

The Economy Bank N.V.
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THE ECONOMY BANK N.V.

annual report 2002

TEB FINANCIAL GROUP

TEB A.Ş. ***(Türk Ekonomi Bankası A.Ş.)***

TEB A.Ş. is the flagship of the Group. During the last two decades, TEB A.Ş. has earned an excellent reputation supported by a balance sheet which is characterized by a solid capital base, excellent asset quality and high liquidity. The priority for the Bank has always been financial strength.

TEB A.Ş. offers mainly international trade related financial services to a group of select client base. The Bank has also been a pioneer in private banking activities in Turkey. Unlike many other banks, TEB A.Ş. does not have participations in non-financial group companies, and loans to related-parties are immaterial. TEB A.Ş. continues to be rated among the top banks in Turkey. TEB A.Ş. has a paid-up capital of TL 55,125 billion.

TEB Investment ***(TEB Yatırım Menkul Değerler A.Ş.)***

TEB Investment is the Bank's investment banking subsidiary, providing corporate finance, fixed income and equity brokerage services to Turkish and international institutional and retail investors.

TEB Investment enjoys a significant origination capacity for corporate finance transactions and has the financial strength to underwrite security issues.

TEB Investment has a paid-up capital of TL 10,000 billion, of which 74.80% belongs to TEB.

TEB Leasing ***(TEB Finansal Kiralama A.Ş.)***

The Bank's long-term equipment financing subsidiary, TEB Leasing, provides financial leasing services to corporate clients investing in machinery and equipment. Since its establishment in 1997, the company has been able to secure itself a leading position in the sector in terms of financial aggregates. Its business philosophy is to identify the adequate financing method that responds to the particulars of the investment.

TEB Leasing has a paid-up capital of TL 10,000 billion, of which 68.76% belongs to TEB.

TEB Factoring ***(TEB Factoring A.Ş.)***

As a further step toward the Bank's objective of becoming a fully integrated financial services group, TEB Factoring was established in 1997 to provide both domestic and international factoring services. A member of FCI - Factors Chain International, TEB Factoring is entitled to take part in export-related and forfaiting transactions.

TEB Factoring has a paid-up capital of TL 6,200 billion, of which 65.80% belongs to TEB.

TEB Insurance
(*TEB Sigorta A.Ş.*)

TEB's non-life insurance subsidiary, TEB Insurance, provides risk coverage to corporate clients in the areas of fire, marine, accident and engineering insurance.

TEB Insurance was the first Turkish insurance company to be rated by an international rating agency. FitchRatings awarded an 'A- (tur)' rating to TEB Insurance in January 2001, which was interpreted as a major event in the Turkish insurance industry.

TEB Insurance has a paid-up capital of TL 3,325 billion, of which 50% belongs to TEB.

Varlık Investment Trust
(*Varlık Yatırım Ortaklığı A.Ş.*)

Varlık Investment Trust is a closed-end mutual fund whose shares are traded on the ISE. The company was incorporated in early 1998, following the approval of the Turkish Capital Markets Board.

Varlık Investment Trust has a paid-up capital of TL 500 billion, of which 24.40% belongs to TEB.

TEB Asset Management
(*TEB Portföy Yönetimi A.Ş.*)

The management of TEB's mutual funds, which had been the responsibility of TEB Investment until January 2000, was turned over to TEB Asset Management with a view toward enhancing efficiency and independence. TEB Asset Management is one of the country's larger fund managers with an extensive Internet distribution capacity and has a marketing agreement with Citibank.

TEB Asset Management has a paid-up capital of TL 1,500 billion, of which 55.89% belongs to TEB.

TEB Precious Metals
(*TEB Kıymetli Madenler A.Ş.*)

TEB Precious Metals is involved in importing, and domestic trading, of precious metals, and is the leading gold trading company on the Istanbul Gold Exchange with a market share of 48% and 36.2 tons. It is one of the major traders in silver in Turkey with 60.4 tons, representing a market share of 38%.

TEB Precious Metals has a paid-up capital of TL 100 billion, of which 66% belongs to TEB.

TEB's basic strategy is to establish and build long-term relationships with selected companies and individuals in Turkey and abroad by providing them with a full range of banking and financial services.

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FINANCIAL HIGHLIGHTS

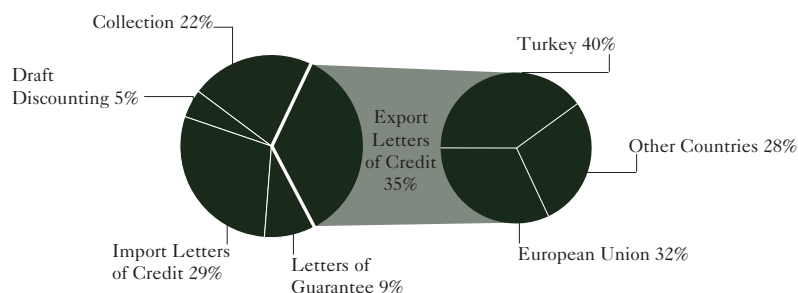
Key Figures (Thousand Euros)

| | 2002 | 2001 | 2000 |
|----------------------------------|---------|---------|---------|
| Net Profit | 4,394 | 5,656 | 7,118 |
| Profit before Tax and Provisions | 7,140 | 9,234 | 8,620 |
| Total Assets | 709,887 | 612,922 | 474,522 |
| Share Capital | 25,000 | 21,000 | 21,000 |
| Own Funds | 43,521 | 35,127 | 29,472 |
| Interest Bearing Assets | 691,709 | 589,527 | 453,773 |
| Interest Bearing Liabilities | 653,378 | 558,376 | 427,691 |

Key Ratios

| | 2002 | 2001 | 2000 |
|---|-------|-------|-------|
| Solvency Ratio | 24% | 29% | 30% |
| Return on Average Own Funds | 11.3% | 17.3% | 19.7% |
| Total Assets / Own Funds (times) | 16 | 17 | 16 |
| Operational Expenses / Operational Income | 87.6% | 85.2% | 82.2% |
| Commission Income / Administrative Expenses | 118% | 147% | 178% |
| Net Profit per Staff | 142 | 202 | 186 |

Composition of Trade Finance Volume - Year 2002



THE ECONOMY BANK N.V. IN BRIEF

Incorporated in the Netherlands in 1998 and operating within the Dutch banking framework, The Economy Bank N.V., (TEB N.V.), is a member of the TEB Financial Services Group, a distinguished conglomerate in the Turkish financial sector.

