

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

REPORT ON AGREED-UPON
PROCEDURES
FOR THE YEAR ENDED
31 DECEMBER 2003

Report on Agreed-Upon Procedures

March 9, 2004

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, 2003 were fairly stated in the Letter of Intent dated October 31, 2003,

- b. NIR, NDA and Base Money amounts as of December 31, 2003 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, 2002 and December 31, 2003 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 October 31, 2003.
- 2) Reconciled the amounts of NIR, NDA and Base Money prepared by the Bank in accordance with the definitions set out in Annex G and Annex H of the Letter of Intent dated October 31, 2003.
- 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, 2002 and December 31, 2003 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 2002 and 31 December 2003, 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, 2002 and December 31, 2003 are materially misstated.

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

Levent YAVEROĞLU Zeki KURTÇU

İstanbul, March 9, 2004

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

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

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

PERFORMANCE CONSTANT *	Per Bank	Per Audited IFRS Financials
	31 December 2002	31 December 2002
		/
	<u>Trillion TL</u>	<u>Trillion TL</u>
Base Money	10,720	10,761
Net Foreign Assets	3,216	2,490
Net Domestic Assets	7,504	8,271
Net Domestic Assets (Program definition)	28,603	29,370

* 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 2002.

*** 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 2002	31 December 2002
	<u>Million USD</u>	<u>Million USD</u>
Net International Reserves	10,042	9,936

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

PERFORMANCE CONSTANT * 5 day average	Per Bank 31 December 2003	Per Audited IAS Financials 31 December 2003 **
	<u>Trillion TL</u>	<u>Trillion TL</u>
<u>Base Money</u>	14,657	14,699
Currency issued	10,710	10,710
Banks' TL deposits	3,947	3,989
<u>Net Foreign Assets</u>	9,077	8,394
Net international reserves	19,882	19,819
of which: Banks' FX deposits	(9,048)	(9,050)
Medium-term foreign exchange credit (net)	1,992	1,626
Other	(12,797)	(13,051)
<u>Net Domestic Assets</u>	5,581	6,305
Net Domestic Assets (1)	5,581	6,305
Treasury Liabilities to the IMF (2)	20,416	20,416
Treasury FX denominated borrowing with an original maturity of less than 1 year (3)	-	-
Net Domestic Assets (Program definition) (1+2+3)	25,997	26,721

* 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 2003 (cont'd)

	Per Bank 31 December 2003	Per Audited IAS Financials 31 December 2003 *
	<u>Million USD</u>	<u>Million USD</u>
Net Foreign Assets	6,145	3,773
A-Net International Reserves (1-2+3)	13,646	13,427
1-Gross Foreign Reserves	29,083	29,083
2- Gross International Reserve Liabilities	(15,437)	(15,656)
a- FX deposits of Banking sector	(6,454)	(6,462)

b- IMF	(6,306)	(6,339)
c- Other liabilities	(2,677)	(2,855)
3- Net forward position	-	
B- Medium Term FX credits (net)	1,383	114
C- Other	(8,884)	(9,768)

* 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.