the Bank to grow;
- The situation of the Bank as regards profitability.

In accordance with these conditions, at least half of the first dividend should be distributed in cash.

Within the scope of the terms outlined above, there are 100 founder preferential shares.

The payment of the dividends is realized within the legal process.

Care is take to ensure that the payments of dividends are made as soon as possible and, as detailed in the regulations, no later than the end of the 5th month. If the dividend distribution proposal of the Board of Directors is deemed suitable then the dividends for 2004 will be deposited as share certificates.

There is no provision in the Bank's statutes for the advance distribution of dividends.

There were no significant donations or contributions by the Bank either during the year or planned at the end of the year.

7. TRANSFER OF SHARES

There are no provisions in the Bank's statutes related to limitations on the transfer of shares.

All Shareholders are treated equally, including minority and foreign Shareholders.

8. COMPANY INFORMATION POLICY

Our efforts to develop an information policy for our Shareholders is continuing, and it is intended to make this policy public as soon as possible and submit it to the information of our Shareholders at the first general assembly. It is expected to comprise the following:

- With the exception of that which has been detailed in the regulations, the announcements to the public of all information;
- The form, frequency and medium through which this information will be made public;
- The frequency with which the Board of Directors or management will speak with the media;
- The frequency with which meetings will be held to inform the public;
- What method will be followed in answering questions related to the Bank;
- The principles related to the making public of information related to the future;
- The principles related to the utilization of the Internet site.

If there are changes in the information policy, the clauses and explanations which implement these changes will be submitted to the General Assembly and made public after approval by the Board of Directors.



The Bank's basic principle is to ensure that the information which is made public, which is not categorized as a commercial secret and which is not included in that defined in the regulations, will be released in an equitable and easy to access manner to our Shareholders and to those individuals and institutions who will benefit from it in a timely, accurate, complete, comprehensible and analyzable manner and at low cost.

The public is informed that, with the exception of what is required by their responsibilities, there are no relationships between the Bank, the Board of Directors and the Management, and that the relations between the Bank and its Shareholders are within the legally defined parameters.

Periodic financial tables and footnotes are prepared within the scope of existing legislation and international accounting standards, reflect the true financial situation of the Bank and are made public after being examined by independent auditors.

Our independent auditing institutions is rotated at regular intervals, and the independent auditing company which performs continuous and/or special audits is chosen for a maximum of five financial years and two financial years must then elapse before a special auditing contract can again be signed with the same independent auditing company.

Care is taken to ensure that no consulting services are taken from the institution from which we receive independent auditing services during the period that we are receiving independent auditing services.

Our annual report will prepared to secure detailed access for the public to every kind of information related to the activities of the Bank.

Our annual report is prepared by General Manager and the head of the unit in the Bank's head office responsible for preparation of the financial tables and reports, and approved by the board of directors, and includes a statement that the financial tables accurately reflect the financial situation of the Bank and are completely in accordance with the Bank's regulations.

Care is taken that the annual report contains the following information about the Bank:

- Its field of activity;
- Information about the sector in which it is active and its place in the sector;
- Analysis and evaluation related to its financial situation and operating results;
- The degree of realization of planned activities;
- The state of declared strategic targets;
- A declaration related to its internal control system and the extent to which this system is or is not functioning effectively;
- If there is one, an evaluation by a rating agency;
- A detailed announcement related to the foreseeable risks associated with its activities;
- An analysis of business of a significant volume during the year conducted with companies in the same group of other related institutions and individuals;
- Information about commercial and non-commercial business and transactions between the Bank and Members of the Board of Directors, management, Shareholders with at least a 5% share of the Bank's capital and companies in which it has more than a 5% share or, even when it does not have such a share, it controls or is influential in their management;
- The curricula vitae, duties and responsibilities of the members of the Board of Directors and Management, their responsibilities outside the Bank and specifically whether these do or do not comply with the rules laid down by the Bank;
- The capital markets' instruments belonging to the Bank which are held by members of the Board of Directors or the management;
- Legal cases related to the Bank's activities which have been filed against members of the Board of Directors or the management;
- The shares and total volume of the Bank's capital held by members of the Board of Directors and Management;
- Transactions conducted by the members of the Board of Directors and management;
- Changes in the organization, capital, partnership structure and management structure;



- If there are any, a statement with explanations about punishments for actions which were against the regulatory provisions;
- Changes in regulatory provisions which could affect operations to a significant degree;
- Information about important legal cases filed against the Bank, warnings, admonitions or fines administered by the public authorities;
- Proposal for the distribution of dividends;
- Future expectations regarding sales, levels of profitability and productivity, market share, revenue generating capacity, the rate of debt to equity resources and similar subjects;
- Access information for texts which detail the general assemblies' functions, the rights of Shareholders and the principles for the exercise of these rights;
- Graphs and statistical information related to the Bank's activities.

9. SPECIAL SITUATION ANNOUNCEMENTS

In line with the amendments to CMB regulations, during 2004 the Bank made 24 announcements of special situations.

There were no special situations announcements which were not made in time or in response to a demand from the Capital Markets Board or the ISE for an additional announcement.

Ece Ünal, who works in the Investor Relations Department, was entrusted with enlightening the public and following and monitoring any kind of unusual situation. Investors, financial analysts, members of the media and similar circles were directed to this department.

In addition, the public is informed:

- In accordance with the principle of transparency, the accounting policies that are applied and the results of operations in a manner which reflects reality;
- Developments which have the potential to affect the Bank's value on capital markets instruments, without delay in a period set out in the regulations;
- In the event of a significant change in the Bank's financial situation and/or its activities or in situations where a significant change is expected in the near future, the necessary information is made public unless the relevant provisions dictate to the contrary;
- Of public statements made by the Bank and the related changes and developments that subsequently appeared and released and these are continually updated.

Our ethical principles will be made public within the framework of our information policy.

10. THE COMPANY'S INTERNET SITE AND ITS CONTENTS

The Bank has an internet site. The internet site's address is www.tskb.com.tr.

Our Internet site includes details of information related to our entry in the commercial registry, the most recent situation as regards our partnership and management structure, the most recent version of our articles of association, our announcements of special conditions, our annual reports, our periodic financial tables and reports, the agendas, participant lists and minutes and the proxy voting forms for our general assembly meetings, and the minutes and participant forms for the last two years' General Assembly meetings.

A large proportion of the information on our website has also been translated into English for the benefit of foreign investors.

The Bank's internet site address is included in its letterhead.

11. ANNOUNCEMENT OF LEGAL ENTITIES OF ACTUAL SHAREHOLDERS

No real person has a controlling share.

The current shareholding structure of the Bank is outlined below;



Shareholders	Capital	
	Total (TL Million)	Share
Türkiye İş Bankası A.Ş.	57,757,131	40.53%
SICAV (Turkishfund)	12,824,999	9.00%
T.Vakıflar Bankası T.A.O.	11,937,917	8.38%
Akbank T.A.Ş.	9,186,915	6.45%
Akbank Emekli Sandığı	4,528,129	3.18%
TSKB Mens.Mun.Sos.Güv.Yrd.V.	2,429,277	1.70%
Anadolu Anonim Türk Sigorta Şirketi	1,270,443	0.89%
Anadolu Hayat Emeklilik A.Ş.	1,260,434	0.88%
Milli Reasürans T.A.Ş.	1,229,664	0.86%
TİBAŞ Men.Mun.Sos.Güv.Y.S.	1,136,492	0.80%
Other	38,938,599	27.33%
Total	142,500,000	100.00

12. PUBLIC ANNOUNCEMENT OF PERSONS ABLE TO ACCESS INFORMATION FROM INSIDE THE BANK

Every kind of precaution has been taken in order to prevent the leaking of information from inside the Bank and the members of the management and other people/institutions who have access to information which could have an impact on the value of the Bank's capital market instruments are given below;

Place of Employment	Person	Position
Retired	İsmet Cahit Kocaömer	Chairman of the Board of Directors
Retired	Murat Akpınar	Vice Chairman of the Board of Directors
TSKB	Halil Eroğlu	Member of the Board of Directors-General Manager
T.İş Bankası A.Ş.	Hasan Candan	Member of the Board of Directors
T.İş Bankası A.Ş.	Mustafa Turgay Atalay	Member of the Board of Directors
Türk Ekonomi Bankası A.Ş.	Yavuz Canevi	Member of the Board of Directors
Akbank T.A.Ş.	Erol Sabancı	Member of the Board of Directors
T.Vakıflar Bankası T.A.O.	Aziz Ahmet Kaçar	Member of the Board of Directors
T.C. Ziraat Bankası A.Ş.	Murat Ulus	Member of the Board of Directors
T.İş Bankası A.Ş.	Salih Nuri Kavaklıoğlu	Member of the Board of Directors
Retired	Onur Ökten	Member of the Board of Directors
T.İş Bankası A.Ş.	Burhanettin Kantar	Auditor
T.İş Bankası A.Ş.	Ömer Karakuş	Auditor
TSKB	İsmet Lale Gökman	Deputy General Manager
TSKB	Ahmet Orhan Beşkök	Deputy General Manager
TSKB	Şemseddin Arat	Deputy General Manager
TSKB	Şeniz Yarcın	Deputy General Manager
TSKB	Burak Akgüç	Deputy General Manager
TSKB	Ece Ünal	Financial Control Manager
TSKB	Ayşe Nazlıca	Financial Control Executive
Denetim Serbest Mali Müşavirlik A.Ş.	Hasan Kılıç	Responsible Partner Chief Auditor
DRT Denetim Revizyon Tasdik Yeminli Mali Müşavirlik A.Ş.	Abdülkadir Kahraman	Sworn Financial Advisor



13. INFORMING STAKEHOLDERS

Care is shown that in matters relating to the Bank's stakeholders, who include shareholders, employees, creditors, customers, suppliers, various NGOs, the Turkish state, and owners of savings with the potential to consider investing in the Bank, as far as possible, they are informed in writing and that, as far as possible, relationships with them are based on written agreements.

In situations where the rights of the stakeholders are not determined by regulations or in contracts, the bank protects, as much as possible, the interests of the stakeholders within the framework of the principles of good intentions while bearing in mind the reputation of the Bank.

14. PARTICIPATION OF STAKEHOLDERS IN THE MANAGEMENT

There is no provision in the articles of association for the participation of stakeholders in the management of the Bank.

An 'employee satisfaction survey' is conducted twice a year to learn the opinions of the Bank's employees, and the results of the survey are evaluated by the company management and taken into account when informing the employees and determining policies.

In addition, 'general evaluation' meetings are held four times a year in order to inform and receive proposals from employees regarding the general operations of the Bank and its situation, and data related to the company's financial structure and performance are evaluated together with the employees.

15. HUMAN RESOURCES POLICY

The principles of the human resources policy adopted by the Bank are given below.

The description, distribution and performance criteria of duties are set by the management of the Bank and communicated to the employees.

The principle of equal opportunity is adopted in recruitment, the recruitment criteria are specified in writing under designated headings and applications are evaluated in accordance with these criteria.

Care is taken in decisions related to training, transfers and promotions to use as objective criteria as possible while bearing in mind the interests of the Bank.

Training plans are made in order to increase the knowledge and skills of our employees.

An 'employee satisfaction survey' is conducted twice a year to learn the opinions of the Bank's employees, and the results of the survey are evaluated by the company management and taken into account when informing the employees and determining policies.

The Bank ensures a safe working environment and conditions for its employees and works to improve these conditions in accordance with social and technological needs.

Decisions or developments related to our employees are communicated to them.

There is no discrimination between our employees on the basis of race, religion, language or gender, respect is shown to human rights and measures are taken to protect our employees from physical, psychological or emotional abuse in the Bank.

There are no provisions for the appointment of representatives to handle relations with our employees.

The Bank's human resources policy is also communicated to the public on its website.



16. INFORMATION ON RELATIONS WITH CUSTOMERS AND SUPPLIERS

The Bank monitors the continuity of service quality and standards at every stage of the services it provides.

At every stage of the services provided, customer demands are met in a timely manner and customers are informed of any delay.

Care is taken to ensure the confidentiality of any information regarding customers and supplies which fall within the scope of commercial secrets.

17. SOCIAL RESPONSIBILITY

Care is taken to ensure that the projects that are financed comply with regulations related to environmental and public health.

To date, the Bank has never faced any accusations or sanctions related to environmental protection.

As a tradition, the Bank sponsors concerts which are staged as part of the Istanbul Music Festival which is organized each year by the Istanbul Foundation for Culture and the Arts.

Material and non-material support is provided within the framework of social aid to the Turkish Foundation for Assistance and Education for the Disabled.

