

**Türk Ekonomi Bankası
Anonim Şirketi**

**Unconsolidated Financial Statements
As of September 30, 2003
Together With Review Report**

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL
STATEMENTS
ORIGINALLY ISSUED IN TURKISH- SEE SECTION III, NOTE XXV)**

**Convenience Translation of A Report And Financial Statements
Originally Issued In Turkish - See Section III, Note XXV)**

**TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
REVIEW REPORT AS OF SEPTEMBER 30, 2003**

We have reviewed the balance sheet of Türk Ekonomi Bankası Anonim Şirketi as of September 30, 2003 and the related statement of income for the interim period then ended. These financial statements are expressed in the equivalent purchasing power of Turkish lira as of September 30, 2003. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these financial statements based on our review.


We conducted our review in accordance with the auditing standards which were determined under the provisions of Banking Law Number 4389. These standards require that the review should be planned and performed to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquires of bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly we do not express an opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of Türk Ekonomi Bankası Anonim Şirketi at September 30, 2003 are not presented fairly, in all material respects, in accordance with the accounting principles and standards that are based on the Article 13 of the Banking Law number 4389.

Additional paragraph for convenience translation to English:

The above mentioned accounting principles differ from International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board and so far as such differences apply to the financial statements of the Bank they mainly relate to the format of financial statements and disclosure requirements, accounting for deferred taxes and accounting for retirement pay liabilities. The effects of the differences between these accounting principles and accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in the countries of users of the financial statements and IFRS. The Bank's consolidated financial statements prepared in accordance with the accounting principles and standards that are based on the Article 13 of the Banking Law number 4389 will be issued separately.

Güney Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
An Affiliated Firm of Ernst & Young International



Esra Peri, SMMM

November 5, 2003
Istanbul, Turkey

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS)
ORIGINALLY ISSUED IN TURKISH- SEE SECTION III, NOTE XXV)**

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SECTION ONE

GENERAL INFORMATION

I- Footnotes and Explanations on the Bank's Service Activities and Operating Areas

- a) Commercial name of the Bank : Türk Ekonomi Bankası Anonim Şirketi (the Bank)
Reporting period : 1 January – 30 September 2003
Address of the head office : Meclis-i Mebusan Caddesi No: 35
Fındıklı 34427 - İSTANBUL
Telephone number : (0212) 251 21 21
Facsimile number : (0212) 249 65 68
Web page : www.teb.com.tr
E-mail address : investor.relations@teb.com.tr
- b) The Bank's service activities and operating areas: The Bank's operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.
- c) Financial statements and relevant explanations together with the footnotes are stated in Billions of Turkish Lira.

II. The Explanations and Footnotes Regarding the Group of the Bank

The Group of the Bank: Türk Ekonomi Bankası Anonim Şirketi ("the Bank") is included in the Çolakoğlu Group. 70.08% of the shares of the Bank belongs to TEB Mali Yatırımlar Anonim Şirketi (TEB Mali Yatırımlar) and 8.60% of the shares belongs to Çolakoğlu Metalurji Anonim Şirketi.

III. Explanations on The Interim Financial Statements

- a) Accounting principles and basis of valuation used in the preparation of year-end financial statements are also used for the preparation of interim financial statements without any changes or exceptions, and are summarized in Section Three below.
- b) There are no transactions realized in the interim period that display a seasonal or a periodical nature.
- c) There are no non-recurring transactions or basic accounting misstatements.
- d) There are no extraordinary items in terms of nature or amount that effect the assets, liabilities, equity, net income or the cash flow of the Bank.
- e) Prior period interim financial statements, do not contain any changes with respect to the estimated values related with the current period. There are no items in the prior period financial statements that are recorded with their estimated value.
- f) There are no convertible bonds or any other debt securities issued during the current period.
- g) In accordance with the decision related with the distribution of profit, declared at the Annual General Meeting of the Bank dated March 27, 2003, the Bank distributed dividends to its shareholders in the current period starting at April 4, 2003.
- h) There are no subsequent events that occurred after the preparation date of the interim financial statements which have a material impact on the interim financial statements.
- i) There are no transactions that may cause a structural change for the Bank such as restructuring, mergers and acquisitions, or discontinue of any operations.
- j) There are no changes in the subsequent commitments and contingencies of the Bank that have arisen after the year-end balance sheet date.

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXV)**

SECTION TWO

UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS

- I. Balance Sheets – Assets
- II. Balance Sheets – Liabilities
- III. Statements of Income
- IV. Statements of Off Balance Sheet Commitments

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXV)
 TÜRK EKONOMİ BANKASI A.Ş.
 BALANCE SHEETS AS OF SEPTEMBER 30, 2003 AND DECEMBER 31, 2002
 (Currency-Billions of Turkish lira in equivalent purchasing power at September 30, 2003)

I- BALANCE SHEETS – ASSETS

ASSETS	Note Ref. (Section five)	Reviewed Current Period 30.09.2003			Audited Prior Period 31.12.2002		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY		19,204	409,656	428,860	23,094	452,423	475,517
1.1 Cash		9,793	-	9,793	6,709	-	6,709
1.2 Foreign currency		-	63,531	63,531	-	89,266	89,266
1.3 Balances with the Central Bank of Turkey	I-1	9,411	346,125	355,536	16,385	363,157	379,542
II. TRADING SECURITIES (Net)		14,078	6,479	20,557	27,673	3,255	30,928
2.1 Public sector debt securities	I-2	14,078	6,116	20,194	27,673	2,954	30,627
2.1.1 Government bonds	I-2	12,615	1,030	13,645	21,316	2,954	24,270
2.1.2 Treasury bills	I-2	1,462	-	1,462	6,356	-	6,356
2.1.3 Other	I-2	1	5,086	5,087	1	-	1
2.2 Share certificates		-	-	-	-	-	-
2.3 Other marketable securities		-	363	363	-	301	301
III. BANKS AND OTHER FINANCIAL INSTITUTIONS		40,016	175,813	215,829	25,476	336,829	362,305
3.1 Due from banks		40,016	175,813	215,829	25,476	336,829	362,305
3.1.1 Domestic banks		40,016	39,270	79,286	25,476	117,122	142,598
3.1.2 Foreign banks		-	136,543	136,543	-	219,707	219,707
3.2 Other financial institutions		-	-	-	-	-	-
IV. MONEY MARKET PLACEMENTS		300,000	83,063	383,063	251,610	197,892	449,502
4.1 Interbank money market placements		300,000	83,063	383,063	251,610	197,892	449,502
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. SECURITIES AVAILABLE FOR SALE (Net)		9	59,018	59,027	10	18,663	18,673
5.1 Share certificates	I-3	9	-	9	10	-	10
5.2 Other marketable securities	I-3	-	59,018	59,018	-	18,663	18,663
VI. LOANS		489,721	585,927	1,075,648	394,220	493,609	887,829
6.1 Short term	I-4	439,736	551,101	990,837	365,629	475,408	841,037
6.2 Medium and long term	I-4	42,114	34,826	76,940	23,097	18,201	41,298
6.3 Loans under follow-up	I-4	23,563	-	23,563	22,379	-	22,379
6.4 Specific provisions (-)	I-4	(15,692)	-	(15,692)	(16,885)	-	(16,885)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. SECURITIES HELD TO MATURITY (Net)		41,895	-	41,895	40,476	-	40,476
8.1 Public sector debt securities	I-5	41,895	-	41,895	40,476	-	40,476
8.1.1 Government bonds	I-5	41,895	-	41,895	40,476	-	40,476
8.1.2 Treasury bills	I-5	-	-	-	-	-	-
8.1.3 Other	I-5	-	-	-	-	-	-
8.2 Other marketable securities	I-5	-	-	-	-	-	-
IX. INVESTMENTS AND ASSOCIATES (Net)		6,137	-	6,137	6,248	-	6,248
9.1 Financial investments and associates	I-6	6,137	-	6,137	6,248	-	6,248
9.2 Non-Financial investments and associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)		65,746	49,181	114,927	63,581	48,437	112,018
10.1 Financial subsidiaries	I-7	65,746	49,181	114,927	63,581	48,437	112,018
10.2 Non-Financial subsidiaries		-	-	-	-	-	-
XI. OTHER INVESTMENTS (Net)		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)		-	-	-	-	-	-
12.1 Gross finance lease receivables	I-8	-	-	-	-	-	-
12.2 Unearned income (-)	I-8	-	-	-	-	-	-
XIII. RESERVE DEPOSITS		13,791	123,469	137,260	10,232	135,812	146,044
XIV. MISCELLANEOUS RECEIVABLES		451	1,086	1,537	289	43	332
XV. ACCRUED INTEREST AND INCOME RECEIVABLES		27,777	7,209	34,986	26,640	3,730	30,370
15.1 Loans	I-9	10,318	3,308	13,626	10,333	2,904	13,237
15.2 Marketable securities	I-9	5,983	293	6,276	4,436	413	4,849
15.3 Other	I-9	11,476	3,608	15,084	11,871	413	12,284
XVI. PROPERTY AND EQUIPMENT (Net)		38,832	-	38,832	41,226	-	41,226
16.1 Book value		94,356	-	94,356	92,725	-	92,725
16.2 Accumulated depreciation (-)		(55,524)	-	(55,524)	(51,499)	-	(51,499)
XVII. INTANGIBLE ASSETS [Net]		3,335	-	3,335	3,280	-	3,280
17.1 Goodwill		-	-	-	-	-	-
17.2 Other		8,210	-	8,210	7,297	-	7,297
17.3 Accumulated amortization (-)		(4,875)	-	(4,875)	(4,017)	-	(4,017)
XVIII. OTHER ASSETS	I-10	27,165	693	27,858	20,849	1,977	22,826
TOTAL ASSETS		1,088,157	1,501,594	2,589,751	934,904	1,692,670	2,627,574

The accompanying notes are an integral part of these balance sheets.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXV)
 TÜRK EKONOMİ BANKASI A.Ş.
 BALANCE SHEETS AS OF SEPTEMBER 30, 2003 AND DECEMBER 31, 2002
 (Currency-Billions of Turkish lira in equivalent purchasing power at September 30, 2003)

