DHB Bank

DEMIR HALKBANK (NEDERLAND) N.V.

Annual Report 2003

Contents

Bank Profile and Financial Highlights

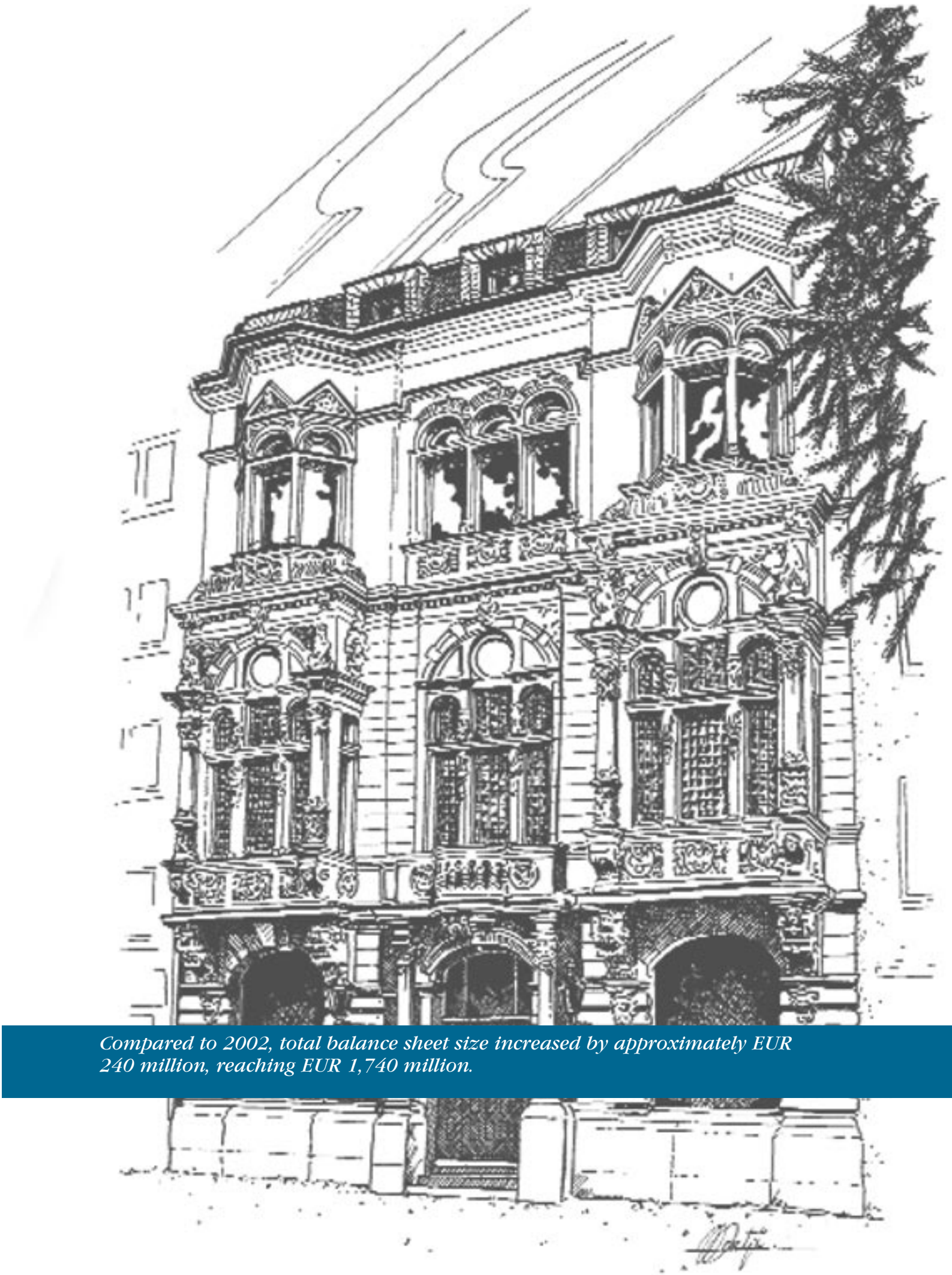
Demir-Halk Bank (Nederland) NV – hereafter referred to as DHB Bank – was established as a Turkish-owned commercial bank under Dutch law in 1992. During the formation of the bank's shareholder structure, the Demirbank group of companies and Türkiye Halk Bankası A.Ş. assumed a 70% and 30% stake respectively. Since April 2002, Demirbank's former share in DHB Bank had been in the hands of Dr. Halit Cıngıllıoğlu and Mr. Aydın Doğan, each participating in the bank's capital for 35%. As of July 22, 2003; the stake owned by Dr. Cıngıllıoğlu has been transferred to HCBG Holding BV, of which Dr. Cıngıllıoğlu is the sole shareholder.

Dr. Cıngıllıoğlu has also interests in OJSC Demir Kazakhstan, Demirbank (Bulgaria) AD, and Demir Kyrgyz International Bank.

As of August 1, 2003, DHB Bank has taken over the shares of Dışbank Nederland NV for an amount of EUR 46.9 million, until that time a wholly owned subsidiary of Türk Dış Ticaret Bankası A.Ş. DHB Bank holds a credit rating from FitchRatings Ltd. In 2003, the bank's long-term foreign currency rating was confirmed as BB-, the individual strength rating as C/D, and the support rating as 5.

Consolidated	**2003** (EUR 000)	**2002** (EUR 000)	**2001** (EUR 000)
Total Assets	1,739,950	1,502,467	1,799,862
Loans & Advances	256,262	250,086	255,884
Funds Entrusted	1,480,909	1,282,628	1,574,112
Shareholders' Equity	190,477	181,145	165,398
Net Interest Income	29,137	29,421	25,999
Net Commission Income	7,504	5,821	6,608
Result After Tax	9,332	10,061	18,756
BIS Ratio (%)	41.33	44.16	36.05
Number of Employees (December 31)	288	266	280
Number of Branches	13	13	15

Demir-Halk Bank (Nederland) NV was established as a Turkish-owned commercial bank under Dutch law in 1992.



Compared to 2002, total balance sheet size increased by approximately EUR 240 million, reaching EUR 1,740 million.

Report of the Supervisory Board

We have pleasure in presenting the financial statements of Demir-Halk Bank (Nederland) NV – DHB Bank – for the year ending December 31, 2003. These financial statements have been prepared by the Executive Board and are audited by KPMG Accountants NV. Their report as referred to in the Articles of Association is attached to the annual accounts.

We propose to the Annual General Meeting of Shareholders to adopt the financial statements for the year 2003 and the proposal for the appropriation of the financial result. Pursuant to article 20, paragraph 4 of the Articles of Association of the Bank, your approval will discharge the Executive Board from liability with respect to its management of the Bank's activities and the Supervisory Board with respect to its supervision thereof.

During the year under review, the Supervisory Board has met regularly with the Executive Board. The main matters discussed included the annual figures, management reporting, and the reports of the internal and external auditors. The meetings of the Board's Audit Committee, which had been established in compliance with the Dutch Central Bank's new Regulation on Organization and Control, and in order to prepare the bank for the requirements posed by the Basel II accord, were also regularly attended by a representative of the Executive Board as well as the Head of Internal Audit.

The Supervisory Board has also regularly taken up issues such as budgeting and planning, and the financial developments in Turkey as well as in the global markets.

In the course of the year, there were changes in the composition of the Supervisory Board. On March 27, 2003, Mr. Haluk Levent Ünal resigned from the Board. Mr. Ahmet İzzet Karacahisarlı submitted his resignation as of April 28, 2003. We would like to thank them for their contribution during their tenure as board members.

On July 28, 2003, Mr. Mehmet Emin Özcan and Mr. Tevfik Bilgin were appointed as Supervisory Board members. The latter resigned from the Board effective November 29, 2003 to become the Chairman of the Banking Regulatory and Supervision Agency in Turkey. We would like to thank him for his contributions.

Taking this opportunity, we also would like to express our appreciation for the dedication of the management and staff of DHB Bank and thank them for their efforts during the year under review.

Rotterdam, March 29, 2004

Dr. Halit Cıngıllıoğlu
(Chairman)
İmre Barmanbek
(Vice Chairman)

Drs. Jan Th. Groosmuller
Tufan Darbaz
İsmail Hasan Akçakayalıoğlu
Theodoor Joseph Bark
Abram Rutgers
Mehmet Emin Özcan

In this competitive operating environment, DHB Bank concluded the year in review showing a gross operating profit of EUR 14.4 million.

