

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

REPORT ON AGREED-UPON
PROCEDURES
FOR THE YEAR ENDED
31 DECEMBER 2004

Report on Agreed-Upon Procedures

March 11, 2005

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, 2004 were fairly stated in the Letter of Intent dated July 15, 2004,
- b. NIR, NDA and Base Money amounts as of December 31, 2004 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, 2003 and December 31, 2004 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 Letter of Intent dated July 15, 2004.
- 2) Reconciled the amounts of NIR, NDA and Base Money prepared by the Bank in accordance with the definitions set out in Annex B of the Letter of Intent dated July 15, 2004.

- 3) 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, 2003 and December 31, 2004 which had been audited in accordance with International Standards on Auditing.

Findings:

- 1) 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 2003 and 31 December 2004, 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, 2003 and December 31, 2004 are materially misstated.

DRT DENETİM REVİZYON TASDİK
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Levent YAVEROĞLU

Zeki KURTÇU

Istanbul, March 11, 2005

Appendix A — NIR, NDA and Base Money as of 31 December 2003

Appendix B — NIR, NDA and Base Money as of 31 December 2004

Appendix A — NIR, NDA and Base Money as of 31 December 2003

PERFORMANCE CONSTANT *	Per Bank	Per Audited IFRS Financials
	31 December 2003	31 December 2003
		/
	<u>Trillion TL</u>	<u>Trillion TL</u>
Base Money	14,657	14,699
Net Foreign Assets	9,077	8,394
Net Domestic Assets	5,581	6,305
Net Domestic Assets (Program definition)	25,997	26,721

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

** The foreign currency denominated figures is expressed by their TL equivalents as at 31 December 2001, the TL denominated figures is expressed by the purchasing price index of 31 December 2003.

*** Since, in the calculation of audited figures, no adjustment has been booked to the data used in the averages of the remaining four days, we do not express an opinion for the data for those days.

	Per Bank	Per Audited
	31 December 2003	31 December 2003
	<u>Million USD</u>	<u>Million USD</u>
Net International Reserves	13,646	13,427

Appendix B — NIR, NDA and Base Money as of 31 December 2004

PERFORMANCE CONSTANT * 5 day average	Per Bank 31 December 2004	Per Audited IAS Financials 31 December 2004 **
	<u>Trillion TL</u>	<u>Trillion TL</u>
<u>Base Money</u>	19,191	19,229
Currency issued	13,297	13,297
Banks' TL deposits	5,894	5,932
<u>Net Foreign Assets</u>	10,592	9,949
Net international reserves	22,021	21,971
of which: Banks' FX deposits	(10,325)	(10,326)
Medium-term foreign exchange credit (net)	1,964	1,595
Other	(13,393)	(13,617)
<u>Net Domestic Assets</u>	8,597	8,943
Net Domestic Assets (1)	8,597	8,943
Treasury Liabilities to the IMF (2)	21,524	21,524
Treasury FX denominated borrowing with an original maturity of less than 1 year (3)	-	-
Net Domestic Assets (Program definition) (1+2+3)	30,121	30,467

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

** Since, in the calculation of audited figures, no adjustment has been booked to the data used in the averages of the remaining four days, we do not express an opinion for the data for those days.

Appendix B — NIR, NDA and Base Money as of 31 December 2004 (cont'd)

	Per Bank 31 December 2004	Per Audited IFRS Financials 31 December 2004 *
	<u>Million USD</u>	<u>Million USD</u>
Net Foreign Assets	7,313	5,053
A-Net International Reserves (1-2+3)	15,180	14,985
1-Gross Foreign Reserves	28,630	28,630
2- Gross International Reserve Liabilities	(13,450)	(13,645)
a- FX deposits of Banking sector	(7,902)	(7,906)
b- IMF	(2,569)	(2,590)
c- Other liabilities	(2,979)	(3,149)
3- Net forward position	-	
B- Medium Term FX credits (net)	1,365	80
C- Other	(9,232)	(10,012)

* Since, in the calculation of audited figures, no adjustment has been booked to the data used in the averages of the remaining four days, we do not express an opinion for the data for those days.