II- BALANCE SHEETS - LIABILITIES

LIABILITIES	Note Ref. (Section five)	Reviewed			Audited		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS		487,627	1,226,144	1,713,771	395,073	1,477,734	1,872,807
1.1 Bank deposits	II-1	42,614	53,012	95,626	20,272	46,098	66,370
1.2 Saving deposits	II-1	179,431	-	179,431	181,096	-	181,096
1.3 Public sector deposits	II-1	12,518	-	12,518	39	-	39
1.4 Commercial deposits	II-1	196,627	-	196,627	156,896	-	156,896
1.5 Other institutions deposits	II-1	56,437	-	56,437	36,770	-	36,770
1.6 Foreign currency deposits	II-1	-	1,158,870	1,158,870	-	1,406,774	1,406,774
1.7 Precious metals deposit accounts	II-1	-	14,262	14,262	-	24,862	24,862
II. MONEY MARKET BALANCES		8,432	-	8,432	25,244	-	25,244
2.1 Interbank money market takings		-	-	-	-	-	-
2.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
2.3 Funds provided under repurchase agreements	II-2	8,432	-	8,432	25,244	-	25,244
III. FUNDS BORROWED		40,412	326,541	366,953	17,655	273,580	291,235
3.1 Funds borrowed from the Central Bank of Turkey		-	-	-	-	-	-
3.2 Other funds borrowed	II-3	40,412	326,541	366,953	17,655	273,580	291,235
3.2.1 Domestic banks and institutions	II-3	27,372	28,948	56,320	17,655	13,446	31,101
3.2.2 Foreign banks, institutions and funds	II-3	13,040	297,593	310,633	-	260,134	260,134
IV. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills	II-4	-	-	-	-	-	-
4.2 Asset backed securities	II-4	-	-	-	-	-	-
4.3 Bonds	II-4	-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
VI. MISCELLANEOUS PAYABLES	II-6	14,916	21,550	36,466	12,016	27,277	39,293
VII. OTHER EXTERNAL RESOURCES	II-7	39,438	12,512	51,950	20,644	7,313	27,957
VIII. TAXES AND OTHER DUTIES PAYABLE		7,968	-	7,968	6,585	-	6,585
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)		-	5,347	5,347	-	7,469	7,469
10.1 Finance Lease Payables	II-8	-	6,509	6,509	-	9,051	9,051
10.2 Deferred finance lease expenses (-)	II-8	-	(1,162)	(1,162)	-	(1,582)	(1,582)
XI. ACCRUED INTEREST AND EXPENSES PAYABLE		29,977	7,608	37,585	13,790	2,697	16,487
11.1 Deposits	II-9	9,919	1,466	11,385	5,805	1,120	6,925
11.2 Borrowings	II-9	1,698	3,018	4,716	1,796	1,577	3,373
11.3 Repurchase agreements	II-9	7	-	7	31	-	31
11.4 Other	II-9	18,353	3,124	21,477	6,158	-	6,158
XII. PROVISIONS		34,822	-	34,822	30,062	-	30,062
12.1 General provisions	II-10	7,571	-	7,571	6,746	-	6,746
12.2 Reserve for employee termination benefits	II-10	1,106	-	1,106	1,025	-	1,025
12.3 Provisions for income taxes	II-10	25,869	-	25,869	21,692	-	21,692
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions	II-10	276	-	276	599	-	599
XIII. SUBORDINATED LOANS	II-10	-	20,766	20,766	-	27,232	27,232
XIV. SHAREHOLDERS' EQUITY		305,732	(41)	305,691	283,203	-	283,203
14.1 Paid-in capital	II-11	55,125	-	55,125	55,125	-	55,125
14.2 Supplementary capital		207,361	(41)	207,320	207,580	-	207,580
14.2.1 Share premium	II-12	-	-	-	-	-	-
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Marketable securities value increase fund		3	(41)	(38)	222	-	222
14.2.4 Revaluation fund		-	-	-	-	-	-
14.2.5 Value increase in revaluation fund		-	-	-	-	-	-
14.2.6 Other capital reserves		-	-	-	-	-	-
14.2.7 Effect on inflation accounting on share capital		207,358	-	207,358	207,358	-	207,358
14.3 Profit reserves		2,373	-	2,373	-	-	-
14.3.1 Legal reserves		2,373	-	2,373	-	-	-
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves		-	-	-	-	-	-
14.3.4 Other profit reserves		-	-	-	-	-	-
14.4 Profit or loss		40,873	-	40,873	20,498	-	20,498
14.4.1 Prior year income/loss		2,259	-	2,259	-	-	-
14.4.2 Current year income/loss		38,614	-	38,614	20,498	-	20,498
TOTAL LIABILITIES		969,324	1,620,427	2,589,751	804,272	1,823,302	2,627,574

The accompanying notes are an integral part of these balance sheets.

GÜNEY
 SERBEST MUHASEBECİ
 MİLLİ MÜHÜR
 SERBEST MUHASEBECİ
 MİLLİ MÜHÜR

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXV)

TÜRK EKONOMİ BANKASI A.S.

STATEMENTS OF INCOME FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2003 AND 2002

(Currency-Billions of Turkish lira in equivalent purchasing power at September 30, 2003)

	Note Ref.	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period 30.09.2003	Prior Period 30.09.2002	01.07.2003 - 30.09.2003	01.07.2002 - 30.09.2002
INCOME AND EXPENSES	(Section five)	Total	Total	Total	Total
I. INTEREST INCOME	III-1	238,818	286,060	80,135	89,778
1.1 Interest on loans		127,126	132,325	45,433	45,464
1.1.1 Interest on TL loans		107,567	109,095	38,717	37,329
1.1.1.1 Short term loans		101,718	102,539	36,361	35,151
1.1.1.2 Medium and long term loans		5,849	6,556	2,356	2,178
1.1.2 Interest on foreign currency loans		19,315	22,720	6,631	7,889
1.1.2.1 Short term loans		18,143	21,967	6,097	7,698
1.1.2.2 Medium and long term loans		1,172	753	534	191
1.1.3 Interest on loans under follow-up		244	510	85	246
1.1.4 Premiums received from Resource Utilisation Support Fund		-	-	-	-
1.2 Interest received from reserve deposits		4,481	3,365	1,685	1,454
1.3 Interest received from banks		21,684	11,291	8,047	5,358
1.3.1 The Central Bank of Turkey		-	-	-	-
1.3.2 Domestic banks		16,929	7,305	6,584	3,642
1.3.3 Foreign banks		4,755	3,986	1,463	1,716
1.4 Interest received from money market transactions		66,238	76,542	18,368	20,457
1.5 Interest received from marketable securities portfolio		19,026	62,139	6,550	16,918
1.5.1 Trading securities		3,094	62,139	892	16,918
1.5.2 Available-for-sale securities		2,374	-	1,588	-
1.5.3 Held to maturity securities		13,558	-	4,070	-
1.6 Other interest income		263	398	52	127
II. INTEREST EXPENSE	III-2	138,883	146,896	46,655	44,144
2.1 Interest on deposits		98,253	91,589	35,800	29,107
2.1.1 Bank deposits		8,668	7,209	3,558	2,271
2.1.2 Saving deposits		49,972	42,689	16,466	12,395
2.1.3 Public sector deposits		-	6	-	2
2.1.4 Commercial deposits		22,203	25,645	9,886	8,341
2.1.5 Other institutions deposits		422	149	228	108
2.1.6 Foreign currency deposits		16,872	15,773	5,626	5,945
2.1.7 Precious metals vault accounts		116	118	36	45
2.2 Interest on money market transactions		-	36	-	-
2.3 Interest on funds borrowed		14,302	27,628	5,458	7,257
2.3.1 The Central Bank of Turkey		-	-	-	-
2.3.2 Domestic banks		6,707	5,960	2,469	2,204
2.3.3 Foreign banks		5,040	17,784	2,989	3,778
2.3.4 Other financial institutions		2,555	3,884	-	1,275
2.4 Interest on securities issued		-	-	-	-
2.5 Other interest expense		26,328	27,643	5,397	7,780
III. NET INTEREST INCOME (I - II)		99,935	139,164	33,480	45,634
IV. NET FEES AND COMMISSIONS INCOME		13,852	14,670	4,683	4,076
4.1 Fees and commissions received		25,048	23,217	8,503	7,533
4.1.1 Cash loans		2,567	1,930	708	578
4.1.2 Non-cash loans		7,026	6,276	2,554	2,293
4.1.3 Other		15,455	15,011	5,241	4,662
4.2 Fees and commissions paid		11,196	8,547	3,820	3,457
4.2.1 Cash loans		1,885	1,426	567	688
4.2.2 Non-cash loans		27	25	10	2
4.2.3 Other		9,284	7,096	3,243	2,767
V. DIVIDEND INCOME		-	-	-	-
5.1 Trading securities		-	-	-	-
5.2 Available-for-sale securities		-	-	-	-
VI. NET TRADING INCOME		36,209	3,176	15,494	4,341
6.1 Profit/losses on trading account securities (Net)		25,514	5,760	12,895	2,843
6.2 Foreign exchange gains/losses (Net)		10,695	(2,584)	2,599	1,498
VII. PROFIT/LOSS FROM HELD TO MATURITY MARKETABLE SECURITIES	III-3	-	-	-	-
VIII. OTHER OPERATING INCOME	III-4	12,132	10,572	3,805	3,839
IX. TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)		162,128	167,582	57,462	57,890
X. PROVISION FOR LOAN LOSSES OR OTHER RECEIVABLES (-)	III-5	5,134	16,725	2,789	7,235
XI. OTHER OPERATING EXPENSES (-)	III-6	87,641	93,034	29,288	34,881
XII. NET OPERATING INCOME (IX-X-XI)		69,353	57,823	25,385	15,774
XIII. PROFIT/LOSSES FROM ASSOCIATES AND SUBSIDIARIES	III-7	11,589	7,286	-	3,487
XIV. NET POSITION INCOME/EXPENSE		(18,883)	(33,889)	1,141	(13,484)
XV. INCOME BEFORE TAXES (XII+XIII+ XIV)		62,059	31,220	26,526	5,777
XVI. PROVISION FOR TAXES ON INCOME (-)		23,445	16,086	7,894	4,787
XVII. NET OPERATING INCOME/EXPENSE AFTER TAXES (XV-XVI)		38,614	15,134	18,632	990
XVIII. EXTRAORDINARY INCOME/EXPENSE AFTER TAXES		-	-	-	1,250
18.1 Extraordinary net income/expense before taxes		-	-	-	1,250
18.1.1 Extraordinary income		-	-	-	-
18.1.2 Extraordinary expense (-)		-	-	-	1,250
18.2 Provision for taxes on extraordinary income		-	-	-	-
XIX. NET PROFIT/LOSSES (XVII+XVIII)	III-8	38,614	15,134	18,632	2,240
XX. Earnings/Losses per share		350.23	137.27	169.00	20.32

The accompanying notes are an integral part of these statements.

GÜNEY
SERBEST MÜHASEBECİ
MÜŞAVİRLİK A.Ş.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXV)
TÜRK EKONOMİ BANKASI A.Ş.
STATEMENTS OF CONTINGENCIES AND COMMITMENTS AS OF SEPTEMBER 30, 2003 AND
DECEMBER 31, 2002
(Currency-Billions of Turkish lira in equivalent purchasing power at September 30, 2003)

IV- STATEMENTS OF OFF-BALANCE SHEET COMMITMENTS

	Note Ref (Section five)	Reviewed			Audited		
		TL	FC	TOTAL	TL	FC	TOTAL
OFF BALANCE SHEET COMMITMENTS							
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		762,314	1,720,337	2,482,651	582,038	1,534,787	2,116,825
I. GUARANTEES	IV-2.3	347,511	678,077	1,025,588	289,990	604,523	894,513
1.1. Letters of guarantee		347,439	283,768	631,207	289,911	281,357	571,268
1.1.1. Guarantees subject to State Tender Law		33,640	1,635	35,275	31,563	280	31,843
1.1.2. Guarantees given for foreign trade operations		75,034	16,470	91,504	77,224	10,515	87,739
1.1.3. Other letters of guarantee		238,765	265,663	504,428	181,124	270,562	451,686
1.2. Banks loans		-	45,114	45,114	-	44,687	44,687
1.2.1. Import letter of acceptance		-	45,114	45,114	-	44,687	44,687
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		72	342,865	342,937	79	270,033	270,112
1.3.1. Documentary letters of credit		72	308,427	308,499	79	227,720	227,799
1.3.2. Other letters of credit		-	34,438	34,438	-	42,313	42,313
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Other guarantees		-	-	-	-	-	-
1.8. Other collaterals		-	6,330	6,330	-	8,446	8,446
II. COMMITMENTS		305,996	346,095	652,091	200,666	364,525	565,191
2.1. Irrevocable commitments		305,996	346,095	652,091	200,666	364,525	565,191
2.1.1. Asset purchase commitments		-	-	-	1,107	-	1,107
2.1.2. Deposit purchase and sales commitments		7,000	346,095	353,095	-	364,525	364,525
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		109,001	-	109,001	125,005	-	125,005
2.1.5. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		400	-	400	-	-	-
2.1.7. Commitments for credit card limits	IV-2	98,981	-	98,981	74,554	-	74,554
2.1.8. Other irrevocable commitments		90,614	-	90,614	-	-	-
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		108,807	696,165	804,972	91,382	565,739	657,121
3.1. Forward foreign currency buy/sell transactions		108,807	525,840	634,647	91,382	235,547	326,929
3.1.1. Forward foreign currency transactions-buy		31,985	281,039	313,024	23,255	138,878	162,133
3.1.2. Forward foreign currency transactions-sell		76,822	244,801	321,623	68,127	96,669	164,796
3.2. Swap transactions related to f.c. and interest rates		-	165,955	165,955	-	330,192	330,192
3.2.1. Foreign currency swap-buy		-	81,963	81,963	-	-	-
3.2.2. Foreign currency swap-sell		-	83,070	83,070	-	164,312	164,312
3.2.3. Interest rate swaps-buy		-	461	461	-	-	-
3.2.4. Interest rate swaps-sell		-	461	461	-	165,880	165,880
3.3. Foreign currency and interest rate options		-	-	-	-	-	-
3.3.1. Foreign currency options-buy		-	-	-	-	-	-
3.3.2. Foreign currency options-sell		-	-	-	-	-	-
3.3.3. Interest rate options-buy		-	-	-	-	-	-
3.3.4. Interest rate options-sell		-	-	-	-	-	-
3.4. Foreign currency futures		-	4,370	4,370	-	-	-
3.4.1. Foreign currency futures-buy		-	2,185	2,185	-	-	-
3.4.2. Foreign currency futures-sell		-	2,185	2,185	-	-	-
3.5. Interest rate futures		-	-	-	-	-	-
3.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V)		1,657,431	550,390	2,207,821	1,279,504	425,427	1,704,931
IV. ITEMS HELD IN CUSTODY		1,212,583	289,336	1,501,919	895,294	284,486	1,179,780
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		506,228	156,711	662,939	311,863	160,376	472,239
4.3. Checks received for collection		678,609	65,593	744,202	569,497	48,933	618,430
4.4. Commercial notes received for collection		27,746	19,943	47,689	13,934	23,215	37,149
4.5. Other assets received for collection		-	47,089	47,089	-	51,962	51,962
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		444,848	261,054	705,902	384,210	140,941	525,151
5.1. Marketable securities		13,758	10,858	24,616	10,225	9,266	19,491
5.2. Guarantee notes		6,128	1,190	7,318	6,873	1,460	8,333
5.3. Commodity		217,142	-	217,142	208,812	-	208,812
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		126,552	164,128	290,680	123,725	41,020	164,745
5.6. Other pledged items		81,268	84,878	166,146	34,575	89,195	123,770
5.7. Pledged items-depository		-	-	-	-	-	-
TOTAL COMMITMENTS (A+B)		2,419,745	2,270,727	4,690,472	1,861,542	1,960,214	3,821,756

The accompanying notes are an integral part of these statements.