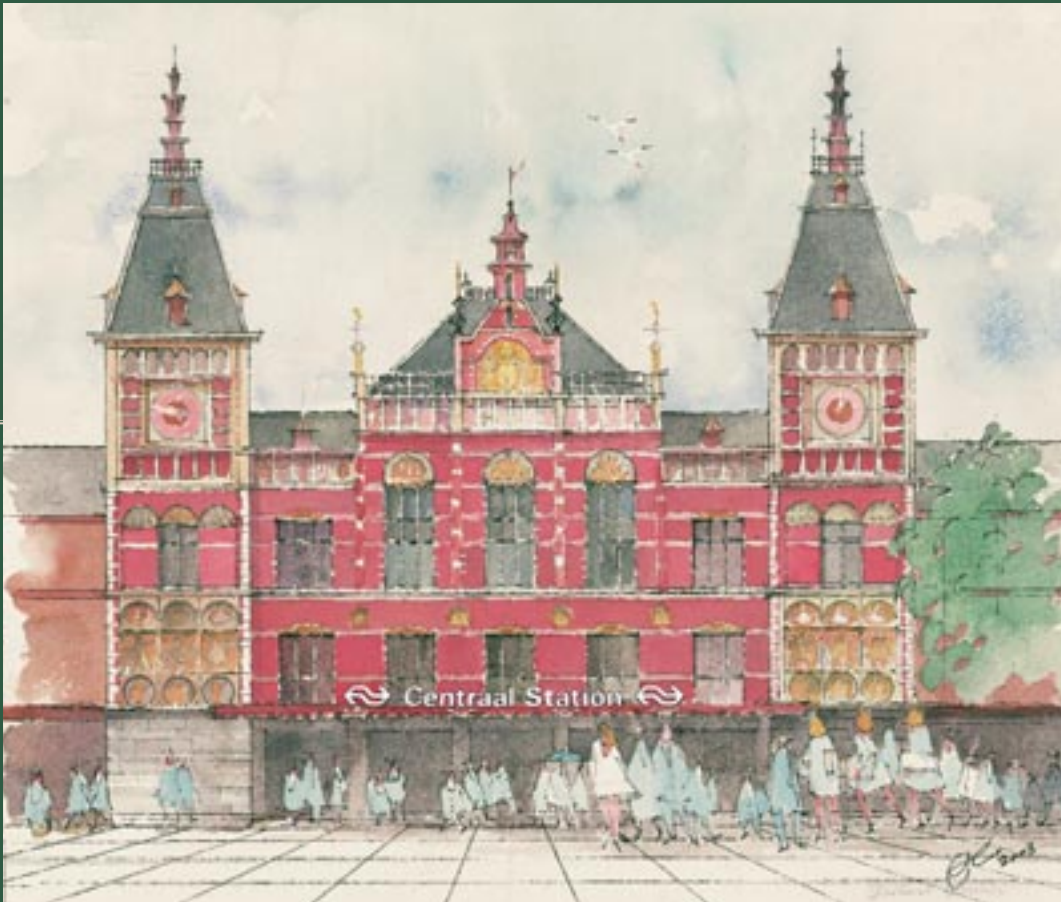
TEB N.V. provides services in the areas of international trade finance, forfaiting, treasury and private banking and offers a wide range of products to its clients. The Bank enjoys strong relationships with carefully selected correspondent banks, corporations and private investors. TEB N.V. pursues its objective to become the most effective and sought-after financial

institution in the EU, specialising in Turkish financial markets and instruments.

The year 2002 was another successful period for the Bank. Against a background of volatility and uncertainty in global and Turkish economies, TEB N.V.'s strategy of focusing on well-defined core business areas with a prudent approach has resulted in a year of satisfactory performance. Indeed, TEB N.V. broadened its customer base, expanding its market share, emphasising the prudent banking approach, which is a characteristic feature of the TEB Financial Services Group.

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AMSTERDAM CENTRAL RAILWAY STATION



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SUPERVISORY BOARD

Yavuz Canevi, *Chairman*
Dr. Akın Akbaygil, *Vice Chairman*
Hasan Tefvik Çolakođlu, *Member*
Sigurd Fischer Guettich, *Member*
Maarten Hulshoff, *Member*
Rafael Taranto, *Member*
İsmail Yanık, *Member*

MANAGEMENT BOARD

Özden Başaran Odabaşı, *Managing Director*
Aşkın Dolaştır, *Deputy Managing Director*

CORPORATE OFFICERS

Hakan Çaldađ, *Senior Vice President - Credit and Marketing*
Didem İkikardeş, *Assistant Vice President - Financial Institutions*
Semih Gümüştetin, *Treasurer - Treasury*
Nathalie Leviyol, *Assistant Vice President - Private Banking*
(*appointed as of June 2, 2003*)
Budiarso Gandasoebrata, *Vice President - Trade Finance*
Rien Steketee, *Vice President - Operations*
Orkun Mungan, *Financial Controller - Financial Control*
Evert Habiboellah, *Assistant Vice President - Accounting*

REPRESENTATIVE OFFICE

Sedef Güven, *Representative*

REPORT OF THE SUPERVISORY BOARD TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS



It is our pleasure to present herewith the Annual Report and the financial statements for the year ended as of December 31, 2002 prepared by the Management Board and audited by Ernst & Young Accountants.

2002 started with expectations of a gradual pickup in global economic activity, even as early as from the second quarter with historically low interest rates that would spark increased risk appetite in both investors and companies. These expectations, however, did not materialize due to factors such as the accounting scandals in the USA and subsequently the increase in energy prices. The former caused loss of confidence whereas the latter pressurized consumer spending. Consequently, 2002 turned into a year when the world struggled to overcome recessionary pressures; thus hopes of strong recovery was further postponed to 2003 / 2004.

Turkish economy also suffered in 2002, mainly from high volatility. After a positive start due to the successful floating exchange rate regime and the fall in inflationary expectations, markets were shaken by

political uncertainty in early May when the coalition government showed signs of weakening. Markets calmed down when the early elections were announced for November and rallied later with the prospect of a single-party government. The mood was not damaged even with the rather disappointing result of the Copenhagen summit where Turkey was given a further than expected conditional date to start negotiation for accession. 2002 was generally a positive year for the Turkish economy; chronically high inflation showed a steep decline (to 29%) and GNP growth was much higher than previously envisaged and has reached 7.8%.

Although the global economic environment was quite disappointing, TEB N.V. achieved an increase in its business volume without compromising on the risk-averse business strategy it pursues and the quality of its services. Total assets reached EUR 710 million, up 16% on the previous year's figure. Reduced global trading activity coupled with increased competition lowered profit margins; nevertheless TEB N.V. has been able to report 11.3% return on Average Own Funds with a BIS ratio of 24%. Net profit for the year 2002 reached EUR 4.4 million. Together with other

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reserves, which have not been paid out since TEB N.V.'s establishment, Own Funds reached EUR 43.5 million at the end of 2002.

The Supervisory Board met four times in year 2002. One of the meetings was held in Istanbul, with emphasis on the risk management policies and measures as well as the analysis of the Bank's performance. In addition to the regular meetings of the Supervisory Board, an extra session of the Audit Committee meeting was held together with Ernst & Young Accountants.

We, the Supervisory Board, have examined the financial statements for 2002, and concur with the Management Board; to propose to the Annual General Meeting of Shareholders the approval of the financial statements for the year 2002, the addition of the current year net profit of Euro 4.4 million to the reserves as well as the transfer of Euro 5 million from the reserves to the share capital and to discharge the members of both the Management Board and the

Supervisory Board from liabilities arising from their management responsibilities and with respect to their supervision thereof.

We, the Supervisory Board, would like to take this opportunity to express our gratitude and appreciation to all parties involved in this achievement, namely our shareholders, clients, correspondents and last but not least the Management Board and our employees.

Supervisory Board
May 26, 2003

REPORT OF THE MANAGEMENT BOARD TO THE SUPERVISORY BOARD

Following the difficult year of 2001 when the already weak global economy was further hit by the terrorist attacks of 9/11, hopes were running high for 2002. The first few months of the year witnessed signs of recovery in the major world economies, mostly due to the substantial easing of macroeconomic policies applied throughout 2001. In an environment of low growth, inflation remained subdued almost everywhere, permitting Central Banks to rapidly lower interest rates. 2002 was also the year when Euro, the new currency of the European Economic Union was physically introduced; contrary to some expectations, its introduction was very smooth and fast, causing only a slight increase in the overall European Zone inflation.

Unfortunately this window of relief was only short-lived; energy prices started to pick up following supply side restrictions imposed by OPEC and increased tensions in the Middle East and Venezuela. Oil prices remained relatively low throughout 2001 and in early 2002 due to insufficient demand. Production cuts by OPEC, coupled with the political turmoil in Venezuela where lengthy strikes by oil workers literally stopped oil production, and ultimately the Iraq crisis succeeded in raising the price of oil.



In the year 2003, TEB N.V. aims to deepen its existence in international trade finance operations, in a continuous effort to improve its service quality.

Due to its strong shareholder structure and strong financials, TEB N.V. has excellent relationships with leading correspondent banks across the globe.

Equity prices were also under pressure following the unveiling of financial reporting scandals in the USA. The collapse of some large corporations did not only bring down some giants, but also shattered the confidence in financial reporting: a well-known audit company was another victim of these scandals. Consequently, loss of confidence together with weak signals of recovery more than offset the positive effects of a low-interest rate environment.

2002 was no different for the Turkish economy. On the back of the enhanced economic programme and the hopes for additional financial support from the IMF, the year started in a relatively more optimistic mood: inflation was coming down and interest rates were following a similar downward sloping path. Despite the governance of a three party coalition government, the IMF backed programme remained largely on track. Many structural reforms were implemented; among others the launch of the banking sector restructuring programme and the downsizing of the public sector personnel. Turkish Lira benefited from increased capital inflows and the stock market was again the preference of domestic and foreign investors.