In addition, our library is one of the most important private research libraries and documentation centers in Istanbul, and, in addition to our employees, it is also open to anyone from outside the Bank who wishes to conduct research.

In addition, the loan agreements include a section for provisions to ensure that the investment will protect the environment.

18. THE STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS AND INDEPENDENT MEMBERS

With the exception of the General Manager, the Board of Directors is comprised of members who are not involved in the management.

The roles of Chairman of the Board of Directors and the General Manager are fulfilled by different people.

As no real person has a controlling share, the Board has the advantage of being able to work completely independently and, as a result, ensure that when decisions are taken the interests of the Bank and its stakeholders take priority over everything else.

Information related to the members of the Board of Directors and general management is given below;

Name, Surname	Position	Level of Education	Branch	Institution where employed	Title of position in the institution	Professional Experience
İsmet Cahit Kocaömer	Chairman	University	Economics			56 years
Murat Akpınar	Vice-chairman	University	Economics			33 years
Halil Eroğlu	General Manager Board Member	University	Political Sciences	TSKB	General Manager Board Member	27 years
Hasan Candan	Board Member	University	Management MDA Finance	T. İş Bankası A.Ş.	Risk Management Manager	15 years



Mustafa Turgay Atalay	Board Member	University	Political Sciences	T. İş Bankası A.Ş.	Foreign Business Section Manager	23 years
Yavuz Canevi	Board Member	University	Political Sciences	Türk Ekonomi Bankası A.Ş.	Board Chairman	25 years
Erol Sabancı	Board Member	University	Economics-Trade	Akbank T.A.Ş.	Board Chairman Plenipotentiary Board Member	42 years
Aziz Ahmet Kaçar	Board Member	University	Banking	T. Vakıflar Bankası T.A.O	General Manager-Deputy Board Chairman	26 years
Murat Ulus	Board Member	University	Political Sciences	T.C. Ziraat Bankası A.Ş.	Plenipotentiary Board Member	17 years
Salih Nuri Kavaklıoğlu	Board Member	University	Business	T. İş Bankası A.Ş.	Head Office Manager	25 years
Onur Ökten	Board Member	Middle School	Adana Boys' High School			36 years

The decision-making process of the Board of Directors is based on the following basic principles:

- Raising the market value of the Bank to the highest possible level;
- Managing the Bank's operations in such a way as to ensure a stable, long-term return for its Shareholders;
- Ensuring no disruption to the delicate balance between the Shareholders and the Bank's need for growth.

Care is taken during the formation of the Board of Directors that:

- The candidates should be present at the meeting during the election to membership of the Board of Directors;
- Information about the candidates should be provided to the Shareholders;
- Shareholders should have the right to question the candidates;
- In the general assembly meetings, informing the Shareholders as to whether those people who are candidates for membership of the Board of Directors are active in the management of any other company and limited on this subject and whether or not this is in accordance with the Bank's internal regulations on this subject.

Care is taken to ensure that the Board of Directors meets regularly at least once a month.

Because the members of the Board of Directors represent legal entities, they are not under any obligation to become Shareholders because of their duties on the board.

The responsibility of the members of the Board of Directors to deposit shares as a guarantee is fulfilled by the legal entities which they represent.

There are no members of the Board of Directors who are shareholders.

There are no provisions in our articles of association requiring the utilization of a cumulative voting system in the election of the members of the board of Directors.



19. THE QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

As they are defined by law, the minimum qualifications required in the election of members of the Board of Directors are not specified separately in the statutes.

In accordance with the legal requirements, a bank's general manager must at least be a graduate in law, economics, management, finance banking, public administration or a similar branch or engineering related to these branches and have at least 10 years professional experience in banking or management and ,with the exception of the time requirement, these conditions also apply for one more than half of the members of the board.

All of the members of the Board of Directors must have the following minimum qualifications:

- Sufficient knowledge and ability in the field of banking or finance;
- The ability to read and analyze financial statements and reports;
- Basic information on banking legislation and general market conditions;
- During the time that they are elected to serve they should have the desire and ability to attend board meetings on a regular basis.

The Bank's Board of Directors is comprised of 11 members and this number facilitates the organization of the activities of the Board of directors in an effective manner.

New members of the Board of Directors receive an orientation program which includes as a minimum:

- Getting to know the managers and visiting the different departments of the Bank;
- Evaluating the Curricula Vitae and performance of the management;
- The Bank's strategic targets, current situation and problems;
- The Bank's market share, financial structure and performance indicators.

Although there are no specific conditions related to the members of the Board taking responsibilities outside the Bank, they have no duties outside the normal duties that the members of the Board of Directors have at the companies which they represent and also their normal duties in the affiliates of the companies they represent.

20. THE COMPANY'S MISSION, VISION AND STRATEGIC TARGETS

The Bank has stated that:

- Its Vision is of growth through investments in Turkey and its environment;
- Its Mission is to support private enterprise investments in all economic sectors in Turkey, particularly in industry, to provide assistance to participations in foreign or domestic companies that have or shall be established in Turkey and assist with the development of the capital markets in Turkey.

The Bank's vision and mission is communicated to the public on its website at www.tskb.com.tr.

The Bank's strategic targets are defined by the management and approved by the Board of Directors taking into account competitive conditions, general economic conjunctures, general expectations on the national and international financial markets and the Bank's medium and long-term targets.

The strategies and targets that are proposed are comprehensively discussed from every perspective by the Board of Directors.

The realizations related to the strategies and targets which have been approved are reviewed within the scope of the Bank's activities, financial structure and performance on a monthly basis and at meetings of the Board of Directors.

The Board of Directors meets in principle every month in order to fulfill in an effective and regular manner its functions of monitoring and control.



The basic purpose of the meetings is to evaluate the Bank's activities, the approved annual budget and rate of realization of the targets, the place of the Bank in the sector, its financial structure and performance and the degree of compliance of its reporting and activities with international standards.

21. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

A risk catalogue which defines the potential risks to which the Bank could be exposed has been approved and put into operation by the Board of Directors.

The risk policies for those risks which are deemed to be of a high level from the perspective of the Bank's activities and which are included in the risk catalogue are approved and put into practice by the Board of Directors.

Work on ensuring that all of the applications, procedures and business processes that are in operation comply with the risk policies are expected to be completed during 2005.

During the preparation of the 'Risk Catalogue' a review was conducted of the processes related to the measurement, evaluation and management of the Bank's risks and the necessary structure established for application in an organized manner under the supervision of the Board of Directors of risk management and internal auditing activities.

22. AUTHORITIES AND RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The authorities of the Board of Directors are specified in the statutes.

In accordance with the statutes, the Board of Directors has the authority:

- To take any kind of measures required by operations which constitute the subject of activities of the Bank and take decisions in this regard;
- In line with the Bank's aims, internal communiqués and the setting of the general rules related to the Bank's policy, in the Bank's name to specify the individuals who have the authority to sign documents;
- To determine which of the procedures related to the Bank should be determined by decisions of the General Management and which by the Board of Directors;
- For the provision of loans above a specified limit
- For the formation or disposal of participations and partnerships;
- For the management of immoveable assets, the purchase, sale or lease of real estate

The authorities of the Board of Directors are used in manner which they have every kind of information deemed necessary to ensure the full fulfillment of their responsibilities and in a circumspect manner and with the framework of the rules of good intent.

In accordance with its articles of association, the General Manager is responsible for the management of the daily operations of the Bank within the principles and limitations set by the Board of Directors.

The transfer of authority to the executive organs which facilitate the operations of the Bank is conducted within the scope of the list of authorized signatories.

The sanctions which will be applied for unprincipled and/or illegal activities are detailed in the Personnel Directive which has been approved and brought into force by the Board of Directors.

The members of the Board of Directors allocate sufficient time for their work for the Bank.



The Board of Directors take measures to prevent information about the Bank which is not open to the public or is categorized as a commercial secret from leaving the Bank.

The Board of Directors take a separate decision related to the acceptance of the periodic financial statements and the annual report.

In addition to its basic functions, the Board of Directors executes the following responsibilities, taking into account the opinions and proposals of the executive organs and committees:

- The approval of the Bank's annual budget and business plans;
- The preparation of the Bank's annual report and its finalization for submission to the general assembly;
- Ensuring that the general assembly meetings are held in a manner which complies with the regulations and the Bank's articles of association;
- Ensuring that the decisions of the General Assembly are actually implemented;
- Controlling the utilization of large-scale expenditures in excess of 10% of the Bank's total assets as detailed in its most recent balance sheet;
- Approving the career plans and awards of the executives;
- Determining policies related to the Bank's Shareholders, stakeholders and public relations;
- Determining the Bank's information policy;
- Determining the ethical rules for the Bank and its employees;
- Determining the working conditions for the committees and ensuring that they work effectively and productively;
- Taking the necessary measures to ensure that the Bank's organizational structure is able to meet prevailing requirements;
- Studying the activities of the previous Boards of Directors.

23. THE OPERATIONAL PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors' draft agenda is prepared by the General Manager and finalized taking into account proposals by the Chairman and Members of the Board of Directors.

In 2004 the Board of Directors met 28 times.

Care is taken to ensure that the dates of meetings are chosen to ensure that all of the members can attend and, with the exception of unforeseen exceptions, all of the Board of Directors' meetings were attended by all of its members.

Invitations to attend the meetings of the Board of Directors are issued first orally by telephone and then in writing.

A secretary ensures that information is forwarded to the members of the Board of Directors and Auditors and facilitates communication with them.

The forwarding to the Bank's Auditors in written form of dissenting votes regarding decisions of the Board of Directors, together with the explanations for them, is seen as beneficial, but in 2004 there were no dissenting votes by members of the Board of Directors regarding decisions taken by the Board.

All of the members of the Board of Directors do their utmost to participate in person in meetings on important subjects related to the activities of the Bank, such as:

- The determination of areas in which it will be active and the approval of business and financing plans;
- Subjects related to the invitations to ordinary/extraordinary meetings of the general assembly and the organization of the meetings;
- The finalization of the annual report that will be submitted to the general assembly;



- The election of the chairman or vice chairman of the board and the appointment of new members;
- The development or termination of administrative departments;
- The appointment or dismissal of the general manager;
- The setting up of committees;
- Mergers, divisions, restructuring, sales of all or more than 10% of the Bank's fixed assets or investment of more than 10 percent, or expenditures in excess of 10 percent of its total assets;
- The determination of the Bank's dividend policy and the setting of the amount of dividends to be distributed;
- An increase or decrease in capital.

The preference is for the first meeting of the Board of Directors to take place on the date on which they are elected.

In addition to the election of the chairman and vice chairman of the Board of Directors, at the first meeting decisions are taken regarding the distribution of duties and the formation of committees.

In principle, the members of the Board of Directors attend every meeting.

The Board of Director meets in a regular, pre-arranged manner at least once a month and at other times when deemed necessary.

Documents and information related to the topics which are on the agenda of the Board of Directors meeting are submitted for study at least seven days prior to the meeting by the members of the Board of Directors and if it is not possible to meet this deadline, everything is done to ensure the equitable flow of information to the members of the Board of Directors.

Every member of the Board of Directors has one voting right, and the members not have the weighted voting rights or the right to exercise a positive/negative veto.

In accordance with the statutes, the Board of Directors makes decisions according to the views of a majority of the participants at meetings attended by more than half of the number of members.

24. BAN ON DEALING OR COMPETING WITH THE COMPANY

The members of the Board of Directors do not have any activities which are within the scope of the ban on competing and doing business with the Bank and as a result they are not involved in any procedures or activities which would require permission from the General Assembly.

25. ETHICAL RULES

The Bank has adopted the 'Ethical Principles of Banking' published by the Turkish Union of Banks.

26. THE NUMBER, STRUCTURE AND INDEPENDENCE OF COMMITTEES FORMED BY THE BOARD OF DIRECTORS

The Bank has a high-level risk committee which is headed by a member of the board who is responsible for fulfilling the internal audit and risk management system and who is also responsible for the preparation of the risk management strategies and policies that the Bank will follow.

We are continuing with the work of putting in writing the existing committee's operating principles and the establishment of the corporate management committee, the strategic planning committee, the reconciliation committee and the ethical committee.

As no real person has a controlling share, the members of the Board of Directors who serve on the committees have the advantage of being able to work completely independently and, as a result, ensure the making of impartial decisions.



27. FINANCIAL RIGHTS GRANTED TO THE BOARD OF DIRECTORS

With the exception of monthly attendance fees, the members of the Board of Directors do not receive any salary.

The amount of the monthly attendance fees is determined by the General Assembly in the light of the proposals made by the Shareholders.