GÜNEY
SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK A.Ş.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
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TÜRK EKONOMİ BANKASI A.Ş.
NOTES TO FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2003 AND DECEMBER 31, 2002
(Currency-Billions of Turkish lira in equivalent purchasing power at September 30, 2003)

SECTION THREE

ACCOUNTING PRINCIPLES

I- Basis of Presentation

The Bank prepares its financial statements in accordance with the "Accounting Application Regulations" (AAR) based on Article 13 named as "Accounting and Recording System" of the Banking Law 4389 and related communiqués and related explanations and further communiqués that add or cause a change on the content of the relevant communiqués.

Restatement of Financial Statements in Accordance with The Current Period Purchasing Power

The "Accounting Standard on Financial Statements at Hyperinflation Periods", Communiqué No:14 of "Accounting Application Regulations" (AAR) became effective from July 1, 2002.

In accordance with the communiqué No:14, the Bank's financial statements should be restated, taking the current period equivalent purchasing power of Turkish lira into account. In other words, Communiqué No:14 states that, financial statements prepared in terms of the domestic currency of a country with high inflation rate should be restated in accordance with the equivalent purchasing power of the domestic currency at the balance sheet date. Prior period financial statements should also be restated in their entirety to the measuring unit current at the balance sheet date. One characteristic that necessitates the application of inflation accounting under the provisions of Communiqué No : 14 is a cumulative three-year inflation rate approaching or exceeding 100%. Restatement of financial statements is based on both the principles described in Communiqué No.14 and the wholesale price indices published in its appendix and the wholesale price indices announced by the State Institute of Statistics. Detailed information on the application of inflation accounting is given in the section V, footnote VII, "Footnotes and Explanations on Inflation Accounting" of the following footnotes.

Other Basis of Valuation

Other basis of valuation used for assets and liabilities in the preparation of financial statements are explained among the accounting principles for the related assets and liabilities.

Changes in Accounting Policies and Valuation Methods in the Current Period

Changes in Accounting Policies

Until September 30, 2002, the Bank's financial statements were being prepared in accordance with the Uniform Chart of Accounts, standard balance sheet, income statement, supplementary financial statements and footnotes to these financial statements and the explanations related to the applications of such financial statements and the accounting and valuation principles thereto that are based on the article 13 of the Banking Law 4389 as revised by Law Number 4672 and 4491 and the "Accounting Standard on Financial Statements at Hyperinflation Periods", Communiqué No:14, published at Official Gazette dated June 22, 2002 and numbered 24793 and which is related to the "Regulation of Accounting Applications" and became effective from July 1, 2002. After October 1, 2002, the Bank's financial statements are prepared in accordance with the accounting policies explained below and included in both Communiqué No:14 and the other communiqués related to the Regulation of Accounting Applications effective from October 1, 2002. Accordingly, assets and liabilities were classified as of October 1, 2002 in accordance with the provisions of the related communiqués and the required changes for the other accounts were made and the effects of such changes were reflected in the income statement for 2002.

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II- Explanations on Forward, Option Contracts and Derivative Instruments

The Bank makes forward currency agreements and swap transactions to reduce the foreign currency risk. In accordance with Communiqué No:1, "Accounting Standards of Financial Instruments" of AAR, derivative financial instruments that are not designated as hedging instruments are classified as held-for-trading and carried at fair value.

Foreign currency forward and swap transactions are evaluated by comparing the period end Bank foreign exchange rates with the forward rate amortized to the balance sheet date since the book values approximate their fair values. The resulting gain or loss is reflected to the income statement.

There are no embedded derivatives separated from the host contract or that are designated as hedging instruments.

Before the effective date of AAR, above-mentioned transactions had been recorded by means of arbitrage accounting, the changes at the foreign currencies had been recorded through evaluation under accounts and the liabilities at the maturity had been followed under off balance sheet commitments. In order to avoid the effects of the changes at the rates on the income statement, the amounts followed under off balance sheet commitments had been evaluated and the generated differences had been recorded under the income and expense accrual accounts.

Foreign Currency Assets and Liabilities

Gains or losses arising from foreign currency transactions are reflected in the statement of income as they are realized during the year. Foreign currency assets and liabilities at each year-end are translated into Turkish lira at the year-end foreign exchange buying rates announced by the Bank and the resulting foreign exchange gains or losses are recorded in the statement of income as foreign exchange loss, net. The net investment in foreign entities as of the related year-ends were translated into Turkish lira by applying the exchange rates prevailing at respective dates. The resulting foreign exchange gains or losses are recorded in the statement of income.

The differences resulting from the translation of the securities issued and monetary financial assets into Turkish lira are reflected to the statement of income.

III- Netting of Financial Assets and Liabilities

Financial assets and liabilities are netted off when the Parent Bank has a legal right and sanction regarding netting off, and when the Bank has the intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to off set the assets and liabilities simultaneously. There is no netting of financial assets and liabilities at the accompanying financial statements as of September 30, 2003.

IV- Interest Income and Expense

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method. In accordance with the related regulation, the due and not due interest accruals of the non-performing loans are cancelled and interest income related to these loans are recorded as interest income only when collected.

V- Fees and Commission Income and Expense

Commission income and fees for various banking services in the period of collection.

Fees and commissions for funds borrowed paid to other financial institutions, which is a part of the transaction costs, are recorded as prepaid expenses and considered as a part of interest of the related funds borrowed and accordingly, recorded as expense monthly.

GÜNEY
BERBEST MUHASEBECİ
MUTLAK MÜŞAVİRLİK A.Ş.

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The dividend income is reflected to the financial statements on cash basis when the profit distribution is realized by the participations and the subsidiaries.

VI- Securities Held for Trading

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognized at cost. Transaction costs of the related securities are included in the initial cost. The positive difference occurred between the cost and fair value of the marketable security is accounted as interest and income accrual. The negative difference occurred is accounted under marketable security diminution in value account.

Since the foreign currency financial assets held at the same portfolio (Eurobond) do not hold a price formed in an active market and since the fair values of these securities could not be determined reliably, they are valued at amortized cost by using relevant interest rates as stated in the articles 8 and 9 of the AAR's Communiqué No:1, "Accounting Standards of Financial Instruments."

VII- Sales and Repurchase Agreements and Lending of Securities

The Bank has been following the repurchase agreements made with the clients as a balance sheet item since February 1, 2002 in accordance with the Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to clients under repurchase agreements are recorded under the related securities account in the financial statements and are valued according to the valuation principles of the related account. Funds obtained by repurchase agreements are classified as a separate sub account under money markets account in the liabilities. The interest expense accruals calculated by means of effective interest method for the funds obtained by means of repurchase agreements are reflected to the interest and other expense accruals account in the balance sheet.

The above-mentioned transactions are short term and consists of domestic public sector debt securities.

The income and expenses generated from above mentioned operations are reflected to the "Interest Income on Marketable Securities" and "Interest Expense on Marketable Securities subject to Repurchase Agreement" accounts in the statement of income.

As of September 30, 2003, the Bank does not have any reverse repo transactions (December 31, 2002 – None).

As of September 30, 2003, the Bank does not have any lent marketable securities (December 31, 2002 – None).

VIII- Securities Held to Maturity, Securities Available for Sale and Bank Originated Loans and Receivables

Securities held to maturity are obtained with the intention of holding till the maturity of the security, and accordingly, including the funding abilities, the relevant conditions for this exist. This portfolio includes securities with fixed or determinable payments and with a fixed maturity, excluding bank originated loans and receivables.

Securities available for sale include all securities other than bank originated loans and receivables, securities held to maturity and securities held for trading.

The marketable securities are initially recognized at cost including the transaction costs.

GÜNEY
SERBEST MÜHASEBECİ
MELİT MUSAVERİLER A.Ş.

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Foreign currency denominated financial assets included in the available for sale securities portfolio (Eurobonds) is stated by translating the cost value to Turkish lira at The Bank's exchange rates. The differences generated from the translation is reflected to foreign currency gains and losses account at the relevant period. Since these securities do not hold a price formed in an active market and since the fair values of these securities could not be determined reliably, they are valued at amortized cost by using relevant interest rates as stated in the articles 8 and 9 of the AAR's Communiqué No:1, "Accounting Standards of Financial Instruments." The differences between the cost and the valued amounts are reflected to the income accrual accounts.

Loans and receivables originated by the Bank are those generated by lending money and exclude those that are held with the intention of trading or selling in near future.

Held to maturity securities are remeasured at amortized cost by using original effective interest rate and reserve for impairment in value is provided, if any.

The interests received from securities held to maturity are recorded as interest income. There are no dividends related with any marketable securities that are held to maturity.

There are no financial assets that were previously classified as securities held to maturity but cannot be currently classified as held to maturity for the next two years due to the breaching of "tainting" rules by the Bank.

The Bank classifies securities according to above-mentioned portfolios at the acquisition date of the related security.

The sale and purchase transactions of the securities held to maturity are recorded at the delivery dates.

Prior to the effective date of AAR, the Bank had initially recorded marketable securities held with the intention of not selling till maturity (investment portfolio), which were given as collateral at cost, and the income accruals of these securities were calculated by straight line method and reflected to the financial statements.

IX- Participations

Turkish lira participations which are quoted at the stock exchange are valued at fair value and any positive difference between fair value price and cost is included under shareholders' equity at "Marketable Securities Value Increase Fund" account in the financial statements. The others are valued by means of restating their costs and the capital increases after deducting the ones generated by means of adding the values accumulated at the revaluation like funds to the capital of the participations, with the rates applicable for the relevant dates. A provision is provided when there is a permanent diminution in value.

X- Subsidiaries

Turkish lira subsidiaries are valued by means of restating their costs and the capital increases after deducting the ones generated by means of adding the values accumulated at the revaluation like funds to the capital of the subsidiaries, with the rates applicable for the relevant dates. Foreign currency denominated subsidiaries are valued with year-end foreign exchange rates. A provision is provided when there is a permanent diminution in value of the subsidiaries.

XI- Originated Loans and Receivables and Provisions for Loan Impairment

The Bank initially records originated loans and receivables at cost, and at the following periods, in accordance with the AAR, Communiqué No:1, these loans are remeasured at amortized cost by means of effective interest rate method. The taxes, transaction expenses and other expenses paid for the guarantees taken for the originated loans are taken into consideration while calculating the banks financing cost and these are reflected to the interest rates of the loans.

GÜNEY
SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK A.Ş.

(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH - SEE SECTION III, NOTE XXV)

TÜRK EKONOMİ BANKASI A.Ş.

**NOTES TO FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2003
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Cash loans are recorded in accordance with the regulations stated at the Communiqué on the Uniform Chart of Accounts and Its Explanations.

Provision is set for the loans that may be doubtful and the amount is expensed at the current period. The provisioning criteria for the non-performing loans are determined by the Bank's management for compensating the probable losses of the current loan portfolio, by means of evaluating the portfolio for its quality and risk factors and by means of considering the economical conditions, other facts and related regulations.