However, the market sentiments in Turkey can change quite rapidly: the excessive optimism came abruptly to an end with a government crisis in May. The excessive volatility in the markets was only overcome with the decision to go to early general elections in November.

The eagerly awaited November elections resulted in a complete overhaul of the existing government. Turkish voters, tired of economic problems, with increased unemployment and depressed incomes, were affirmative to support AKP, hoping for a strong single-party government capable of tackling the country's economic problems. Indeed, the new government started well and quickly restored confidence with completely new faces in the political arena. Introductory talks were immediately held with IMF and the European Union.

The constitution of a majority government was overwhelmingly welcome to the markets. However, the early spark of optimism faded after the outcome of the Copenhagen Summit in early December. Instead of giving a firm date, the summit concluded with a conditional "date for date" for accession talks. This rather disappointing result caused a temporary negative wave and markets were quick in turning their focus to developments in Iraq and the pending economic problems.

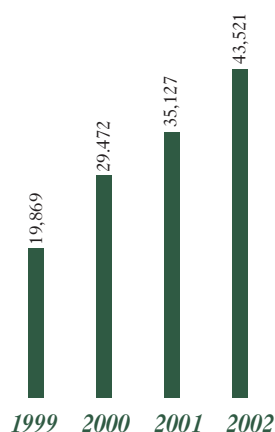
Despite political turmoil, the Turkish Economy ended 2002 positively with inflation standing at around 30% and economic growth at 6.5%, well above the initially targeted 3%. The floating exchange regime was fully integrated into the system, acting as a shock absorber with a self-tuning mechanism. Apparent slowdown in exchange rates helped to combat inflation together with weak domestic demand and growing confidence in the sustainability of the programme. However, the economy is still fragile with hefty public debt and high real interest rates. Under the IMF Agreement, the country is committed to generate high public sector primary surplus target of 6.5% of GNP in 2003. The outcome of the Iraqi intervention and the degree of adherence to the Stand-by programme will shape the economic background and the market sentiment in 2003.

The Dutch economy was strained in 2002 and recorded only a small growth; the increase in gross domestic product was a sheer 0.3%. The drop in exports and investments was more than offset by the substantial increase in public sector consumption. While exports were hit by the appreciation of Euro and the ensuing deterioration in competitiveness, domestic market was hurt by weak consumption due to slow growth in real disposable household income and stock market losses; unemployment rose by more than 100,000. With growth forecasts ranging between 0.75% and 1%, 2003 is expected to be another difficult year.

REPORT OF THE MANAGEMENT BOARD TO THE SUPERVISORY BOARD

In conclusion, 2002 has been a challenging year for TEB N.V. weak global economy and political instability in Turkey brought downward pressure on its primary business: Trade Finance. Lower trade volumes meant more banks competing for lower profit margins. Despite these negative factors, trade finance volume realised by TEB N.V. increased to EUR 527 million, up from EUR 292 million a year ago. We are proud to report a BIS Ratio of 24% with a Return on Average Own Funds of 11.3% and an increase in total assets of 15.82%.

*Own Funds
(Thousand Euro)*



Credit and Marketing

In the year 2002, Credit and Marketing team of the bank continued to pursue their main target to become "EU's Leading Turkish Market Specialist", laying special emphasis on trade finance operations. Thanks to its experienced staff in international trade finance operations and comprehensive knowledge of Turkish and international markets, TEB N.V. continued to offer a tailor-made approach to its customers' needs. While expanding its market share in the international trade finance operations, a solid, prudent and risk averse credit policy stood as the main objective of the Bank during all its activities. This prudent credit policy is also evidenced by the absence of non-performing loans since the start of its operations.

During 2002, a wide range of trade finance products has been offered to our customers. These products included:

- Letters of Credit (including stand-by L/C's)
- Letters of Guarantee
- Short-term Commodity Financing
- Export Financing
- Structured Trade Finance Operations
- FCR Financing

In addition to trade finance operations, lending to prime European and Turkish corporate clients continued to be one of the core businesses in 2002.

In the year 2003, The Economy Bank N.V. aims to deepen its existence in international trade finance operations, in a continuous effort to improve its service quality. A prudent and risk-averse credit evaluation will also continue to be an important basis for growth.

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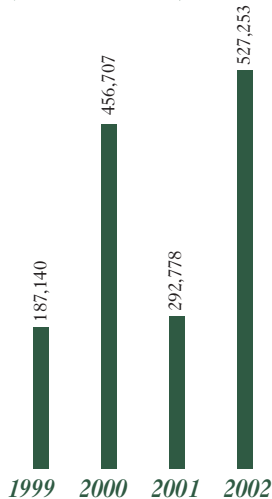
HAYDARPAŞA RAILWAY STATION



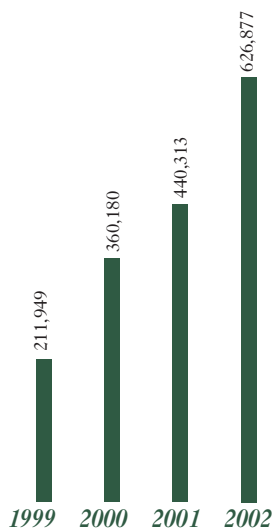
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REPORT OF THE MANAGEMENT BOARD TO THE SUPERVISORY BOARD

Trade Finance Volume (Thousand Euro)



Funds Entrusted (Thousand Euro)



Financial Institutions

As part of its traditional role, Financial Institutions Department maintained its long-lasting correspondent banking relationships in 2002. Due to its strong shareholder structure and excellent relationships enjoyed with leading correspondent banks across the globe, since the establishment of the bank in 1998, TEB N.V. has been enjoying high cash and non-cash credit limits from international Financial Institutions, which enable the bank to easily accommodate client transactions.

As usual, trade finance remained as one of the core business activities of TEB N.V. In addition to trade finance activities, Financial Institutions Department continued to further develop its forfaiting activities to utilise the bank limits efficiently. Being a member of the International Forfaiting Association (IFA) helped to expand its secondary market network.

In line with trade finance activities, Financial Institutions Department established credit limits in favour of European, American, North African and some Middle Eastern Banks from which the Bank received transactions. The main objective of Financial Institutions Department is to keep on working with a well-diversified portfolio of banks. In order to keep such a diversified portfolio, the department will focus on new markets in 2003.

Private Banking

TEB N.V. Private Banking provides its clients the information and opportunity to invest in international markets in line with their risk preferences. In 2002, TEB N.V. Private Banking has been constantly developing new and fresh solutions capable of responding to the changing market conditions.

The bank successfully increased its customer base in international markets through marketing and customer referrals. In 2003 our aim would be to further increase the customer base and also the portfolio size of our existing customers.

TEB N.V. Private Banking provides its clients the opportunity to invest in international markets in line with their risk preferences.

Treasury

Foreign Exchange (major crosses and TRL), Money Market (USD, EUR and TRL) and Fixed Income (mostly sovereign risk consisting of G7, EU and Turkish debt) were again the main activities of the department.

2002 was the year when the department focused on increasing its trading volume. Bids were placed in all international as well as most of the domestic debt issues of the Turkish Government. The number of pricing sources almost doubled by the inclusion of various London-based brokers and some additional European banks. Increased trading activity almost always guaranteed best pricing for TEB N.V.'s clients.

In 2003 the department envisages enlargement by the creation of a Treasury Marketing Desk (TMU) and the inclusion of additional products. With its sales support, the department will not only increase its trading volume but also provide dedicated service to the active clients of the bank.

Risk Management and Control

Management approach on TEB N.V. is the direct reflection of the prudent banking principles adhered to by the TEB Financial Services Group in treating credit risk, market risk, currency risk, liquidity risk and operational risk on the basis of its well defined control mechanisms working in close cooperation with each other.

The core control functions of the Bank, such as the financial control, internal control, internal audit and TEB Group risk management, have been further developed in 2002 with the establishment of the Credit Control Department and the Audit Committee.