Governing Bodies

Supervisory Board

Dr. Halit Cıngıllıoğlu
Chairman

Ms. İmre Barmanbek
Vice Chairman

Drs. Jan Th. Groosmuller
Member

Mr. Tufan Darbaz
Member

Mr. İsmail Hasan Akçakayalıoğlu
Member

Mr. Theodoor Joseph Bark
Member

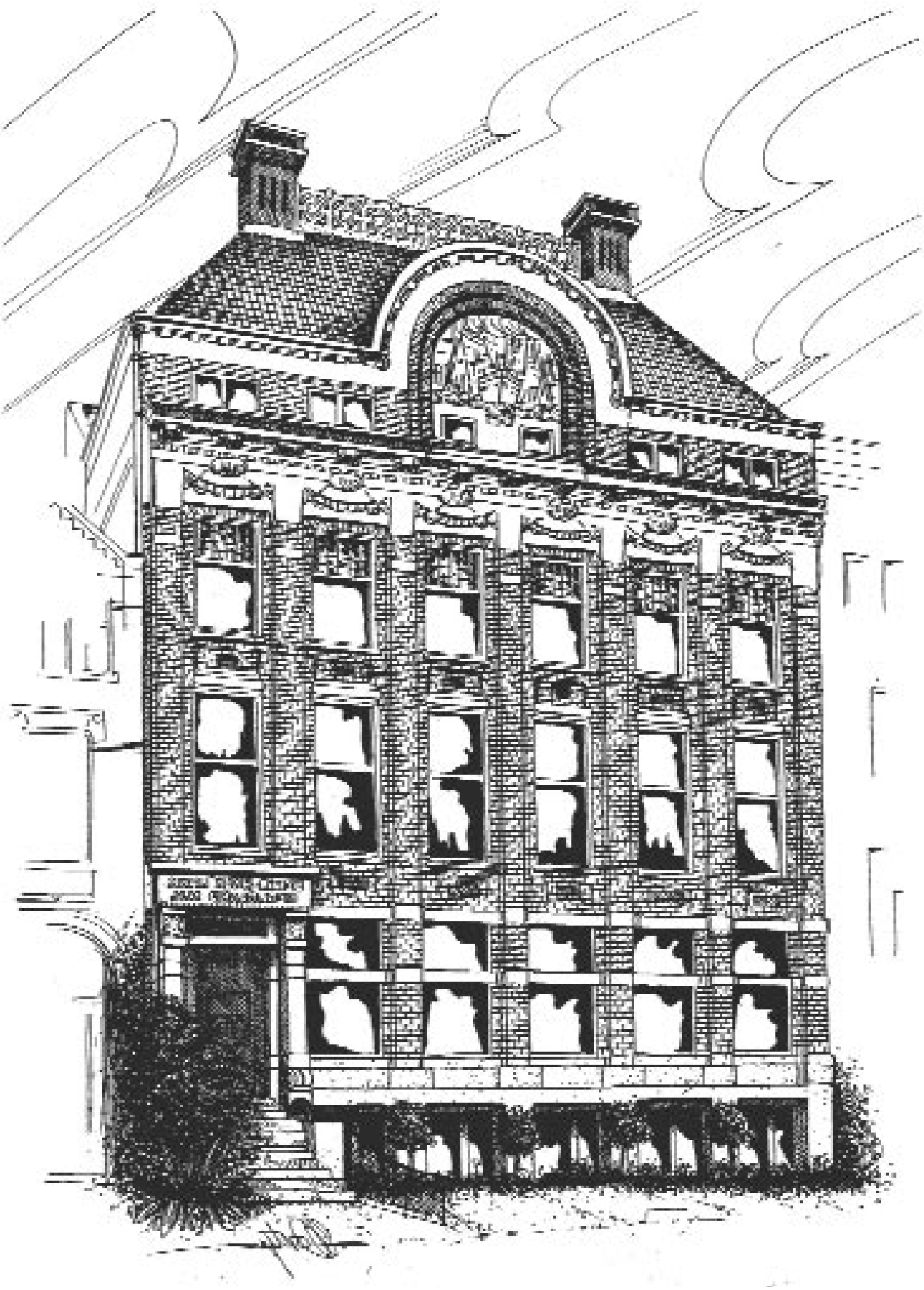
Mr. Abram Rutgers
Member

Mr. Mehmet Emin Özcan
Member

Executive Board

Mr. Merdan Araz
Senior General Manager

Mr. Hans J. Ph. Risch
General Manager



Report of the Executive Board

During 2003, DHB Bank has continued to reinforce its position within its chosen market segments. Following a consolidation in 2002, the Bank experienced another year of liability-driven growth in balance sheet size in 2003.

Compared to 2002, total balance sheet size increased by approximately EUR 240 million, reaching EUR 1,740 million. We see the reasons in the fact that continued weak consumer confidence caused by the still sluggish European economy has induced many retail investors to seek traditional savings and time deposits as an alternative to higher-risk investments.

This net deposit inflow reflected on various items on the asset side of the balance sheet. In particular, the Banks item increased by approximately EUR 87 million to reach a total of EUR 950 million at year-end 2003, of which EUR 264 million in money market placements. This level, while ensuring a continuously comfortable liquidity position, is far below the EUR 451 million at year-end 2002, indicating a partial reallocation of the bank's liquid funds into higher-yielding banking instruments. The renewed momentum behind the bank's commercial activities is further demonstrated by the expansion in discounts, short-term loans, and medium and long-term loans to banks, which in total increased by EUR 260 million, or 61% compared to 2002. The bank's portfolio of interest-bearing securities increased in step with the growth in total asset size. While this item increased by approximately EUR 100 million in absolute terms, its share in the total balance sheet only rose from 19.4% in 2002 to 22.7% in 2003.

Net commission income increased from EUR 5.8 million to EUR 7.5 million reflecting the increased commercial activity of the Bank in its core business lines.

DHB Bank's income statement as of December 31, 2003 shows EUR 29.1 million in net interest income, which is nearly the same as in 2002. Though asset size increased, in view of the historically low interest rates in the global environment, and the resulting pressure on the margins in emerging markets, in particular Turkey, we still consider this a satisfactory result. In fact, net interest income as a percentage of average interest-earning assets has slightly increased to 1.90% in 2003 from 1.84% in 2002. Net commission income increased from EUR 5.8 million to EUR 7.5 million reflecting the increased commercial activity of the Bank in its core business lines.

Economic Environment in Turkey

In 2003, the recovery in the Turkish economic indicators continued. Inflation slowed to 13.9% from last year's 30.8%, growth expectations reached 6%, export and import figures exceeded the government year-end estimations and the Turkish Lira was stronger than predicted.

An important milestone setting the tone for the further stabilization of the Turkish economy was the approval of a law which will remove six zeros from the currency. The New Lira will enter circulation at the beginning of 2005, one New Lira being equivalent to one million of the existing Lira. Although market participants expect a slight increase in the inflation figure due to the introduction of the New Lira, it is also expected to boost the confidence in the currency and the economy.

In the meantime, FitchRatings has upgraded the long-term and local currency ratings of Turkey to "B+" from "B", reflecting the progress towards sustaining macroeconomic stabilization, most notably the decline in inflation and interest rates as well as exchange rate stability. Standard and Poor's had also upgraded Turkey's rating to "B+" as a result of the government's progress in implementing its IMF-backed economic program.

Turkey made progress towards fulfilling the Copenhagen criteria for the EU membership in 2003. The Turkish Parliament approved various EU harmonization packages. The European Commission's latest progress report recognized Turkey's successes and continued drive for political and economic reform. However, according to the report, the implementation of the reform legislation still lags behind. At the end of 2004, the EU will prepare a similar report. If, by that time, the EU governments and the Commission decide that Turkey has fulfilled all the Copenhagen criteria, the membership negotiations will start at the beginning of 2005.

However, the Cyprus issue still constitutes a major obstacle in the EU-Turkey relations. The EU hopes to see the island reunited before its scheduled entry into the union in May 2004. If a solution is reached by then, it should encourage Turkey in further stabilizing its economy and politics. Since a solution to the Cyprus problem is seen as the key for Turkey to secure a date for membership negotiations, the developments

regarding the reunification of the island will be one of the main inputs for the financial markets in 2004.