Allowances are computed and reflected in accordance with the Banking Law No.4389 as revised by Law Number 4672 and 4491, Article 3, Sub Article 11 and Article 11, Sub Article 12 published on the Official Gazette No. 24448 dated June 30, 2001 on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" amended by Communiqués dated 31.01.02 in the current period financial statements. Furthermore, a general reserve of 0.5% is being provided for the cash loans and other receivables and 0.1 % is provided for non-cash loans. These provisions are reflected to the statement of income under "Provision and Diminishing in Value Expenses – Special Provision Expense". The collection made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

The collections made regarding the current year provision of the above mentioned loans are deducted from the "Provision for Loans and Other Receivables" account in the income statement. The collections made related to the previous years' written-off loans or allowances are recorded under "Other Operating Income" account and interest incomes are recorded under the "Interest Received from Non-performing Loans" account.

Release of provision are removed by means of reversing the amount to the "Provision and Diminishing in Value Expense – Provision Expense" account. Allowances recorded in the previous periods and lost its necessity in the current period are credited to "Collections Regarding Previous Year's Expenses" account.

XII- Goodwill and Other Intangible Fixed Assets

There is no goodwill regarding the participations and subsidiaries.

The intangible fixed assets are reflected with their restated costs in accordance with inflation accounting and depreciated with straight-line method. The depreciation rate is 20%. The cost of assets subject to depreciation is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

Major group classified as other intangible fixed assets by the Bank is softwares. While determining the depreciation periods of these, the essentials of General Tax Regulations are taken in to consideration and no special criteria are used. The useful lives of these assets are determined as 5 years. Softwares mainly used are developed within the Bank by the Bank's personnel, and the expenses regarding these are not capitalized. Software is purchased only in emergency cases and for special projects.

There are no expected changes in the accounting estimates about the depreciation rate and method and residual values for the current and future periods.

XIII- Tangible Fixed Assets

Buildings are reflected to the financial statements at their restated costs and reserve for impairment is provided, if any. In accordance with the Communiqué No:14, buildings are valued by real estate expertise companies and the expertise value is close to the restated costs at September 30, 2003. The straight-line method for depreciation is used and economical life is accepted to be 50 years.

GÜNEY
SERBEST MUHASEBECİ
MAM. MUŞAVİRLİK A.Ş.

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Other tangible fixed assets are reflected with their restated cost in accordance with inflation accounting, and depreciated by straight-line depreciation method. The depreciation rate is 20%. A prorata basis is used for depreciating assets held less than one year as of the balance sheet date. The leasehold improvements are depreciated in accordance with the lease period by means of straight-line method. The annual rates used, which approximate rates based on the estimated economic lives of the related assets, are as follow:

	%
Buildings	2
Motor vehicles	20
Furniture, fixtures and office equipment	20
Leasehold improvements	Lease period-not less than 5 years

Gain profit or loss resulting from disposals of the tangible fixed assets are reflected to the statement of income as the difference between the net proceeds and net book value.

The repairment costs of the tangible fixed assets are capitalized if the operation lengthens the economic life of the asset. Otherwise the repairment costs are expensed. There are no pledge, mortgage or other restrictions on the tangible fixed assets.

There are no purchase commitments related to the tangible fixed assets.

There are no expected changes in the accounting estimates, which could have a significant impact on the current and future periods.

XIV- Leasing Transactions

Leasing of fixed assets are recorded in accordance with AAR, Article 7 of the Communiqué No:4, "Accounting Standard for Leasing Transactions." In accordance with the above-mentioned article, the leasing transactions, which consist only foreign currency liabilities, are translated to Turkish lira with the exchange rates effective at the transaction dates and they are recorded both as an asset and a liability. The foreign currency liabilities are translated to Turkish lira with the Bank's period end exchange rate. The increases resulting from the differences in the foreign exchange rates are recorded as expense in the relevant period. Rent payments consist of financing costs generated due to leasing, and the amount of the leased asset corresponding to the relevant period. The financing cost resulting from leasing is distributed through the agreement period to form a fixed interest rate.

In addition to interest expense, the Bank records depreciation expense in each period for the leased assets. The depreciation rate is determined in accordance with "Accounting Standard of Tangible Fixed Assets" and the depreciation rate is 20%.

Operating lease expenses are recognized as expense in the income statements in the periods in which they are incurred.

The Bank has no leasing transactions as lessor.

XV- Provisions and Contingent Liabilities

The provisions and contingent liabilities are determined in accordance with the Communiqué No:8 of AAR, except for the general and specific provisions set for the loans and other receivables. Liabilities generated from previous events are recorded by the Bank immediately at the estimated amounts.

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XVI- Liabilities Regarding Employee Benefits

In accordance with the existing social legislation, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Bank over the wage for 30 days and the notice pay is determined by the relevant notice period time calculated over the years worked within the Bank. In accordance with AAR, Communiqué No:10, the Bank sets provision for retirement and notice pay liabilities by taking the actual payment rates for the previous 5 years into consideration.

The Bank has no employees contracted for determined periods.

As of September 30, 2003 and December 31, 2002, the arithmetical averages of the actual payments realized for the previous five years are 8.35% and 8.44% respectively and this forms the base of the provision amount that will be set for the retirement and notice pay liabilities.

The Bank employees are members of Tebliler foundation. The Bank does not have any liability to this foundation.

There are no liabilities that require additional provisions related to other employee rights.

XVII- Taxation

Corporate tax

In accordance with the incumbent tax Law, Corporate Tax is computed over statutory net income that is subject to tax, without taking into account the effects of inflation accounting.

In line with the new tax Law number 4842, published in the Official Gazette dated April 24, 2003, starting with the current year income, the corporate tax rate to be applied is 30 % (December 31, 2002 – 33%, including fund share). Corporate tax is to be paid in a lump sum payment within the specified period allowed by the law for the declaration of tax.

As long as the Bank does not distribute the yearly income for 2003, there will not be any withholding taxes with regards to this income.

The addition of current year profit to the share capital will not be regarded as a profit distribution and thus, will be exempt from any withholding taxes.

The Bank's distribution of profit to "Fully-liable" institutions will also be exempt from any withholding taxes. The Bank's distribution of profit to real persons, "semi-liable" institutions, and those institutions that are not liable and or exempt from both corporation tax and income tax, will be subject to withholding taxes.

In accordance with the Tax Procedural Code explained above, in every three-month period the Bank's tax assessment is made and the temporary corporate tax is calculated over the income generated in the three-month period at a rate of 30% and paid in cash up to the fifth day of the second month following the period. The corporate tax provision is recorded under "Provisions and Diminishing in Value Expenses-Tax Provision" account and expensed at every three month period end. At the corporate tax payment periods, the cash payments made are deducted from the tax liability calculated over the yearly income and the remaining liability is paid in cash.

In accordance with the Tax Procedural Code, the losses presented in the tax declarations can be deducted from the tax assessments at the current period within five years.

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In Turkey, tax returns are filed during the fourth month following the year-end. According to existing tax regulations, the tax authorities may examine such returns and the underlying accounting records within five years.

Deferred tax

Certain income and expense items are taxable in periods different from those in which they are recognized in the financial statements. Deferred taxes on such timing differences are calculated and reflected in full in the accompanying financial statements. The Bank does not compute deferred tax on the effects of inflation accounting.

As of September 30, 2003 and December 31, 2002, the deferred tax asset is included in other assets in the accompanying balance sheet and the deferred tax provision is stated under the tax provision in the accompanying income statement.

XVIII- Additional Explanations on Borrowings

The Bank has not issued any debt securities.

The Bank has not issued convertible bonds. There are no debt securities issued by the Bank.

XIX- Paid-in Capital and Share Certificates

The Bank does not have any costs related to share issue as of September 30, 2003. In the General Assembly meeting of the Bank, dated March 27, 2002, it was decided that the profit for the year 2002 will be distributed to the shareholders after providing the legal reserves, which will amount to 276 (Nominal full TL) of dividend for every 1,000 TL nominal shares owned by each shareholder. The payment of dividends to the shareholders were started at April 4, 2003 and completed as of September 30, 2003.

XX- Acceptances

Acceptances are realized simultaneously with the payment dates of the clients and they are presented as commitments in off-balance sheet accounts.

There are no acceptances presented as liabilities against any assets.

XXI- Government Incentives

There are no government incentives utilized by the Bank.

XXII- Securities at Custody

Securities at custody held by the Bank on behalf of clients are not reflected to the financial statements since they are not Bank's assets.

XXIII- Impairment of Assets

At every balance sheet date, the evidence on impairment in value of assets is evaluated objectively for existence. When an evidence regarding impairment in value exists, the market value of the asset is determined. The difference between book and net realizable values of the asset is recorded as provision for impairment in the balance sheet and as an expense in the income statement.

XXIV- Segment Reporting

Segment reporting will be made effective January 1, 2004.

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XXV- Other Matters

Explanation for convenience translation to English

The accounting principles used in the preparation of the accompanying financial statements differ from International Financial Reporting Standards (IFRS) and so far as such differences apply to the financial statements of the Bank they relate mainly, but not limited, to the format of financial statements and disclosure requirements, accounting for deferred taxes and reserve for retirement pay liabilities. The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in the countries of users of the financial statements and IFRS. The Bank's consolidated financial statements prepared in accordance with the accounting principles and standards that are based on the Article 13 of the Banking Law number 4389 will be issued separately.

There are no other matters required to be disclosed.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I- Capital Adequacy Standard Ratio

The method used for risk measurement for capital adequacy standard ratio is performed in accordance with the Communiqué on "Measurement and Assessment of Banks Capital Adequacies ", which was published on January 31, 2002 in the Official Gazette numbered 24657. As of September 30, 2003, the Bank's capital adequacy ratio is % 14.57 (December 31, 2002 - %15.40).

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting requirements are used. Additionally, the market risk amount is calculated in accordance with the communiqué on the "Internal Control and Risk Management Systems of the Banks" and is taken in to consideration in the capital adequacy standard ratio calculation

The values deducted from the capital in the shareholders' equity computation are not considered while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and depletion among risk-weighted assets are included in the calculations over their net book values after the relative depreciations and provisions are deducted.

When calculating the basic amounts subject to credit risk regarding the transactions on the non-cash loans, the net receivable amount from the counter parties found by means of deducting the provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the rates presented at the Clause 1, Article 21 of the "Communiqué on Regulations on the Establishment and Operations of Banks", and included in the related risk group and weighted by the related group's risk.

Receivables from counter parties generated from foreign currency and interest rate transactions are included in the related risk group at the loan conversion rates stated in Clause 2, Article 21 of the "Communiqué on Regulations on the Establishment and Operations of Banks" and weighted for a second time by the weight of the related risk group.

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Information related to the capital adequacy ratio:

	Risk Weight			
	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non-Cash Loans				
Balance Sheet items (Net)	1,009,349	215,146	75,559	1,004,431
Cash	73,324	-	-	-
Due from banks	355,536	215,142	-	687
Interbank money market placements	383,063	-	-	-
Receivables from reverse repo transactions	-	-	-	-
Reserve deposits	137,260	-	-	-
Special finance houses	-	-	-	-
Loans	42,634	-	63,587	961,556
Loans under follow-up (Net)	-	-	-	7,871
Subsidiaries, associates and investments held to maturity	-	-	-	-
Miscellaneous receivables	-	-	-	1,537
Marketable securities held to maturity (Net)	-	-	-	-
Advances for assets acquired by financial leasing	-	-	-	-
Financial lease receivables	-	-	-	-
Leased assets (Net)	-	-	11,972	-
Fixed assets (Net)	-	-	-	20,705
Other assets	17,532	4	-	12,075
Off balance sheet items	363,925	446,661	311,785	43,600
Guarantees and pledges	15,494	439,476	73,750	25,722
Commitments	346,095	-	238,035	-
Other off balance sheet items	-	-	-	-
Transactions related with derivative financial instruments	-	-	-	4,175
Interest and income accruals	2,336	7,185	-	13,703
Non risk weighted accounts	-	-	-	-
	1,373,274	661,807	387,344	1,048,031
Total Risk Weighted Assets	-	132,361	193,672	1,048,031

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (*)	1,408,650	1,221,004
Shareholders' Equity	205,223	188,018
Shareholders' Equity / Total risk weighted assets (CAR (%))	14.57	15.40

(*) As of September 30, 2003, the amount includes TL 34,586 (2002 - TL 21,784) of market risk amount.