As part of its Risk Management concept, TEB N.V. has established the Credit Administration Department in 2002. In line with our continuous emphasis on asset quality, the main tasks of the department are defined

as checking the accuracy of documentation for Credit & Marketing products, verifying collateral and limit allocation against what has been approved by the Credit Committee and Supervisory Board, and monitoring compliance to internal procedures. Periodical reporting to the Management Board is an integral part of the department's duties.

The Audit Committee acts as a supporting element in the fulfilment of the responsibility of the Supervisory Board in respect of the duties that rest with the assessment of organizational structure and the control mechanism established by the bank.

In addition, internal and external Compliance Officers have been supervising the compliance with the legislation and regulations and ensuring that operations have been carried out in accordance with the standards and rules drawn up by the Bank itself to enhance integrity at the management and staff levels.

Within the framework of Regulation on Organization and Control (ROC), the Bank's business procedures and control mechanisms have been redesigned to strengthen the control of material risks which may have a significant impact on business integrity, financial strength, continuity and reputation through focusing on risk control, organizational measures, information and communication, examinations, evaluation and rectification.

In order to harmonize our internal procedures with the "customer due diligence recommendations" issued by the Bank for International Settlements (BIS), all our customer acceptance policy, customer identification and Know-Your-Customer (KYC) standards have been re-evaluated with a view to formulate extra measures to avoid possible risks in this area.

REPORT OF THE MANAGEMENT BOARD TO THE SUPERVISORY BOARD

System Development

The various achievements of the department are shortly listed below:

- The banking application is upgraded to a newer version during the year.
- Measures have been taken to speed up reporting to Head Office so that TEB Group risk can be consolidated on a timely manner.

The plans for 2003 are:

- to use the SWIFTNet System by March 2003 so that all work stations will be able to communicate with SWIFTNet
- to complete the implementation of Customer Relationship Management (CRM) and Management Information System (MIS) projects.

IT Infrastructure

Last year, a major activity in the field of IT Infrastructure concentrated on the maintenance of the existing network and its components. Investments were mostly undertaken for the replacement of problem parts within the user items.

Participating in the company-wide effort to complete TEB N.V. policies and procedures documentation library (ROC project), all of our IT related policies and procedures were documented.

In the year 2003, TEB N.V. is getting ready for an upgrade of its user computing systems (PCs) and user productivity applications such as MS Office to newer versions.

Outlook for 2003 is overshadowed by the war in the Middle East, which may have serious repercussions for the Turkish and the global economies. TEB N.V. has traditionally maintained strong capital adequacy and liquidity ratios and is well positioned to withstand these uncertainties. The main objective still remains to become the most effective and sought after financial institution in the EU, specializing in Turkish financial and economic issues. The mission has always been to provide tailor-made solutions to the customers.

We are grateful to our correspondents and our loyal client base for the confidence they have bestowed upon our Bank and would again like to reiterate our sincere appreciation for their close cooperation.

We would also like to express our gratitude to our shareholders for their continuous support in all aspects and our appreciation to our staff for successfully achieving the Bank's set goals.

May 26, 2003

Özden Başaran Odabaşı, *Managing Director*
Aşkın Dolaştır, *Deputy Managing Director*

The main goals of the IT department were to improve customer service quality and to increase operational efficiency that was achieved through company-wide efforts.

FINANCIAL STATEMENTS

The Economy Bank N.V.
Balance Sheet

As at December 31, 2002 After Proposed Profit Appropriation (in thousand Euros)

| | 31 December 2002 | 31 December 2001 |
|--------------------------------------|------------------|--------------------------|
| Assets | | |
| Cash | 12,283 | 10,079 |
| Banks | 433,477 | 217,753 |
| Loans and Advances to Private Sector | 243,706 | 371,774 |
| Interest-bearing Securities | 14,656 | - |
| Property and Equipment | 312 | 440 |
| Other Assets | 171 | 170 |
| Prepayments and Accrued Income | 5,282 | 12,706 |
| Total Assets | 709,887 | 612,922 |
| Liabilities | | |
| Banks | 26,501 | 118,063 |
| Funds Entrusted | 626,877 | 440,313 |
| Other Liabilities | 5,590 | 5,806 |
| Accruals and Deferred Income | 6,263 | 12,725 |
| | 665,231 | 576,907 |
| Fund for General Banking Risk | 1,135 | 888 |
| Share Capital | 25,000 | 21,000 |
| Other Reserves | 18,521 | 14,127 |
| Own Funds | 43,521 | 35,127 |
| Total Liabilities | 709,887 | 612,922 |
| Contingent Liabilities | 62,399 | 31,029 |
| Management Board | | |
| Özden Başaran Odabaşı | - | Managing Director |
| Aşkın Dolaştır | - | Deputy Managing Director |

The Economy Bank N.V.
Income Statement

For the Financial Year Ended December 31, 2002 (in thousand Euros)

| | 31 December 2002 | 31 December 2001 |
|--|------------------|------------------|
| Interest Income | 52,852 | 57,498 |
| Interest Expense | (46,775) | (49,335) |
| Interest | 6,077 | 8,163 |
| Commission Income | 4,270 | 4,743 |
| Commission Expense | (96) | (37) |
| Commission | 4,174 | 4,706 |
| Result on Financial Transactions | 650 | (237) |
| Other Income / (Expense) | (5) | 60 |
| Total Income | 10,896 | 12,692 |
| Administrative Expenses | | |
| Staff Costs | (2,317) | (2,204) |
| Other Administrative Expenses | (1,208) | (988) |
| | (3,525) | (3,192) |
| Depreciation | (207) | (266) |
| Operating Expenses | (3,732) | (3,458) |
| Value Adjustment to Receivables | (24) | - |
| Transfer to Fund for General Banking Risks | (380) | (537) |
| Total Expenses | (4,136) | (3,995) |
| Operating Result before Taxation | 6,760 | 8,697 |
| Taxation on Operating Result | (2,366) | (3,041) |
| Net Profit | 4,394 | 5,656 |

The Economy Bank N.V.
Cash Flow Statements

For the Financial Year Ended December 31, 2002 (in thousand Euros)

| | 31 December 2002 | 31 December 2001 |
|--|------------------|------------------|
| Cash flows from operating activities | | |
| Net profit | 4,394 | 5,656 |
| Adjustments for: | | |
| Depreciation | 207 | 266 |
| Value adjustment to receivables | 24 | - |
| Change in Fund for General Banking risks | 247 | 349 |
| Change in provisions | - | (101) |
| Cash flow from banking operations | 4,872 | 6,170 |
| Change in securities | (14,656) | - |
| Change in banks (not on demand) | (306,731) | (25,987) |
| Change in loans and advances | 128,044 | (59,378) |
| Change in funds entrusted | 186,564 | 80,133 |
| Other changes in other assets and liabilities | 744 | 909 |
| Total cash flows from operating activities | (1,163) | 1,847 |
| Cash flows from investment activities | | |
| Investment in property and equipment | (79) | (198) |
| Total cash flows from investment activities | (79) | (198) |
| Cash flows from financing activities | | |
| Increase in share capital | 4,000 | - |
| Total cash flows from investment activities | 4,000 | - |
| Net cash flow | 2,758 | 1,649 |
| Cash Balance as at January 1 | 11,620 | 9,971 |
| Cash Balance as at December 31 | 14,378 | 11,620 |
| Specifications of Cash and Cash Equivalents | | |
| Cash | 12,283 | 10,079 |
| Due from Banks on Demand | 2,095 | 1,541 |

The Economy Bank N.V.

Notes to the Financial Statements

General

The Economy Bank N.V. (Bank) was incorporated on 17 November 1998 in Amsterdam, The Netherlands. The Bank is wholly owned by Türk Ekonomi Bankası A.Ş., which is ultimately owned by Çolakoğlu Group in Turkey. The financial information of the bank will be consolidated in the financial statements of Türk Ekonomi Bankası A.Ş. incorporated in Turkey. Türk Ekonomi Bankası A.Ş. is a listed company in the Istanbul and London (GDR) Stock Exchanges.

The trade registry office of The Economy Bank N.V. is located at Amsterdam.