The Members of the Board of Directors have never and shall never utilize directly or indirectly a monetary or non-monetary loan from the Bank.





YEAR 2004
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS



TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

**To the Board of Directors
İstanbul**

OPINION OF INDEPENDENT AUDITORS

1. We have audited the accompanying consolidated balance sheet of Türkiye Sınai Kalkınma Bankası (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2004, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended, all expressed in the equivalent purchasing power of the Turkish Lira at 31 December 2004. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.
3. In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2004, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with International Financial Reporting Standards.

Denetim Serbest Mali Müşavirlik A.Ş.

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

İstanbul, 18 February 2005





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004 AND 31 DECEMBER 2003

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of the TL at 31 December 2004 (note 2))

ASSETS

	Note	31 December 2004 TL Billion	As Restated 31 December 2003 TL Billion
Liquid assets	4	205	134
Balances with the Central Bank	5	868	1,693
Balances with banks	6	52,754	35,818
Interbank money market placements	5	400	-
Securities held for trading	7	12,935	6,717
Securities available for sale (net)	7	691,444	525,557
Securities held to maturity	7	-	24,530
Originated loans and securities (net)	8	1,422,598	1,143,447
Investments in associated companies	9	57,929	46,465
Property, plant and equipment, net	10	22,888	23,213
Deferred tax asset (net)	14	-	4,426
Other assets	11	31,162	50,898
Goodwill (net)		366	478
Total assets		2,293,549	1,863,376

The accompanying notes form an integral part of these financial statements.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004 AND 31 DECEMBER 2003

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of the TL at 31 December 2004 (note 2))

LIABILITIES

	Note	31 December 2004 TL Billion	As Restated 31 December 2003 TL Billion
Due to customers- securities sold under repurchase agreements	12	170,410	11,439
Financial liabilities held for trading		163	5
Interbank money market borrowings		5,641	12,007
Borrowings	13	1,615,932	1,457,558
Securities issued		1	1
Corporate tax payable	14	12,841	282
Other liabilities	15	24,427	58,841
Provisions	16	13,612	10,885
Deferred tax liability (net)	14	672	-
Subordinated loan	17	67,607	-
Total liabilities		1,911,306	1,551,018
Minority interest		3,826	2,179
Shareholders' equity			
Issued capital	19	949,960	919,732
Valuation reserve		14,984	13,245
Accumulated losses		(586,527)	(622,798)
Total shareholders' equity		378,417	310,179
Total liabilities and shareholders' equity		2,293,549	1,863,376
Commitments and contingent liabilities	23	-	-

The accompanying notes form an integral part of these financial statements.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of the TL at 31 December 2004 (note 2))

		1 January- 31 December 2004 TL Billion	As Restated 1 January- 31 December 2003 TL Billion
	Note		
Interest and similar income		183,263	119,277
Interest expense and similar charges		<u>(61,912)</u>	<u>(62,679)</u>
Net interest income	19	121,351	56,598
Fee and commission income		23,596	27,018
Fee and commission expense		<u>(4,849)</u>	<u>(4,180)</u>
Net fee and commission income	20	18,747	22,838
Dividend income		1,551	3,624
Net trading income		1,981	71,990
Foreign exchange gain (net)		-	18,859
Other operating income		<u>30,590</u>	<u>6,199</u>
Operating income		174,220	180,108
Salaries and employee benefits		(14,856)	(27,400)
Depreciation and amortization		(320)	(2,705)
Provision for losses on loans and other receivables		(14,264)	(42,979)
Foreign exchange loss (net)		(103)	-
Other operating expenses		<u>(32,114)</u>	<u>(22,289)</u>
Operating expenses		(61,657)	(95,373)
Income / (loss) from associates		<u>6,804</u>	<u>(4,741)</u>
Income before tax and loss on net monetary position		119,367	79,994
Loss on net monetary position		<u>(31,501)</u>	<u>(16,190)</u>
Income before tax		87,866	63,804
Income taxes	15	<u>(18,620)</u>	<u>(9,359)</u>
Income after tax		69,246	54,445
Minority interest		<u>(206)</u>	<u>(28)</u>
Net income for the year		<u>69,040</u>	<u>54,417</u>
Earnings per share (in full TL)		242	191
Average number of shares outstanding		285,000,000,000	285,000,000,000

The accompanying notes form an integral part of these financial statements.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of the TL at 31 December 2004 (note 2))

	Issued Capital	Valuation	Accumulated	Total
	TL Billion	Reserve	Losses	TL Billion
	TL Billion	TL Billion	TL Billion	TL Billion
Balance at 1 January 2003	919,732	9,337	(677,215)	251,854
Change in valuation reserve	-	3,908	-	3,908
Net income for the year	-	-	54,417	54,417
Balance at 31 December 2003	<u>919,732</u>	<u>13,245</u>	<u>(622,798)</u>	<u>310,179</u>
Balance at 1 January 2004	919,732	13,245	(622,798)	310,179
Dividends paid	-	-	(2,558)	(2,558)
Increase in capital	30,228	(17)	(30,211)	-
Change in valuation reserve	-	1,756	-	1,756
Net income for the year	-	-	69,040	69,040
Balance at 31 December 2004	<u>949,960</u>	<u>14,984</u>	<u>(586,527)</u>	<u>378,417</u>

The accompanying notes form an integral part of these financial statements.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

(Amounts expressed in billions of Turkish Lira (TL) in terms of the purchasing power of the TL at 31 December 2004 (note 2))

	31 December 2004	As Restated
	TL Billion	31 December 2003
	TL Billion	TL Billion
Operating Activities:		
Net income for the year	69,040	54,417
Adjustments for Non-Cash Items:		
Depreciation and amortization	207	2,621
Amortization of goodwill	113	84
Provision for losses on loans and other receivables	14,264	89,982
Changes in provisions	2,727	55
(Income) / loss from associates	(6,804)	4,741
Minority interest	1,647	(6,903)
Changes in Operating Assets and Liabilities:		
Financial instruments held for trading	(6,060)	3,412
Originated loans and securities	(293,415)	23,892
Other operating assets	(121,622)	(813)
Due to customers	158,971	(35,958)
Securities issued	-	(32,488)
Interbank money market borrowings	(6,366)	(20,459)
Other operating liabilities	(16,740)	4,590
Cash flows from operating activities	(204,038)	87,173
Investing Activities:		
(Increase) in investments	(2,921)	(35,002)
Goodwill	-	(562)
Acquisition/(sale) of property and equipment (net)	118	345
Cash flows from investing activities	(2,732)	(35,219)
Financing Activities:		
Dividends paid	(2,558)	-
Proceeds from borrowings	449,404	217,397
Repayment of borrowings	(223,423)	(421,047)
Cash flows from financing activities	223,423	(203,650)
Net change in cash and cash equivalents	16,582	(151,698)
Cash and cash equivalents at 1 January	37,645	189,343
Cash and cash equivalents at 31 December	54,227	37,645

The accompanying notes form an integral part of these financial statements.





TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1. ACTIVITIES OF THE GROUP

Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB" or the "Bank") was established on 31 May 1950 with the support of the World Bank and the cooperation of the Government of the Republic of Turkey, the Central Bank of Turkey and the leading Turkish commercial banks of Turkey. TSKB is the first investment and development bank of Turkey. TSKB is operating with the mission of providing assistance to private sector enterprises in all sectors of the economy primarily in the industrial sector, encouraging and assisting the participation of private and foreign capital incorporations established and to be established in Turkey, and assisting the development of the capital market in Turkey. TSKB and Sınai Yatırım Bankası A.Ş. (SYB), sister bank with similar mission, were merged pursuant to the decisions of the respective shareholders as sanctioned by the Banking Regulation and Supervision Agency (BRSA) decision no.659 dated 27 March 2002, in accordance with Article 18 of the Banks Act no: 4389.

Ever since its foundation in 1950, TSKB has played an active role in every stage of Turkey's economic development. The Bank, through its support and extension of medium - term loans for more than 3500 investment projects, has contributed significantly to the progress and development of the private sector. Over the past 35 years, the Bank provided financing by way of participating in the share capital of more than 100 companies. Further, through offering the equity shares of such companies to the public, TSKB has been a significant milestone in this field and thus assumed a prominent and vital role in fostering the development of capital markets. The main shareholders of TSKB are T. İş Bankası Group, Sabancı Group and T. Vakıflar Bankası T.A.O. with the percentages of 40.53%, 6.45% and 8.38%, respectively.

The Bank holds direct and indirect shareholdings in Yatırım Finansman Menkul Değerler A.Ş. and TSKB Menkul Değerler A.Ş. as discussed in greater detail in notes 2 and 3.2, the financial statements of these subsidiaries have been consolidated. Yatırım Finansman Menkul Değerler A.Ş. and TSKB Menkul Değerler A.Ş. were incorporated in Turkey in 1976 and in 1997, respectively. The main operation of Yatırım Finansman Menkul Değerler A.Ş. and TSKB Menkul Değerler A.Ş. is to provide stock broking services in capital markets.

The registered office of the Bank is at Meclisi Mebusan Cad. 161 Fındıklı, İstanbul and the number of personnel is 279.

2. BASIS OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), formerly referred to as International Accounting Standards (IAS). The Bank and its consolidated subsidiaries maintain their books of account and prepare their financial statements in Turkish Lira, in accordance with current tax legislation, rules and regulations promulgated by the Bank Regulation and Supervision Agency and Turkish Capital Market Board, with adjustments and reclassifications for the purposes of fair presentation in accordance with International Financial Reporting Standards.

Inflation Accounting

In the accompanying consolidated financial statements, restatement adjustments have been made to compensate for the effect of changes in the general purchasing power of the Turkish Lira, as at the balance sheet date, in accordance with International Accounting Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29").

Major characteristics that necessitate the application of IAS 29 are:

- (a) The general population prefers to keep its wealth in non monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

- (b) The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
- (c) Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- (d) Cumulative three-year inflation rate approaching or exceeding 100%.

Although the cumulative rate in Turkey is 69.72% for the three years ended 31 December 2004, the other characteristics are still valid. IAS 29 requires that financial statements be stated in terms of the measuring unit current at the balance sheet date and corresponding figures for previous periods be restated in the same terms by applying a general price index. Inflation adjustments are calculated by using the wholesale price index announced by the BRSA, based on the State Institute of Statistics Index.

The index and corresponding conversion factors for recent year ends to reach balance sheet date money values are as follows:

	Index	Conversion Factor
31 December 2001	4,951.7	1.6972
31 December 2002	6,478.8	1.2971
31 December 2003	7,382.1	1.1384
31 December 2004	8,403.8	1.0000

The comparative rates of currency devaluation of the Turkish Lira against the US Dollar, compared with the rates of general price inflation in Turkey at each year-end according to the WPI are set out below:

Year:	2004	2003	2002	2001
Currency devaluation US \$	(3.9)%	(14.6)%	13.5%	114.3%
WPI Inflation	13.8%	13.9%	30.8%	88.6%

The principal adjustments related with inflation accounting are as follows:

- All amounts not already expressed in terms of the measuring unit current at the balance sheet date are restated by applying a general price index (the WPI). Corresponding figures for previous periods are similarly restated.
- Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date. Monetary items are money held and items to be received or paid in money.
- Non-monetary assets and liabilities and the components of shareholders' equity are restated by applying, to the initial acquisition cost and any accumulated depreciation, the relevant conversion factors reflecting the increase in the WPI from the date of acquisition or initial recording to the balance sheet date. Revaluations made on any other basis in the statutory records are eliminated.
- All items in the statements of income are restated by applying the relevant conversion factors, except for restatement of certain specific income statement items which arise from the restatement of non-monetary assets and liabilities like amortization, depreciation, gain or loss on sale of assets.
- The effect of general inflation on the Group's net monetary position is included in the statements of income as gain or loss on net monetary position.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and enterprises controlled by the Bank (its subsidiaries).

The financial statements of the entities below, have been consolidated with those of the Bank in the accompanying financial statements. The method of consolidation is set out in note 3.2. The ownership percentages stated below comprise the total of the Bank's direct and indirect holdings:

<u>Entity</u>	<u>Sector</u>	<u>The Bank's Ownership (%)</u>
TSKB Menkul Değerler A.Ş.	Financial	92.40
Yatırım Finansman Menkul Değerler A.Ş.	Financial	90.44

The following equity investments have been accounted for under the equity method:

<u>Entity</u>	<u>Sector</u>	<u>The Bank's Ownership (%)</u>
İş Finansal Kiralama A.Ş.	Financial	30.00
TSKB Yatırım Ortaklığı A.Ş.	Financial	44.03
Yatırım Finansman Yatırım Ortaklığı A.Ş.	Financial	29.24
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Financial	23.82
İş Factoring Finansman Hizmetleri A.Ş.	Financial	21.75

The following equity investments have not been consolidated or accounted for under equity method, but included in available for sale assets, as noted in Note 7.