For 2004, it is expected that Turkey will maintain its positive relationship with the IMF, finalizing the implementation of the three-year economic program supported by the Fund. While government officials have repeatedly stated that Turkey does not intend to pursue a similar program beyond that, 2004 will be a crucial year for the consolidation of the program's benefits. Estimates of the High Planning Board predict an average growth rate of 5.2% for Turkey's economy between 2003 and 2005. The inflation rate is expected to decline to 8% at the end of 2005. Foreign investments, exports, and imports are also expected to increase.

While these favorable developments in DHB Bank's traditional geographical focus area, Turkey, open up opportunities in the sense of growing international trade and economic development, they also pose challenges in that they tend to increase competition among international banks for this market and thereby suppress the profit margins to be achieved.

Bank Operations

In this competitive operating environment, DHB Bank concluded the year in review showing a gross operating profit of EUR 14.4 million, compared to EUR 15.6 million in 2002. The profitability did not develop in step with the growing business volume and interest-earning assets due to the fact that the risk premiums on emerging markets, and with it the spreads to be earned on Turkey-related commercial transactions, have declined substantially in the course of 2003. Strong growth in commission income based on the increased commercial activity has led to an overall rise in income to EUR 38.8 million from EUR 37.0 million in 2002. This was offset, however, by an increase in staff and administrative costs, resulting in a net profit of EUR 9.3 million (2002: EUR 10.1 million).

The acquisition of Dışbank Nederland NV completed in August 2003 contributed to the consolidation of DHB Bank's position in its chosen market segments. The asset portfolio acquired is well-suited to the bank's asset mix, and a number of highly qualified staff members have joined the DHB Bank team from Dışbank. The purchase price amounted to EUR 46.9 million based on book values of the net assets. Due to the short-term nature of the acquired assets and liabilities, fair value is reflected by the book value and therefore no goodwill was recognized. Income and expenses increased with EUR 131.2 thousand respectively EUR 189.4 thousand due to this acquisition.

During the last quarter of 2003, DHB Bank has successfully completed the first phase of its Matrix project with the migration to this new central banking application in the Netherlands environment. Migration in the other countries where the bank is operating is expected to be complete by the end of May 2004.

During 2003, DHB Bank has continued to reinforce its position within its chosen market segments.

Wholesale Business

2003 saw a continuation of the Bank's return to its core business, the financing of Turkey-related trade flows. With the Turkish economy in an upward trend, the country's foreign trade also expanded in the course of the year, creating opportunities in DHB Bank's traditional market segments. The financing of Turkish oil imports continued to play a major role in the bank's trade finance portfolio, reaching a volume of USD 1.2 billion or about 20% of Turkey's total oil imports.

In addition, during 2003, DHB Bank was an active lender both in the primary and in the secondary market for syndicated loans, and in particular pre-export financing facilities. The bank participated in syndicated facilities for a total of USD 280 million during the year.

As in previous years, for the sake of the transparency, a credit rating offers for a financial institution's presentation to the outside world and in particular the international business community, the Bank has opted to continue having its financial soundness and outlook rated by FitchRatings. The review process resulted in the confirmation of all the bank's ratings by the agency, namely the long-term foreign currency rating as BB-, the individual strength rating as C/D, and the support rating as 5.

Retail Operations

While DHB Bank's asset-side retail activities continued to grow steadily in 2003, on the liability side, retail funding has been the main pillar of the bank's funding composition for the past few years. Total deposits as of the year-end amounted to EUR 1,481 million (2002: EUR 1,283 million). Of this total, EUR 836 million originates in Germany, EUR 333 million in the Netherlands, and EUR 312 million in Belgium.

In 2003, the interest rate level in all of DHB Bank's operating area declined, following two rate cuts by the European Central Bank in March and June, the latter of which brought the benchmark refinancing rate down to 2.00%. The full extent of these cuts was not immediately reflected in the market leaders' deposit rates, therefore, as a niche player relying on deposit funding for a large portion of its balance sheet, DHB Bank was not in a position initially to make major adjustments to its deposit rates. After July, market conditions eased, and the Bank was able to bring the cost of deposit funding back to a more balanced level.

While consumer lending did not grow as rapidly as originally foreseen, largely due to generally slow household demand and relatively weak consumer confidence, the total portfolio of consumer loans granted more than doubled in 2003. In addition to its efforts to increase the consumer loan portfolio through direct channels DHB Bank established a separate entity, Best CreditLine BV, 100% subsidiary of DHB Bank, to provide consumer loans through intermediaries.

Workers remittances to both Turkey and Morocco continue to be a stable source of income for DHB Bank.

2003 saw a continuation of the Bank's return to its core business, the financing of Turkey-related trade flows.

In 2003, in 174,889 remittance transactions, a total amount of EUR 201.5 million was transferred (2002: EUR 223 million in 170,361 transactions).

The popularity of DHB Net Banking services is increasing. By the end of 2003, the service, which enables clients to review the balance on their account, enter both domestic and international payment orders and apply for credit facilities from the privacy of their own home, counted 13,451 users (2002: 4,375).

DHB Hypotheken & Verzekeringen BV, a wholly-owned subsidiary of DHB Bank, enlarged its customer base in cooperation with the branches of the Bank and managed to generate a commission income of EUR 0.5 million in 2003 by providing insurance brokerage services and acting as an intermediary in the provision of mortgage loans.

DHB Bank has completed its preparations in issuance of debit cards and participation in the ATM network in the Netherlands. This new service will contribute to the DHB retail banking services and is expected to be operational in the first half of 2004.

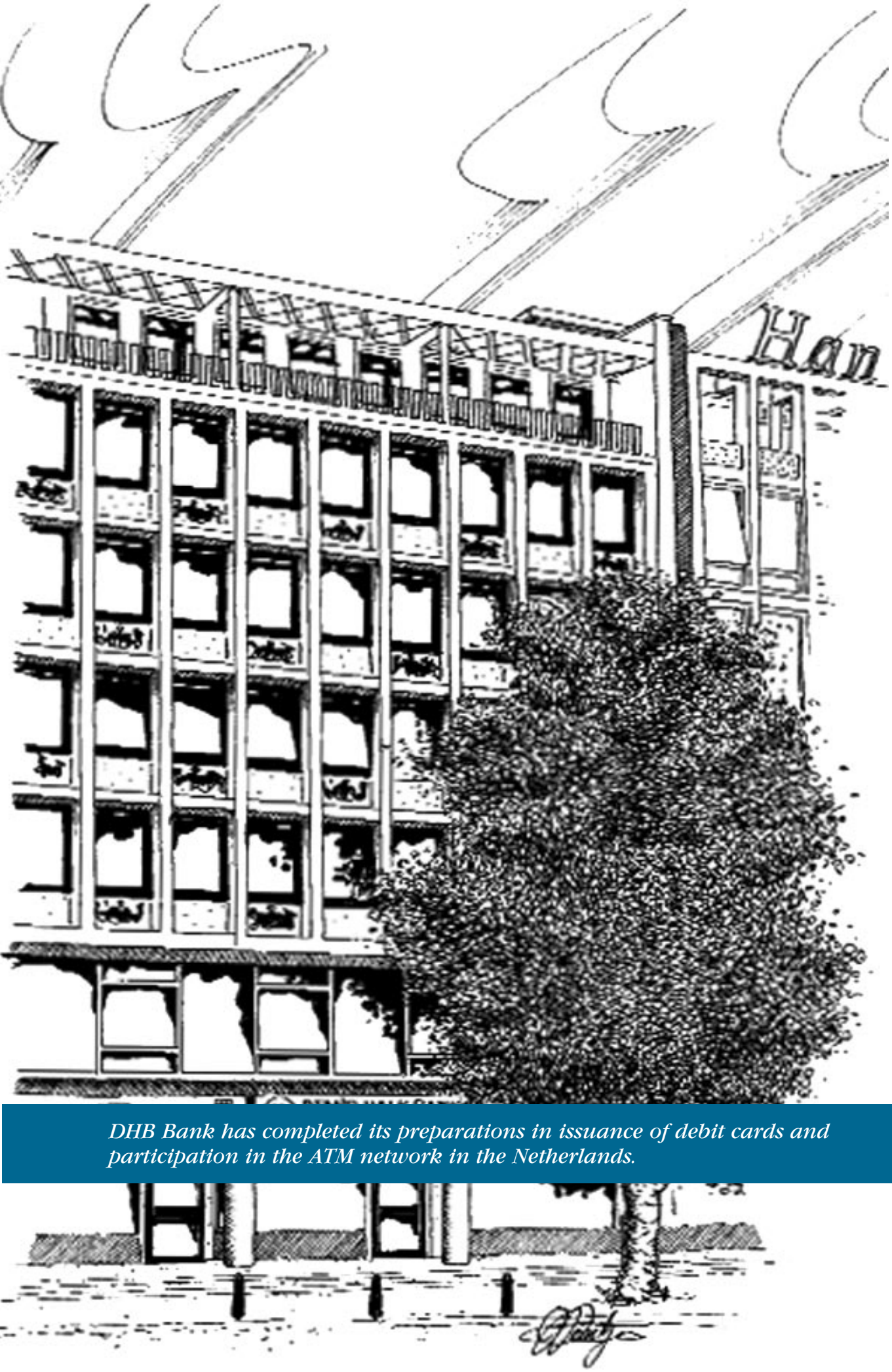
Treasury Operations

During 2003, liquidity management remained an important aspect of the Treasury Department's activities. However, the previous year's tendency towards a reduction in near-cash assets in favor of higher-yield investments continued. This is illustrated by the amount of money market placements as a percentage of total asset size, which declined from 30% in 2002 to 16% at year-end 2003.