The financial statements of the bank are audited by Ernst and Young Accountants.

The financial statements only cover the financial information of The Economy Bank N.V.

The custody services company of the bank (Stichting Custody Services TEB) has not been consolidated to the financial statements of the Bank since the company only provides services to The Economy Bank N.V. and does not have a material impact on the financial statements.

The Bank's main activities are trade and commodity finance and private banking activities.

Basis of Presentation

The annual accounts for the financial year ended December 31, 2002 were prepared in accordance with the legal requirements for the annual accounts of the banks contained in Part 9, Book 2 of the Netherlands Civil Code and with the recommendations as given by De Nederlandsche Bank N.V. (DNB – Central Bank of The Netherlands).

All amounts are stated in thousand Euros, unless otherwise stated.

Accounting Principles

General

Assets and liabilities are carried at face value, unless stated otherwise below.

Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. Assets and liabilities denominated in foreign currencies are translated into Euro, at the spot exchange rates prevailing at balance sheet date. Impact of foreign currency revaluation is realized at the Income Statement under "Result on Financial Transactions".

The Economy Bank N.V. Notes to the Financial Statements

Foreign currency forward contracts are revalued with the exchange rates estimated for the value date of the transaction, and the difference between the estimated and the contractual rate is realized at the Income Statement under “Result on Financial Transactions”.

Foreign currency swap contracts are translated into Euro, at the spot exchange rates prevailing at the balance sheet date. Impact of the revaluation of the foreign currencies is realized at the Income Statement under “Result on Financial Transactions”. The interest income or interest expense, which is embedded in the contracts, is realized under “Interest Income / Interest Expense” captions of the Income Statement.

Property and Equipment

The Bank’s equipment is stated at cost less straight-line depreciation over the estimated useful life. Depreciation is calculated using the following rates:

| | |
|------------------------|--------|
| Furniture and Fixtures | 20.00% |
| Office Machinery | 33.33% |
| Motor Vehicles | 20.00% |
| IT Hardware | 33.33% |
| IT Software | 33.33% |
| Pre-operating Expenses | 20.00% |

Allowance for Credit Losses

Based upon its evaluation on loans granted, management estimates the total allowance, if any, that it believes adequate to cover uncollectable amounts in the Bank’s portfolio and losses under contingencies and commitments. The estimates used to determine the allowance for credit losses, are reviewed periodically, and if any adjustment is necessary, they are reported in the income statement of the period in which they become known.

Fund for General Banking Risks

This fund relates to the general banking risks. The movement in the fund is recognized in the income statement under ‘Transfer to Fund for General Banking Risks’. The tax payable or reclaimable on the movements in the fund is charged or added to this fund. The level of the fund is based on management's evaluation of the banking risks involved.

Revenue and Expense Recognition

All income and expense items are recognized on an accrual basis.

The Economy Bank N.V. Notes to the Financial Statements

Cash Flow Statement

For the purposes of reporting of cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet under the caption 'Cash' and 'Banks' which are due on demand excluding the short term placements to banks. The cash flow statement is presented in line with the indirect method.

Derivative Financial Instruments

Derivative financial instruments consisting of foreign currency forward and swap contracts are initially recognized at cost with subsequent measurement at fair value. Fair value of the derivative contracts are included in the "Prepayments and Accrued Income" and "Accruals and Deferred Income" lines of balance sheet and changes in the fair value are included in the income statement, under "Result on financial transactions".

Risk Management

TEB Group gives special emphasis on maintaining its strong financial position while keeping relatively higher solvency ratios compared to its peer group banks, by applying conservative credit policies and by keeping high asset quality and generous liquidity position. The objective of TEB Group Risk Management (RM) is to ensure that TEB Group keeps on growing in a controlled manner with a satisfactory return on capital, which is in line with macro economic conditions.

During 2001 The Economy Bank N.V. identified approaches with respect to credit risk, market risk and liquidity risk and delegated its monitoring and control responsibilities to the credit committee for credit matters and asset and liability committee (ALCO) for market risk and liquidity. The identified approaches were applied in year 2002 as defined in the procedures of the bank.

Without any exception, the credit committee takes decisions with regard to credit proposals. These decisions are required to be approved by at least two Supervisory Board members. Parameters for all types of credit exposure are initially discussed in the credit and marketing meetings and are approved by the Management Board. Thereafter credit limits are set down in the proposals and all applications for credit are assessed within these parameters. Finally these parameters constitute a guideline in order to form an internal rating system.

ALCO regularly meets to discuss market risk, liquidity and asset allocation. During the meetings management reports are carefully reviewed and the outcome of the decisions is distributed among related personnel in writing. Treasury manages the day-to-day liquidity and this process is monitored by the Financial Control department.

For the purpose of operational risk management, the bank has established an Internal Control Unit. This unit performs periodic as well as ad hoc checking of all operational departments. In order to monitor these activities a team from Head Office carries out the internal audit function on a yearly basis.

The Economy Bank N.V.

Notes to the Financial Statements

The Information Technology Department's policy is set out in a detailed policy manual, which has been approved by the Management Board. The policy manual, which is regularly updated, among others provides all necessary guidelines in respect of general procedures, maintenance of hardware and disaster recovery issues.

Balance Sheet

Cash

This includes cash in hand and demand deposits with De Nederlandsche Bank NV.

Banks (Asset)

The item includes all loans and advances to banks, which are subject to the supervision of local authorities of where they reside.

In 2002, the balance of Banks includes placements, loans and advances to group credit institutions amounting to Euro 13,891 (2001 Euro 11,857).

Loans and Advances to Private Sector

These include all loans and advances, excluding the loans and advances given to banks. The balance also includes the funds provided to the private sector under securities resale agreements.

In 2002, the balance of loans and advances to private sectors, includes receivables from group companies amounting Euro 61,131 of which Euro 58,399 is cash collateralized (2001 Euro 155,409 of which Euro 73,985 is cash collateralized).

The total amount of uncollectible loans and advances to private sector amounts to Euro 24 and 'nil' as of December 31, 2002 and 2001. The bank has booked 100% specific loan loss provision which is netted off from the loans and advances to private sector at the balance sheet. The impact of the specific provisions is presented under "Value Adjustment to Receivables" of income statement.

The Economy Bank N.V.
Notes to the Financial Statements

Property and Equipment

The breakdown of property and equipment as at December 31, 2002 and 2001 is as follows:

| | 2002 | 2001 |
|--|------------|------------|
| Balance Sheet Value as at January 1 | 440 | 508 |
| Additions | 79 | 198 |
| Disposals | - | - |
| Depreciation | (207) | (266) |
| Balance Sheet Value as at December 31 | 312 | 440 |
| Cost of Property and Equipment | 1,182 | 1,103 |
| Accumulated Depreciation | (870) | (663) |

Interest-bearing Securities

The interest-bearing securities portfolio of the bank is composed of fixed-rate public debt securities.

The breakdown of the interest bearing securities is as follows:

| | 2002 | 2001 |
|----------------------|---------------|----------|
| Investment Portfolio | 1,652 | - |
| Trading Portfolio | 13,004 | - |
| | 14,656 | - |

Changes in the investment portfolio over the acquisition price are as follows:

| | 2002 | 2001 |
|---|--------------|----------|
| Balance Sheet Value as at January 1 | - | - |
| Purchases | 4,204 | - |
| Sales | - | - |
| Redemptions | (2,552) | - |
| Balance Sheet Value as at January 31 | 1,652 | - |

The Economy Bank N.V.

Notes to the Financial Statements

The interest-bearing securities of the bank classified under trading portfolio are represented at mark-to-market value. Securities in the investment portfolio of the bank valued at cost price. The interest income accruals of the investment portfolio is classified under the "Prepayments and Accrued Income" caption of the balance sheet.

Other Assets

This item comprises advances to suppliers and taxes receivable as well as the participation of the Bank in "Stichting Custody Services TEB" amounting Euro 125.

Prepayments and Accrued Income

This item comprises accrued interest receivables and prepaid expenses.

Banks (Liabilities)

This includes all the debts to credit institutions, which have no subordinated nature. This balance also includes funds borrowed under securities repurchase agreements.