<u>Entity</u>	<u>Sector</u>	<u>The Bank's Ownership (%)</u>
TSKB Gayrimenkul Değerleme A.Ş.	Real-Estate Appraiser	80.00
Gözlük Sanayi A.Ş.	Manufacturing	21.71

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are as follows:

3.1 Accounting Convention

The accompanying consolidated financial statements have been prepared in accordance with IFRS. Effect has been given in the financial statements to adjustments and reclassifications, which have not been entered in the general books of account of the Bank and its consolidated subsidiaries, maintained in conformity with accounting practices prevailing in Turkey as set out in note 2.

3.2 Consolidation

The consolidation includes the companies set out in note 2. The consolidated financial statements incorporate the financial statements of the Bank and enterprises controlled by the Bank (its subsidiaries).





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

Entities in which the Bank, directly or indirectly, has above 50% shareholding or above 50% interest in the voting rights or otherwise has power to exercise control over operations, have been fully consolidated. Control is achieved where the Bank has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. In cases where the consolidated entities are not 100% owned, the shareholders' equity and net income, which belongs to third party shareholders, are separately disclosed as minority interest. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Bank. All intercompany transactions, balances and unrealized surpluses and deficits on transactions between consolidated entities have been eliminated from the accompanying financial statements.

3.3 Investments in Associates

As at the balance sheet date, the Group has investments in associates with a position to exercise significant influence as set out in note 2, through participation in the financial and operating policy decisions of the investee. Such investments have been accounted for under equity method in the accompanying consolidated financial statements.

3.4 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognized as an asset and amortized on a straight-line basis generally in 5 years.

Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate and is presented separately in the balance sheet.

3.5 Income and Expense Recognition

Interest and other income and expenses are recognized on an accrual basis, except for fees and commissions for various banking services rendered and dividends from equity participations, which are recognized as income when received. Income and expenses are recognized in accordance with International Accounting Standard No.39 "Recognition and Measurement" ("IAS 39") at fair value or amortized cost basis. For the purposes of convenience, certain income and expenses are recognized on a straight-line basis where that does not materially differ from fair value or the amortized cost method. All income and expense items are restated in equivalent purchasing power at the balance sheet date.

Exchange gains arising from revaluation of Turkish Lira loans, which are indexed to foreign currencies, are included as interest income.

3.6 Foreign Currency Items

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the balance sheet





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

date. All exchange gains and losses arising on settlement and translation of foreign currency items are included in the statement of income.

Assets and liabilities denominated in foreign currencies are translated at the Bank's year-end exchange rate.

As at 31 December 2004 foreign currency assets and liabilities of the Bank are mainly in US Dollars, Euro and Yen. As at 31 December 2004 and 31 December 2003 the exchange rates of US Dollar, Euro and Yen are as follows:

	<u>31 December 2004</u>	<u>31 December 2003</u>
1 US Dollar	1,339,000	1,398,000
1 EURO	1,826,932	1,757,286
1 JPY	13,062	13,080

Average rates are as follows:

	<u>31 December 2004</u>	<u>31 December 2003</u>
1 US Dollar	1,427,790	1,499,118
1 EURO	1,774,070	1,692,115
1 JPY	13,200	12,937

3.7 Securities Portfolio

The Group's securities portfolio primarily represent government bonds and treasury bills which are accounted for at the fair value of the consideration given (at cost) at initial recognition determined by reference to the transaction price or market prices. The cost of foreign currency denominated securities is translated at period end exchange rates.

Securities portfolio are impaired if their carrying amounts are greater than their estimated recoverable amounts. The Group assesses at each balance sheet date whether there is any objective evidence that they may be impaired. If any such evidence exists, the Group estimates the recoverable amount of that asset or group of assets and recognizes impairment losses in net profit or loss for the year.

Interest earned for holding securities are included in interest income. All gains or losses on sale of trading securities, and on investment securities if such transactions occur, are accounted for in the statement of income for the year.

The Group designates its securities portfolio in accordance with IAS 39 as follows:

Securities held for trading:

Securities held for trading are those acquired principally for the purpose of generating profit from short-term fluctuations in their price or dealer's margin. Subsequent to initial recognition, held for trading securities are valued at their fair value if reliably measured. Gains or losses on held for trading securities are included in net profit or loss for the period in which they arise.

Investment fund share certificates are stated at market value. Quoted shares are carried at market value.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

Securities held to maturity:

Held-to-maturity investments are securities with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity. Held to maturity securities having a fixed maturity are measured at amortized cost using the effective interest rate method.

Securities available for sale:

Available-for-sale securities are those that are not (a) held-to-maturity securities, or (b) securities held for trading. Subsequent to acquisition, available for sale securities are valued at their fair value if reliably measurable. Otherwise, they are accounted for at amortized cost.

Investments in equity instruments that do not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are clearly inappropriate or unworkable, are accounted for at cost. Securities that do not have a fixed maturity are measured at cost.

3.8 Loan Loss Provisions

Loans are financial instruments originated by the Group and accounted for at amortized cost in accordance with IAS 39. Based on its evaluation of the current status of the loans granted, the Group makes specific loan loss provisions, which it considers are adequate to cover estimated un-collectible amounts in the loan portfolio and losses under guarantees and commitments. The estimates are reviewed periodically and, as adjustments become necessary, they are reflected in the statement of income in the periods in which they become known.

The Group classifies any loan, which is overdue or not adequately collateralized, or where management believes the borrower has lost creditworthiness, into overdue loans. The Group ceases to recognize income on overdue loans and receivables.

The loan loss provisions follow the requirements as specified by Turkish Banking regulations. In accordance with the prevailing provisioning legislation, banks in Turkey should appropriate 0.5% general provision for cash loans and other receivables and 0.1% general provision for non-cash loans.

3.9 Property, Plant and Equipment

Property, plant and equipment are carried at restated cost less restated depreciation at the equivalent purchasing power as at the reporting date. Property, plant and equipment are depreciated on a straight-line basis using rates, which write off the assets over their expected useful lives. The main depreciation rates used are:

Buildings	2%
Vehicles	20%
Furniture and fittings	20%
Computer equipment and software	20%
Leasehold and leasehold improvements	lease term or 20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of income.

The Group regularly reviews its premises and equipment for impairment.

3.10 Finance and Operating Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Amounts due from lessees under finance leases in the accounts of the lessor are recorded as receivables at the amount of the Group's net investment in the leases. Lease rentals are allocated between principal payment and interest income. Finance lease interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Assets leased under operating leases are included in premises and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

The Group as Lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Leases of assets under which the lessor effectively retains all risks and benefits of ownership are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of lease.

3.11 Equity Participations

In the statutory books of account the Group values its equity participations at cost plus the nominal value of bonus shares received from investee companies converting their profit reserves to share capital.

Equity investments are accounted for as securities portfolio available for sale, in accordance with IAS 39, using the policy set out in note 3.7 above. In cases where there is evidence of permanent impairment in value, recorded amounts are reduced by a provision for such impairment, charged to the statement of income.

3.12 Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of (i) the sales price of the asset (less any selling costs); (ii) the present value of the cash flows which are expected to arise from future use of the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Management of the Group believes that there is no indication of internal or external factors implying any impairment of assets.

3.13 Retirement Pay

The Group has both defined benefit and defined contribution plans as described below:

(i) Pension and other post-retirement obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee and his /her dependants will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

T. Sınai Kalkınma Bankası Memur ve Müstahdemleri Yardım ve Emekli Vakfı ("the Fund"), is a separate legal entity and a foundation recognized by an official decree, providing all qualified Bank employees with pension plan benefits. The Fund is a defined benefit plan under which the Bank pays fixed contributions, and is obliged to pay amounts other than the fixed contribution to the Fund through informal practices of constructively paying additional amounts.

The surplus or deficit in the defined benefit pension plan is the fair value of plan assets less the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries under legal regulations, although the methodology is not IAS 19 compliant. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using expected real interest rates for Turkish lira. The Bank does not have the legal right to access the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan, and therefore, no assets are recognized in the accompanying balance sheet in respect of any surplus in the fund.

The Bank also provides post-retirement benefits to their retirees through the Fund. These obligations are valued annually by independent actuaries.

(ii) Employment termination benefits

Under Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. Such payments are based on number of years' service and final salary at the date of retirement or leaving.

International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19") has been applied in the accompanying





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

financial statements. Future retirement payments are discounted to their present value at the balance sheet date at an interest rate determined as net of an expected inflation rate and an appropriate discount rate. This standard also allows the employee benefit liability to be reduced by anticipated forfeitures by eligible employees of their benefit.

3.14 Related Parties

For the purpose of the accompanying financial statements shareholders of the Bank and related companies, consolidated and unconsolidated equity investments and related companies, directors and key management personnel together with their families and related companies are referred to as "Related Parties" in this report.

During the conduct of its business the Group had various significant transactions and balances with Related Parties during the year. Certain significant balances and transactions with Related Parties as at the balance sheet date are set out in note 21.

3.15 Taxation and Deferred Taxes

Taxes on income for the period comprise of current tax and the change in deferred taxes. The Group accounts for current and deferred taxation on the results for the period, in accordance with IAS 12 (Revised).

Provision is made in the accompanying financial statements for the estimated liability of the Group and its equity participations for local taxes on the results for the year by using tax rates that have been enacted or substantively enacted by the balance sheet date. The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Temporary differences arise in respect of retirement pay provisions, the difference between the book value of tangible fixed assets and the carrying value in the accompanying financial statements (which is based on indexed cost) and various other provisions not taxable or tax-deductible until the following year or years.

In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the statement of income.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

3.16 Securities Under Resale or Repurchase Transactions

Purchases or sales of securities under agreements of resale or repurchase are short term and entirely involve debt (primarily government) securities. Sales of securities under the agreements of repurchase ("Repos") are retained in the balance sheet under securities portfolio and corresponding counterparty commitment is included separately under liabilities. The income and expenses on repo transactions are separately recognized as interest income accrued in accordance with its classification as held for trading, held to maturity or available for sale, and interest expense accrued over the period to maturity. Purchases of securities under agreements of resale ("reverse repos") are included in securities portfolio and interest income on such transactions is accrued over the period to maturity.

3.17 Cash and Cash Equivalent Items

Cash and cash equivalent items seen in the statement of cash flows consist of cash, Central Bank accounts, bank balances and interbank funds sold.

3.18 Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

3.19 Fair Values of Financial Instruments

The term financial instruments include both financial assets and financial liabilities, and also derivatives. Financial instruments are fundamental to the Group's business and constitute the core element of its operations. The risks associated with financial instruments are a significant component of the risks faced by the Group. Financial instruments create, modify or reduce the liquidity, credit and market risks of the Group's balance sheet. The Group trades in financial instruments for customer facilitation and as principal.

The Group accounts for financial instruments on a trade date basis. After initial recognition, the Group measures financial assets, including derivatives that are assets, at their fair values, except for loans and receivables originated by the enterprise and not held for trading, held-to-maturity investments and any financial asset that does not have a quoted market price in an active market and whose fair value cannot be reliably measured. Those financial assets that are excluded from fair valuation and that have a fixed maturity are measured at amortized cost using the effective interest rate method. Those that do not have a fixed maturity are measured at cost. All financial assets are reviewed periodically for impairment.

Various financial instruments are accounted for at fair value, as described above and in the related accounting policies notes. Other financial instruments are accounted for amortized cost but disclosure is required of fair value for comparison purposes wherever practicable. Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction. Fair value is best evidenced by a market price, being the amount obtainable from the sale, or payable on the acquisition, of a financial instrument in an active market, if one exists.

Current economic conditions have led not only to volatility in Turkish markets, but also to low trading volumes in many markets. Consequently the Group is unable, in certain cases, to find a market price in an actively traded market. In such cases, other measures of fair value are considered. These include comparison with similar financial instruments that do have active





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

markets, and calculation of present values on an internal rate of return basis. Where no reliable estimate of fair value is available, amortized cost is used as the carrying value. As there is a wide range of valuation techniques, it may be inappropriate to compare the Group's fair value information to independent markets or to other financial institutions' fair value information.

Gains or losses on financial assets or liabilities held for trading are included in net profit or loss for the period in which they arise. For those financial assets and financial liabilities carried at amortized cost, a gain or loss is recognized in net profit or loss when the financial asset or liability is derecognized or impaired, as well as through the amortization process.

