



**KOOPBANK**

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# **ANNUAL REPORT**

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**2018**



**KOOPBANK**

**ANNUAL REPORT & ACCOUNTS 2018**



Cyprus Turkish Cooperative Central Bank is a member of the  
International Co-operative Alliance (ICA)

## *Cyprus Turkish Co-operative Central Bank Ltd*

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## BANK PROFILE

The Co-operative Movement in Cyprus considered as one of the well organized and the strongest in the world, was introduced at the beginning of the 20<sup>th</sup> Century and the first Co-operative Society was founded in 1909.

In 1937 the Co-operative Central Bank was founded. Its purpose was to provide credit for those member societies that are in need, through self-financing within the Co-operative Movement.

According to the Constitution of Cyprus and the Treaty of Establishment enacted in 1959 when Cyprus acquired its independence, both the Cyprus Co-operative Central Bank and the Co-operative Movement on the island were split into two separate parts, as Turkish and Greek Cypriot.

Today, at the center of the Co-operative credit system of the Turkish Republic of Northern Cyprus is the Cyprus Turkish Co-operative Central Bank Ltd. (KOOPBANK) which was established in 1959 as a tertiary Co-operative Society. Members of the Bank are the Co-operative Societies, which are obliged by the Co-operative Law to deposit their liquid funds with the Bank.

KOOPBANK, in addition to its obligation to comply with the Co-operative Societies Law and Rules, is at the same time subject to the Banking Law of 2001.

Today, KOOPBANK provides the following services:

- It acts as the Central Banker to the local Co-operative Societies by giving loans to those Societies in need and accepting deposits from those with surplus funds.
- It is the lender of last resort for Co-operative Societies involved in banking activities.
- To assist the agricultural development, it provides government-subsidized loans directly to the farmers. These loans are usually long-term and at low rates of interest.
- Through its agricultural oriented subsidiaries, it provides a whole range of agricultural requisites including fertilizers, insecticides, machinery and equipment for farmers usually on credit basis until the ingathering of the crop.
- As part of its strategy to build an integrated financial services group, the Bank's wholly-owned subsidiary Şeker Insurance (Kıbrıs) Ltd. has been a major insurance company in the country providing insurance services to all sectors. Financing of farmers for land development and land leveling.
- Financing the local authorities and the State for several of their projects.

As well as the above specialized services, Koopbank offers a comprehensive range of retail, corporate and foreign banking services through its 20 branches and its numerous correspondents abroad. It is the major bank in the financial system of the country in terms of its size and the use of technology, such that at least one person from each household is a customer of the cooperative societies.



In its dedication to serve better for its customers and member societies, Koopbank has continuously been working towards improving its service quality and expanding the range of its products and services to meet the ever-changing demands.



## BOARD OF DIRECTORS AND SENIOR OFFICERS

### *Board of Directors*

**Nazif Oya Öznergiz**  
Chairman

**Mete Hasan Küçük**  
Vice Chairman

**Harika Kaya**  
Member

**Alpay Alsancak**  
Member

**Ozan Çoli**  
Member

**İsmet Dirgen**  
Member

**Kemal Ataman**  
Member

### *Senior Officers*

**Kemal Ataman**  
Ceo

**Orhan Bürüncük**  
Vice President

**Mehmet Öksüzoğluları**  
Vice President

**Nevzat Üstün**  
Vice President

**Öztañ Güröz**  
Vice President

### **Auditors**

M.A.T.K. A PLUS AUDIT

As of 16 May 2019



**KOOPBANK**  
Annual Report 2018

## **REPORT OF THE DIRECTORS**

1. The Board of Directors has pleased in submitting their Report for the year 2018 together with the Audited Balance Sheet and the Profit and Loss Account as of 31<sup>st</sup> December 2018.

### **2. Profit and Loss Account**

The Net Profit of the Bank for the year 2018 arising from its ordinary activities in the Banking, Commercial and Industrial fields, before making any transfers to Provision for Doubtful Accounts, was TRY 46,774,878 compared to TRY 17,777,807 for the year 2017, reflecting an increase of 163,11% . In 2018, the Net Profit amounted to TRY 44,630,148 whereas corresponding amount for the previous year was TRY 16,361,178

The Bank also had an extraordinary income of TRY 10,403 consisting of Entrance Fees from New Shareholders. The corresponding figure for the previous year was TRY 8,976.

### **3. Taxation**

In respect of 2018, a provision of TRY 2,155,132 was made for the taxation liability, leaving an overall Net Income of TRY 44,630,148 for the year, after taxation is deducted.

4. Under the Co-operative Societies Law, The Bank is subject to a levy, up to 15 % of its annual Net Profit from ordinary activities as compulsory contribution to the statutory Co-operative Societies Audit and Supervision Fund. The exact amount of such contribution is determined by the Registrar of Turkish Co-operative Societies. In the accounts for 2018 no provision was made for this purpose following an understanding with the registrar to that effect.
5. As explained above, the remaining balances of TRY 44,630,148 are credited to the General Reserve Account in accordance with the statutory regulations in force. Under the regulations made pursuant to the Cooperative Societies Law and Bank's by-Law; the Bank Reserves are not available for distribution as a dividend or appropriation for any purpose; hence they are the nature of additional permanent capital.