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Information related to the shareholders' equity components :

	Current Period	Prior Period
MAIN CAPITAL		
Paid-in Capital	55,125	55,125
Nominal capital	55,125	55,125
Capital commitments (-)	-	-
Effect on Inflation Accounting on Share Capital	207,358	207,358
Share Premium	-	-
Legal Reserves	2,373	-
First legal reserve (Turkish Commercial Code 466/1)	2,373	-
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Statute Reserves	-	-
Extraordinary reserves	-	-
Reserves allocated by the General Assembly	-	-
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Profit	40,873	20,498
Current period profit	38,614	20,498
Prior period profit	2,259	-
Loss (-)	-	-
Current period loss	-	-
Prior period loss	-	-
Total Main Capital	305,729	282,981
SUPPLEMENTARY CAPITAL		
Revaluation Fund	-	-
Furniture, fixture and vehicles	-	-
Buildings	-	-
Profit on sale of associates, subsidiaries and buildings to be transferred to share capital	-	-
Revaluation fund of leasehold improvement	-	-
Increase in the Value of Revaluation Fund	-	-
Foreign Exchange Differences	-	-
General Reserves	7,571	6,746
Provisions for Possible Losses	-	-
Subordinated Loans	20,766	27,232
Marketable Securities and Investment Securities Value Increase Fund	(38)	222
Associates and subsidiaries	(38)	222
Available for sale securities	-	-
Structured positions	-	-
Total Supplementary Capital	28,299	34,200
TIER III CAPITAL		
CAPITAL	334,028	317,181
DEDUCTIONS FROM THE CAPITAL	128,805	129,163
Investments in unconsolidated financial companies whose main activities are money and capital markets, insurance and that operate with licenses provided in accordance with special laws	121,064	118,266
Leasehold improvements	6,155	7,065
Start-up costs	-	-
Prepaid expenses	1,586	3,832
The negative difference between the market values and the carrying amounts for unconsolidated investments, subsidiaries, other investments and fixed assets	-	-
Subordinated loans given to other banks which operate in Turkey	-	-
Goodwill (Net)	-	-
Capitalized expenses	-	-
Total Shareholder's Equity	205,223	188,018

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II- Market Risk

The Bank has determined market risk management operations and has taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on "Internal Control and Risk Management Systems of Banks" announced in the Official Gazette dated February 8, 2001.

The interest rate and exchange rate risks of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy, the amount subject to VAR is taken into consideration by the standard method. Scenario analysis and stress tests are used additionally in market risk computations.

In order to measure the market risk of the Bank, the Board of Directors has determined risk management strategies in accordance with the proposals of the Top Management Risk Committee and these strategies are forced to be followed up periodically. The Board of Directors evaluates the basic risks faced and determines limitations accordingly. The limits are revised periodically. Additionally the Board of Directors has urged the risk management group and the top management to take necessary precautions to consider, evaluate, control and to control the variety of risks the Bank faces.

	Amount
Capital to be employed for interest rate risk – standard method	2,165
Capital to be employed for general market risk	2,165
Capital to be employed for specific risk	-
Capital to be employed for options subject to interest rate risk	-
Capital to be employed for common stock position risk – Standard method	-
Capital to be employed for general market risk	-
Capital to be employed for specific risk	-
Capital to be employed for options subject to common stock position risk	-
Capital to be employed for currency risk – Standard method	602
Capital liability	602
Capital to be employed for options subject to currency risk	-
Total Value-at-risk (VAR)-Internal Model	-
Total capital to be employed for market risk	2,767
Amount subject to market risk	34,586

III- Foreign Currency Risk

Foreign currency risk indicates the possibilities of the potential losses that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into account. Net short and long position of Turkish Lira equivalent of each foreign currency is calculated. The value, which will be a base for calculating the share capital requirement, is computed by taking the higher absolute value of the position by adding to absolute net gold position. Share capital requirement is computed over of this amount. The Board of Directors sets limits for the positions, which are followed up daily. Additionally, possible value changes in the existing or possible foreign currency positions are observed together with the follow-up of the foreign currency risk in accordance with the provisions of the "Communiqué on Internal Control and Risk Management Systems of Banks".

As an element of the Bank's risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

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The Board of Directors of the Bank determines the short position limits that the Bank can hold in accordance with the present legal limitations. The Treasury Department of the Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets. The Risk Control Department continuously controls risk and risk related transactions occurring in the money markets and prepares weekly reports for the Bank's Asset-Liability Committee. The related principles and limitations of the counterparties are determined by the Loan Committee. The limits concerning the maturity structure of the foreign currency transactions and interest rates are examined by the Asset-Liability Committee.

As of September 30, 2003, the Bank's net long position is TL 3,834 (December 31, 2002 – TL 722 net short) resulting from short position amounting to TL 31,297 (December 31, 2002 - TL 41,365) on the balance sheet and long position amounting to TL 35,131 (December 31, 2002 - TL 40,643) on the off-balance sheet.

The announced current foreign exchange buying rates of the Bank at the balance sheet date and the previous five working days are as follows:

	23/9/03	24/9/03	25/9/03	26/9/03	29/9/03	30/9/03
USD	1,348,023	1,349,013	1,366,040	1,365,178	1,376,707	1,384,378
CHF	995,456	994,568	1,010,555	1,013,747	1,017,541	1,048,196
GBP	2,227,117	2,231,179	2,262,756	2,264,465	2,268,864	2,313,057
JPY	12,088	12,062	12,191	12,163	12,318	12,509
EUR	1,548,070	1,547,183	1,569,171	1,567,497	1,571,236	1,615,154

The simple arithmetical average of the major current foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is as follows:

	Monthly Average Foreign Exchange Rate
USD	1,371,963
CHF	993,589
GBP	2,208,843
JPY	11,913
EUR	1,539,809

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Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER FC	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	28,060	379,740	20	1,840	409,660
Due from other banks and financial institutions	18,383	206,451	687	33,355	258,876
Trading securities (***)	508	5,614	-	357	6,479
Investment securities available-for-sale	-	59,018	-	-	59,018
Loans (**)	232,956	423,346	-	16,105	672,407
Investments in subsidiaries and participations	49,181	-	-	-	49,181
Investment securities held-to-maturity	-	-	-	-	-
Property and equipment	-	-	-	-	-
Goodwill	-	-	-	-	-
Other assets	20,709	110,817	-	925	132,451
Total Assets	349,797	1,184,986	707	52,582	1,588,072
Liabilities					
Bank deposits	3,215	10,165	6	39,626	53,012
Foreign currency deposits (*)	242,203	896,463	867	33,599	1,173,132
Funds provided from other financial institutions	26,566	320,278	-	463	347,307
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	14,912	6,509	-	129	21,550
Other liabilities	5,777	17,846	-	745	24,368
Total liabilities	292,673	1,251,261	873	74,562	1,619,369
Net Balance Sheet Position	57,124	(66,275)	(166)	(21,980)	(31,297)
Net Off-Balance Sheet Position	(63,163)	76,303	-	21,991	35,131
Financial derivative assets	130,919	202,361	-	32,369	365,649
Financial derivative liabilities	194,082	126,058	-	10,378	330,518
Non-cash loans (****)	188,826	452,763	9,301	27,187	678,077
Prior Period					
Total Assets	393,749	1,273,288	20,523	94,377	1,781,937
Total Liabilities	294,356	1,444,323	225	84,398	1,823,302
Net Balance Sheet Position	99,393	(171,035)	20,298	9,979	(41,365)
Net Off-Balance Sheet Position	(98,326)	167,549	(20,022)	(8,558)	40,643
Non-cash loans	183,148	389,224	7,406	24,745	604,523

- (*) Gold account deposits amounting to TL 14,262 (December 31, 2002 – TL 24,862) are included in the foreign currency deposits.
- (**) Foreign currency indexed loans amounting to TL 86,480 (December 31, 2002 – TL 89,025) are included in the loan portfolio.
- (***) In the prior period, foreign currency indexed government bonds and treasury bills amounting to TL 242 are included in the trading portfolio.
- (****) There are no effects on the net off-balance sheet position.

IV- Interest Rate Risk

Interest rate risk shows the loss probability related to the changes in the interest rates depending on the Bank's position, and it is managed by the Treasury Department. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method. The first step at calculation of interest rate risk, is to place the instruments subject to interest rate risk in the appropriate one of the 13 maturity sections according to the remaining time to maturity or to the repricing. At the second step, the instruments with variety of maturities are weighted according to their risks for reflecting the interest rate risk volatilities that match their maturities.

The first priority of the Bank's risk management is to protect from interest rate volatility. All types of sensitivity analysis performed within the context is calculated by the risk management and reported to the Asset-Liability Committee.

Work is performed regarding interest income according to the macro economical indicators in the Bank's budget estimations and the effects of the market interest fluctuations on the financial position and cash flow are purified at the maximum level possible by means of target revisions.

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The Bank management follows the market interest rates and expectations daily and revises the interest rates of the Bank when necessary.

Since the Bank does not permit or imposes limits, on maturity mismatches it is not expected that the Bank will face a significant interest rate risk.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates):

	Up to 1 Months	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Demand	Total
Current Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	492,800	-	-	-	-	73,324	566,124
Due from banks and other financial institutions	572,393	3,499	16,000	7,000	-	-	598,892
Trading securities	996	1,983	6,134	5,425	5,656	363	20,557
Securities available-for-sale	-	-	6,462	-	52,556	9	59,027
Loans	447,247	237,298	203,354	104,361	75,517	-	1,067,777
Securities held-to-maturity	1,743	36,624	-	3,528	-	-	41,895
Other assets	44,501	9,378	9,137	2,825	4,227	165,411	235,479
Total Assets	1,559,680	288,782	241,087	123,139	137,956	239,107	2,589,751
Liabilities							
Bank deposits	80,820	11,206	3,600	-	-	-	95,626
Other deposits	1,453,064	136,470	25,388	2,415	808	-	1,618,145
Miscellaneous payables	-	-	-	-	-	36,466	36,466
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	244,742	47,073	46,864	47,102	1,938	-	387,719
Other liabilities	25,093	15,427	3,163	1,829	5,828	400,455	451,795
Total Liabilities	1,803,719	210,176	79,015	51,346	8,574	436,921	2,589,751
Balance Sheet Interest Sensitivity Gap	(244,039)	78,606	162,072	71,793	129,382	(197,814)	-
Off Balance Sheet Interest Sensitivity Gap	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(244,039)	78,606	162,072	71,793	129,382	(197,814)	-

The other assets line at the without interest column consists of tangible fixed assets amounting to TL 38,832 intangible fixed assets amounting to TL 3,335, participations amounting to TL 6,137 and subsidiaries amounting to TL 114,927 and the other liabilities line consists of shareholders' equity with a total amount of TL 305,391.

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	Up to 1 Month	1-3 Month	3-6 Months	6-12 Months	1 Year and Over	Demand	Total
Prior Period							
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	525,588	-	-	-	-	96,232	621,820
Due from banks and other financial institutions	716,808	12,180	8,857	2,837	-	71,125	811,807
Trading securities	2,799	14,012	6,875	6,516	425	301	30,928
Investment securities available-for-sale	-	18,663	-	-	-	10	18,673
Loans	362,210	178,134	236,718	59,665	45,608	-	882,335
Investment securities held-to-maturity	229	40,247	-	-	-	-	40,476
Other assets	-	-	-	-	-	221,535	221,535
Total Assets	1,607,634	263,236	252,450	69,018	46,033	389,203	2,627,574
Liabilities							
Banks deposits	65,082	181	1,107	-	-	-	66,370
Other deposits	1,647,171	132,080	11,411	15,338	437	-	1,806,437
Miscellaneous payables	-	-	-	-	-	39,293	39,293
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	4,517	203,298	19,636	91,016	-	-	318,467
Other liabilities	121	385	623	1,044	5,298	389,536	397,007
Total Liabilities	1,716,891	335,944	32,777	107,398	5,735	428,829	2,627,574
On Balance Sheet Interest Sensitivity Gap	(109,257)	(72,708)	219,673	(38,380)	40,298	(39,626)	-
Off Balance Sheet Interest Sensitivity Gap	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(109,257)	(72,708)	219,673	(38,380)	40,298	(39,626)	-

The other assets line at the without interest column consists of tangible fixed assets amounting to TL 41,226, intangible fixed assets amounting to TL 3,280, participations amounting to TL 6,248 and subsidiaries amounting to TL 112,018 and the other liabilities line consists of shareholders' equity with a total amount of TL 283,203.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	Yen %	TL %
Current Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	0.98	0.40	-	21.00
Due from banks and other financial institutions	-	1.09	-	30.98
Trading securities	10.11	11.44	-	51.27
Securities available-for-sale	-	8.59	-	-
Loans	5.89	5.70	7.07	41.81
Securities held-to-maturity	-	-	-	40.72
Liabilities				
Bank deposits	3.25	2.99	4	31.96
Other deposits	3.26	3.09	3.03	27.65
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	4.13	2.98	5.93	30.42

V- Liquidity Risk

Liquidity risk occurs when there is not sufficient amount of cash or cash flows to fulfill the cash outflows completely and on time, resulting from the unstable cash inflows.