As discussed below, for certain financial assets and liabilities carried at cost, the fair values are assumed not to differ significantly from cost, due to the short-term nature of the items involved or because interest rates applicable to such items are variable at such short notice that interest income or expense on such items would never differ significantly from market rates.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

Central Bank accounts and balances with banks: The carrying amount is a reasonable estimate of fair value.

Financial assets: Fair value is estimated using quoted market prices wherever applicable. For those where no market price is available, the carrying amounts in the books are estimated to be their fair values.

Originated loans: The major portion of the originated loans have interest rates that are subject to fluctuation at short notice in accordance with prevailing interest rates in the market. Management believes that the risk factors embedded in the entry value of interest rates and subsequent rate changes along with the related allowances for uncollectibility and assessment of risks associated with the loan book result in a fair valuation of loans.

Securities under resale and repurchase agreements: The carrying amount is a reasonable estimate of fair value.

The fair values of balances denominated in foreign currencies, which are translated at period end exchange rates along with related accrued interest, are estimated to be their fair values.

In the normal course of business, the Group enters into a variety of derivative transactions principally in the foreign exchange and interest rate markets. These are used to provide financial services to customers and to actively take, hedge and modify positions as part of trading activities. Derivatives are also used to hedge or modify risk exposures arising on the balance sheet from a variety of activities including lending and securities investment. The majority of the counterparties in the Group's derivative transactions are banks and other financial institutions. The risks involved in derivatives include market, credit and liquidity risk.

The Group's off balance sheet financial instruments also include currency swaps and forward transactions as at the balance sheet date. All unrealized gains and losses on these instruments are included in the statement of income. Unrealized gains and losses on these instruments are not deductible for tax purposes. The fair values of off balance sheet derivative instruments are estimated based on the available quoted market rates prevailing at the reporting date.

The Group deals with financial instruments with off-balance sheet risk in the normal course of business such as letters of guarantee, letters of credit, pre-financing loans, etc. The Group's exposure to credit losses arising from these instruments is represented by the contractual amount of those instruments.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

31 December 2004	
Carrying Value	Fair Value
TL Billion	TL Billion
Balances with banks	52,754
Interbank money market placements	400
Securities available for sale	691,444
Originated loans and securities	1,422,598
Financial assets	2,167,196
Financial liabilities held for trading	163
Interbank money market borrowings	5,641
Securities issue	1
Borrowings	1,615,932
Financial liabilities	1,621,737

31 December 2004	
Carrying Value	Fair Value
TL Billion	TL Billion
Balances with banks	35,818
Interbank money market placements	-
Securities available for sale	525,557
Securities held to maturity	24,530
Originated loans and securities	1,143,447
Financial assets	1,729,352
Financial liabilities held for trading	5
Interbank money market borrowings	12,007
Securities issued	1
Borrowings	1,457,558
Financial liabilities	1,469,571

3.20 Risk Management

Risk Management has been a vital process for banks in Turkey due to the volatility of the economic variables and conditions. The Banking Regulation and Supervision Agency ("BRSA") has issued a decree on Risk Management on 8 February 2001 and TSKB has adopted the BRSA standard and restructured its Risk Management operations based on this decree.

Through its normal operations, the Group is exposed to a number of risks, the most significant of which are liquidity, credit, operational and market risk. The Bank has an Executive Risk Committee that consists of four risk committee departments, which are the Bank Committee, Credit Committee, Market Committee and Operational Committee. These departments report to the Executive Risk Committee. The Board of Directors and Executive Risk Committee together execute the risk control operations and implement the strategies which are defined.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet financial commitments arising from the cash flows generated by its business activities. This risk can arise from mismatches in the timing of cash flows relating to assets, liabilities, and off-balance sheet instruments.

The strategy of the Group is to raise funding as cost effectively as possible while ensuring that no significant unintended mismatches arise between loans and deposits. Close control is exercised over both volume and quality of short-term credits, with the sources and maturities being managed to avoid a concentration of funding requirements. A major advantage of the Group in avoiding liquidity risk is the diverse funding sources including long-term borrowings from various financial institutions, issued securities, government loans provided and share capital. In order to manage this risk, the Group continually measures and manages its cash flow commitments on a daily basis and monitors the daily changes.

The Group uses various methods, including predictions of daily cash positions, to monitor and manage its liquidity risk to avoid undue concentration of funding requirements at any point in time or from any particular source.

As at 31 December 2004 the estimated maturity analysis for certain assets and liabilities is as follows:

TL Billion

31 December 2004	On demand	Less than one month	Between one month and three months	Between three and twelve months	More than one year	Total
Assets						
Cash, balances with Central Bank	1,073	-	-	-	-	1,073
Balances with banks	2,623	50,131	-	-	-	52,754
Interbank money market placements	-	400	-	-	-	400
Securities held for trading	1,125	1,291	375	2,101	8,043	12,935
Securities available for sale	1,606	6,544	21,385	253,214	408,695	691,444
Securities held to maturity	-	-	-	-	-	-
Originated loans and securities	-	2,305	28,139	149,073	1,243,081	1,422,598
	<u>6,427</u>	<u>60,671</u>	<u>49,899</u>	<u>404,388</u>	<u>1,659,819</u>	<u>2,181,204</u>
Liabilities						
Due to customers	-	170,410	-	-	-	170,410
Financial liabilities held for trading	-	163	-	-	-	163
Interbank money market borrowings	-	5,641	-	-	-	5,641
Borrowings and subordinated loans	-	114,639	3,745	120,099	1,445,056	1,683,539
Securities issued	1	-	-	-	-	1
	<u>1</u>	<u>290,853</u>	<u>3,745</u>	<u>120,099</u>	<u>1,445,056</u>	<u>1,859,754</u>





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

TL Billion

	Less than On demand	Between one month and three one month	Between three and twelve months	More than months	one year	Total
31 December 2003						
Assets						
Cash, balances with Central Bank	1,827	-	-	-	-	1,827
Balances with banks	35,818	-	-	-	-	35,818
Securities held for trading	491	145	1,697	2,467	1,917	6,717
Securities available for sale and held to maturity	-	12,207	63,258	189,924	284,698	550,087
Originated loans and securities	-	3,734	40,931	142,486	956,296	1,143,447
	<u>38,136</u>	<u>16,086</u>	<u>105,886</u>	<u>334,877</u>	<u>1,242,911</u>	<u>1,737,896</u>
Liabilities						
Due to customers	-	11,439	-	-	-	11,439
Financial liabilities held for trading	-	5	-	-	-	5
Interbank money market borrowings	-	12,007	-	-	-	12,007
Borrowings	-	93,654	79,915	150,547	1,133,442	1,457,558
Securities issued	-	1	-	-	-	1
	<u>-</u>	<u>117,106</u>	<u>79,915</u>	<u>150,547</u>	<u>1,133,442</u>	<u>1,481,010</u>

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. Funds, which are usually long-term, are obtained through institutions such as the World Bank, European Investment Bank, etc. After the evaluation of the credit risk by various analysts, the granting of credit is authorized at the Board level or at appropriate levels of management depending on the size of the proposed commitment, and in accordance with banking regulations in Turkey. The Bank places strong emphasis on obtaining sufficient collateral from borrowers including, wherever possible, mortgages or security over other assets. The credit portfolio is monitored according to the overall composition and quality of the credit portfolio considering factors such as loan loss reserves, existence and quality of collateral or guarantees according to the standards and limits set legally and internally. The Bank has also an internal credit risk rating system in managing credit risk.

Market risk

Market risk is the risk to a financial institution's condition resulting from adverse movements in market rates or prices, such as interest rates, foreign exchange rates, or equity prices. The primary risks within the Group's activities are interest rate and foreign exchange rate risk. Turkish interest rates can be volatile. The Group's management of its exposure to market risk is performed through the Market Risk Committee, 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 Bank benefits from Value-at-Risk (VaR) methods, stress testing and other non – statistical methods for measuring market risk. While the delta-gamma method is used in order to calculate VaR for the domestic fixed income securities portfolio, a variance-covariance model is used for overall foreign exchange risk. VaR calculations are made by choosing the 90%, 95% and 99% confidence intervals, 1 day / 10 day holding periods. Also back testing is applied to these measurements. The Bank also measures capital adequacy ratio by using the standardized methodology as stated in the regulatory requirements.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

Interest Rate Risk

The Group is exposed to interest rate risk either through market value fluctuations of balance sheet items, i.e. price risk, or the impact of rate changes on interest sensitive assets and liabilities. In Turkey, interest rates are highly volatile and this may result in significant changes in prices of financial instruments including government bonds and treasury bills. Borrowings provided are the basic sources of funding. Progressive forecasting is determined with simulation reports, interest rate fluctuations effects are identified with sensitivity reports and scenario analysis. The cash requirement in each period is determined with Gap analysis.

Operational risk

Operational risk arises from the potential for 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 has established the Operational Risk Department to be in overall charge of operations risk management. The department's activities include improving operating procedures and implementing systems upgrades as well as supervising branch operations and providing specific guidance. In addition, the Bank has set up the Inspection Department to perform internal checking functions, and this department conducts examinations and provides guidance to prevent operational problems before they occur at all the Bank's offices. The Bank's business units manage this risk through appropriate risk controls and loss mitigation actions. These actions include a balance of policies, procedures, internal controls and business continuity arrangements.

Currency risk

Currency risk is the risk of potential loss, as a result of change in the exchange rates in the course of the implementation of an agreement. Such losses arise from change in exchange rate of that currency, in which the price is determined, with respect to the payment currency, in the period between the signing of the agreement and settling the accounts under this agreement. Assets and liabilities denominated in foreign currencies together with purchase and sale commitments give rise to foreign currency exposure. The Bank's foreign currency assets are predominantly in US Dollars, Euro and Japanese Yen.

The currency structure of the Bank is as follows:

TL Billion

31 December 2004	US Dollar	Euro	Japanese Yen	Other FC	Total
Cash and balances with Central Bank	501	-	-	-	501
Balances with banks	1,011	988	124	460	2,583
Securities held for trading	221	36	-	-	257
Securities available for sale	239,614	32,096	-	-	271,710
Originated loans and securities	449,580	761,717	200,654	436	1,412,387
Other assets	2,889	310	5	7	3,211
	693,816	795,147	200,783	903	1,690,649
Due to customers	16,384	10,318	-	-	26,702
Financial liabilities held for trading	-	-	163	-	163
Borrowings	693,041	785,197	187,979	284	1,666,501
Other liabilities	4,417	4,398	5	175	8,995
Provisions	6,397	-	-	-	6,397
	720,239	799,913	188,147	459	1,708,758
Net foreign currency					
Long (short) position on balance sheet	(26,423)	(4,766)	12,636	444	(18,109)
Off-balance sheet net foreign currency					
long (short) position	9,422	3,310	(12,948)	-	(216)





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

TL Billion

31 December 2004	US Dollar	Euro	Japanese Yen	Other FC	Total
Cash and balances with Central Bank	1,122	-	-	-	1,122
Balances with banks	25,181	6,851	114	2,648	34,794
Securities held for trading	-	-	79	-	79
Securities available for sale	173,789	51,326	-	-	225,115
Securities held to maturity	17,577	-	-	-	17,577
Originated loans and securities	230,703	658,020	246,409	927	1,136,059
Other assets	262	108	6	5	381
	<u>448,734</u>	<u>716,305</u>	<u>246,608</u>	<u>3,580</u>	<u>1,415,227</u>
Due to customers	8,768	1,052	-	-	9,820
Financial liabilities held for trading	-	-	5	-	5
Borrowings	437,392	703,036	248,889	1,297	1,390,614
Other liabilities	8,095	15,437	1,122	850	25,504
	<u>454,255</u>	<u>719,525</u>	<u>250,016</u>	<u>2,147</u>	<u>1,425,943</u>
Net foreign currency					
Long (short) position on balance sheet	<u>(5,521)</u>	<u>(3,220)</u>	<u>(3,408)</u>	<u>1,433</u>	<u>(10,716)</u>
Off-balance sheet net foreign currency					
long (short) position	<u>(9,708)</u>	<u>-</u>	<u>9,793</u>	<u>-</u>	<u>85</u>

3.21 Derivatives

Derivative instruments are contracts whose value is derived from that of an underlying instrument or market index and generally do not involve the exchange of principal but may involve the payment of a fee or receipt of a premium at inception of a contract. Certain instruments such as futures and forward contracts commit the Group to buy or sell a specified financial instrument, currency or precious metal at a future date. Futures contracts are exchange-trading instruments that settle through an independent clearinghouse and require daily cash settlement. Forward contracts are customized transactions that require no cash settlement until the end of the contract.