### **6. Activities of the Bank**

In the banking field, the Bank operating through twenty banking branches in Northern Cyprus, provides a comprehensive range of domestic and foreign banking services. In the industrial and commercial fields, the Bank comprises

mainly in agriculture-based production companies through its three Cooperative Subsidiaries. It makes a significant contribution to the economy of the Turkish Republic of Northern Cyprus.

7. The Bank also acts as a principal agent of the State, for financial support and other services provided for the agricultural sector through the network of rural Co-operative Societies, all of which are shareholder members of the Bank.

## 8. Deposits

Time deposits as of 31.12.2018 are amounted to TRY 5,499,276,786 compared to TRY 4,569,229,835 of the previous year, showing a 20,35% increase. On the other hand, demand deposits as of 31.12.2018 are amounted to 354,735,804 TRY as compared to TRY 292,300,606 of the previous year, which shows a 21,36% increase.

## 9. Advances, Loans and other Accounts Receivable

The outstanding advances and loans together with other accounts receivable less provision for doubtful accounts, was TRY 4,053,991,228 compared to TRY 3,429,070,805 at the end of previous year, showing an increase of 18,22%.

## 10. Capital and Reserves

The Capital and Reserves of the Bank as of 31.12.2018 amounted to TRY 397,750,257 as compared to TRY 352,408,551 on 31.12.2017 showing an increase of 12,87%.

The reserves of the Bank increased to TRY 45,341,706 as compared with the previous year; this increase in reserves is due to the TRY 17,483,405 profit for 2017.

11. We wish to take this opportunity to express our sincere appreciation to our General Manager and his immediate assistance as well as to the managers and staff for their hard work and devotion to their duty during 2018.

On behalf of the Board  
**Nazif Oya Öznergiz**  
*Chairman*



## **DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS**

- 1. Rule 65 of the Rules, made under section 54 of the Cooperative Societies Law, Cap. 114.**

### **Preparation of Annual Report and Accounts**

The Board of Directors shall within the period prescribed by the Turkish Cypriot Registrar of Co-operative Societies and as soon as possible;

- a) Ensure that the General Manager prepares the Bank's Balance Sheet as of 31st of December of the preceding year and its detailed Profit and Loss Account for the year then ended and submits it to the Turkish Cypriot Registrar of Co-operative Societies.
- b) Prepare a report concerning the activities of the Bank during the said year for submission to the Annual General Meeting.

- 2. Rule 12 of the By-Law of the Cyprus Turkish Co-operative Central Bank Ltd. made under the Co-operative Societies Law.**

The Board of Directors shall manage the affairs of the Bank with prudence reserve and reason. They will otherwise be responsible for any loss arising from action contrary to the Co-operative Societies Law. The Rule made there under and these Rules.

**CYPRUS TURKISH COOPERATIVE CENTRAL BANK LIMITED**  
**INDEPENDENT AUDITORS' REPORT FOR THE ACCOUNTING PERIOD**  
**1 JANUARY 2018 – 31 DECEMBER 2018**

We have audited the comparative balance sheet with year 2016 of Cyprus Turkish Cooperative Central Bank Limited as of 31 December 2018 and the related statements of profit and loss, cash flow, changes in shareholders' equity for the year then ended and the summary of significant accounting policies and other explanatory notes. The financial statements have been prepared on historical cost convention and in uniform balance sheet profit and loss account, explanatory notes and other matters as required by Article 29 (3) of TRNC Banking Law No. 62/2017.

**DISCLOSURE RELATING TO THE RESPONSIBILITIES OF THE BANK'S BOARD OF DIRECTORS**

The Board of Directors is responsible for the preparation and fair presentation of the financial statements that are free of material misstatement, whether due to fraud or error, in accordance with Article 29 (3) of Banking Law No. 62/2017 as published in the Official Gazette number 122 dated 23 November 2001 and the accounting principles and standards as determined in the current regulations and other regulations, communiqués and circulars as published by the TRNC Central Bank regarding accounting and financial reporting principles and in establishing an internal control system as well as selection and application of appropriate accounting policies.

**DISCLOSURE RELATING TO THE RESPONSIBILITIES OF THE BANK'S INDEPENDENT AUDITOR**

Our responsibility as independent auditor is to express an opinion on these financial statements based on our audit. Our audit is in accordance with "Communiqué on the Principles Relating to Independent Audit Firms for Banks", "Communiqué on the Principles Relating to Independent Audit Firms for Banks (Revised)" as published in the Official Gazette dated 20 May 2009 and International Standards on Auditing. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall



presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **OBSERVATIONS**

1. As disclosed in the financial statements, of the 4,191,887,011 TL total loans and advances to customers, 3,650,473,601 TL has been lent to Government Entities secured by the State. However, the State Guarantee Letters duration ended on 31 December 2017, and as of the date of this report, they have not been renewed by the Ministry of Finance for the subsequent period. Of the remaining 541,413,411 TL of loans and advances to customers, 161,596,623 TL are non-performing loans and a specific provision of 155,402,443 TL or 96.17% has been made on these non-performing loans in accordance with “Communiqué on Provisions” as published by the Central Bank in the Official Gazette on 28/01/2002 under Article 23(6) of Banking Law No. 62/2017.
2. The total loans and advances to customers as of 31.12.2018 secured by the State guarantee exceed the maximum allowed limit of 200% of shareholders’ equity by 2,855,592,677 TL under Article 23(2)© and Temporary Article 7 of Banking Law No. 62/2017.