Liquidity risk may occur when the market penetration is not enough, when the open positions cannot be closed urgently with a suitable price and sufficient amount due to barriers and break-ups at the markets.

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The Bank's policy is to establish a liquid asset structure that can afford all kinds of liabilities by liquid sources. In this scope liquidity problem does not happen at any period. The Board of Directors of the Bank continuously determines the liquidity ratios and related standards, and controls them, in order to keep this structure.

There is a system worked on to apply international measurement methods. However, according to the general policies of the Bank, the adaptation of the assets, liabilities, the interest rates to the payments are always established within the asset liability management strategies. A positive difference is tried to be established between the yields of TL and foreign currency assets and liabilities at the balance sheet and their costs. According to this strategy, the Bank pays special attention not to take maturity risk, and no banking service is marketed when the price is lower than the financing cost.

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of prefinancing and syndication products to generate additional sources. Generally, the Bank does not prefer to utilize liquidity from interbank money markets and is in a net lender position in interbank money markets.

Presentation of assets and liabilities according to their remaining maturities :

Current Period	Demand (**)	1-3 Months (*)	3-6 Months	6-12 Months	1 Year and Over	Total
Assets						
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	566,124	-	-	-	-	566,124
Due from banks and other financial institutions	572,393	3,499	16,000	7,000	-	598,892
Trading securities	690	976	6,659	6,028	6,204	20,557
Securities available-for-sale	9	-	6,462	-	52,556	59,027
Loans	447,247	237,298	203,354	104,361	75,517	1,067,777
Securities held-to-maturity	-	275	38,092	3,528	-	41,895
Other assets	44,311	8,807	9,830	2,839	4,281	235,479
Total Assets	1,630,774	250,855	280,397	123,756	138,558	2,589,751
Liabilities						
Bank deposits	80,820	11,206	3,600	-	-	95,626
Other deposits	1,453,064	136,470	25,388	2,415	808	1,618,145
Funds provided from other financial institutions	187,060	47,073	46,864	47,102	59,620	387,719
Marketable securities issued	-	-	-	-	-	-
Miscellaneous payables	36,466	-	-	-	-	36,466
Other liabilities	118,494	15,427	3,163	1,829	312,882	451,795
Total Liabilities	1,875,904	210,176	79,015	51,346	373,310	2,589,751
Net Liquidity Gap	(245,130)	40,679	201,382	72,410	(234,752)	-
Prior Period						
Total Assets	1,785,433	217,231	269,217	77,640	105,348	2,627,574
Total Liabilities	1,854,556	159,663	56,805	198,913	357,637	2,627,574
Net Liquidity Gap	(69,123)	57,568	212,412	(121,273)	(252,289)	-

(*) The maturity of up to 1 month of Interbank funds sold amounting to TL 383,063, loans amounting to TL 447,247, and domestic and foreign banks placements amounting to TL 189,329 are shown in the demand column. Furthermore, demand deposits amounting to TL 962,172 are included in the other deposits and shown at the demand column.

(**) Total column includes other assets amounting to TL 165,411 consists of TL 121,064 of subsidiaries and participations, TL 38,832 of tangible assets, TL 3,335 of intangible fixed assets, TL 1,586 of prepaid expenses and TL 594 of office supply inventory that are not taken in to consideration at the maturity distribution. Other liabilities which matures up to 1 year and over includes shareholders' equity amounting to TL 305,691.

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SECTION FIVE

FOOTNOTES AND EXPLANATIONS ON
UNCONSOLIDATED FINANCIAL STATEMENTS

I- Footnotes And Explanations Related to the Assets

1. Information related to the account of the Central Bank of Turkey:

	Current Period	Prior Period
Demand unrestricted amount	9,411	16,386
Time unrestricted amount	346,125	363,156
Total	355,536	379,542

2. Information about trading portfolio:

- a) Trading securities given as collateral or blocked: None.
- b) Trading securities subject to repurchase agreements:

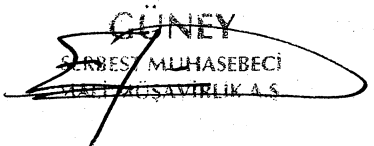
	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	6,633	-	18,519	-
Treasury bills	321	-	6,278	-
Other debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	6,954	-	24,797	-

3. Information on available for sale portfolio:

- a) Main types of available for sale securities: public sector debt securities, and other marketable securities and share certificates.
- b) Information on available for sale portfolio:

	Current Period	Prior Period
Debt securities	59,018	18,663
Quoted in a stock exchange	6,462	-
Not quoted	53,356	18,663
Share certificates	9	10
Quoted in a stock exchange	-	-
Not quoted	9	10
Provision for impairment (-)	(800)	-
Total	59,027	18,673

- c) Available for sale securities given as collateral or blocked: None.
- d) Information on investment securities available-for-sale given as collateral or blocked: None
- e) Information on investment securities available-for-sale subject to repurchase agreements: None.


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4. Information on loans :

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	1,000	1,200	659	7,451
Corporate shareholders	1,000	1,200	659	7,451
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	846	-	833	-
Total	1,846	1,200	1,492	7,451

b) Information about the first and second group loans and other receivables including loans that have been restructured or rescheduled:

Cash Loans	Loans and Other Receivables Under Close			
	Standard Loans and Other Receivables		Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	1,059,542	-	4,233	4,002
Discount notes	27,734	-	-	-
Export loans	517,983	-	1,626	-
Import loans	-	-	-	-
Loans given to financial sector	35,714	-	-	-
International loans	27,340	-	-	-
Consumer loans	29,967	-	-	-
Credit cards	17,987	-	-	-
Precious metals loans	12,681	-	550	-
Other	390,136	-	2,057	4,002
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	1,059,542	-	4,233	4,002

c) Information on consumer loans :

	Short Term	Medium and Long Term	Total	Interest Income
				Accrual
Consumer loans-TL	11,263	6,298	17,561	742
Real estate loans	438	1,096	1,534	32
Automotive loans	1,836	4,831	6,667	153
Consumer loans	-	-	-	-
Personnel loans	748	98	846	25
Other consumer loans	8,241	273	8,514	532
Consumer loans- Indexed to FC	1,614	10,792	12,406	63
Real estate loans	143	2,348	2,491	11
Automotive loans	884	8,245	9,129	41
Consumer loans	587	199	786	11
Personnel loan	-	-	-	-
Other consumer loans	-	-	-	-
Credit cards	17,987	-	17,987	-
Total Consumer Loans	30,864	17,090	47,954	805

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d) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	1,040,437	868,069
Foreign loans	27,340	14,266
Total	1,067,777	882,335

e) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	69	204
Indirect loans granted to subsidiaries and investments	-	-
Total	69	204

f) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	535	70
Loans and receivables with doubtful collectibility	289	199
Uncollectible loans and receivables	14,868	16,616
Total	15,692	16,885

g) Information on loans under follow-up account (Net) :

g.1) Information on loans and other receivables included in loans under follow-up account which are restructured or rescheduled: None.

g.2) The movement of loans under follow-up:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	1,010	399	20,970
Additions (+)	3,769	22	3,155
Transfers from other categories of loans under follow-up (+)	-	1,416	1,160
Transfers to other categories of loans under follow-up (-)	1,416	1,160	-
Collections (-)	179	103	3,307
Write-offs (-)	-	-	30
Index difference (-)	97	38	2,008
Current period end balance	3,087	536	19,940
Specific provision (-)	535	289	14,868
Net Balances on Balance Sheet	2,552	247	5,072

g.3) Information on foreign currency loans and other receivables under follow-up: None.

h) Liquidation policies for the uncollectible loans and other receivables :

The loans and other receivables decided to be uncollectible are written off from the assets according to the Tax Law by the decision of the top management in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" related to the clause 12 of article 11 and clause 11 of the article 3 of the Bank Law 4389 changed by the laws 4672 and 4491 and announced at the Official Gazette numbered 24448 and dated September 30, 2001.

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5. Information on held to maturity portfolio (Net) :

a) Information on held to maturity portfolio:

	Current Period	Prior Period
Debt securities	41,895	40,476
Quoted in a stock exchange	41,895	40,476
Not quoted	-	-
Provision for impairment (-)	-	-
Total	41,895	40,476

b) Movement of held to maturity portfolio :

	Current Period	Prior Period
Beginning balance	40,476	95,963
Effect of inflation (-)	(3,890)	(22,616)
Foreign currency differences on monetary assets	-	5,850
Purchases during year	5,526	40,476
Disposals through sales and redemptions	(217)	(79,197)
Impairment provision	-	-
Closing Balances	41,895	40,476

c.1) Information on accounts in which investment securities held-to-maturity recorded:

	Current Period				Prior Period			
	Historical Cost		Valuation		Historical Cost		Valuation	
	TL	FC	TL	FC	TL	FC	TL	FC
Held to Maturity Portfolio								
Given as collateral or blocked	41,895	-	42,024	-	40,476	-	41,205	-
Subject to repo transactions	-	-	-	-	-	-	-	-
Held for structural position	-	-	-	-	-	-	-	-
Receivables from securities lending	-	-	-	-	-	-	-	-
Collaterals on securities lending	-	-	-	-	-	-	-	-
Closing Balances	41,895	-	42,024	-	40,476	-	41,205	-

Other than the above items, there are no held to maturity securities which are not given as collateral.

c.2) Marketable securities held to maturity given as collateral consist of public sector debt securities of TL 41,895, given as collateral for statutory requirements.

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Securities held-to-maturity given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds and similar investment securities	41,895	-	40,476	-
Other	-	-	-	-
Total	41,895	-	40,476	-

c.3) Securities held-to-maturity subject to repurchase agreements : None.

c.4) Securities held-to-maturity held for structural position: None.

6. Information on participations (Net):

a.1) Information on participations :

	Current Period	Prior Period
Balance at the beginning of the period	6,248	5,115
Movements during the period	(111)	1,133
Purchases	-	745
Free shares obtained profit from current year's share	120	431
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	(231)	(43)
Provision for impairment	-	-
Balance at the end of the period	6,137	6,248
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

a.2) Valuation of participations:

	Current Period	Prior Period
Valuation with cost	5,891	5,891
Valuation with fair value	246	357
Valuation with equity method	-	-
Total	6,137	6,248

a.3) Participations which are quoted to a stock exchange:

	Current Period	Prior Period
Other financial participation / Varlık Yatırım Ortaklığı A.Ş.	246	357
Total	246	357

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a.4) Information related to participations:

Description	Address (City / Country))	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
TEB Sigorta A.Ş.	İstanbul /Turkey	50.00	50.00
Varlık Yatırım Ortaklığı A.Ş.	İstanbul /Turkey	24.40	31.58

Information on participations as presented in table a.4:

Total Assets	Shareholders' Equity(*)	Total Fixed Assets(*)	Interest Income (*)	Income from Marketable Securities Portfolio (*)	Current Period Profit / Loss (*)	Prior Period Profit / Loss (*)	Fair Value (*)
25,938	4,879	494	357	-	(2,856)	582	-
1,637	1,610	7	21	-	239	55	1,008

(*) Financial statements of Varlık Yatırım Ortaklığı A.Ş. have been prepared in accordance with the incumbent Capital Market Board legislation. Financial statements of TEB Sigorta have been prepared in accordance with principles stated in the Insurance Control Law. Current period information is expressed in the equivalent purchasing power at September 30, 2003, while prior period information are historical and are expressed with nominal figures at December 31, 2002.

a.5) Information on investments which are sold in current period : None.

a.6) Investments purchased in the current period: None.

7. Information on subsidiaries (Net):

a) Information on subsidiaries:

a.1) Information on subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	112,018	99,753
Movements during the period	2,909	12,265
Purchases	-	7,613
Free shares obtained profit from current year's share	10,249	3,643
Dividends from current year income	-	-
Sales	-	-
Revaluation increase (*)	(7,340)	1,009
Provision for impairment	-	-
Balance at the end of the period	114,927	112,018
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) The exchange (expense)/income generated from the difference between the devaluation and inflation of the foreign subsidiaries.