The Group has entered into certain forward and swap contracts as at the balance sheet date. The fair value of such derivative instruments held for trading at 31 December 2004 are as follows:

	31 December 2004		
	Notional Amount	Asset	Liability
	TL Billion	TL Billion	TL Billion
Currency swaps –sell	12,792	-	(140)
Currency swaps – buy	12,948	13	-
Forward contracts – sell	633	-	10
Forward contracts - buy	872	-	(33)
			<u>(163)</u>





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

	31 December 2004	
	Notional Amount	Asset
TL Billion	TL Billion	TL Billion
Currency swaps –sell	4,852	75
Currency swaps – buy	(4,773)	-
		75
		(5)

3.22 Offsetting

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

3.23 Derecognition

A financial asset is derecognized when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognized when it is extinguished.

Available-for-sale assets and assets held for trading that are sold are derecognized and corresponding receivables from the buyer for the payment are recognized as of the date the Group commits to sell the assets.

Held-to-maturity instruments and originated loans and receivables are derecognized on the day they are transferred by the Group.

3.24 Earnings per share

Earnings per share disclosed in the accompanying consolidated statements of operations are calculated by dividing the net earnings (loss) attribute to ordinary shareholders by the weighted average number of shares outstanding during the period concerned.

A summary of the weighted average number of shares outstanding for the years ended 31 December 2004 and 2003 and the basic earnings per share calculation is as follows (assuming that the cash increases did not involve a bonus element):

	2004	2003
Number of shares outstanding at 1 January (in full)	228,000,000,000	228,000,000,000
New shares issued	-	-
Conversion of existing resources	57,000,000,000	-
Number of shares outstanding at the year end (in full)	285,000,000,000	228,000,000,000
Weighted average number of shares Outstanding during the period (in full)	285,000,000,000	285,000,000,000
Net profit / (loss) (TL Billion)	69,040	54,417
Basic earnings / (loss) per share (in full TL)	242	191





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

4. LIQUID ASSETS

Liquid assets include cash balances on hand.

5. BALANCES WITH THE CENTRAL BANK

a) Balances with the Central Bank

	31 December 2004	31 December 2003
	TL Billion	TL Billion
Balances with the Central Bank of Turkey	<u>265</u>	<u>411</u>

b) Liquidity requirements deposited at the Central Bank

	31 December 2004	31 December 2003
	TL Billion	TL Billion
Foreign currency reserves	<u>494</u>	<u>1,218</u>
Turkish Lira ("TL") reserves	<u>109</u>	<u>64</u>
	<u>603</u>	<u>1,282</u>

The liquidity requirements are to be maintained as cash in special Turkish Lira accounts for Turkish Lira liabilities and in special US Dollar and EURO accounts for respective foreign currency liabilities with the Central Bank of Turkey. Both such Turkish Lira and foreign currency reserves maintained with the Central Bank of Turkey earn interest on a quarterly basis at the interest rates determined by the Central Bank of Turkey.

The liquidity requirement should also be maintained as government bonds and treasury bills in special accounts with the Central Bank of Turkey.

c) Interbank money market placements

As at 31 December 2004, TL 400 Billion is sold in interbank money market (31 December 2003: nil).

6. BALANCES WITH BANKS

	31 December 2004	31 December 2003
	TL Billion	TL Billion
<u>Domestic banks</u>		
Demand deposits	1,200	1,310
Time deposits	<u>50,106</u>	<u>23,872</u>
	51,306	25,182
<u>Banks abroad</u>		
Demand deposits	1,448	3,417
Time deposits	<u>-</u>	<u>7,219</u>
	<u>1,448</u>	<u>10,636</u>
	<u>52,754</u>	<u>35,818</u>





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

As at 31 December 2004, placements at domestic banks include TL 20,042 Billion, bearing interest rate of 19.1 % and with the maturity of 7 days and TL 30,064 Billion bearing interest rate of 19 % with the maturity of 7 days (31 December 2003: TL 23,872 Billion, bearing interest rate of 1.30 % and with the maturity of 4 days).

As at 31 December 2004, the Bank does not have time deposits at the foreign banks. (31 December 2003: 2.35 % for Euro and 3.50 % for GBP deposits with the maturity of 2 to 6 days).

7. SECURITIES (NET)

	31 December 2004	31 December 2003
	TL Billion	TL Billion
<u>Held for trading:</u>		
Government bonds and treasury bills	10,255	4,420
Investment funds	1,330	492
Equity shares	1,120	1,286
Securities in foreign currencies	230	409
Others	-	110
	12,935	6,717
<u>Held to maturity (*):</u>		
Government bonds and treasury bills	-	6,281
Securities in foreign currencies	-	18,249
	-	24,530
<u>Available for sale:</u>		
TL	380,871	261,114
Foreign currency	156,387	79,869
Government bonds and treasury bills	537,258	340,983
Securities in foreign currencies	118,952	146,860
Investment funds	1,606	-
Equity investments	33,628	37,714
	691,444	525,557
Total securities(net)	704,379	556,804

(*) In the current period, the Bank has sold a portion of held-to-maturity financial assets before maturity, due to the favorable market conditions and reclassified the remaining portion of the portfolio to available-for-sale financial assets. Because of this fact, the Bank should not classify any securities as held-to-maturity during the current financial year as well as the following two financial years.

Estimated fair values for Government Bonds and Treasury Bills that are traded on a stock exchange were calculated based upon the prices quoted on the İstanbul Stock Exchange. For index-linked Government bonds, fair values were calculated based on the prices quoted in the Official Gazette by the Turkish Central Bank.

The blocked securities kept in the Central Bank, the İstanbul Stock Exchange and İMKB Takas ve Saklama Bankası A.Ş. (stock exchange clearing and settlement bank) for the purposes of liquidity requirement and trading guarantee on interbank, bond, repurchase and reverse repurchase markets as at 31 December 2004 are as follows:





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

	31 December 2004 Nominal Value TL Billion	31 December 2004 Book Value TL Billion
Government Bonds and Treasury Bills:		
Central Bank – Interbank market guarantee	37,677	35,515
Central Bank – Blocked securities	1,000	876
İMKB – Stock Exchange Bond Markets – Blocked securities	14,048	15,591
Central Bank – Foreign Currency Operations Guarantee	15,390	17,110
Clearing House – Blocked Securities	70,750	66,855
	<u>138,865</u>	<u>135,947</u>

	31 December 2004 Nominal Value TL Billion	31 December 2004 Book Value TL Billion
Government Bonds and Treasury Bills:		
Central Bank - Interbank market guarantee	120,214	90,912
Central Bank – Blocked securities	1,594	1,204
İMKB – Stock Exchange Bond Markets – Blocked securities	4,698	4,679
Central Bank – Foreign Currency Operations Guarantee	28,904	28,805
Clearing House – Blocked Securities	138,331	106,305
	<u>293,741</u>	<u>231,905</u>

As at 31 December 2004, the Bank's available for sale equity investments are as follows:

Investee	Ownership %	Indexed Acquisition Cost (Net) TL Billion
İMKB Takas ve Saklama A.Ş.	6.80	14,344
Servus Bilgisayar A.Ş.	7.14	6,845
Ünsa Ambalaj San. ve Tic. Ltd.Şti.	13.04	5,293
Cam Elyaf Sanayi A.Ş.	1.18	1,530
Terme Metal San. ve Tic. A.Ş.	18.77	242
Senapa Plastik Ambalaj San. A.Ş.	10.41	1,988
İş Yatırım Ortaklığı A.Ş.	0.25	236
İş Portföy Yönetimi A.Ş.	10	443
Gözlük Sanayi A.Ş.	21.71	354
TSKB Gayrimenkul Değerleme A.Ş.	80	319
Vadeli İşlem ve Opsiyon Borsası A.Ş.	1	78
Aksa (*)		1,004
Alarko (*)		353
Enka (*)		370
Sabancı Holding		219
Others		10
		<u>33,628</u>





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

The investment in TSKB Gayrimenkul Değerleme A.Ş. has not been consolidated since its effect on consolidated income and net assets is not significant.

The investment in Gözlük Sanayi A.Ş. has not been accounted for under the equity method since the Group does not have any significant influence on this investment.

(*): These shares are purchased from Istanbul Stock Exchange; therefore, the ownership ratios cannot be determined.

8. ORIGINATED LOANS AND SECURITIES (NET)

Originated loans represent the loans and advances to customers and securities:

	31 December 2004	31 December 2003
	TL Billion	TL Billion
Loans and advances to customers	1,406,475	1,105,630
Originated securities	16,123	37,817
	<u>1,422,598</u>	<u>1,143,447</u>

Securities:

	31 December 2004	31 December 2003
	TL Billion	TL Billion
Foreign currency indexed treasury bills	16,123	37,817
	<u>16,123</u>	<u>37,817</u>

As at 31 December 2004, originated securities of TL 16,123 Billion were given as guarantees to capital markets and interbank transactions (31 December 2003: TL 37,817 Billion).

On 31 December 2004, foreign currency indexed Treasury bill interest rate is 2.80 % (31 December 2003: 2.06 for foreign currency indexed Treasury Bill).

Loans and Advances to Customers:

	31 December 2004	31 December 2003
	TL Billion	TL Billion
Short-term loans	13,529	34,312
Long-term loans	1,194,511	917,692
Investment in direct finance leases, net	185,322	145,702
Total performing loans	1,393,362	1,097,706
Overdue loans	59,205	89,683
Accrued interest	13,113	7,924
Total loans	1,465,680	1,195,313
Less: Provisions for loan losses	(59,205)	(89,683)
Total loans (net)	<u>1,406,475</u>	<u>1,105,630</u>





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

Interest rates ranges are as follows:

	<u>31 December 2004</u>	<u>31 December 2003</u>
EUR	3.75-8.21%	3.79-8.21%
USD	3.66-14.00%	3.27-14.00%
TL	15.00-25.60%	10.00-30.20%
JPY	3.70-6.00%	3.70-9.00%
CHF	10.00-10.00%	10.00-10.00%

Performing loans can be analyzed by currency as follows:

Currency	<u>31 December 2004</u>		<u>31 December 2003</u>	
	TL Billion		TL Billion	
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Short-Term</u>	<u>Long-Term</u>
Turkish Lira	6,895	2,687	663	15,646
Foreign currency	29,281	1,254,195	17,707	1,033,363
Foreign currency (indexed)	313	99,991	15,942	14,385
	36,489	1,356,873	34,312	1,063,394
Add (deduct) current portion	140,875	(140,875)	167,737	(167,737)
Total	177,364	1,215,998	202,049	895,657

Foreign currency indexed loans represent loans extended in Turkish Lira but the related principal and interest are repaid at the Turkish Lira equivalent of the currency to which they are indexed.

Performing loans and arrears can be analyzed by sector as follows:

Sector	TL Billion					
	<u>31 December 2004</u>			<u>31 December 2003</u>		
	<u>Long –Term</u>	<u>Short –Term</u>	<u>Arrears</u>	<u>Long –Term</u>	<u>Short –Term</u>	<u>Arrears</u>
Finance	255,590	-	-	16,525	-	114
Tourism	237,213	4,588	-	212,805	-	-
Textile	167,130	9,804	20,900	180,653	9,212	34,428
Metal	115,719	6,775	1,669	100,234	6,830	7,054
Motor Vehicles	92,608	-	-	102,478	-	5
Energy	89,667	1,152	-	83,918	-	-
Chemical	79,759	1,564	664	92,319	15,942	3,694
Plastics	56,236	683	5,962	48,946	-	9,815
Farming	50,912	492	-	35,249	-	7
Food and Beverages	17,779	-	27,184	19,442	-	31,560
Cement	30,177	727	-	40,651	-	-
Machinery Production	19,408	653	-	7,326	-	-
Lumber and Wood	17,897	49	-	28,485	-	-
Education	17,815	-	-	17,053	-	-
Health Services	10,996	382	-	6,415	-	-
Rubber & Tires	7,955	-	2,825	6,226	140	2,511
Ceramics	5,845	1,750	-	6,891	1,405	-
Pulp and Paper	6,381	-	-	6,241	-	-
Construction	5,329	-	-	2,017	-	-
Shipyard	2,231	-	-	6,978	-	492
Glass and Glass Products	-	-	-	2,584	-	-
Electronics	-	40	-	3,646	120	-
Other	70,226	7,830	1	36,312	663	3
	1,356,873	36,489	59,205	1,063,394	34,312	89,683





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

Performing loans include rescheduled and loans on watch list amounting to TL 5,139 Billion as at 31 December 2004 (31 December 2003: TL 5,352 Billion).