### **REPORT IN ACCORDANCE WITH PRINCIPLES RELATING TO THE ESTABLISHMENTS AUTHORISED TO CARRY OUT INDEPENDENT AUDITS OF THE BANKS COMMUNIQUE**

In our opinion, the said financial statements, with all material respects, have been examined on a test basis under Article 34 (3) of the Banking Law No. 62/2017 and except for observations noted above is in conformity with the uniform chart of accounts, uniform balance sheet and profit and loss statement, notes to the financial statements, accounting and valuation standards in accordance with Article 29 (3), of the above mentioned Law.

As part of our audit and as required by the communiqué issued by the Central Bank we have observed that the bank’s internal audit, risk management, internal control and management systems operate in accordance with guidelines set out in the above communiqué except for matters we highlight in the notes to the financial statements.

### **OPINION IN ACCORDANCE WITH COOPERATIVE COMPANIES LAW CHAPTER 114**

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the bank, so far as appears from our examination of those books. The bank’s balance sheet and profit and loss account dealt with by the report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by Chapter 114 of the Cooperative Companies Law in the manner so required and, with all material respects, except for observations noted above, give a true and fair view in the case of the Balance Sheet, of the state of the Bank's affairs as at 31 December 2018 and in the case of the Profit and Loss account, of the profit for the year 2018.

Responsible Partner

M.A.T.K. A Plus Audit

Haluk Akman  
BA Acc. Hons

Niyazi Akman  
BA Acc. Hons

Nicosia, 16.05.2019

Independent Auditors Authorised by the Central Bank



## Financial Highlights

(TRY, US\$ in actual)

	2018		2017		Growth	
	US\$	TRY	US\$	TRY	US\$%	TRY%
<b>Total Assets</b>	1,255,567,265	6,535,227,613	1,427,614,395	5,410,658,558	-12,05	20,78
<b>Loans, Net</b>	775,501,358	4,036,484,568	896,981,096	3,399,558,355	-13,54	18,74
<b>Total Deposits</b>	1,124,690,219	5,854,012,590	1,282,725,710	4,861,530,441	-12,32	20,42
<b>Shareholders Equity &amp; Reserves</b>	76,416,956	397,750,257	92,983,787	352,408,551	-17,82	12,87
<b>Net Interest Income</b>	28,139,824	146,467,782	18,779,810	71,175,479	49,84	105,78
<b>Net Profit/Loss</b>	8,574,476	44,630,148	4,316,934	16,361,178	98,62	172,78

