

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

REPORT ON AGREED-UPON PROCEDURES
FOR THE PERIOD ENDED
30 APRIL 2002

Report on Agreed-Upon Procedures

June 14, 2002

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, 2001 were fairly stated in the Letter of Intent dated January 18, 2002,
- b. NIR, NDA and Base Money amounts as of April 30, 2002 were fairly stated in accordance with the definitions applicable at that time for NIR, NDA and Base Money,
- c. The audited in accordance with full scope and adjusted figures for International Accounting Standards as of December 31, 2001 and April 30, 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 Letter of Intent dated January 18, 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 IAS (International Accounting Standards) financials as of December 31, 2001 and April 30, 2002 which had been audited in accordance with International Standards on Auditing.

Findings:

- 1) Compulsory reserve 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 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 other liabilities and other assets 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 last five days of the related period. Since we have only audited the data of 31 December 2001 and 30 April 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 April 30, 2002 are materially misstated.

DRT DENETİM REVİZYON TASDİK
YEMİNLİ MALİ MÜSAVİRLİK A.Ş.

Member Firm of **DELOITTE TOUCHE TOHMATSU**

Derya ÖZALP

Ankara, June 14, 2002

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

Appendix B — NIR, NDA and Base Money as of 30 April 2002

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

PERFORMANCE CONSTANT * 5 day average	Per Bank 31 December 2001	Per Audited IAS Financials 31 December 2001
	<u>Trillion TL</u>	<u>Trillion TL</u>
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..

	Per Bank 31 December 2001	Per Audited IAS Financials 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 30 April 2002

PERFORMANCE CONSTANT ** 5 day average	Per Bank 30 April 2002	Per Audited IAS Financials 30 April 2002
	<u>Trillion TL</u>	<u>Trillion TL</u>
Base Money	8,680	8,684
Currency issued	5,735	5,735
Banks' TL deposits	2,945	2,949
Net Foreign Assets	162	(482)
Net international reserves	9,583	9,514
of which: Banks' FX deposits	(9,760)	(9,800)
Medium-term foreign exchange credit (net)	2,025	1,694
Other	(11,446)	(11,690)
Net Domestic Assets	8,519	9,166
Net Domestic Assets (1)	8,519	9,166
Treasury Liabilities to the IMF (2)	14,803	14,803
Treasury FX denominated borrowing with an original maturity of less than 1 year (3)	1,875	1,875
Net Domestic Assets (Program definition) (1+2+3)	25,197	25,844

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

Appendix B — NIR, NDA and Base Money as of 30 April 2002 (cont'd)

	Per Bank 30 April 2002	Per Audited IAS Financials 30 April 2002
	<u>Million USD</u>	<u>Million USD</u>
Net Foreign Assets	95	(2,136)
A-Net International Reserves (1-2+3)	6,659	6,423
1-Gross Foreign Reserves	22,764	22,766
2- Gross International Reserve Liabilities	(16,105)	(16,343)
a- FX deposits of Banking sector	(6,826)	(6,967)
b- IMF	(7,927)	(7,927)
c- Other liabilities	(1,352)	(1,449)
3- Net forward position	-	-
B- Medium Term FX credits (net)	1,406	257
C- Other	(7,970)	(8,816)