Movements in the provision for loan losses are as follows:

	31 December 2004	31 December 2003
	TL Billion	TL Billion
Opening balance at 1 January 2004	89,683	59,336
Charge for the year	5,130	89,981
Provision released	(24,705)	(47,002)
Monetary gain	(10,903)	(7,261)
Reclassification of general reserves to liabilities	-	(5,371)
Closing balance at 31 December 2004	59,205	89,683

Originated loans include financing lease receivables. Components of the lease contracts are as follows:

	31 December 2004	31 December 2003
	TL Billion	TL Billion
Lease payments receivable	215,524	169,225
(Less): Unearned income	(30,202)	(23,523)
Investment in direct financing leases	185,322	145,702
Current maturity – net	22,960	20,075
Long - term portion – net	162,362	125,627
Investment in direct financing leases	185,322	145,702

Foreign currency components of financial lease receivables are as follows (amounts in thousand and original currencies)

	US Dollar	EURO	JPY	CHF
2005	3,405	10,347	581,750	388
2006	5,093	14,216	552,230	-
2007	3,962	16,148	543,091	-
2008	3,348	15,198	507,980	-
2009	2,938	14,565	218,985	-
2010	1,784	9,348	157,289	-
2011	1,316	3,334	-	-
2012	194	26	-	-
2013	97	-	-	-
	22,137	83,182	2,561,325	388





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

9. INVESTMENTS IN ASSOCIATED COMPANIES

	31 December 2004		31 December 2003	
	Carrying Value	Ownership	Carrying Value	Ownership
	TL Billion	(%)	TL Billion	(%)
İş Finansal Kiralama A.Ş.	27,176	30.00	19,954	30.00
TSKB Yatırım Ortaklığı A.Ş.	3,418	44.03	891	44.03
Yatırım Finansman Yat. Ortaklığı A.Ş.	1,111	29.24	447	29.21
İş Factoring Finansman Hizmetleri A.Ş.	4,389	21.75	5,020	21.75
İş Girişim Sermayesi Yat. Ortaklığı A.Ş.	21,835	23.82	20,153	23.82
	<u>57,929</u>		<u>46,465</u>	

10. PROPERTY, PLANT AND EQUIPMENT, NET

	31 December 2004	31 December 2003
	TL Billion	TL Billion
Buildings and installations	38,269	37,772
Furniture, data processing and office equipment	28,318	27,776
Vehicles	1,422	1,422
(Less: accumulated depreciation)	(45,121)	(43,757)
	<u>22,888</u>	<u>23,213</u>

11. OTHER ASSETS

	31 December 2004	31 December 2003
	TL Billion	TL Billion
Assets held for sale	6,387	9,689
Accounts receivable	16,796	40,071
Deferred management fee and other expenses	40	36
Receivable from personnel	84	140
Prepaid tax	4,936	76
Cash guarantees given	71	83
Others	2,848	803
	<u>31,162</u>	<u>50,898</u>

12. DUE TO CUSTOMERS-SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

The Bank raises funds by selling financial instruments under agreements to repay the funds by repurchasing the instruments at future dates at the same price plus interest at a predetermined rate. Repurchase agreements are commonly used as a tool for short-term financing of interest-bearing assets, depending on the prevailing interest rates.

Repurchase agreements on 31 December 2004:

	Fair Value of Underlying Assets	Carrying Amount of Corresponding Liabilities	Repurchase Dates	Repurchase Price
Financial assets available for sale	181,095	170,410	3-10 January 2005	170,674





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

Repurchase agreements on 31 December 2003:

	Fair Value of Underlying Assets	Carrying Amount of Corresponding Liabilities	Repurchase Dates	Repurchase Price
Financial assets available for sale	11,511	11,439	2-5 January 2004	11,441

13. BORROWINGS

	31 December 2004 TL Billion	31 December 2003 TL Billion
Foreign currency borrowings	1,585,967	1,388,499
Turkish Lira borrowings	16,978	66,535
Accrued interest	12,987	2,524
Total borrowings	1,615,932	1,457,558

	31 December 2004 TL Billion	31 December 2003 TL Billion
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International Bank for Reconstruction and Development (IBRD)

IBRD-3346 Investment Credit Project	21,79	40,555
IBRD-3077 Investment	-	10,262
IBRD-EXIM	5,356	25,464
IBRD-3077 Working Capital	-	2,468
IBRD-3067 Investment	-	2,314
IBRD-3067 Working Capital	-	1,063
IBRD-Renewable Energy Loan	1,014	-
EFIL II	236,047	-

	264,213	82,126
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European Investment Bank (EIB)	731,741	641,802
Japan Bank of International Cooperation (JBIC)	186,855	248,510
Kreditanstalt Für Wiederaufbau (KfW)	136,984	139,068
Akbank T.A.Ş.	133,900	194,366
Council of European Development Bank (CEB)	54,808	-
Dresdner Bank	15,505	22,761
Instituto de Credito Oficial	8,473	10,070
T.İhracat Kredi Bankası A.Ş.	1,913	2,122
Black Sea Trade and Development Bank	1,400	2,773
Union Bank of Switzerland	278	1,294
Other domestic bank borrowings	49,897	43,607

	1,321,754	1,306,373
Total foreign currency borrowings	1,585,967	1,388,499

Turkish Lira Borrowings

EIB-Venture Capital	10,542	12,001
Domestic bank borrowings	5,000	46,105
Treasury originated funds	686	8,429
T.İhracat Kredi Bankası A.Ş.	750	-

Total Turkish Lira borrowings	16,978	66,535
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Accrued interest	12,987	2,524
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Total borrowings	1,615,932	1,457,558
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Current portion of medium and long-term loans	178,253	232,068
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TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

Sources of short-term portion of medium and long – term borrowings comprise the following:

	31 December 2004	31 December 2003
	TL Billion	TL Billion
IBRD-3067-TU	-	3,378
IBRD-3077-TU	-	12,730
IBRD-3346-TU	12,510	14,781
IBRD-EXIM	5,356	19,098
KFW	28,276	26,921
EIB	52,930	36,953
JBIC	31,142	35,501
Treasury Originated Funds	360	7,775
Dresdner Bank	5,168	5,783
Landesbank Baden-Wuerttemberg		-
Black Sea Trade and Development Bank	933	1,109
Union Bank of Switzerland	278	993
Akbank T.A.Ş.	40,170	67,046
Instituto de Credito Oficial	1,130	-
	<u>178,253</u>	<u>232,068</u>

Foreign Currency:

IBRD:

- 3346 – TU, private sector investment project loan, with variable interest rates of 5.20% for Euro and 5.36%-5.53% for USD, repayable in scheduled installments up to 15 April 2008. (31 December 2003: 5.63 for Euro and 5.09%-6.83% for USD)

- IBRD – EXIM: Variable interest rates of 3.92% for USD, repayable in scheduled installments up to 15 August 2005 (31 December 2003: 2.68% - 3.68% for USD).

- 3077 – TU, Agro Industry Project, no balance exists as of 31 December 2004 (31 December 2003: 5.63% for Euro and 5.09% for USD).

- 3067 – TU, second small and medium scale industry project loan, no balance exists as of 31 December 2004 (31 December 2003: 5.63% for Euro and 5.09% for USD),

- EFIL II: Variable interest rate 2.36% for USD, repayable in scheduled installments up to 15 January 2020.

- REL: Variable interest rate 1.87% for USD, repayable in scheduled installments up to 15 September 2016.

EIB:

- Interest rates of 2.23% - 2.58% for Euro and 2.66% - 2.67% for USD (31 December 2003: 2.29% - 2.58% for Euro and 1.27% for USD), repayable in scheduled installments up to 15 March 2017.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

JBIC:

- Interest rates of 1.65% - 2.40% for JPY (31 December 2003: 1.65% - 2.40 % for JPY), repayable in scheduled installments up to 28 September 2010.

Akbank T.A.Ş.:

- Variable interest rates of 5.64%- 6.27% for USD, repayable in scheduled installments up to 18 August 2006. (31 December 2003: 4.95%- 5.50% for USD and 5.73% for Euro).

CEB:

- Variable interest rates 2.49% for EUR, repayable in scheduled installments up to 15 October 2014.

KFW:

- Interest rates of 2.20% for Euro (31 December 2003: 2.24% for Euro), repayable in scheduled installments up to 30 November 2011.

KFW: (Trilateral Cooperation Fund)

- Fixed interest rates of 3.05% for Euro (31 December 2003: 2.00% - 3.05% for Euro), repayable in scheduled installments up to 30 November 2005.

KFW: (Pollution Fund)

- Fixed interest rate 2.00% for Euro, repayable in installments up to 30 December 2032.

DRESDNER BANK:

- Variable interest rates of 2.95% for Euro (31 December 2003: 2.96% - 3.10% for Euro), repayable in scheduled installments up to 4 November 2007.

INSTITUTO DE CREDITO OFFICIAL:

- Interest rate of 4% for USD (31 December 2003: 4% for USD), repayable in scheduled installments up to 17 April 2012.

BLACK SEA TRADE AND DEVELOPMENT BANK:

- Interest rate of 4.58% for USD (31 December 2003: 3.68% for USD), repayable in scheduled installments up to 20 March 2006.

UNION BANK OF SWITZERLAND (FORMERLY SBC):

- Fixed interest rate of 4.88% for CHF (31 December 2003: 3.38% - 4.88% for CHF), repayable in scheduled installments up to 16 July 2005.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

T. İHRACAT KREDİ BANKASI A.Ş.:

- Variable interest rates of 3.86% - 4.27% for USD and 4.18% - 4.47% for Euro (31 December 2003: 2.72%- 3.21% for USD and 3.60% - 4.43% for Euro), repayable in scheduled installments up to 27 June 2005.

Turkish Lira

TREASURY ORIGINATED FUNDS:

- Interest rates range between 11.00% - 21.00% (31 December 2003: 11.00% - 21.00 %) repayable in scheduled installments up to 1 June 2009.

T. İHRACAT KREDİ BANKASI A.Ş.:

- Fixed interest rate of 17%, repayable in scheduled installments up to 16 May 2005.

Certain parts of the long-term debt agreements provide that:

- 1) Debt Service coverage ratio shall not be less than 1.1.
- 2) A minimum collection of at least 85% shall be maintained.
- 3) Capital adequacy ratio to be set at 10% of the risk weighted assets.

The ratios disclosed below pertain to those of TSKB (parent) only.

Debt service coverage ratio and collection ratio as of 31 December 2004 are 1.6 and 96.50% respectively. (31 December 2003: 1.54 and 94.35% respectively).

As per the memorandum of IBRD related to the project agreement amendments to Loans No 3077 TU and No 3346 TU, dated 31 July 1995, the debt/equity ratio covenant is replaced with an asset-based capital adequacy ratio covenant to be calculated annually on a three-year moving average basis, to include the mid year and year end ratios of the last three years including the current year, and the projected financial results of the following year. It was also considered that the capital adequacy ratio is to be set at 10% of the risk weighted assets. The average capital adequacy ratio of 34.51 % on 31 December 2004 is determined by taking the average of the ratios existing at the dates shown below:

<u>Dates</u>	<u>Capital Adequacy Ratio of TSKB</u>
31 December 2002	22.11% Audited
30 June 2003	24.12% Limited Review
31 December 2003	37.63% Audited
30 June 2004	35.58% Limited Review
31 December 2004	43.30% Audited
30 June 2005	39.21% Projected
31 December 2005	39.60% Projected

The average capital adequacy ratio of 34.63 % as at 31 December 2004, calculated as explained in the preceding paragraph, is in compliance with the project agreement.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

14. TAXATION

Corporate Tax

The Group is subject to Turkish corporation and income withholding taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the year.

Corporation tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rates of tax are as follows:

- In 2002 and prior years: 33%, being 30% corporate tax plus a 10% surcharge of funds contribution on corporate tax.
- In 2003: 30% (the funds contribution was abolished for 2003).
- In 2004: 33% (the corporate tax rate was increased from 30% to 33% by Law No. 5035 published in the Official Gazette on 2 January 2004).
- In 2005: 30%

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was increased from 25% to 30%, effective from 24 April 2003, and to 33% for 2004.

Prepaid taxes for corporate tax will be calculated on 30% for year 2005.

Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by 15 April of the next year following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Income withholding tax was also calculated in 2002 and prior years on various types of income and gains exempt from corporation tax, whether distributed or not. Such withholding tax has been removed in general. However, 19.8% withholding tax is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Such allowances may be used to relieve corporation tax liability until the profits reach the calculated level of exemption. If companies fail to make a profit or incur losses, any allowance outstanding may be carried forward to following years so as to be deducted from taxable income of subsequent profitable years. The unused exemption due to insufficient profit is used by restating the exemption with wholesale price index for the future years.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

Inflation Adjusted Tax Calculation

For 2003 and previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29 "Financial Reporting in Hyperinflationary Economies".

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and are set out below.

a) Balance sheet:

	31 December 2004 TL Billion	31 December 2003 TL Billion
Corporate tax payable	12,841	282
Deferred tax (asset)/liability (net)	672	(4,426)

b) Income statement

	1 January - 31 December 2004 TL Billion	1 January - 31 December 2003 TL Billion
Corporate tax charge	(23,180)	(497)
Deferred tax (charge) / benefit	4,560	(8,862)
	(18,620)	(9,359)

c) Temporary differences subject to deferred tax:

	31 December 2004 TL Billion	31 December 2003 TL Billion
Restatement of property, plant and equipment and depreciation differences	(7,789)	(7,107)
Retirement pay provision	(3,115)	(2,350)
Financing lease receivables	35,363	-
General loan losses	(7,512)	-
Fair value adjustment on securities	(12,508)	-
Diminution in value of equity participations	(739)	-
Other provisions	(1,454)	-
Others	(4)	(5,297)
	2,242	(14,754)





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

The components of deferred tax (at 30% in 2004 and 2003) on major temporary differences as at the balance sheet date are as follows:

	31 December 2004 TL Billion	31 December 2003 TL Billion
Restatement of property, plant and equipment and depreciation differences	(2,337)	(2,132)
Retirement pay provision	(935)	(705)
Financing lease receivables	10,609	-
General loan losses	(2,254)	-
Fair value adjustment on securities	(3,752)	-
Diminution in value of equity participations	(222)	-
Other provisions	(436)	-
Others	(1)	(1,589)
Deferred tax (asset)/liability	<u>672</u>	<u>(4,426)</u>

	31 December 2004 TL Billion	31 December 2003 TL Billion
<u>Movement of Deferred Tax (Assets)/Liabilities:</u>		
Opening balance at 1 January	(4,426)	(15,031)
Monetary gain (loss)	538	1,743
Deferred tax charge (benefit)	4,560	8,862
Closing balance	<u>672</u>	<u>(4,426)</u>

15. OTHER LIABILITIES

	31 December 2004 TL Billion	31 December 2003 TL Billion
Payable to customers	15,886	38,644
Transfer orders	931	10,412
Withholding taxes on interest, salaries and other expenses	1,948	2,012
Bonuses payable to directors and staff	896	159
Others	4,766	7,614
	<u>24,427</u>	<u>58,841</u>

16. PROVISIONS

	31 December 2004 TL Billion	31 December 2003 TL Billion
Retirement pay provision	3,115	3,189
General loan loss provision	7,512	5,975
Other provisions	2,985	1,721
	<u>13,612</u>	<u>10,885</u>





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

a) Pension scheme

The Group has established a pension scheme, which is a funded defined benefit plan covering substantially all employees. The assets of the plan are held independently of the Group's assets in the Fund. This scheme is valued by independent actuaries every year. The latest actuarial valuations were carried out as at 31 December 2004. Since the fair value of the Fund's plan assets exceeds the defined benefit obligation under local standards as per this actuarial report, no liability is recognized in the financial statements of the Group at 31 December 2004.

b) Employment termination benefits

Due to Turkish Labor Law, lump sum payments are made to all employees who retire from the Bank or whose employment is terminated for reasons other than misconduct. According to the law, the retirement condition is after certain number of years in service (25 years for men and 20 years for women) or the achievement of the retirement age (58 for women and 60 for men). The amount payable is 30 days gross pay for each year of eligible service. The rate of pay that is ruling on 31 December 2004 is subject to a maximum of TL 1,574,740,000 (in full TL) per month (31 December 2003: TL 1,389,950,000).

Under the definitions set out in International Accounting Standard No 19, "Employee Benefits" the Turkish retirement pay system is an unfunded defined benefit scheme. IAS 19 requires that a provision be built up for employees' accrued entitlement as calculated actuarially.

In the accompanying financial statements the provision has been made on an estimated basis in compliance with IAS 19, assuming a real discount rate of 6% (the net of inflation of 10% and a discount rate of 16%).

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

	31 December 2004	31 December 2003
	TL Billion	TL Billion
Balance – beginning	3,189	3,134
Payments during the year	(373)	(530)
Period charge	687	969
Monetary gain	(388)	(384)
Balance – period end	3,115	3,189

17. SUBORDINATED LOAN

The Bank has used a subordinated loan amounting USD 50 Million from International Finance Corporation through direct financing.

The date of the loan contract is 21 September 2004. The first release of the loan is on 5 November 2004. The interest rate of the subordinated loan is Libor + 3.62%; which corresponds to 5.978% as of the balance sheet date. In the first five years, there is no repayment of principal and the maturity date is 15 October 2011.





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

18. SHARE CAPITAL

As at 31 December 2004, the authorized and issued capital consists of 284,999,950,000 shares of five hundred Turkish Lira and 250,000 shares of one hundred Turkish Lira each as reflected in the statutory financial statements. The total authorized and fully paid statutory issued capital is TL 142,500 Billion. (31 December 2003: TL 114,000 Billion). This excludes the IAS 29 uplift adjustment. Founder shares entitle the holders to receive dividends in total equal to 5% of statutory net income (such dividends are limited to 10,000 in total) for each year, after transfer to legal and loss contingency reserves and a dividend of 6% on the paid-up capital. Ordinary shares carry voting rights in proportion to their nominal value.

Shareholders	31 December 2004		31 December 2003	
	TL Billion	Percentage (%)	TL Billion	Percentage (%)
T. İş Bankası A.Ş.	57,757	40.53	46,189	40.52
Akbank T.A.Ş.	9,187	6.45	7,349	6.45
Turkish Fund Equities and Bonds	7,691	5.40	8,961	7.86
T. Vakıflar Bankası T.A.O	11,938	8.38	9,550	8.38
T. Ticaret Bankası A.Ş. (in liquidation)	-	-	9,331	8.19
T. Garanti Bankası A.Ş.	4,403	3.09	3,523	3.09
Others	51,524	36.15	29,097	25.51
	142,500	100.00	114,000	100.00
Inflation adjustment	807,460	-	805,732	-
	949,960	100.00	919,732	100.00

19. NET INTEREST INCOME

	1 January - 31 December 2004	1 January - 31 December 2003
	TL Billion	TL Billion
Interest and Similar Income		
Securities portfolio (held for trading, available for sale, held to maturity)	111,012	61,282
Loans and advances to customers	60,587	47,112
Deposits at banks	3,884	1,472
Money market placements	432	3,199
Finance leases	7,348	6,212
	183,263	119,277
Interest expense and similar charges		
Borrowings	(55,988)	(47,101)
Money market borrowings	(5,924)	(14,037)
Securities issued	-	(1,541)
	(61,912)	(62,679)
Net interest income	121,351	56,598





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

20. NET FEE AND COMMISSION INCOME

	1 January - 31 December 2004 TL Billion	1 January - 31 December 2003 TL Billion
Fee and commission income		
Cash loans	8,804	10,234
Non-cash loans	972	1,298
Other commission and bank service income	13,820	15,486
	<u>23,596</u>	<u>27,018</u>
Fee and commission expenses		
Cash borrowings	(2,328)	(320)
Non-cash borrowings	(8)	(44)
Other fee and commission expenses	(2,513)	(3,816)
	<u>(4,849)</u>	<u>(4,180)</u>
Net fee and commission income	<u>18,747</u>	<u>22,838</u>

21. RELATED PARTIES

The accompanying financial statements include the following balances due from or due to related parties:

	31 December 2004 TL Billion	31 December 2003 TL Billion
Balances with related parties		
Borrowings	137,835	215,172
Loans and advances to customers	226,989	96,185
Non-cash loans (guarantee letters and letters of credit given)	34,051	10,667
Due from other banks	623	31,402
Other assets	730	14
Other liabilities	2,366	5,099

	1 January - 31 December 2004 TL Billion	1 January - 31 December 2003 TL Billion
Transactions with related parties		
Interest and similar income	5,248	410
Interest expenses and similar charges	(14,038)	(15,641)
Dividend income	401	3,088
Foreign exchange gain (loss)-net	16	1,258
Net fee and commission income	628	546
Operating expenses	(30)	(151)
Other income	1,329	1,278
Other expenses	(4,373)	-

22. SECTORAL ANALYSIS

As at 31 December 2004

	Banking TL Billion	Other Financial Institutions TL Billion	Combined TL Billion	Eliminations and Adjustments TL Billion	Total TL Billion
BALANCE SHEET					
Total assets	2,305,309	39,690	2,344,999	(51,450)	2,293,549
Liabilities	1,897,090	14,216	1,911,306	-	1,911,306





TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

For the year ended 31 December 2004

<u>STATEMENT OF INCOME</u>	<u>Banking TL Billion</u>	<u>Other Financial Institutions TL Billion</u>	<u>Combined TL Billion</u>	<u>Eliminations and Adjustments TL Billion</u>	<u>Total TL Billion</u>
Operating income	154,129	20,135	174,264	(44)	174,220
Operating expenses	(47,284)	(14,304)	(61,588)	(69)	(61,657)

23. COMMITMENTS AND CONTINGENT LIABILITIES

	<u>31 December 2004 TL Billion</u>	<u>31 December 2003 TL Billion</u>
Letters of guarantee	35,925	16,783
Letters of credit commitments	54,307	36,276
Letters of loan commitments	288,864	72,599
Other commitments	8	591
	<u>379,104</u>	<u>126,249</u>

24. SUBSEQUENT EVENTS

The Bank opened a branch in Bahrain and started its operations on 18 January 2005.

TSKB obtained broker authorization certificate from "Time Transactions and Option Exchange" for doing business on derivative instruments, on 17 January 2005.

The employee termination indemnity ceiling has increased to TL 1,648 Million commencing on 1 January 2005.

New Turkish Lira

A new law number 5083 was enacted with effect from 1 January 2005, which deletes six zeroes from the former currency of the Turkish Republic, the Turkish Lira ("TL"), to form a new currency the New Turkish Lira ("YTL"). Thus 1 YTL = 1,000,000TL. the New Turkish Lira is divided into 100 New Turkish cents ("YKr"). The accompanying financial statements are presented in Turkish Lira (TL) since that was still the official currency as at the balance sheet date.

SUMMARY INFORMATION REGARDING TO RATINGS FROM FOREIGN RATING INSTITUTIONS.

(Source: Fitch Ratings report 18th January 2005)

FITCH RATINGS

Foreign Currency	
Long-term	BB-
Outlook	Stable
Short-term	B
Turkish Lira	
Long-term	BB-
Outlook	Stable
Short-term	B
National	
Long-term	A- (tur)
Outlook	Stable
Individual	C/D
Support	3





MANAGEMENT

President and Chief Executive Officer
Legal Advisor

Halil Eroğlu
Prof. Dr. Safa Reisoğlu

Internal Audit and Risk Management

Member of the Board
Head of Board of Internal Auditors
Manager (Risk Management Unit)
Manager (Internal Control Unit)

Hasan Candan
Ömer Eryılmaz
Ayşen Demirkurt
Meltem Ayhan

Financial Control and Operations

Executive Vice President
Department Head (Corporate Finance)
Department Head (Financial Control)
Department Head (Operations)

Lale Gökman
İbrahim Öztop
Ece Ünal
Çiğdem İçel

Corporate Banking

Executive Vice President
Department Head (Loans)
Department Head (Legal Operations) Secretary General

Burak Akgüç
Funda Gürel
Akın Süel

Technical Services

Executive Vice President
Department Head (Economics and Research)
Department Head (Financial Analysis)
Department Head (Engineering)
Department Head (Loans)

Orhan Beşkök
Refik Akıncı
Korkut Ün
Korkut Ün
Ufuk Bala Yücel

Treasury and Capital Markets

Executive Vice President
Department Head (Treasury)
Department Head (Capital Markets)
Branch Manager (Bahrain Branch)

Şeniz Yarcan
Osman Kökmen
Hayrettin Eryılmaz
Arda Açıksoz

Information Technology and Human Resources

Executive Vice President
Department Head (Software Development)
Department Head (System Development)
Department Head (Human Resources)

Şemseddin Arat
Gökhan Çanakpınar
Yetkin Kesler
Olca Tatlıoğlu



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