The management of the Bank's investment portfolio gained importance during 2003. Structured derivatives, and in particular credit-linked notes, began to play a greater role, becoming an instrument for yield enhancement as well as a means for adjusting the duration of the investment portfolio.

Dutch government bonds, which previously did not figure prominently in DHB Bank's portfolio, also joined the spectrum of financial instruments used by the treasury in proprietary trading and investment during the year.

With the Turkish economy in an upward trend, the country's foreign trade also expanded in the course of the year, creating opportunities in DHB Bank's traditional market segments.



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Risk Management

As an internationally active small to medium sized bank, DHB Bank takes mainly credit, market (foreign exchange and interest rate risks) and liquidity risks, besides the usual operational and legal risks. Identification, control and management of credit and concentration risks are carried out by the Risk Management Unit. The limit guidelines of these risks are in compliance with the recommendations of the Dutch Central Bank. In this goal, this Unit continually monitors the risks and their limit abidance.

Liquidity tracking and risk control is centralized in the Treasury Department for all currencies. The Department makes use of system data for this purpose. In order to manage foreign exchange risk, the Treasury Department enters into currency swaps, and as a natural outcome of all these activities the week and month liquidity positions are monthly reported to Dutch Central Bank by the Accounting Department.

Monthly gap analyses are carried out by the Financial Risk Modeling and Assessment Department, in order to determine the interest rate risk position of DHB Bank. Currently, work is in progress for an improved interest rate risk model. In order to quantify trading book based market risks, value at risk (VaR) models are used. The findings of the models are reported to Executive Management by monthly reports. Multi faceted analysis of the credit portfolio is also monthly reported to Executive Management by the same department.

Expectations

For 2004, we expect the relatively low-interest environment and the resulting global appetite for emerging market risks to persist. Combined with a continued recovery in the Turkish economy as well as an improved outlook on Turkey's progress toward EU membership, this should offer both opportunities and challenges for DHB Bank's commercial activities, with lengthening maturities and declining margins.

While retail lending will continue to play a role in the bank's asset portfolio, we do not expect consumer loans to make up a substantial portion of the bank's balance sheet in the short run. Accordingly, we anticipate other aspects of asset diversification to take center stage in 2004, not the least of which is the penetration into a number of new geographical areas.

Considering the Bank's cost of funding and background in trade finance, we will be searching out regions offering suitable margins as well as market characteristics appropriate to our expertise. The countries we have focused our attention to using these criteria are Russia, Kazakhstan, Romania, the Ukraine, and Azerbaijan. The opening of representative offices is planned for the cities of Moscow, Bucharest, and Kiev. For Kazakhstan, the presence of Demirbank Kazakhstan does not seem to make a separate representative office of DHB Bank necessary.

In order to facilitate the on-going reactivation of the Bank's commercial activities, a separate Corporate Marketing Department has once again been established at the Head Office in the beginning of 2004. It is expected that this will contribute to an even clearer separation of duties between marketing and credit management as well as create a basis for the further expansion of the bank's corporate client portfolio.

Parallel to this anticipated growth in corporate activity, correspondent banking activities are also expected to develop, both in assets and liabilities. In view of current interest rate levels as well as for the market recognition effect it provides, syndicated borrowing once again seems to be an attractive option.

Parallel to this anticipated growth in corporate activity, correspondent banking activities are also expected to develop, both in assets and liabilities.

Board, Staff and Personnel

In the course of the year, there were changes in the composition of the Supervisory Board. On March 27, 2003, Mr. Haluk Levent Ünal resigned from the Board. Mr. Ahmet İzzet Karacahisarlı submitted his resignation as of April 28, 2003. We would like to thank them for their contribution during their tenure as board members.

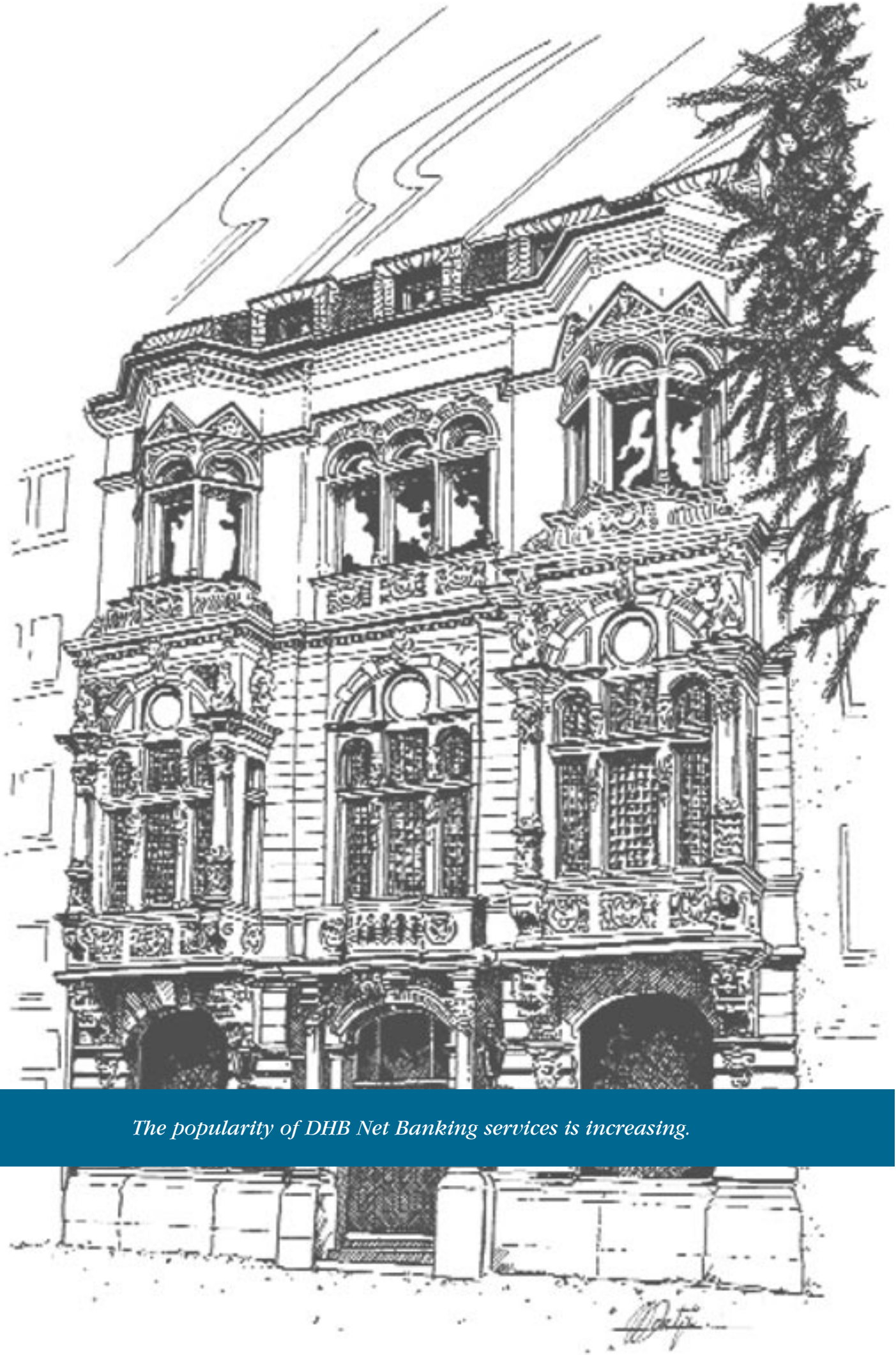
On July 28, 2003, Mr. Mehmet Emin Özcan and Mr. Tevfik Bilgin were appointed as supervisory board members. The latter resigned from the Board effective November 29, 2003. We would like to thank him for his contributions.