In 2002, the amounts owed to banks include Euro 14,149 (2001 Euro 7,425) payables to group credit institutions.

Funds Entrusted

This includes funds entrusted to the Bank by customers such as current accounts amounting to Euro 28,789 and time deposits of Euro 598,088. In 2002, the funds entrusted include Euro 432,224 payables to group and affiliated companies (2001 Euro 187,059).

Other Liabilities

This item comprises payables to various suppliers and payables to tax authorities. Corporate income taxes payable of the Bank, net of prepaid taxes, is Euro 6,122 (2001 Euro 5,738) and wage tax payable of Euro 57 as of December 31, 2002 (wage tax receivable classified under other assets in 2001, Euro 394).

Accruals and Deferred Income

This item includes expenses recognized, but whose actual payment occurs in a different period as well as the unearned interest income of the bills and letters of credit discounted.

The Economy Bank N.V. Notes to the Financial Statements

Fund for General Banking Risks

The breakdown of the fund for general banking risks is as follows:

| | 2002 | 2001 |
|--|--------------|------------|
| Balance as at January 1 | 888 | 539 |
| Transfer to Fund for General Banking Risks | 380 | 537 |
| Taxes Regarding Fund for General Banking Risks | (133) | (188) |
| Balance as at December 31 | 1,135 | 888 |

The accumulated transfer to Fund for General Banking Risks in 2002 and 2001 is Euro 1,746 and Euro 1,366 respectively. The accumulated taxes regarding the Fund for General Banking Risks in 2002 and 2001 are Euro 611 and Euro 478 respectively.

Retirement Benefits

The pension plan is based on a fixed contribution as a percentage of the annual salary, whereby the terms and conditions of the plan are based on each individual's requirements, within a fixed framework, also allowing the individual staff member to contribute for his/her own account. The Bank does not carry any obligation with regards to the retirement pay liability.

Share Capital

The authorized capital amounts to Euro 50,000 consisting of 100,000 shares with a nominal value of full Euro 500 each, of which Euro 25,000 have been issued and fully paid. The changes in the share capital are as follows:

| | 2002 | 2001 |
|-----------------------------------|---------------|---------------|
| Balance as at January 1 | 21,000 | 21,000 |
| Issues of new shares paid in cash | 4,000 | - |
| Balance as at December 31 | 25,000 | 21,000 |

Other Reserves

The changes in other reserves are as follows::

| | 2002 | 2001 |
|----------------------------------|---------------|---------------|
| Balance as at January 1 | 14,127 | 8,471 |
| Profit distribution | 4,394 | 5,656 |
| Balance as at December 31 | 18,521 | 14,127 |

The Economy Bank N.V.
Notes to the Financial Statements

Contingent Liabilities

This balance includes all liabilities arising from transactions in which the bank has guaranteed the commitments to third parties.

| | 2002 | 2001 |
|-------------------------------|---------------|---------------|
| Letters of Guarantee | 15,827 | 15,692 |
| Irrevocable Letters of Credit | 46,572 | 15,337 |
| Total | 62,399 | 31,029 |

Irrevocable Facilities

There are no outstanding irrevocable facilities that could result in a credit risk for the bank as of 2002 and 2001.

Commitments

Commitments of the Bank in connection with rental obligations amount to Euro 267 as of December 31, 2002, which all of the balance is short term (2001 Euro 410).

Derivatives

All foreign currency contracts are entered into for hedging purposes. In order to determine the risks involved in the foreign currency and swap contracts, the marking to market method is used. Marking the contracts to market also includes the replacement costs for all contracts with positive value. A contract has a positive value if the bank would lose profit in the event of non-performance by the counterparty. The notional amounts do not reflect the potential future risks, but can be used as indication of the size of the business.

As at December 31, 2002, the total Euro equivalent of outstanding forward and swap foreign exchange transactions entered into for hedging purposes was Euro 6,847 (2001 Euro 7,620).

The breakdown and credit equivalent of the derivative currency contracts is as follows:

| | | Less than 1 Year | Between 1 and 5 Years | Longer than 5 Years | Positive Replacement Cost |
|------------------|--------------|---------------------|--------------------------|------------------------|---------------------------------|
| Year 2002 | Total | | | | |
| Forwards | 4,805 | 4,744 | - | - | 61 |
| Swaps | 2,042 | 2,000 | - | - | 42 |
| Total | 6,847 | 6,744 | - | - | 103 |

The Economy Bank N.V.
Notes to the Financial Statements

| Year 2001 | Total | Less than 1 Year | Between 1 and 5 Years | Longer than 5 Years | Positive Replacement Cost |
|--------------|--------------|---------------------|--------------------------|------------------------|---------------------------------|
| Swaps | 7,620 | 7,620 | - | - | - |
| Total | 7,620 | 7,620 | - | - | - |

| | Credit Equivalent | | | |
|--------------|-------------------|-----------|-------------------|-----------|
| | December 31, 2002 | | December 31, 2001 | |
| | Unweighted | Weighted | Unweighted | Weighted |
| Forwards | 47 | 21 | - | - |
| Swaps | 20 | 4 | 76 | 15 |
| Total | 67 | 25 | 76 | 15 |

Custody Services

The Bank provides custody services to its clients with respect to their security transactions through its participation, Stichting Custody Services TEB. Since the company only provides services to The Economy Bank N.V. and does not have a material impact on the financial statements of the Bank, they have not been consolidated. The total nominal amount of assets held in custody for the clients of the bank as of December 31, 2002 is Euro 40,162 (2001 Euro 1,468,072).

Liabilities Pledged to the Bank

In connection with the risk assets and contingent transactions, funds entrusted amounting Euro 171,249 and Euro 6,020 have been allocated as pledge to the bank against the assets and contingent items, respectively as of December 31, 2002 (2001 Euro 245,275 and Euro 7,124 respectively).

Related Party Transactions

A number of transactions have been facilitated with group and affiliated companies on an arm's length basis in the normal course of the business. These transactions include loans, deposits, letters of credit, bills discounted, and letters of guarantee and were carried out on commercial terms at market rates.

The Economy Bank N.V.
Notes to the Financial Statements

Concentration of Credit Risks

The loans and advances to the private sector, letters of guarantee and import letters of credit issued on behalf of the customers amount to Euro 293,098 (2001 Euro 396,463) of which credit risk of Euro 177,269 (2001 Euro 234,599) is secured in the form of cash collateral and credit risk of Euro 'nil' (2001 Euro 78,232) relates to loans granted under security resale agreements. The loans and advances to banks, letters of guarantee and export letters of credit amount to 446,483 (Euro 224,093) of which credit risk of Euro 'nil' (2001 Euro 10,178) is secured in the form of cash collateral. The Bank also received letters of guarantee from other banks amounting to Euro 8,411 (2001 Euro 392). The breakdown of banks, loans and advances and contingent liabilities by concentration of geographical regions is as follows:

| | 2002 | | 2001 | |
|-----------------|----------------|-------------|----------------|-------------|
| Turkey | 319,875 | 43.3% | 347,671 | 56.0% |
| The Netherlands | 11,587 | 1.6% | 26,443 | 4.3% |
| Other | 408,119 | 55.1% | 246,442 | 39.7% |
| | 739,581 | 100% | 620,556 | 100% |

Industry distribution of loans and advances to the private sector, letters of guarantee and import letters of credit issued on behalf of the customers is as follows:

| | 2002 | | 2001 | |
|----------------------------------|----------------|-------------|----------------|-------------|
| Metals and Metallurgy | 68,154 | 23.3% | 15,982 | 4.0% |
| Trade Companies | 61,130 | 20.9% | 110,713 | 27.9% |
| Textiles | 31,011 | 10.6% | 31,276 | 7.9% |
| Wood and Paper Products | 28,412 | 9.7% | 46,688 | 11.8% |
| Pharmaceuticals and Chemicals | 26,089 | 8.9% | 31,896 | 8.0% |
| Transportation | 18,541 | 6.3% | 13,506 | 3.4% |
| Construction and Side Industries | 10,658 | 3.6% | 9,528 | 2.4% |
| Petroleum | 6,828 | 2.3% | 17,023 | 4.3% |
| Factoring | 6,577 | 2.2% | 8,532 | 2.2% |
| Private persons | 6,227 | 2.1% | 7,746 | 2.0% |
| Investment Companies | 5,070 | 1.7% | 11,987 | 3.0% |
| Automotive | 4,647 | 1.6% | 6,380 | 1.6% |
| Agriculture and Fertilizers | 4,176 | 1.4% | 5,533 | 1.4% |
| Leasing | 3,765 | 1.3% | - | 0.0% |
| Electric | - | 0.0% | 61,489 | 15.6% |
| Financial Services | - | 0.0% | 5,654 | 1.4% |
| Others | 11,813 | 4.1% | 12,530 | 3.1% |
| | 293,098 | 100% | 396,463 | 100% |

The Economy Bank N.V. Notes to the Financial Statements

Foreign Currency

As at December 31, 2002 the total Euro equivalent of assets denominated in foreign currencies amounts to Euro 640,187 (2001 Euro 559,773), and the total equivalent of liabilities denominated in foreign currencies is Euro 634,266 (2001 Euro 552,241). All currencies fixed to the Euro are classified as local currencies.