End Year Conversion Rates: 1 US \$ = 5,2050 TRY for 2018

1 US \$ = 3,7900 TRY for 2017

**BALANCE SHEETS**  
(As at 31.12.2018 and 31.12.2017)

ASSETS		( 31/12/2018)			( 31/12/2017)		
	Note	LC	FC	TOTAL	LC	FC	TOTAL
CASH AND EQUIVALENTS		17,969,751	12,631,244	30,600,995	15,099,641	11,891,499	26,991,140
A. Cash balances -Turkish Lira		17,969,751	0	17,969,751	15,099,641	0	15,099,641
B. Cash balances -Foreign Currency		0	10,277,786	10,277,786	0	10,582,186	10,582,186
C. Others		0	2,353,458	2,353,458	0	1,309,313	1,309,313
BANKS	(1)	126,665,340	1,394,922,392	1,521,587,732	102,199,740	1,078,468,743	1,180,668,483
A. Due from the Central Bank		104,063,131	746,925,177	850,988,308	94,678,448	566,180,275	660,858,723
B. Due from banks		22,602,209	647,997,215	670,599,424	7,521,292	512,288,468	519,809,760
1) Domestic banks		8	0	8	8	0	8
2) Foreign banks		22,602,201	647,997,215	670,599,416	7,521,284	512,288,468	519,809,752
OTHER FINANCIAL INSTITUTIONS		0	0	0	0	0	0
MARKETABLE SECURITIES [ Net ]	(2)	56,821,155	408,193,398	465,014,553	53,108,528	312,498,582	365,607,110
A. Government bonds and treasury bills		0	0	0	0	0	0
B. Other bonds		0	0	0	0	0	0
C. Equity shares		0	0	0	0	0	0
D. Other marketable securities		56,821,155	408,193,398	465,014,553	53,108,528	312,498,582	365,607,110
LOANS	(3)	3,029,878,972	1,000,411,416	4,030,290,388	2,577,033,719	780,133,091	3,357,166,810
A. Short-term		96,575,832	99,176,383	195,752,215	90,171,147	84,221,010	174,392,157
B. Medium and Long term		2,933,303,140	901,235,033	3,834,538,173	2,486,862,572	695,912,081	3,182,774,653
LOANS IN ARREARS [ Net ]	(4)	1,030,053	5,164,127	6,194,180	2,055,981	40,335,564	42,391,545
A. Loans with limited recovery [ Net ]		480,094	2,318,087	2,798,181	1,049,366	37,273,963	38,323,329
1) Gross receivables		508,383	2,410,129	2,918,512	1,185,405	38,241,865	39,427,270
2) Provision for loan losses ( - )		28,289	92,042	120,331	136,039	967,902	1,103,941
B. Loans with doubtful recovery [ Net ]		549,959	2,846,040	3,395,999	1,006,615	3,061,601	4,068,216
1) Gross receivables		666,660	3,065,538	3,732,198	1,149,041	3,245,607	4,394,648
2) Provision for loan losses ( - )		116,701	219,498	336,199	142,426	184,006	326,432
C. Loans considered as loss [ Net ]		0	0	0	0	0	0
1) Gross receivables		11,873,791	143,072,122	154,945,913	11,610,255	39,517,335	51,127,590
2) Provision for loan losses ( - )		11,873,791	143,072,122	154,945,913	11,610,255	39,517,335	51,127,590
INTEREST&OTHER INCOME ACCRUALS		3,632,698	1,564,768	5,197,466	2,463,591	1,344,846	3,808,437
A. Loans		594,136	0	594,136	590,192	28,560	618,752
B. Marketable securities		3,038,562	901,689	3,940,251	1,838,954	676,641	2,515,595
C. Other		0	663,079	663,079	34,445	639,645	674,090
LEASING RECEIVABLES [ Net ]		0	0	0	0	0	0
A. Leasing receivables		0	0	0	0	0	0
B. Unearned income ( - )		0	0	0	0	0	0
RESERVE DEPOSITS AT THE CENTRAL BANK		190,704,382	197,797,810	388,502,192	223,044,441	145,677,683	368,722,124
MISCELLANEOUS RECEIVABLES	(5)	980,861	163,621	1,144,482	36,790	311,203	347,993
PARTICIPATIONS [ Net ]	(6)	0	0	0	0	0	0
A. Financial services		0	0	0	0	0	0
B. Others		0	0	0	0	0	0
SUBSIDIARIES [ Net ]	(6)	28,250,624	0	28,250,624	27,401,133	0	27,401,133
A. Financial services		8,548,448	0	8,548,448	10,692,126	0	10,692,126
B. Other		19,702,176	0	19,702,176	16,709,007	0	16,709,007
LONG-TERM SECURITIES [ Net ]	(7)	74,942	0	74,942	74,942	0	74,942
A. Equities		0	0	0	0	0	0
B. Other long-term securities		74,942	0	74,942	74,942	0	74,942
FIXED ASSETS [ Net ]	(8)	47,280,290	0	47,280,290	12,197,771	0	12,197,771
A. Book value		70,479,350	0	70,479,350	32,364,550	0	32,364,550
B. Accumulated depreciation ( - )		23,199,060	0	23,199,060	20,166,779	0	20,166,779
OTHER ASSETS	(9)	8,967,409	2,122,360	11,089,769	10,812,109	14,468,961	25,281,070
TOTAL ASSETS	(19)	3,512,256,477	3,022,971,136	6,535,227,613	3,025,528,386	2,385,130,172	5,410,658,558