In 2003, the number of staff once again showed an upward trend. This was due to a number of factors. Among the most important ones are the migration to a new central banking application, the expansion of retail and internet services, and the increased activity in the Bank's core trade finance business. At year-end, the Bank employed 288 people. Due to an increase in the proportion of part-timers, which was negligible in the past, it has become meaningful to also report the number of full-time equivalents (FTE's). At year-end 2003, this was 269 (2002: 252).

In conclusion, we would like to express our sincere thanks to the members of our Supervisory Board for their continued support. We would also like to offer our sincere thanks and appreciation to the Bank's management and staff for their effort and dedication, which have helped to build DHB Bank into what it is today.

Rotterdam, March 29, 2004

Merdan Araz, Senior General Manager
Hans J.Ph. Risch, General Manager



The popularity of DHB Net Banking services is increasing.

Management and Staff

EXECUTIVE BOARD

Managing Directors

Mr. Merdan Araz
Senior General Manager

Mr. Hans J.Ph. Risch
General Manager

SENIOR MANAGEMENT

Mr. Kayhan Acardağ
Deputy General Manager

Ms. Bahar Kayıhan
Assistant General Manager
Operations & Documentary Credits

Ms. Ayten Türkmen
Assistant General Manager
Corparate Marketing

Mr. Ertürk Sümer
Assistant General Manager
Internal Audit

Ms. Özlem Mertoğlu
Assistant General Manager
Corporate Loans

Mr. Berkan Tamer
Assistant General Manager
Financial Institutions & Treasury

DEPARTMENT HEADS

Accounting
Mr. Ercan Erdoğan

Corporate Loans
Ms. Ayşe Cıngıl

Corporate Marketing
Mr. Gaspar Esteve Cuevas

Financial Institutions
Mr. C. Levent Es

Financial Risk Modeling and Assessment
Mr. Mete Usta

General Affairs
Mr. Burhan Bahçeli

Human Resources
Ms. Anke Tamer

Information Technology
Mr. Nezih Engin

Operations & Documentary Credits
Ms. Pınar Olierook-Türe

Research and Project Development
Ms. Filiz Idil

Retail Banking
Ms. Nalan Müstecaplıoğlu

Retail Loans
Mr. Ruhi Coşgun

Retail Services & Savings
Mr. Erol Ulu

Treasury
Mr. İrfan Çetiner

FOREIGN MAIN BRANCHES

GERMANY
Mr. Ali Ömer Devres
Senior Country Manager

BELGIUM
Mr. René Bienfait
Country Manager

Mr. Can Kural
Country Manager

UNITED KINGDOM
Mr. Akşit Özkural
Senior Country Manager

ISTANBUL REPRESENTATIVE
Ms. Fulya Baran

RETAIL BRANCH MANAGERS

NETHERLANDS

Amsterdam
Mr. Levent Bölükoğlu

Rotterdam
Mr. M. Devrim Baykal

The Hague
Ms. Filiz Cenikli

Utrecht
Mr. Oğuz Kavafoğlu

GERMANY

Hamburg
Mr. Ersin Leventli

Cologne
Mr. Kürşat Asöcal

Berlin
Mr. Sami Açar

Stuttgart
Mr. Gökhan Erkovan

Munich
Mr. Kerim Birkan

DHB HYPOTHEKEN & VERZEKERINGEN BV
Mr. Metin Tutkun

BEST CREDITLINE BV
Mr. Ruhi Coşgun

Financial Statements for the Year 2003

Financial Statements for the Year 2003

Consolidated balance sheet as of 31 December 2003

(in thousands of EUR)	31 Dec. 2003	31 Dec. 2002
Assets		
Cash	25,462	27,431
Banks	950,454	863,611
Loans and advances	256,262	250,086
Interest bearing securities	394,751	291,411
Intangible assets	3,591	2,564
Property and equipment	13,686	14,625
Prepayments and accrued income	95,744	52,739
	1,739,950	1,502,467
Liabilities		
Banks	35,718	6,599
Funds entrusted	1,480,909	1,282,628
Other liabilities	9,746	10,635
Accruals and deferred income	22,714	21,155
Provision for deferred taxation	386	305
	1,549,473	1,321,322
Paid-in and called-up capital	113,445	113,445
Revaluation reserve	219	219
Legal reserve	3,591	2,564
Other reserves	63,890	54,856
Net result for the financial year	9,332	10,061
Own Funds	190,477	181,145
	1,739,950	1,502,467
Contingent Liabilities	48,561	156,551

Consolidated profit and loss account for the financial year 2003

	2003		2002	
(in thousands of EUR)				
Interest income	83,224		90,429	
Interest expense	54,087		61,008	
Net interest income		29,137		29,421
Commission income	7,867		6,204	
Commission expense	363		383	
Net commission income		7,504		5,821
Result on financial transactions		2,129		1,710
Other income		–		–
Total income		38,770		36,952
Administrative expenses:				
• Staff costs	14,583		13,723	
• Other administrative expenses	8,411		6,759	
		22,994		20,482
Amortization/depreciation		2,045		2,454
Value adjustments to receivables		(679)		(1,617)
Total expenses		24,360		21,319
Operating result before tax		14,410		15,633
Tax on result on ordinary activities		5,078		5,572
Net profit		9,332		10,061

Financial Statements for the Year 2003

Consolidated cash flow statement for the financial year 2003

(in thousands of EUR)	2003	2002
Profit after taxation	9,332	10,061
Depreciation	2,045	2,454
Value adjustments to receivables	(679)	(1,617)
Provision for deferred taxation	81	193
Net cash flow from profit	10,779	11,091
Interest - bearing securities	(2,463)	14,165
Banks (assets), not withdrawable on demand	(92,716)	478,338
Loans and advances	(5,497)	7,415
Banks (liabilities), not withdrawable on demand	26,718	(4,171)
Banks (liabilities), other	2,401	(6,002)
Funds entrusted	198,281	(291,484)
Other assets	(43,005)	(34,737)
Other debts and liabilities	670	(5,988)
Net cash flow from banking activities	84,389	157,536
Additions to securities for investment purposes	(311,606)	(291,086)
Disposals and redemptions of portfolio investments	210,729	122,478
Investment in intangible assets	(1,264)	(2,457)
Investment in property and equipment	(869)	1,121
Disposals of property and equipment	–	–
Net cash flow from investment activities	(103,010)	(169,944)
Increase in group equity	–	–
Dividends paid	–	–
Net cash flow from financing activities	–	–
Net cash flow	(7,842)	(1,317)
Liquid funds - opening balance	37,267	38,584
Cash	27,431	35,805
Banks current accounts	9,836	2,779
Liquid funds - closing balance	29,425	37,267
Cash	25,462	27,431
Banks current accounts	3,963	9,836
Movement in cash	(7,842)	(1,317)

General

The shareholders are HCBG Holding BV of Amsterdam and Mr. Aydın Doğan each of whom has a participation of 35% and Türkiye Halk Bankası A.Ş. of Ankara, which owns 30%.

The financial position of the bank is related to the economic developments in Turkey. The financial statements reflect the Executive Board's best assessment of the financial position of the bank with respect to these developments.

Basis of preparation

The annual accounts are prepared in accordance with the legal requirements for the annual accounts of banks contained in Chapter 14, Part 9, Book 2 of the Netherlands Civil Code.

All amounts are stated in thousands of EUR, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities, income and expenses of DHB Bank and its subsidiaries DHB Hypotheken & Verzekeringen BV, Best CreditLine BV and Dışbank Nederland NV. In accordance with art. 402 Part 9 of Book 2 of Netherlands Civil Code, the company profit and loss account is presented in an abbreviated form to show company results and results of subsidiaries.

Accounting principles

General

Assets and liabilities are stated at nominal value, unless stated otherwise.