Maturity Distribution

As at December 31, 2002, the maturity distribution of risk assets and liabilities is as follows:

| <u>Assets</u> | Up to 3 Months | 3 to 12 Months | 1 to 5 Years | Longer than 5 Years | Total |
|---------------------------------|-------------------|-------------------|-----------------|------------------------|----------------|
| Banks | 407,371 | 22,762 | 3,344 | - | 433,477 |
| Loans and Advances to Customers | 68,967 | 87,154 | 87,585 | - | 243,706 |
| Total | 476,338 | 109,916 | 90,929 | - | 677,183 |

| <u>Liabilities</u> | Up to 3 Months | 3 to 12 Months | 1 to 5 Years | Longer than 5 Years | Total |
|--------------------|-------------------|-------------------|-----------------|------------------------|----------------|
| Banks | 26,501 | - | - | - | 26,501 |
| Funds Entrusted | 469,128 | 64,121 | 93,628 | - | 626,877 |
| Total | 495,629 | 64,121 | 93,628 | - | 653,378 |

Fair Value of Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The assets and liabilities of The Economy Bank N.V. mainly consist of financial instruments. For most of the financial instruments market values are not available. Since the interest period of these financial instruments is remaining within one year as at December 31, 2002 and 2001, fair values are approximately their respective carrying values.

The Economy Bank N.V. Notes to the Financial Statements

Solvency Ratio

The solvency ratio of the Bank is 24% and 29% as of December 31, 2002 and 2001, respectively.

The solvency ratio, calculated in accordance with the new directive of DNB, which is applicable starting from December 31, 2000 and requiring the inclusion of an additional country risk exposure, is 12% and 14% as of December 31, 2002 and 2001.

Own funds of the Bank consist of only Tier one capital amounting Euro 43,521 (2001 Euro 35,127).

Income Statement

Interest

This item includes interest income from loans and advances, placements and interest expenses on funds entrusted and borrowed. The foreign exchange loss incurred by the Turkish lira placements and foreign exchange gain incurred by the Turkish lira funds entrusted and borrowed are classified in "Results on Financial Transactions".

Commission

This includes the income from domestic and international payments, income received through the letters of credit and letters of guarantee issued or confirmed by the bank, and the private banking service commissions. Commissions generated from trade finance transactions and payments amount to Euro 3,084 and commissions generated from brokerage and other banking services amount to Euro 1,186.

Result on Financial Transactions

The breakdown of the result on financial transactions is as follows:

| | 2002 | 2001 |
|----------------------------------|------------|--------------|
| Forfeiting Income | 21 | 109 |
| Securities Trading Income/(Loss) | 119 | (16) |
| Foreign Exchange Gain/(Loss) | 510 | (330) |
| | 650 | (237) |

Other Income/(Expense)

This item consists of income realized from insurance companies and the net cost allocation between the bank and Stichting Custody Services TEB.

The Economy Bank N.V.
Notes to the Financial Statements

Staff Costs

The breakdown of the staff costs is as follows:

| | 2002 | 2001 |
|-------------------------------|--------------|--------------|
| Salaries and Bonuses | 2,125 | 2,035 |
| Pension Expenses | 58 | 20 |
| Social Security Contributions | 57 | 54 |
| Others | 77 | 95 |
| | 2,317 | 2,204 |

The average number of employees for the year of 2002 is 31 (2001 is 28). The number of personnel employed in The Netherlands is 28 and 3 personnel are employed in Turkey. The remuneration of members of the Supervisory Board and Management Board amounted to Euro 54 (2001 Euro 30) and Euro 678 (2001 Euro 661), respectively. The remuneration of Mr. Maarten Hulshoff, who has Dutch nationality and has been a Supervisory Board member since March 16, 2001, amounts to Euro 22 (2001 Euro 9).

Other Administrative Expenses

This item includes office overheads, automation costs and other general expenses.

Depreciation

This item is made up of depreciation of equipment.

Value Adjustment to Receivables

The bank has booked 100% specific loan loss provision amounting Euro 24 which the impact is presented under "Value Adjustment to Receivables" of income statement.

Transfer to Fund for General Banking Risks

This item comprises of movements in the fund for general banking risks in order to maintain the fund, at the required level.

Taxation on Operating Result

The effective tax rate of the Bank is 35%, which does not differ materially from the nominal tax rate.

The Economy Bank N.V. Notes to the Financial Statements

Supplementary Information

The Articles of Association with respect to Profit Appropriation

Profit is appropriated in accordance with the article 31 of the articles of association. The main stipulations governed in this are as follows:

- The profits shall be at the disposal of the general shareholders meeting
- Dividends may be paid only up to an amount, which does not exceed the amount of the distributable part of the net assets.
- Dividends shall be paid after adoption of the annual amounts from which it appears that payment of dividends is permissible.

Proposed Profit Appropriation

Appropriation of net profit pursuant to article 31 of the articles of association is as follows:

| | |
|-----------------------------|------------|
| Additions to Other Reserves | Euro 4,394 |
|-----------------------------|------------|

AUDITORS' REPORT

Introduction

We have audited the financial statements of The Economy Bank N.V., Amstelveen, for the year 2002. These financial statements are the responsibility of the company's Executive Board. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Amsterdam, May 26, 2003

Ernst & Young Accountants

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED FINANCIAL STATEMENTS

The attached financial statements have been extracted from the
2002 Annual Report of Türk Ekonomi Bankası A.Ş.

Türk Ekonomi Bankası Anonim Şirketi
Consolidated Balance Sheets as of December 31, 2002 and 2001
(Currency - In billions of Turkish lira in equivalent purchasing power at December 31, 2002 and 2001)

| ASSETS | 2002 | 2001 |
|--|------------------|------------------|
| Cash and balances with the Central Bank | 430,766 | 192,993 |
| Deposits with banks and other financial institutions | 1,039,578 | 534,692 |
| Other money market placements | 414,125 | 805,833 |
| Reserve deposits at the Central Bank | 133,072 | 132,482 |
| Trading securities | 53,650 | 9,012 |
| Investment securities | 57,245 | 202,935 |
| Originated loans and advances | 1,326,555 | 1,224,355 |
| Factoring receivables | 66,966 | 53,516 |
| Minimum lease payments receivable | 85,780 | 61,840 |
| Derivative financial instruments | 4,058 | 666 |
| Investments in unconsolidated subsidiaries | 337 | 820 |
| Investments in associates | 446 | 501 |
| Premises and equipment | 42,349 | 40,905 |
| Intangible assets | 3,742 | 3,303 |
| Other assets | 29,307 | 25,183 |
| Total assets | 3,687,976 | 3,289,036 |