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a.2) Valuation of subsidiaries:

Subsidiaries denominated in Turkish Lira are reflected by restating their costs with the conversion factors applicable for the relevant dates after deducting the capital increases generated by funds like the revaluation fund. When there is a permanent diminution in value of the subsidiaries then a provision is set. Subsidiaries denominated in foreign currency are translated into Turkish Lira by applying the exchange rates prevailing at balance sheet dates.

	Current Period	Prior Period
Valuation with cost	114,927	112,018
Valuation with fair value	-	-
Valuation with equity method	-	-

a.3) Subsidiaries which are quoted to a stock exchange: None.

a.4) Information on subsidiaries:

Description	Address(City/ Country)	Bank's share percentage-If different voting percentage(%)	Bank's risk group share percentage (%)
The Economy Bank N.V.	Netherlands	100.00	100.00
Petek International Holdings B.V.	Netherlands	100.00	100.00
TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	74.80	91.81
TEB Finansal Kiralama A.Ş.	İstanbul/Turkey	68.76	72.53
TEB Kıymetli Madenler A.Ş.	İstanbul/Turkey	66.00	71.81
TEB Factoring A.Ş.	İstanbul/Turkey	65.80	70.77
TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	55.89	88.61

Information on subsidiaries as presented in table a.4 (*):

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1,111,387	74,129	5,189	39,912	(434)	3,836	8,112	-
1,628	1,628	-	-	-	(37)	3,262	-
17,583	14,565	418	377	2,039	739	2,983	-
220,844	81,095	174,114	1,044	65	26,454	4,141	-
222	215	-	-	-	(56)	40	-
69,543	7,914	1,514	9,999	-	1,238	500	-
5,473	4,787	526	598	76	1,022	876	-

(*) Information is disclosed in statutory amounts.

a.5) Information on the subsidiaries that were disposed in current period: None.

a.6) Information on the subsidiaries purchased in current period: None.

8. Information on financial lease receivables (Net): None.

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9. Explanations related to interest and income accruals :

a) Information about accrued interest and income receivables:

Accrued interest and income receivables	Current Period		Prior Period	
	TL	FC	TL	FC
Interest accruals - due	978	1	252	-
Interest accruals - not due	9,329	3,304	10,068	2,903
Loan commissions and other income accruals - due	-	-	-	-
Loan commissions and other income accruals - not due	11	3	13	1
Total	10,318	3,308	10,333	2,904

b) Information on other interest and income accruals :

Other interest and income accruals	Current Period		Prior Period	
	TL	FC	TL	FC
Trading securities	5,138	30	3,707	18
Securities available for sale	-	263	-	395
Securities held to maturity	845	-	729	-
Interest accruals of reverse repo transactions	-	-	-	-
Interest accruals of reserve deposits	1,537	152	1,019	274
Income accruals of financial derivative instruments	2,434	3,051	4,866	-
Interest and income accruals	-	-	-	-
Income accrual of foreign exchange gains	2,434	3,051	4,866	-
Income accruals of financial lease income	-	-	-	-
Others	7,505	405	5,986	139
Total	17,459	3,901	16,307	826

10. Information on other assets:

a) Information on prepaid expenses, taxes and similar items :

	Current Period	Prior Period
Deferred tax	4,297	2,252
Assets held for sale	-	-
Advances given	36	205
Prepaid rent expenses	453	417
Transaction cost related to financial liabilities	-	2,275
Prepaid taxes	16,982	10,097
Others	6,090	7,580
Total	27,858	22,826

b) Other assets and liabilities which exceed 10 % of the balance sheet total (excluding off-balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None

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II- Footnotes And Explanations Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period :

	7 day Call		Up to 1 month	1-3 Month	3-6 Month	6 Month-1	
	Demand	Accounts				Year	1 Year and over
Saving deposits	14,533	-	79,159	33,418	32,439	7,621	12,260
Foreign currency deposits	345,268	-	475,772	311,695	18,488	6,462	1,185
Residents in Turkey	327,805	-	464,458	303,876	18,109	5,579	1,185
Residents abroad	17,463	-	11,314	7,819	379	883	-
Public sector deposits	12,518	-	-	-	-	-	-
Commercial deposits	61,692	-	60,921	15,261	55,481	3,259	13
Other institutions deposits	41,207	-	11,091	4,126	11	1	-
Precious metals deposits	4,296	-	1,375	8,591	-	-	-
Interbank deposits	11,377	-	28,232	49,672	3,745	2,600	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	89	-	-	-	-	-	-
Foreign Banks	4,845	-	28,232	49,672	3,745	2,600	-
Special finance houses	6,443	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	490,892	-	656,550	422,763	110,164	19,943	13,458

a.2) Prior period :

	7 day Call		Up to 1 month	1-3 Month	3-6 Month	6 Month-1	
	Demand	Accounts				Year	1 Year and over
Saving deposits	19,445	-	86,631	42,613	13,876	3,621	14,912
Foreign currency deposits	452,531	-	563,439	345,701	35,427	9,283	392
Residents in Turkey	434,602	-	546,076	339,475	32,720	7,827	373
Residents abroad	17,929	-	17,363	6,226	2,707	1,456	19
Public sector deposits	39	-	-	-	-	-	-
Commercial deposits	59,280	-	83,440	4,734	9,421	6	15
Other institutions deposits	36,269	-	475	15	9	1	-
Precious metals deposits	10,755	-	-	12,542	-	1,565	-
Interbank deposits	21,862	-	29,278	14,123	-	1,107	-
Central Bank of Turkey	-	-	-	-	-	-	-
Domestic Banks	12,208	-	-	-	-	1,107	-
Foreign Banks	9,654	-	29,278	14,123	-	-	-
Special finance houses	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	600,181	-	763,263	419,728	58,733	15,583	15,319

b.1) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	178,826	26,980	-	154,116
Foreign currency saving deposits	761,412	213,539	-	699,084
Other deposits in the form of saving deposits	1,083	753	-	7,313
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	941,321	241,272	-	860,513

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In accordance with the BRSA legislation published in the Official Gazette No. 25157 at July 3, 2003, all saving deposits are taken under the guarantee of Saving Deposits Insurance Fund until July 5, 2004.

- b.2) The bank which has settled abroad should disclose, the total amount of savings deposit in Turkey branch, and insured in the country of head office : TL 1,500 (December 31, 2002: None)

2. Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	8,429	-	24,250	-
Financial institutions and organizations	3,000	-	14,395	-
Other institutions and organizations	1,279	-	4,478	-
Real persons	4,150	-	5,377	-
From foreign transactions	3	-	994	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	993	-
Real persons	3	-	1	-
Total	8,432	-	25,244	-

3. a) Information on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	40,412	287,687	17,665	209,797
Medium and long-term	-	38,854	-	63,783
Total	40,412	326,541	17,665	273,580

4. a) Information on debt securities issued: None.

- b) The explanation on the maturity structure, interest rate, type of currency of the issued marketable securities : None.

5. Explanation on funds: None

6. Explanation on miscellaneous payables:

	Current Period	Prior Period
Total amount of cash collateral obtained	110	133

The table consists of blocked accounts regarding cash collateral, loans, import and export transactions

7. Other assets and liabilities which exceed 10 % of the balance sheet total (excluding off-balance sheet commitments) and breakdown of these which constitute at least 20 % of grand total: None

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8. Explanation on leasing operations:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	2,083	1,467	2,351	2,170
1-4 years	4,426	3,880	6,700	5,299
More than 4 years	-	-	-	-
Total	6,509	5,347	9,051	7,469

9. Information on interest and expense accruals:

	Current Period		Prior Period	
	TL	FC	TL	FC
Accrued interest on deposits	9,919	1,466	5,805	1,120
Accrued interest on funds borrowed	1,698	3,018	1,796	1,577
Accrued interest on bonds	-	-	-	-
Accrued interest on repurchase agreement transactions	7	-	31	-
Accrued interest on derivative financial instruments	9,820	3,124	5,057	-
Accrued interest and expense	-	-	-	-
Foreign exchange losses accrued	9,820	3,124	5,057	-
Other interest and expense accruals	8,533	-	1,101	-
Total	29,977	7,608	13,790	2,697

10. Provisions and subordinated loans :

a) Information on general provisions::

	Current Period	Prior Period
General provisions	7,571	6,746
Provisions for First Group Loans and Receivables	6,356	5,723
Provisions for Second Group Loans and Receivables	39	35
Provisions for Non Cash Loans	1,176	988
Others	-	-
Total	7,571	6,746

b) Information on employee termination benefits and notice indemnity:

	5 PP	4 PP	3 PP	2 PP	Prior Period	Current Period
Actual Payments of Employee Termination Benefits (*)	56	107	947	662	435	528
Reserve for Employee Termination Benefits and Notice Indemnity (*)	1,580	3,140	4,456	6,912	10,972	14,425
Actual Payment Ratio	%3.57	%3.40	%21.24	%9.59	%3.96	%8.35
Ratio of reserve for Employee Termination Benefits and Notice Indemnity (**)	-	-	-	-	-	%8.35
Possible reserve for Employee Termination Benefits and Notice Indemnity	-	-	-	-	-	1,106

(*) Reflected with statutory figures

(**) 5-year actual payment ratio

As of September 30, 2003, TL 1,106 of reserve for employee termination benefits and notice indemnity was reflected to the financial statements corresponding to 8.35% of total liability of TL 14,425.

c) Information on free reserves for possible losses : None.

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d) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	20,766	-	27,232
Total	-	20,766	-	27,232

11. Information of Shareholders' Equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	55,125	55,125
Preferred stock	-	-

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable to the Bank if so, amount of registered share capital ceiling :

Capital System	Paid-in capital	Ceiling
Registered capital system	55,125	100,000

c) Information on share capital increases and their sources; other information on increased capital shares in current period: None

d) Information on share capital increases from revaluation funds: None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments : None.

f) Indicators of the Bank's income, profit and liquidity for the previous periods and within these indicators possible affects on capital fore sighting uncertainty : Not applicable.

g) Information on privileged shares :

7 % of the Bank's remaining net income and tax after deducting legal reserves and first dividends, corresponding to the Bank's 60,000 shares of TL 30,000,000 (in full TL) is distributed to the founder shares.

12. a) Common stock issue premiums, shares and equity instruments: None

13. Information on shareholders having more than 10 % share:

Name/Commercial title	Amounts	Share Percentage	Paid-in capital	Unpaid portion
Teb Mali Yatırımlar	38,631	70.08%	38,631	-

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III- Footnotes And Explanations Related To the Income Statement

There is no fundamental error for any groups or items related to the prior period. There is no change in accounting estimates for the fiscal year.

The breakdown of other interest and non-interest income and expense accounts that exceed 10% of the related totals are shown below.

Other interest expense amounting to TL 26,328 includes foreign exchange losses amounting to TL 13,657 of foreign currency indexed loans occurred from the devaluation of foreign currencies against TL and interest expenses on marketable securities subject to repurchase agreements amounting to TL 12,406.

Other fees and commission income amounting to TL 15,455 includes fees and commissions on credit cards amounting to TL 5,059, and other fee and commission expense amounting to TL 9,284 includes fees and commissions on credit card and interbank money marked transactions amounting to TL 5,011 and TL 1,278, respectively.

1. a) Information on interest income received from investments and subsidiaries:

	Current Period	Prior Period
Interest received from investments and subsidiaries	14	12

b) Information on financial lease income: None.

c) Interest received from reverse repurchase agreement transactions:

2. a) Information on interest expense to investments and subsidiaries: None

	Current Period	Prior Period
Interest expense to investments and subsidiaries	186	413

b) Information on financial lease expenses :

	Current Period	Prior Period
Financial lease expense	167	300

c) Distribution of interest expense on deposits based on maturity of deposits :

Account name	Time Deposits						Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	
TL							
Bank deposits	3	7,675	-	-	-	-	7,678
Saving deposits	189	19,828	15,207	8,606	1,801	4,341	49,972
Public sector deposits	-	-	-	-	-	-	-
Commercial deposits	322	14,855	3,757	3,097	167	5	22,203
Other deposits	19	293	107	3	-	-	422
7 days call accounts	-	-	-	-	-	-	-
Total	533	42,651	19,071	11,706	1,968	4,346	80,275
Foreign Currency							
Foreign currency deposits (*)	1,051	9,413	6,644	569	169	16	17,862
7 days call accounts	-	-	-	-	-	-	-
Precious metal deposits	-	9	100	-	7	-	116
Total	1,051	9,422	6,744	569	176	16	17,978
Total	1,584	52,073	25,815	12,275	2,144	4,362	98,253

(*) Interest expense on foreign currency demand deposits includes TL 990 of foreign bank deposits interest expense.