Foreign currencies

Assets and liabilities denominated in foreign currencies as well as forward transactions in foreign currencies which relate to funds borrowed and lent are converted at the spot rate as of balance sheet date.

Non-monetary items, which are expressed in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the day of the transaction.

Foreign exchange rate differences are recognized in the profit and loss account in "Result on financial transactions."

The difference between the spot and forward rates on hedge transactions is deferred and released to interest income or expense over the term of the contract. Transactions and the resulting income and charges in foreign currencies are converted at the rate applicable on transaction date.

Financial instruments

Derivatives are financial instruments embodied in contracts of which the value depends on one or more underlying assets or indices. The derivatives serving to limit the risks arising on positions held by the bank are stated according to the principles of valuation and determination of results applicable to the positions concerned. The resulting gains and losses from the application of this principle are included in the profit and loss account in "Result on financial transactions." DHB Bank uses financial instruments only for hedging the currency position.

Loans and advances to banks/customers

Loans and advances to banks/customers are valued at nominal value, after deduction of specific provisions for doubtful loans. The balance of additions to and withdrawals from these provisions is included in the profit and loss account in "Value adjustments to receivables."

Interest-bearing securities

Interest-bearing securities consist of investment portfolio and trading portfolio.

Fixed-income securities, except for zero coupon bonds, denominated in hard currencies belonging to the investment portfolio are stated at redemption value after deduction of provisions for doubtful loans. The difference with the acquisition price is recognized as a profit or loss in proportion to the remaining term of the securities. Zero coupon bonds belonging to the investment portfolio which are denominated in Turkish lira are stated at acquisition price. The accumulated interest on these zero coupon bonds is reported under the item investment portfolio. The investment portfolio is intended to be held to maturity.

The trading portfolio comprises interest-bearing securities which are held to obtain short-term transaction results. Officially listed trading portfolio securities are stated at the last known market value in the year under review, or at a selling price if already agreed. Gains and losses arising from movements in market value are included in the profit and loss account in "Result on financial transactions."

Intangible assets

Intangible assets are stated at acquisition cost, less amortization based on the useful economic life, subject to a maximum of 5 years.

In 2001 a new banking software system has been bought, which is currently being expanded and adapted for use within the organization. For this purpose, a Research and Project Development Unit has been formed. The development expenses consist mainly of staff costs of the Research and Project Development Unit and some other staff members, working on this new banking software system. All the development expenses regarding this new banking software system are being capitalized. The amortization of this development expenses started in October 2003.

A legal reserve is maintained equal to the intangible assets.

Property and equipment

The valuation principles for tangible fixed assets are as follows:

Buildings in use by the Bank

Buildings in use by the Bank are stated at fair value, as calculated according to the replacement cost value based on periodic appraisals by independent experts and any interim adjustments. Changes in the market value are reflected in the revaluation reserve, taking deferred tax liabilities into account. Buildings in use by the Bank are depreciated according to the straight-line method on the basis of the estimated useful economic life with a maximum of 50 years, taking into account the estimated residual value.

Other fixed assets

These are stated at acquisition cost less straight-line depreciation on the basis of estimated useful economic life.

Provision for deferred taxation

This provision relates to the expected tax liability on the relevant differences between the valuations for commercial and tax purposes of assets and liabilities.

Income

Income is attributed to the period in which it arises or in which the service was provided, with the exception of value differences in respect of trading positions stated at market value. The latter are added or charged directly to the result for the year.

Interest income and commissions from the extension of credits are not stated as income if the collection of the interest and commission is doubtful.

Operating expenses

Expenses are allocated to the period in which they arise.

Taxes

Taxes are calculated over the net profit or loss before tax on the basis of the applicable corporation tax rates, taking exempt profit items and deductible items into account. DHB Bank and its subsidiaries except Dışbank Nederland NV form a fiscal unity within Dutch tax regulations.

Cash Flow Statement

The cash flow statement gives details of the source of liquid funds, which became available during the year and the allocation of these funds. The cash flows are separated according to whether they arise from banking, investment, or financing activities. Liquid funds include cash in hand, net demand deposits with central banks and other banks. Movements in interbank deposits, loans and advances, and funds entrusted are included in the cash flow from banking activities. Investment activities cover purchases, sales, and redemptions in respect of the investment portfolio as well as investments in and sales of property and equipment. The issue of shares, the borrowing and repayment of subordinated debts and the payment of dividends are treated as financing activities.

Financial Statements for the Year 2003

Consolidated balance sheet as of 31 December 2003

	31 Dec. 2003	31 Dec. 2002
Assets		
Cash	25,462	27,431

This item includes all legal tender, as well as demand deposits held at the central bank in countries in which the Bank is established.

Banks	950,454	863,611

This item comprises all loans and advances to banks falling under government supervision as well as to central banks, which are not included in the cash item and insofar as not embodied in the form of debt securities including fixed income securities.

The residual maturity of this item is as follows:

• payable on demand	165,228	9,836
• three months or shorter	243,953	550,855
• longer than three months but not longer than one year	529,752	274,140
• longer than one year but not longer than five years	11,521	28,780
	950,454	863,611

This item includes pledged funds amounting to 44,500 , of which 26,500 serve as collateral for some swap transactions and 18,000 serve as collateral for a letter of credit transaction.
There are no subordinated loans or advances granted to banks.

Loans and advances	256,262	250,086

The residual maturity of loans and advances is as follows:

• three months or shorter	35,211	24,416
• longer than three months but not longer than one year	142,748	126,675
• longer than one year but not longer than five years	76,933	98,444
• longer than five years	1,370	551
	256,262	250,086

The total amount of loans and advances to members of the Executive Board and members of the Supervisory Board as at balance sheet date is 468 (2002: 256).

There are no subordinated loans granted to customers.

	31 Dec. 2003	31 Dec. 2002
Interest bearing securities	394,751	291,411

Interest bearing securities consist mostly of Eurobonds and Treasury bills issued by the Turkish government and are listed on organized exchanges. The interest bearing securities not issued by Turkish government amount to 23,442 (2002: 65,535)

Interest bearing securities can be broken down into:		
• investment portfolio	388,278	287,401
• trading portfolio	6,473	4,010
	394,751	291,411

The investment portfolio developed as follows:		
Opening balance	287,401	118,793
• purchases	312,525	292,881
• sales	(23,523)	(3,938)
• repayments	(187,206)	(118,540)
• revaluations	(919)	(1,795)
Closing balance	388,278	287,401

The securities in the investment portfolio amounting to 1,000 serve as collateral for our facilities with the Dutch central bank. This item also includes pledged securities amounting to 19,071, which serve as collateral for borrowings and for an option transaction.

Intangible assets

The changes in this balance sheet item are as follows:

	Formation and share-issuing costs	Concessions, licenses and intellectual property	Total
Balance sheet value as of 1 January 2003	45	2,519	2,564
Investments		1,264	1,264
Amortization	34	203	237
Balance sheet value as of 31 December 2003	11	3,580	3,591
Cumulative amortization and value adjustments	695	278	973

Investments in intellectual property in 2003 represent expenditures made to develop the new banking software system. The development expenses consist mainly of staff costs of the Research and Project Development Unit and some other staff members, working on this new banking software system. The amortization of this investment started in October 2003. Besides this a participation fee is paid to Interpay Nederland BV for the new debit card project, which will become operational in 2004.

Property and equipment

The changes in this balance sheet item are as follows:

	Buildings in use by the Bank	Other fixed assets	Total
Balance sheet value as of 1 January 2003	11,440	3,185	14,625
Investments	133	736	869
Depreciation	498	1,310	1,808
Balance sheet value as of 31 December 2003	11,075	2,611	13,686
Cumulative depreciation and value adjustments	2,613	6,794	9,407
Cumulative revaluations	219	–	219

The buildings serve as collateral for mortgage loans received.

	31 Dec. 2003	31 Dec. 2002
Prepayments and accrued income	95,744	52,739

This includes the prepayments for costs to be charged to following periods, as yet un-invoiced amounts still to be received and the accrued interest as well as the net positive value on forward foreign exchange contracts.

Liabilities

Banks	35,718	6,599

This includes the non-subordinated amounts owed to banks insofar as not embodied in debts evidenced by certificates.

The residual maturity of this item is as follows:

• payable on demand	4,631	2,230
• three months or shorter	26,935	–
• longer than three months but not longer than one year	–	–
• longer than one year but not longer than five years	698	119
• longer than five years	3,454	4,250
	35,718	6,599

The average interest rate on long term borrowings from banks is 4,81%.
(2002: 5,31%)

	31 Dec. 2003	31 Dec. 2002
Funds entrusted	1,480,909	1,282,628

Included under this item are all non-subordinated debts, insofar as they are not amounts owed to banks or embodied in debts evidenced by certificates.

This item is made up as follows:

• savings accounts	1,429,238	1,229,736
• other funds entrusted	51,671	52,892
	1,480,909	1,282,628

The residual life of the savings accounts is as follows:

• payable on demand	892,269	689,160
• three months or shorter	158,646	157,115
• longer than three months but not longer than one year	237,147	292,256
• longer than one year but not longer than five years	141,115	91,128
• longer than five years	61	77
	1,429,238	1,229,736

The residual life of the other funds entrusted is as follows:

• payable on demand	27,352	39,168
• three months or shorter	9,522	2,398
• longer than three months but not longer than one year	9,598	5,790
• longer than one year but not longer than five years	1,155	1,547
• longer than five years	-	91
• unspecified	4,044	3,898
	51,671	52,892

Other liabilities	9,746	10,635

This item comprises current taxes payable and other amounts which cannot be classified with any other balance sheet items.

Accruals and deferred income	22,714	21,155

Stated under this item are prepayments received in respect of profits attributable to following periods and amounts still to be paid such as accrued interest, as well as the net negative value on forward foreign exchange contracts.

Provision for deferred taxation	386	305

This provision relates to intangible assets and is of a mainly medium-term nature.

Balance sheet value as of 1 January 2003	305	112
Addition	113	272
Release	32	79
Balance sheet value as of 31 December 2003	386	305

Own funds

We refer to notes of the company balance sheet for this item

Off-balance sheet contingent liabilities and commitments and risks

	31 Dec. 2003	31 Dec. 2002
Contingent liabilities	48,561	156,551
This includes all liabilities arising from transactions in which the Bank has guaranteed the commitments of third parties.		
The contingent liabilities can be broken down into liabilities in respect of:		
• guarantees, etc.	10,163	2,569
• irrevocable letters of credit	38,398	153,982
	48,561	156,551
The contingent liabilities by concentrations of geographical regions can be specified as follows:		
• The Netherlands	1,047	868
• Turkey	45,741	152,852
• Rest of Europe	1,315	2,831
• Other	458	–
	48,561	156,551

Concentrations of credit risks

The loans and advances to customers can be specified by kind of risk as follows:		
• Loans guaranteed by banks	59,961	81,484
• Loans secured by mortgage	6,518	6,662
• Loans guaranteed by third parties, secured by cash collateral	10,017	8,312
• Other loans	179,766	153,628
	256,262	**250,086**
Banks, loans and advances and interest bearing securities by concentrations of geographical regions can be specified as follows:		
• The Netherlands	119,957	82,784
• Turkey	1,341,730	971,354
• Rest of Europe	136,801	341,126
• Other	2,979	9,844
	1,601,467	1,405,108

Assets are assigned to geographical regions using concepts of ultimate ownership and derived country risk.

Currency risks

As of 31 December 2003, the total euro equivalent of assets in foreign currencies is 733 million (2002: 541 million), while the total euro equivalent of liabilities in foreign currencies is 38 million (2002: 24 million). The Bank enters into forward foreign exchange and options transactions to cover currency positions. The net currency risk exposure is nil as at 31 December 2003 (2002: 0,5 million).

Financial Instruments

The following table gives numerical information about the use of derivatives, detailing types of derivatives and credit risks.

The table illustrates the relative importance of the various types of derivative products, showing the notional amounts at year-end 2003. Notional amounts represent units of account which, in respect of derivatives, reflect the relationship with the underlying assets. What they do not reflect, however, are the credit risks assumed by entering into derivatives transactions.

The positive replacement cost represents the maximum loss that DHB Bank would incur on its derivatives transactions if all its counter parties at year-end defaulted. This replacement cost can and will fluctuate from day to day due to changes in the value of the underlying assets.

The unweighted credit equivalents are the positive replacement cost added with the potential credit risk.
The weighted credit equivalents are the unweighted credit equivalents multiplied by weighting factors determined in accordance with standards of the supervisory authorities and are dependent on the nature and remaining maturity of the contracts.

	Notional Amount			Positive Replacement Cost
OTC currency contracts	**< 1 year**	**1-5 year**	**> 5 year**	
Forwards	2,496	–	–	66
Swaps	761,463	–	–	61,775
Options	4,365	–	–	–
Total	768,324	–	–	61,841

	Credit equivalent 31 Dec. 2003		Credit equivalent 31 Dec. 2002	
OTC currency contracts	**Unweighted**	**Weighted**	**Unweighted**	**Weighted**
Forwards	90	19	–	–
Swaps	69,390	13,879	30,882	6,176
Options	44	9	–	–
Total	69,524	13,907	30,882	6,176

Financial Statements for the Year 2003

Consolidated profit and loss account for the financil year 2003

	2003	2002
Interest income	83,224	90,429

This includes income arising from the lending of funds and related transactions as well as commissions and other income which have the character of interest.
This item comprises interest and similar income from:

• banks and loans and advances	51,486	65,446
• interest bearing securities	31,738	24,983
	83,224	90,429

Interest expense	54,087	61,008

Included here are the costs arising from the borrowing of funds and related transactions as well as other charges which have the character of interest.

Commission income	7,867	6,204

This amount comprises the income from fees received in respect of banking services supplied to third parties insofar as these do not have the character of interest. This relates primarily to export finance activities and money transfer services.

Commission expense	363	383

This concerns the expenses paid in respect of fees for banking services supplied by third parties insofar as these do not have the character of interest.

Result on financial transactions	2,129	1,710

This item consists of:

• result from exchange rate differences	966	901
• results from securities trading transactions	1,163	809
	2,129	1,710

Segmentation of income

The total of interest income, commission income and result on financial transactions by geographical areas is as follows:

• The Netherlands	15,037	25,860
• Turkey	55,278	37,584
• Rest of Europe	18,601	31,636
• Rest	4,356	3,263
	93,272	98,343

	2003	2002
Staff costs	14,583	13,723
The staff costs comprise:		
• wages and salaries	11,771	10,798
• pension costs	646	929
• other social costs	1,831	1,651
• other staff costs	335	345
	14,583	13,723

The average number of full-time equivalents in 2003 was 252 (2002: 261). The employees were employed as follows:

• in the Netherlands	146	146
• outside the Netherlands	106	115
	252	261

The insurance contract defines that pension rights are built up on the basis of salary earned and service years spent with the Bank. One more service year is annually financed via lump-sum payment. Back service arising from the fact that salary increases affect the pension rights from previous service years are also financed immediately via annual lump sums, so that the build-up of future obligations of the bank is minimized. The risk that pension investments will not be sufficient for future obligations is with the insurer.

Remunerations of directors and supervisory board members

The remunerations (including pension costs) of current and former members of the Executive Board of Directors amounted in 2003 to 1,189 (2002: 1,566).

The remuneration of the members of the Supervisory Board amounted in 2003 to 429 (2002: 70)

Amortization/depreciation	2,045	2,454

For a breakdown of this item, we refer to the overviews of changes in the intangible and tangible assets.

Value adjustments to receivables	(679)	(1,617)

This item reflects the net amount of the additions to and the release from the specific provision for loans and advances to customers.

Tax on result on ordinary activities	5,078	5,572

This item concerns all tax charges for the financial year in respect of the ordinary operating income stated in the profit and loss account. The tax charged is determined while taking tax exempt items into account. The tax amount of 2003 is higher than the Dutch tax rate of 34,5%. This is due to higher tax rate of 39,9 % in Germany. As a result, the effective tax rate ended up with 35,24 %.

Related party transactions

Parties are considered to be related, if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or if majority of the shares of the parties are owned by the same shareholder. The related parties consist of the Doğan Group, C Group and Türkiye Halk Bankası A.Ş.

During the year, the bank entered into a number of transactions, mainly short-term, with related parties in the normal course of business. All of these transactions were carried out at arms-length pricing and within the limits and the regulatory guidelines set by the supervisory bodies.

The outstanding balances with related parties at the year end, and related expense and income for the year are as follows:

	2003	2002
Assets		
Due from banks	43,991	58,860
Loans and advances	57,682	45,084
Interest bearing securities	–	22,525
Liabilities		
Due to banks	792	918
Funds entrusted	1,953	1,181
Forward exchange transactions	307	338
Contingent Liabilities		
Letter of credits	25,170	27,805
Guarantees	146	91
Interest income	3,918	4,603
Interest expense	87	60
Commission income	193	340
Commission expense	–	–

Fair value of financial instruments

Fair value is the amount at which a financial instrument can be exchanged in transactions between two parties, but it should not be a forced sale or liquidation. Most of DHB bank's assets, liabilities and off-balance sheet items are financial instruments. The fair value is best reflected by a quoted market price. However, the majority of financial instruments are not traded, since there is no market for them. For these non-marketable products such as loans and advances, funds entrusted and OTC derivatives it is difficult to determine the fair value.

For these instruments estimation techniques are used, which are subjective and include assumptions, such as the period these financial instruments will be held, the timing of future cash flows and the discount rate to be applied.

The calculation of approximate fair values is based on market conditions at a specific point in time and may not reflect future fair values. Since the fair values are highly subjective, these are not comparable with fair values of other financial institutions.

	31 Dec. 2003		31 Dec. 2002	
	Book value	**Fair value**	**Book value**	**Fair value**
Assets				
Cash	25,462	25,462	27,431	27,431
Banks	950,454	983,539	863,611	871,771
Loans and advances	256,262	259,288	250,086	269,684
Interest bearing securities	394,751	411,575	291,411	291,917
Forward exchange transactions	63,056	61,841	26,803	25,285
Total	1,689,985	1,741,705	1,459,342	1,486,088

	31 Dec. 2003		31 Dec. 2002	
	Book value	**Fair value**	**Book value**	**Fair value**
Liabilities				
Banks	35,718	36,214	6,599	7,173
Funds entrusted	1,480,909	1,484,219	1,282,628	1,285,505
Forward exchange transactions	1	–	–	–
Total	1,516,628	1,520,433	1,289,227	1,292,678

Rotterdam, March 29, 2004.

Supervisory Board:
Dr. Halit Cıngıllıoğlu (Chairman)
İmre Barmanbek (Vice Chairman)
Drs. Jan Th. Groosmuller
Tufan Darbaz
İsmail Hasan Akçakayalıoğlu
Mehmet Emin Özcan
Theodoor Joseph Bark
Abram Rutgers

Executive Board:
Merdan Araz
Hans J. Ph. Risch

Financial Statements for the Year 2003

Company balance sheet as of 31 December 2003

	31 Dec. 2003	31 Dec. 2002
Assets		
Cash	25,462	27,431
Banks	950,444	863,609
Loans and advances	256,534	250,439
Interest bearing securities	394,751	291,411
Participating interests in group companies	46,666	–
Intangible assets	3,591	2,564
Property and equipment	13,671	14,609
Prepayments and accrued income	95,509	52,747
	1,786,628	1,502,810
Liabilities		
Banks	35,718	6,599
Funds entrusted	1,480,841	1,282,644
Other liabilities	56,492	10,743
Accruals and deferred income	22,714	21,155
Provision for participating interests in group companies	–	219
Provision for deferred taxation	386	305
	1,596,151	1,321,665
Paid-in and called-up capital	113,445	113,445
Revaluation reserve	219	219
Legal reserve	3,591	2,564
Other reserves	63,890	54,856
Net result for the financial year	9,332	10,061
Own funds	190,477	181,145
	1,786,628	1,502,810
Contingent liabilities	48,561	156,551

Company profit and loss account for the financial year 2003

	31 Dec. 2003	31 Dec. 2002
Company net profit	9,403	10,150
Net profit subsidiaries	(71)	(89)
Consolidated net profit	9,332	10,061

General

The company balance sheet and profit and loss account include only the figures of the DHB Bank. The financial statements of our subsidiaries, DHB Hypotheken & Verzekeringen BV, Best CreditLine BV and Dışbank Nederland NV, are excluded. Please refer to the notes of the consolidated balance sheet for any items besides mentioned in this section. The related parties mentioned in the balance sheet consist of the Doğan Group, C Group and Türkiye Halk Bankası A.Ş. The group companies consist of DHB Hypotheken & Verzekeringen BV, Best CreditLine BV and Dışbank Nederland NV.

	31 Dec. 2003	31 Dec. 2002
Assets		
Banks	950,623	863,609
This item is made up as follows:		
• related parties	43,991	58,860
• group companies	–	–
• others	906,454	804,749
Loans and advances	256,534	250,439
This item is made up as follows:		
• related parties	57,682	45,084
• group companies	368	373
• others	198,484	204,982
Liabilities		
Banks	35,718	6,599
This item is made up as follows:		
• related parties	792	918
• group companies	–	–
• others	34,926	5,681
Funds entrusted	1,480,841	1,282,644
This item is made up as follows:		
• related parties	1,953	1,181
• group companies	15	16
• others	1,478,873	1,281,447
Other liabilities	56,492	10,743
This item is made up as follows:		
• related parties	–	–
• group companies	46,759	–
• others	9,733	10,743
Participating interests in group companies		
Development:	**2003**	**2002**
Opening balance	(219)	(130)
• Capital investment	46,956	–
• Net profit subsidiaries	(71)	(89)
Closing balance	46,666	(219)

Participating interests in group companies consist of DHB Hypotheken & Verzekeringen BV, Best CreditLine BV, and Dışbank Nederland NV (100%).

DHB Bank guarantees all liabilities of DHB Hypotheken & Verzekeringen BV, Best CreditLine BV and Dışbank Nederland NV by giving a 403 declaration.

	31 Dec. 2003	31 Dec. 2002
Own funds	190,477	181,145

The movements in equity can be summarized as follows:

	Paid-in and called-up capital	Revaluation reserve	Legal reserve	Other reserves	Net result for the financial year	Total
Balance as of 1 January 2002	113,445	219	321	32,657	18,756	165,398
Change in accounting principles				5,686		5,686
Addition to			2,243	18,756		20,999
Release from				(2,243)	(18,756)	(20,999)
Profit for the year 2002					10,061	10,061
Balance as of 31 December 2002	113,445	219	2,564	54,856	10,061	181,145
Balance as of 1 January 2003	113,445	219	2,564	54,856	10,061	181,145
Addition to			1,027	10,061		11,088
Release from				(1,027)	(10,061)	(11,088)
Profit for the year 2003					9,332	9,332
Balance as of 31 December 2003	113,445	219	3,591	63,890	9,332	190,477

Referring to art. 67c, 1 f of the Dutch Civil Code, the authorized capital amounts to 227 million (NLG 500 million). According to the Articles of Association the shares are subdivided into 500,000 shares, out of which 250,000 shares have been issued and fully paid up.

In 2002 the item 'Other reserve" 5,686 refers to the abolishment of fund for general banking risks and the addition of the same amount to 'Other reserves".

Other Information

Profit appropriation

The profit appropriation has been proposed in conformity with article 21 of the Articles of Association, which states:

1. The company may make distributions to the shareholders and other persons entitled to the distributable profits only to the extent that the company's shareholders' equity exceeds the paid-up and called-up part of the company's capital, plus the reserves which must be maintained under the law.
2. The profits evidenced by the profit and loss accounts adopted by the general meeting of shareholders shall be at the disposal of the general meeting of shareholders.
3. The management may resolve to distribute an interim dividend against the dividend to be expected in respect of the financial year concerned, if the requirement of paragraph 1 has been met and this is evidenced by an interim net equity statement, showing the position of the own equity on, at the earliest, the first day of the third month prior to the month in which the resolution to make a distribution is announced.
4. There shall be no distribution of profits in favor of the company on the shares of depositary receipts issued therefore which the company has acquired in its own capital.
5. In computing the distribution of profits, the shares or depositary receipts issued therefore on which no distribution shall be made in favor of the company in pursuance of the provisions of paragraph 4 above, shall be disregarded.
6. The right to receive dividend shall be precluded by the lapse of five years, to be calculated from the day on which such a distribution became payable.

Prior to approval by the General Meeting of Shareholders, the Board proposes that the net profit of 9,332 be distributed as follows:

Dividend 0%	-
Addition to the other reserves	9,332
	9,332

Auditor's report

Introduction
We have audited the financial statements of Demir-Halk Bank (Nederland) NV, Rotterdam, for the year 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2003 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Amstelveen, March 29, 2004

KPMG Accountants N.V.

DHB Bank

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