Türk Ekonomi Bankası Anonim Şirketi
Consolidated Balance Sheets as of December 31, 2002 and 2001
(Currency - In billions of Turkish lira in equivalent purchasing power at December 31, 2002 and 2001)

| LIABILITIES AND EQUITY | 2002 | 2001 |
|--|------------------|------------------|
| Deposits from other banks | 105,668 | 89,055 |
| Customers' deposits | 2,714,223 | 2,121,862 |
| Other money market deposits | 22,828 | 265,676 |
| Funds borrowed | | |
| - Subordinated loan | 24,919 | - |
| - Other funds borrowed | 394,661 | 417,788 |
| Factoring payables | 27,983 | 14,204 |
| Derivative financial instruments | 4,568 | 543 |
| Other liabilities and provisions | 108,519 | 117,255 |
| Income taxes payable | 13,396 | 15,860 |
| Deferred tax liability | 2,082 | 3,913 |
| Total liabilities | 3,418,847 | 3,046,156 |
| Minority interest | 11,897 | 10,347 |
| Equity | | |
| Share capital issued | 55,125 | 55,125 |
| Adjustment to share capital | 181,945 | 405,554 |
| Currency translation differences | 6,312 | 5,162 |
| Legal reserves and accumulated profits (deficit) | 13,850 | (233,308) |
| Total equity | 257,232 | 232,533 |
| Total liabilities and equity | 3,687,976 | 3,289,036 |

Türk Ekonomi Bankası Anonim Şirketi
Consolidated Income Statement
for the year ended December 31, 2002 and 2001

(Currency - In billions of Turkish lira in equivalent purchasing power at December 31, 2002 and 2001)

| | 2002 | 2001 |
|---|------------------|------------------|
| Interest income | | |
| Interest on originated loans and advances | 206,298 | 255,343 |
| Interest on securities | 58,543 | 81,051 |
| Interest on deposits with banks and other financial institutions | 62,624 | 229,004 |
| Interest on other money market placements | 85,354 | 13,014 |
| Interest on financial leases | 22,871 | 48,310 |
| Other interest income | 18,010 | 44,173 |
| Total interest income | 453,700 | 670,895 |
| Interest expense | | |
| Interest on deposits | (179,439) | (333,228) |
| Interest on other money market deposits | (28,723) | (585) |
| Interest on funds borrowed | (50,176) | (148,286) |
| Other interest expense | (1,408) | (291) |
| Total interest expense | (259,746) | (482,390) |
| Net interest income | 193,954 | 188,505 |
| Provision for possible loan, lease and factoring receivables losses | (15,205) | (10,172) |
| Net interest income (expense) after provision for possible loan, lease and factoring receivables losses | 178,749 | 178,333 |
| Foreign exchange gain (loss) | (14,378) | (38,863) |
| Net interest income after foreign exchange gain (loss) and provision for possible loan, lease and factoring receivables losses | 164,371 | 139,470 |
| Other operating income | | |
| Fees and commissions income | 24,713 | 35,509 |
| Income from banking services | 20,645 | 22,441 |
| Trading income (loss) | 21,711 | 23,991 |
| Other income | 17,503 | 24,730 |
| Total other operating income | 84,572 | 106,671 |
| Other operating expense | | |
| Fees and commissions expense | (17,277) | (15,671) |
| Salaries and employee benefits | (60,098) | (63,312) |
| Depreciation and amortization | (13,632) | (13,615) |
| Taxes other than on income | (13,050) | (17,153) |
| Other expenses | (49,400) | (61,186) |
| Total other operating expense | (153,457) | (170,937) |
| Profit (loss) from operating activities before income tax, monetary gain (loss) and minority interest | 95,486 | 75,204 |
| Income tax | (28,328) | (18,177) |
| Monetary gain (loss) | (42,667) | (114,884) |
| Net profit (loss) from ordinary activities | 24,491 | (57,857) |
| Minority interest | (942) | 6,798 |
| Net profit (loss) | 23,549 | (51,059) |
| Earnings per share | | |
| Basic | 214 | (463) |

Türk Ekonomi Bankası Anonim Şirketi
Consolidated Statement of Changes in Equity for the year ended December 31, 2002
(In billions of Turkish lira in equivalent purchasing power at December 31, 2002)

| | Share capital | Adjustment to share capital | Currency translation differences | Legal reserves and accumulated profits (deficit) | Total |
|---|---------------|-----------------------------|----------------------------------|--|----------------|
| At January 1, 2001 | 55,125 | 405,554 | (407) | (183,502) | 276,770 |
| Effect of change in consolidation structure | - | - | - | 153 | 153 |
| Transfer to general banking reserves | - | - | - | 1,100 | 1,100 |
| Currency translation differences | - | - | 5,569 | - | 5,569 |
| Net loss for the year | - | - | - | (51,059) | (51,059) |
| At December 31, 2001 | 55,125 | 405,554 | 5,162 | (233,308) | 232,533 |
| Accumulated losses netted off | - | (223,609) | - | 223,609 | - |
| Currency translation differences | - | - | 1,150 | - | 1,150 |
| Net profit for the year | - | - | - | 23,549 | 23,549 |
| At December 31, 2002 | 55,125 | 181,945 | 6,312 | 13,850 | 257,232 |

Türk Ekonomi Bankası Anonim Şirketi
Consolidated Cash Flow Statement
for the year ended December 31, 2002 and 2001

(Currency - In billions of Turkish lira in equivalent purchasing power at December 31, 2002)

| | 2002 | 2001 |
|--|------------------|------------------|
| Cash flows from operating activities | | |
| Interest received | 470,780 | 797,535 |
| Interest paid | (275,761) | (595,640) |
| Fees and commissions received | 24,713 | 35,509 |
| Income from banking services | 20,645 | 22,441 |
| Trading income (loss) | 21,711 | 23,991 |
| Recoveries of loans previously written off | 1,004 | 2,008 |
| Fees and commissions paid | (17,277) | (15,671) |
| Cash payments to employees and other parties | (60,098) | (63,312) |
| Cash received from other operating activities | 17,503 | 35,522 |
| Cash paid for other operating activities | (62,450) | (78,339) |
| Income taxes paid | (40,185) | (32,631) |
| Cash flows from operating activities before changes in operating assets and liabilities | 100,585 | 131,413 |
| Changes in operating assets and liabilities | | |
| Net (increase) decrease trading securities | (44,638) | (6,890) |
| Net (increase) decrease in reserve deposits at the Central Bank | 754 | (27,207) |
| Net (increase) in originated loans and advances | (119,205) | (71,013) |
| Net (increase) decrease in factoring receivables | (15,133) | 56,752 |
| Net (increase) decrease in minimum lease payments receivable | (23,940) | 36,232 |
| Net (increase) decrease in other assets | (4,124) | 5,918 |
| Net increase (decrease) in deposits from other banks | 16,410 | (23,025) |
| Net increase in customers' deposits | 600,093 | 580,000 |
| Net increase (decrease) in other money market deposits | (242,876) | 163,732 |
| Net increase in factoring payables | 13,779 | 11,185 |
| Net increase (decrease) in other liabilities | (8,736) | 15,118 |
| Net cash from operating activities | 272,969 | 872,215 |
| Cash flows from investing activities | | |
| Purchases of available-for-sale securities | (17,520) | (87,177) |
| Proceeds from sale and redemption of available-for-sale securities | 153,515 | 6,690 |
| Purchases of held-to-maturity securities | (39,725) | (29,439) |
| Proceeds from redemption of held-to-maturity securities | 49,413 | 100,122 |
| Disposal of subsidiaries and associates net of cash disposed | (483) | - |
| Purchases of premises and equipment | (15,265) | (12,074) |
| Proceeds from the sale of premises and equipment | 1,623 | 799 |
| Purchase of intangible assets | (1,854) | - |
| Net cash provided by (used in) investing activities | 129,204 | (21,079) |
| Cash flows from financing activities | | |
| Proceeds from funds borrowed | 351,418 | 179,489 |
| Repayments of funds borrowed | (390,961) | (1,022,019) |
| Net cash provided by (used in) financing activities | (39,543) | (842,530) |
| Effect of net foreign exchanges difference and monetary gain (loss) on cash and cash equivalents | (43,664) | (5,522) |
| Net increase in cash and cash equivalents | 319,466 | 3,084 |
| Cash and cash equivalents at beginning of year | 1,533,518 | 1,530,434 |
| Cash and cash equivalents at end of year | 1,852,984 | 1,533,518 |

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