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d) Interest expense on repurchase agreements :

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on repurchase agreements	13,657	-	26,594	-

3. Net income/losses from marketable securities for investment purposes: None

4. Information on other operating income :

The information on the factors affecting the Bank's income including extraordinary items and new developments, and the explanation on nature and amount of income earned from extraordinary items : None.

5. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	1,601	13,238
Unsecured	-	10,894
Other groups	1,601	2,344
General provision expenses	1,978	2,724
Marketable securities impairment expense	836	90
Provision for impairment*	-	-
Others	719	673
Total	5,134	16,725

(*) Provision for impairment related to participations, subsidiaries and securities held to maturity.

6.a) Income and expenses relating to investments and subsidiaries : None

b) Income / loss from investments, which are accounted for under the equity method : None.

c) The information on income and expense from related party transactions:

The Bank has certain banking transactions with group companies. These are commercial transactions, which are realized in line with market rates. These are reflected in income statement. The related amounts are presented in Part V, section V.

7. The explanations on net income / loss for the period:

a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period : None

b) Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods : None.

8. Nature and amount of changes in accounting estimates, which have a material effects on current period or expected to have a material effect on subsequent periods : None.

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IV. Footnotes And Explanations Related To the Off-Balance Sheet Commitments

1.a) Disclosure to be made separately from other contingent liabilities :

- a.1) The Bank's share in contingent liabilities of joint ventures together with other ventures : None.
- a.2) Share of joint ventures in their own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting obligations of other ventures in joint ventures : None.

b) Accounting and presentation of contingent assets and liabilities in the financial statements :

- b.1) For contingent assets, if realization probability is close to certain, then it is accounted. If realization probability is low, then it is explained in the footnotes. As of September 30, 2003 there are no contingent assets needed to be explained.
- b.2) For contingent liabilities, if realization probability is close to certain, then provision is set. If there is low or no realization probability, then it is explained in the footnotes : None.

2. Information on off-balance sheet liabilities :

- a) Nature and amount of irrevocable loan commitments : Credit card expenditure limit commitments are TL 98,981 and TL 74,554 as of September 30, 2003 and December 31, 2002 respectively.
- b) Nature and amount of contingent loss and commitments from off-balance sheet items including below statements:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

- b.1) Non-cash loans including guarantees, acceptances, financial collaterals and other letters of credits:

As of September 30, 2003 total guarantees and commitments consist of letter of guarantees amounting to TL 631,207, acceptances amounting to TL 45,114 and letters of credit amounting to TL 342,937.

- b.2) Guarantees, surety ships and similar transactions : None other than the ones explained in article b.1).

3.a) Non-cash loans:

	Current Period	Prior Period
Guarantees given against cash loans	77,957	66,376
With maturity of 1 year or less than 1 year	19,145	24,870
With maturity of more than 1 year	58,812	41,506
Other non-cash loans	947,631	828,137
Total	1,025,588	894,513

- b) Collateral, mortgage and other restrictions on tangible fixed assets, the amount of capital expenditures related to expenses construction of tangible fixed assets, intangible fixed asset purchase commitments: None.

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4. The information on the Bank's rating by in the international rating introductions :

The results of the trading performed by Moody's Investor Services and Fitch Ratings are shown below:

Moody's Investor Services: March 2003

Bank Financial Strength	D+
Long Term FX Deposits	B3

Fitch Ratings: July 2003

Foreign Currency Commitments	
Long Term	B
View	Positive
Turkish Lira Commitments	
Long Term	B
View	Positive
National	
Long Term	A (tur)
View	Stable
Individual Rating	C/D
Support Points	5

Additionally, Fitch Ratings have made an announcement at October 2, 2003 and stated that TL and foreign currency rating and of the Bank has been increased to B from B(-).

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V- Footnotes And Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances :

a) Current Period :

Related Parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included in related parties	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	204	16,257	659	7,451	11,242	2,750
Balance at end of period	69	10,561	1,000	1,200	6,334	6,277
Interest and commission income	499	37	416	4	1,740	14

b) Prior Period :

Related Parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included in related parties	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	89	40,174	828	1,326	5,417	6,124
Balance at end of period	204	16,257	659	7,451	11,242	2,750
Interest and commission income received	1,794	108	39	507	2,300	508

c.1) Information on related party deposits balances:

Related parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included in related parties	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at beginning of period	6,606	10,337	201,556	65,758	15,421	13,592
Balance at end of period	10,976	6,606	167,405	201,556	1,597	15,421
Interest on deposits	187	532	3,014	2,713	156	12,333

c.2) Information on forward and option agreements and other similar agreements made with related parties :

Related Parties (*)	Investments and subsidiaries		Direct and indirect shareholders of the Bank		Other entities included in related parties	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Trading transactions						
Beginning of period	58,077	59,722	47,954	25,651	27,110	17,357
End of period	77,960	58,077	54,148	47,954	17,905	27,110
Total income/loss	1,607	893	(1,547)	(381)	(296)	684
Hedging transactions purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-
Total income/loss	1,607	893	(1,547)	(381)	(296)	684

(*) The scope of the related parties are defined in the Article 20-2 of the "Regulation on the Establishment and Operations of Banks".

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2. Disclosures for related parties

- a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

The Bank enters into banking transactions with related parties. These are commercial transactions and realized on an arms-length basis.

- a) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% According to the Amounts at the Financial Statements
Forward transactions and option agreements	150,013	18.64
Deposits	179,978	10.50
Non-cash loans	18,038	1.76
Cash loans	7,403	0.69

These transactions are priced in accordance with the general pricing policies of the Bank and are in line with market rates.

- b) In the case that disclosing items separately, total of similar items is disclosed in order to present the total impact on financial statements : Explained in the article b.
- c) Investments accounted for under the equity method : None.
- e) Disclosures related to purchase and sale of real estate and other assets, trading of services, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (loans and cash or real capital supports included), guarantees, and management contracts :

The Bank has financial lease agreements with TEB Finansal Kiralama A.Ş.. As of September 30, 2003 the total leasing obligations related to these agreements amounted to TL 5,347. Additionally, the Bank provides agency services for TEB Sigorta A.Ş. and TEB Yatırım Menkul Değerler A.Ş.

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 1.21 %. Amounts of these loans are explained in the note V- 1a.

As of September 30, 2003 the Bank has no purchases and sale of real estate and other assets, transfer of information as a result of research and development, license and management contracts with the related parties.

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VI- Footnotes And Explanations on Inflation Accounting

Inflation Accounting

The accompanying financial statements are prepared by applying inflation accounting to the financial statements, which are prepared on a historical cost basis, except for the revaluation of fixed assets in line with Turkish Tax Legislation, in accordance with the provisions of Communiqué No : 14 "Accounting Standard Related to the Preparation of Financial Statements in Hyperinflationary Periods" related to ARR. Communiqué No:14 requires banks to restate their financials in the equivalent purchasing power of Turkish Lira at the balance sheet date. One characteristic that necessitates the application of inflation accounting under the provisions of Communiqué No : 14 is a cumulative three-year inflation rate approaching or exceeding 100%. As of September 30, 2003 based on the wholesale price indices announced by the State Institute of Statistics, the cumulative three-year inflation rate in Turkey is 193%.

Communiqué No:14 requires that the financial statements should be restated in the equivalent purchasing power at the balance sheet date and the financial statements of prior year should be restated in their entirety to the measuring unit current at the balance sheet date.

The main guidelines for inflation accounting are as follows:

Cash and monetary assets and liabilities, which maintain their nominal balances but experience a decline in purchasing power are not restated because they are already expressed in terms of the monetary unit current at that balance sheet date.

Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and other components of shareholders' equity (except for the revaluation surplus which is eliminated) are restated by applying the relevant conversion factors; being the change in the general price index from the date of acquisition to the closing date. The inflation adjusted share capital amount has been derived by indexing each capital increase other than bonus shares from statutory revaluation fund from the date they were contributed. Transfers to share capital from general reserves, gain on sale of property and investments and inappropriate profits are considered as cash contributions and are restated from the date of contribution.

Fixed assets subject to depreciation are restated from their historical acquisition costs after eliminating the statutory revaluation increments. Depreciation is not separately restated in the income statement since it is computed over restated amounts.

Non-monetary items reflected at current values are not restated since they are already stated in the current purchasing power.

Investments and subsidiaries denominated in Turkish Lira are reflected at restated costs by converting historical acquisition costs, excluding free shares from revaluation fund, with the relevant conversion factors. Transfers to share capital from general reserves, gain on sale of property and investments and inappropriate profits are considered as cash contributions and are restated from the date of contribution. Investments and subsidiaries denominated in foreign currency are converted to Turkish Lira with the exchange rates prevailing and year-end.

All items in the statements of income are restated by applying the appropriate conversion factors.

The effect of inflation on the Bank's net monetary position is included in the statements of income and separately disclosed as a net monetary gain or loss. The effect of inflation accounting on prior year financial statements is included in retained earnings and the effect of restatement is disclosed separately under shareholders' equity.

GÜNDEY
VERBEST M. ASEBEO
BAŞKAN

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXV)
TÜRK EKONOMİ BANKASI A.S.
NOTES TO FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2003
AND DECEMBER 31, 2002 (Continued)
(Currency-Billions of Turkish lira in equivalent purchasing power at September 30, 2003)**

Indices and conversion factors that are used to restate the accompanying the financial statements as of December 31, 2002, reflecting the restatement for the changes in the general purchasing power of the Turkish is as follows;

Dates	Index	Conversion Factors
December 31, 2002	6,478.8	1.107
December 31, 2001	4,951.7	1.449
December 31, 2000	2,626.0	2.732
September 30, 2003	7,173.3	1.000
September 30, 2002	6,024.6	1.191

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

In accordance with Communiqué No :14, the Bank obtains expertise reports for its buildings.

As of September 30, 2003 the total amount of legal reserves and general reserves are TL 7,555 and TL 28,769, respectively, in the Bank's statutory books of account.

Balance sheet and income statement for the period ended September 30, 2003 and 2002 are reviewed. Balance sheet as of December 31, 2002, is audited.

Income statement items do not have seasonality. However, restatement of income statement items were made with monthly indices.

GÖNEY
SERBEST MUHACEMET
KATILIMCI

**(CONVENIENCE TRANSLATION OF A REPORT AND FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH - SEE SECTION III, NOTE XXV)
TÜRK EKONOMİ BANKASI A.S.
NOTES TO FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2003
AND DECEMBER 31, 2002 (Continued)
(Currency-Billions of Turkish lira in equivalent purchasing power at September 30, 2003)**

VII- Explanations Related To Subsequent Events

Disclosure related to subsequent events and their impact on the financial statements as required by the related standard:

- a) The syndication loan which is included in the accompanying financial statements amounting to USD100,000,000 has been repaid at October 20, 2003 and with respect to the decision of the Board of the Bank dated October 17, 2003, an agreement for a one- year syndication loan amounting to USD 125,000,000 has been signed at October 27, 2003.
- b) In the Extraordinary General Meeting held at October 23, 2003, it was decided to increase the share capital of TEB Finansal Kiralama A.Ş. from TL10,000 to TL29,500 by revaluation fund.
- c) In the Extraordinary General Meeting held at October 30, 2003, it was decided to increase the share capital of TEB Sigorta A.Ş. from TL3,325 to TL10,000 by cash resources and the Bank to participate by paying TL3,338 for the share capital increase.
- d) The impact of significant changes in foreign exchange rates subsequent to the balance sheet date on the foreign currency transactions, items and on the financial statements of the Bank : There are no significant changes.

SECTION SIX

INDEPENDENT LIMITED REVIEW REPORT

I- Explanations on The Independent Limited Review Report

The unconsolidated interim financial statements of the Bank were reviewed by Güney Serbest Muhasebeci Mali Müşavirlik A.Ş. (An Affiliated Firm of Ernst &Young International) and the review report dated November 5, 2003 is presented preceding the interim financial statements.

GÜNEY
SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK