

**THE CENTRAL BANK
OF THE REPUBLIC OF TURKEY**

**REPORT ON AGREED-UPON PROCEDURES
FOR THE PERIOD ENDED
31 DECEMBER 2002**

Report on Agreed-Upon Procedures

March 6, 2003

To The Central Bank of
The Republic of Turkey
Ankara

We have performed the procedures enumerated below, which were agreed to by the Central Bank of The Republic of Turkey (“the Bank”), solely to provide reasonable assurance that;

- a. Net International Reserves (NIR), Net Domestic Assets (NDA) and Base Money amounts as of December 31, 2002 were fairly stated in the Letter of Intent dated January 18, 2002,
- b. NIR, NDA and Base Money amounts as of December 31, 2002 were fairly stated in accordance with the definitions applicable at that time for NIR, NDA and Base Money,
- c. The full scope audited and adjusted figures for International Financial Reporting Standards as of December 31, 2001 and December 31, 2002 reconcile with the data mentioned above in paragraph (a) and (b).

Any matters other than defined procedures are the responsibility of the users.

The procedures we have performed are as follows:

- 1) Read the Letters of Intent dated January 18, 2002 and July 30,2002.
- 2) Reconciled the amounts of NIR, NDA and Base Money prepared by the Bank in accordance with the definitions set out in Annex J of the Letter of Intent dated January 18, 2002.
- 3) Obtained written independent confirmation from the Treasury for the related balances.

- 4) Reconciled the data of NIR, NDA and Base Money prepared by the Bank with the audited IFRS (International Financial Reporting Standards) financials as of December 31, 2001 and December 31, 2002 which had been audited in accordance with International Standards on Auditing.

Findings:

- 1) Compulsory reserves and free deposits from private financial institutions, denominated in Turkish Lira, are followed in Net Domestic Assets by the Bank until May 24, 2002 and in Base Money starting from that date.
- 2) During the reconciliation of the data with the audited financials, we have adjusted the data used by the Bank for the matters mentioned in the following paragraph:
 - a) We have reclassified the interest expense and income accruals to the related accounts, which had been classified in the interest and expense accruals and interest and income accruals by the Bank.
 - b) We have netted off the foreign loan with its provision amount, which is classified by the Bank in Net Domestic Assets.

Limitation:

The data for NIR, NDA and Base Money are being prepared as the averages of the last five days of the related period. Since we have only audited the data of 31 December 2001 and 31 December 2002, we do not express an opinion for the data for the remaining four days.

Subject to the findings and the limitation noted above, the performance of the procedures enumerated above did not bring to our attention any matters which would cause us to believe that the Bank's calculation of NIR, NDA and Base Money as at December 31, 2001 and December 31, 2002 are materially misstated.

DRT DENETİM REVİZYON TASDİK
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
Member Firm of **DELOITTE TOUCHE TOHMATSU**

Derya ÖZALP

Ankara, March 6, 2003

Appendix A — NIR, NDA and Base Money as of 31 December 2001
Appendix B — NIR, NDA and Base Money as of 31 December 2002

Appendix A — NIR, NDA and Base Money as of 31 December 2001

PERFORMANCE CONSTANT *	Per Bank	Per Audited IAS Financials
	31 December 2001	31 December 2001 **
5 day average		
Base Money	7,642	7,644
Net Foreign Assets	(11,447)	(12,134)
Net Domestic Assets	(19,089)	(19,778)
Adjusters:	404	404
Net Domestic Assets after Adjuster	(19,493)	(20,182)

* 31 December 2001 parity and 31 July 2001 foreign currency rates are used for the computation.

** The amounts are expressed by the purchasing price index of 31 December 2001.

	Per Bank	Per Audited IAS Financials
	31 December 2001	31 December 2001
	<u>Million USD</u>	<u>Million USD</u>
Net International Reserves	(4,289)	(4,509)

Appendix B — NIR, NDA and Base Money as of 31 December 2002

PERFORMANCE CONSTANT * 5 day average	Per Bank 31 December 2002	Per Audited IAS Financials 31 December 2002
	<u>Trillion TL</u>	<u>Trillion TL</u>
Base Money	10,720	10,761
Currency issued	7,670	7,670
Banks' TL deposits	3,050	3,091
Net Foreign Assets	3,216	2,490
Net international reserves	13,884	13,854
of which: Banks' FX deposits	(8,874)	(8,877)
Medium-term foreign exchange credit (net)	2,020	1,659
Other	(12,689)	(13,023)
Net Domestic Assets	7,504	8,271
Net Domestic Assets (1)	7,504	8,271
Treasury Liabilities to the IMF (2)	18,591	18,591
Treasury FX denominated borrowing with an original maturity of less than 1 year (3)	2,508	2,508
Net Domestic Assets (Program definition) (1+2+3)	28,603	29,370

* 31 December 2001 parity and 31 December 2001 foreign currency rates are used for computation.

Appendix B — NIR, NDA and Base Money as of 31 December 2002 (cont'd)

	Per Bank 31 December 2002	Per Audited IAS Financials 31 December 2002
	<u>Million USD</u>	<u>Million USD</u>
Net Foreign Assets	2,730	210
A-Net International Reserves (1-2+3)	10,042	9,936
1-Gross Foreign Reserves	25,791	25,792
2- Gross International Reserve Liabilities	(15,749)	(15,856)
a- FX deposits of Banking sector	(6,296)	(6,307)
b- IMF	(7,615)	(7,660)
c- Other liabilities	(1,838)	(1,889)
3- Net forward position	-	
B- Medium Term FX credits (net)	1,403	149
C- Other	(8,715)	(9,875)