LIABILITIES		Note	(31/12/2018)			(31/12/2017)		
		(10)	LC	FC	TOTAL	LC	FC	TOTAL
DEPOSITS			3,023,404,345	2,830,608,245	5,854,012,590	2,780,283,983	2,081,246,458	4,861,530,441
	Saving deposits		1,939,315,732	1,999,523,719	3,938,839,451	1,825,387,704	1,459,845,505	3,285,233,209
A.	Government deposits		624,917,381	124,520,442	749,437,823	488,981,512	59,987,453	548,968,965
B.	Commercial deposits		412,827,292	513,139,232	925,966,524	396,988,174	395,556,986	792,545,160
C.	Other deposits		46,091,195	68,400,926	114,492,121	36,338,381	52,546,031	88,884,412
D.	Bank deposits		252,745	125,023,926	125,276,671	32,588,212	113,310,483	145,898,695
E.	Gold deposit accounts		0	0	0	0	0	0
F.			0	0	0	0	0	0
INTERBANK FUNDS BORROWED		(11)	0	0	0	0	0	0
FUNDS BORROWED		(12)	70,000,000	0	70,000,000	70,000,000	0	70,000,000
	The Central Bank funds borrowed		70,000,000	0	70,000,000	70,000,000	0	70,000,000
A.	Other funds borrowed		0	0	0	0	0	0
B.	1) Domestic banks and other institutions		0	0	0	0	0	0
	2) Foreign banks, institutions and funds		0	0	0	0	0	0
	3) Subordinated debts		0	0	0	0	0	0
FUNDS		(13)	409,126	0	409,126	451,680	0	451,680
SECURITIES ISSUED [ Net ] ( 12 )		(14)	0	0	0	0	0	0
	Bond		0	0	0	0	0	0
A.	Asset-backed securities		0	0	0	0	0	0
B.	Bills		0	0	0	0	0	0
C.			0	0	0	0	0	0
INTEREST & OTHER EXPENSES ACCRUALS			26,079,438	15,081,895	41,161,333	13,459,399	11,451,955	24,911,354
	Deposits		24,654,823	14,166,072	38,820,895	13,289,974	11,443,113	24,733,087
A.	Funds borrowed		0	0	0	0	0	0
B.	Other		1,424,615	915,823	2,340,438	169,425	8,842	178,267
C.			0	0	0	0	0	0
LEASING PAYABLES [ Net ]			0	0	0	0	0	0
	Leasing payables		0	0	0	0	0	0
A.	Deferred leasing expenses ( - )		0	0	0	0	0	0
B.			0	0	0	0	0	0
TAXES, DUTIES AND FEES PAYABLE			63,093,296	13,490,070	76,583,366	26,349,372	4,099,139	30,448,511
IMPORT TRANSFER ORDERS			0	0	0	0	0	0
MISCELLANEOUS PAYABLES [ 13 ]		(15)	44,302,585	8,460,551	52,763,136	30,179,750	5,744,848	35,924,598
PROVISIONS			23,304,410	0	23,304,410	22,720,691	0	22,720,691
	Provision for end-of service benefits		0	0	0	0	0	0
A.	General provision for loan losses		4,551,167	0	4,551,167	6,057,285	0	6,057,285
B.	Provision for taxes		195,114	0	195,114	536,266	0	536,266
C.	Other provisions		18,558,129	0	18,558,129	16,127,140	0	16,127,140
D.			18,197,414	1,045,981	19,243,395	11,866,409	396,323	12,262,732
OTHER LIABILITIES ( 10 )		(16)	18,197,414	1,045,981	19,243,395	11,866,409	396,323	12,262,732
SHAREHOLDERS' EQUITY ( 16 )		(17)	75,767,501	0	75,767,501	73,419,826	0	73,419,826
	Paid-in share capital ( 17 )		26,015,244	0	26,015,244	25,627,972	0	25,627,972
A.	1) Registered share capital		50,000,000	0	50,000,000	50,000,000	0	50,000,000
	2) Unpaid capital ( - )		23,984,756	0	23,984,756	24,372,028	0	24,372,028
B.	Legal reserves		31,641,551	0	31,641,551	30,005,434	0	30,005,434
	1) I. And II. legal reserves		31,641,551	0	31,641,551	30,005,434	0	30,005,434
	2) Share premiums		0	0	0	0	0	0
	3) Other legal reserves		0	0	0	0	0	0
C.	Optional reserves		0	0	0	0	0	0
D.	Revaluation surplus		7,718	0	7,718	7,718	0	7,718
E.	Revaluation differences ( 14 )	(18)	18,102,988	0	18,102,988	17,778,702	0	17,778,702
F.	Loss		0	0	0	0	0	0
	1) Current period loss		0	0	0	0	0	0
	2) Previous years' losses		0	0	0	0	0	0
PROFIT			321,982,756	0	321,982,756	278,988,725	0	278,988,725
	Current period profit		44,630,148	0	44,630,148	16,361,178	0	16,361,178
A.	Previous years' profit		277,352,608	0	277,352,608	262,627,547	0	262,627,547
B.			0	0	0	0	0	0
TOTAL LIABILITIES and ( 15 )		(19)	3,666,540,871	2,868,686,742	6,535,227,613	3,307,719,835	2,102,938,723	5,410,658,558
CONTINGENCIES&COMMITMENTS		(2)	18,083,952	11,733,411	29,817,363	14,526,891	10,517,134	25,044,025
		(3)	137,770,168	7,953,585	145,723,753	137,669,663	6,139,258	143,808,921
		(4)	0	0	0	0	0	0
ENDORSEMENTS AND WARRANTIES			238,232,220	1,106,073,152	1,344,305,372	227,527,365	884,244,988	1,111,772,353
TOTAL			394,086,340	1,125,760,148	1,519,846,488	379,723,919	900,901,380	1,280,625,299

## PROFIT AND LOSS ACCOUNTS

(For the years ended 31.12.2017 and 31.12.2016)

	Note	(31/12/2018)	(31/12/2017)
<b>INTEREST INCOME</b>			
A. Interest income on loans	(1)	593,071,044	372,333,815
1) Interest income on loans-Turkish Lira		546,257,075	346,136,604
a - Short-term		467,619,861	284,908,461
b - Medium and long-term		457,107,960	277,245,708
2) Interest income on loans-foreign currency		10,511,901	7,662,753
a - Short-term		76,361,521	58,897,018
b - Medium and long-term		67,578,581	51,296,640
3) Interest income on loans in arrears		8,782,940	7,600,378
B. Interest income on reserve deposits at the Central Bank		2,275,693	2,331,125
C. Interest income received from banks		16,398,452	7,364,042
1) The Central Bank		21,699,562	12,620,728
2) Domestic banks		10,850,935	6,945,725
3) Foreign banks		0	0
D. Interest income on interbank operations		10,848,627	5,675,003
E. Interest income on marketable securities		0	0
1) Development Bank of the TRNC Bonds		8,714,120	6,208,754
2) Other marketable securities		8,714,120	3,595,214
F. Other interest income		0	2,613,540
	(3)	1,835	3,687
<b>INTEREST EXPENSES</b>	(1)	446,603,262	301,158,336
A. Interest paid for deposits		356,058,752	243,370,777
1) Savings deposits		269,517,976	183,177,896
2) Government deposits		42,428,590	24,574,157
3) Commercial deposits		43,181,827	31,888,528
4) Other deposits		157,480	97,289
5) Bank deposits		772,879	3,632,907
B. Interest paid for foreign currency deposits		80,008,998	55,264,641
1) Savings deposits		55,395,313	38,963,974
2) Government deposits		3,184,318	1,758,544
3) Commercial deposits		14,926,697	9,442,566
4) Other deposits		2,298,789	1,675,265
5) Bank deposits		4,203,881	3,424,292
6) Gold deposit accounts		0	0
C. Interest paid for interbank operations		0	0
D. Interest paid for funds borrowed		10,535,512	2,522,918
1) To the Central Bank		10,483,771	2,499,084
2) To domestic banks		0	0
3) To foreign banks		0	0
4) Other		51,741	23,834
E. Interest paid for securities issued		0	0
F. Other interest expenses	(3)	0	0
<b>NET INTEREST INCOME</b>		146,467,782	71,175,479
<b>OPERATING INCOME</b>	(1)	655,477,198	225,974,570
A. Fees and commissions received		14,362,513	11,611,014
1) Loans		3,903,347	3,466,549
2) Contingent liabilities		522,740	415,585
3) Other		9,936,426	7,728,880
B. Income on capital market operations		0	0
C. Income on foreign exchange operations		622,009,436	182,954,086



D.	Dividend from participations and subsidiaries		42,250	39,764
E.	Extraordinary income		0	0
F.	Other operating income	(3)	19,062,999	31,369,706
OPERATING EXPENSES		(1)	755,159,700	279,363,266
A.	Fees and commissions paid		818,410	981,851
	1) Loans		118,653	118,527
	2) Contingent liabilities		0	0
	3) Other		699,757	863,324
B.	Loss on capital market operations		0	0
C.	Loss on foreign exchange operations		503,367,945	174,696,220
D.	Personnel expenses		57,183,598	48,821,442
E.	Provision for end-of-service benefits		0	0
F.	Rental expenses		889,992	665,294
G.	Depreciation expenses		3,060,850	1,903,270
H.	Taxes and duties		267,273	415,444
I.	Extraordinary expenses		0	0
J.	Provision for loans in arrears	(2)	132,605,315	3,695,283
K.	Other provisions	(2)	8,302,515	8,014,608
L.	Other operating expenses	(3)	48,663,802	40,169,854
NET OPERATING INCOME			-99,682,502	-53,388,696
PROFIT/LOSS BEFORE TAX			46,785,280	17,786,783
PROVISION FOR TAX			2,155,132	1,425,605
NET PROFIT			44,630,148	16,361,178

## Cash Flow Statements

For the years ended 31st December 2018 and 31st December 2017

	<b>31st December 2018 (TRY)</b>	<b>31st December 2017 (TRY)</b>
<b>I- Cash Flows from Banking Activities (Core Business)</b>		
Interest Income Received	593,071,044	372,333,815
Interest Expenses Paid	-446,603,262	-301,158,336
Dividend Received	42,250	39,764
Commissions and Fees Received	14,362,513	11,611,014
Other Income	19,062,999	31,369,706
Recoveries on Loans and other Receivables Written-Off	0	0
Payments to personnel and other service providers	-57,183,598	-48,821,442
Taxes Paid	-267,273	-415,444
Other Collections (_____)	0	0
Other Payments (_____)	-196,496,016	-56,855,765
<b>Cash Flows from Banking Activities before Changes in Operating Assets and Liabilities</b>	<b>-74,011,343</b>	<b>8,103,312</b>
<b>Changes in Operating Assets and Liabilities</b>		
<u>Increase/Decrease in Operating Assets:</u>		
(Increase)/Decrease in Securities – Net	-99,407,443	-59,132,090
(Increase)/Decrease in Due from Banks – Net	-340,919,249	-270,794,660
(Increase)/Decrease in Loans – Net	-636,926,215	-432,062,637
(Increase)/Decrease in Other Assets	-8,623,775	-79,729,123
<u>(Increase)/Decrease in Operating Liabilities:</u>	0	0
Increase/(Decrease) in Deposits – Net	992,482,149	758,873,212
Increase/(Decrease) in Funds Borrowed – Net	0	35,000,000
Increase/(Decrease) in Securities Issued – Net	0	0
Increase/(Decrease) in Other Liabilities - Net	86,745,201	36,511,268
<b>Net Cash Inflows from Banking Activities</b>	<b>-80,660,675</b>	<b>-3,230,718</b>
<b>II- Cash Flows from Investing Activities</b>		
Acquisition of Investments and Affiliated Companies	0	0
Sales of Investments and Affiliated Companies	0	0
Purchase of Bank Premises and Equipment	-38,149,364	-3,986,730
Sales of Bank Premises and Equipment	34,564	46,287
Purchases of Other Long-Term Investments	0	0
Sales of Other Long-Term Investments	0	0
Other Cash Inflows (_____)	0	0
Other Cash Outflows (_____)	3,032,281	1,858,327
<b>Net Cash Outflows used in Investing Activities</b>	<b>-35,082,519</b>	<b>-2,082,116</b>



## Cash Flow Statements Continued:

### II- Cash Flows from Capital Financing Activities

Cash Inflows through Funds Borrowed and Securities Issued	0	0
Repayments for Funds Borrowed and Securities Issued	0	0
Cash Increase in Share Capital	387,272	1,181,923
Dividends Paid	0	0
Other Cash Inflows (_____)	324,286	-59,696
Other Cash Outflows (_____)	0	0

<b>Net Cash Outflows used in Capital Financing Activities</b>	<b>711,558</b>	<b>1,122,227</b>
Effect of Changes in Foreign Currency Exchange Rates on Cash and Cash Equivalents	118,641,491	8,257,866
Increase in Cash and Cash Equivalents	3,609,855	4,067,259
Cash and Cash Equivalents at the Beginning of the Period	26,991,140	22,923,881
Cash and Cash Equivalents at the End of the Period	30,600,995	26,991,140

**Statement Of Shareholders' Equity**  
**For The Years Ended December 31, 2018 and 2017**  
**(TRY)**

Statement Of Shareholders' Equity							
For The Years Ended December 31,2018 and 2017							
(TRY)							
	Share Capital	Legal Reserves	Other Legal Reserves (x)	General Reserves	Accumulated Retained Profit (Loss)	Current Retained (Loss)	Year Profit
							Total
Balances, January 1, 2017	24,446,049	24,312,048	0	17,846,116	211,387,075	56,933,858	0
Transfers to Legal and General Reserves	0	5,693,386	0	0	51,240,472	-56,933,858	0
<b>Share Capital Increase</b>							
-Cash	1,181,923	0	0	0	0	0	0
-Retained Earnings Emission Premium	0	0	0	0	0	0	0
Revaluation Surplus	0	0	0	-59,696	0	0	0
Others	0	0	0	0	0	0	0
Current Year Net Profit	0	0	0	0	0	16,361,178	0
							16,361,178
Balances, January 1, 2018	25,627,972	30,005,434	0	17,786,420	262,627,547	16,361,178	0
Transfer to Legal and General Reserves	0	1,636,117	0	0	14,725,061	-16,361,178	0
<b>Share Capital Increase</b>							
-Cash	387,272	0	0	0	0	0	0
-Retained Earnings Emission Premium	0	0	0	0	0	0	0
Revaluation Surplus	0	0	0	324,286	0	0	0
Others							
Current Year Net Profit	0	0	0	0	0	44,630,148	0
							44,630,148
Balances, December 31,2018	26,015,244	31,641,551	0	18,110,706	277,352,608	44,630,148	0
							397,750,257

## I-NOTES, EXPLANATIONS AND INFORMATION REGARDING THE FINANCIAL STRUCTURE OF THE BANK:

### Explanatory Notes of the Current Period Financial Statements;

#### (1) Information of the date that balance sheet definitely approved

Balance Sheet was approved on the date 16/05/2019 by Board of the Directors

#### (2) General information about the Bank

Information to be provided under Rule 12 of the Rules made by the TRNC Central Bank pursuant to section 34(3) of Banking Law No. 62/2017:

##### A.

##### a) Legal structure of the Bank:

Cyprus Turkish Cooperative Central Bank Limited is registered under Chapter 114, Cooperative Societies Law and in regard of its banking activities it is subject to the Banking Law No. 62/2017.

b) Information concerning the capital structure of the Bank and the shareholders possessing 10% or more of its shares is given under Note 11(14).

c) The Board of Directors of the Bank and its top managers are made up of the following persons:

<u>Board of Directors</u>	<u>Senior Officers</u>	<u>Audit Committee</u>	<u>External Auditor</u>	<u>Internal Auditors</u>
Nazif Oya Öznergiz Mete Hasan Küçük Harika Kaya Alpay Alsancak Ozan Çoli İsmet Dirgen Kemal Ataman	Kemal Ataman (General Manager) Orhan Bürüncük Mehmet Öksüzoğluları Nevzat Üstün Öztan Güröz		M.A.T.K. A Plus Audit	Mustafa Atagül Serhan Yorucu Fahri Tutku Esra Akbaş Fırat Göken Ufuk Erdeğer Murat Şair

d) General Manager and four of the members of the Board possess the qualifications required under Banking Law No. 62/2017.

### **(3) Principal accounting policies and related financial effects**

#### **Principle Accounting Policies**

The principal accounting policies followed in the preparation of the accompanying financial statements are as follows:

##### **a) Effect of Hyperinflation**

International Accounting Standards No 29 and UITF abstract 9 “Accounting For Operations in Hyperinflationary Economies” recommend adjustments to financial statements using a relatively stable currency of measurement, where such financial statements are designated in the currency of an economy suffering from hyperinflation which is defined as cumulative inflation rate over three years approaching or exceeding 100 %.

Law 66/99 enacted on 23 November 1999 provides for the revaluation of certain items in the balance sheets of companies namely, paid up capital and reserves, fixed assets accumulated depreciation provision thereon, stocks and unquoted investments according to a factor provided in the law. The law provides also that as from January 1999 the revaluation loss or profit would be taken directly to the profit and loss account to increase or decrease the operational profit as the case may be.

The purpose is explained in the law to be the marking up of the amounts expressed in Turkish Lira to offset the loss in the value of the Turkish Lira since the dates of acquisition of the said assets and introduction of the capital funds including retained profits. According to the law the net result of the adjustments would be credited to equity capital or deducted according to whether it is a credit or debit balance.

This recommendation has not been applied in the TRNC. Due to the Parliament cancelled the said law (66/99) as from 1.1.2007, the bank has not made any adjustment to financial statements for the revaluation of paid up capital and reserves, fixed assets, accumulated depreciation items.

##### **b) Accounting Principles**

- 1- Fixed Assets are the ending balance of the accounts, which are calculated as Revaluation Cost minus Revaluated Depreciation Provisions.
- 2- All income and expense items are recorded on accrual basis. Accrued interest and interest receivables that are classified as non-performing are cancelled and are not recorded as interest income until the actual date of the collection as per the relevant legislation.



- 3- Full specific provision has been made for group 5 without considering of their collateral.

#### **c) Foreign Currency Transactions**

Foreign currency assets and liabilities at each year-end are converted into New Turkish Lira at the year-end foreign currency rates.

Reserve Deposits amounting Cyprus Pound (CY£) 326,198 blocked in the Central Bank of Southern Cyprus since 1974 have been converted into New Turkish Lira at the year-end foreign currency rate 2.84. Full provision has been made for this amount.

#### **(4) Fundamental Accounting Concepts**

The accounts have been prepared in accordance with the Fundamental Accounting concepts.

#### **(5) Valuation methods used, any change in the methodology during the current period and financial effects of such changes;**

No change has been made

#### **(6) Information on investment securities (subsidiaries, equity participations, and marketable securities);**

##### **Marketable Securities**

Marketable securities are those which management mainly intend to hold until maturity and are stated at cost as adjusted for the amortization of premiums or discounts on purchases over the period to maturity.

Marketable Securities as of December 31, 2018 and 2017 are comprised of the following.

	<b>2018</b>	<b>2017</b>
	<b>(TRY)</b>	<b>(TRY)</b>
Development Bank of the Turkish Republic of Northern Cyprus Bonds	102,894,553	88,007,110
*Turkish Republic Treasury Bonds	0	0
*Central Bank of the Turkish Republic of Northern Cyprus Notes	362,120,000*	277,600,000*
<b>Total Securities Portfolio</b>	<b>465,014,553</b>	<b>365,607,110</b>

- Development Bank of the Turkish Republic of Northern Cyprus bonds are issued under State Guaranty are not quoted on any stock exchange and are convertible to cash on demand. The banks are obliged to invest 2% of their total deposits in Development Bank Bonds.
- Republic of Turkey Government Bonds and Treasury Bills are quoted on Istanbul Stock Exchange and are stated at cost or prices quoted in the Official Gazette by Turkish Central Bank whichever is lower. The cost of foreign currency denominated securities is translated at year-end exchange rates. Interest earned for holding securities are included in interest income.

#### **Equity Participations, Subsidiaries and Long-term Securities:**

Equity Participations and subsidiaries value have been revaluated under the law 66/1999 for the year 2006. Since the said law (66/1999) has been cancelled as from 1.1.2007 equity participations and subsidiaries are not revaluated for the year 2018.

#### **Depreciation method used, any change in the methodology during the current period and financial effects of such changes:**

Depreciation has been calculated on the “straight-line basis” and no change has been made in the depreciation method during the current period.

#### **(7) The composition of strategies for providing a hedge against the exchange rate risk resulting from other foreign currency transactions.**

Market fluctuations of exchange rates, interest rates and prices are monitored instantaneously, while positions are taken with strict adherence to legal limitations as well



as the Bank's own transaction and control limits, thus preventing any breaches of these limits. A long position exists of US Dollar.

**(8)** Foreign currency assets and liabilities at each year-end are translated into Turkish Lira at the year-end foreign currency rates. As at 31 December 2018 and 31 December 2017, foreign currency assets and liabilities of the Bank are mainly in GBPE and US\$.

The exchange rate used in revaluation of foreign currency items during the preparation of the balance sheet and the Bank's published US dollar and GB Pound currencies purchase rates for the last five working days of the period are as follows:

	Current Period	Previous Period
The Bank's "Exchange rate for the Evaluation of Foreign Currency Items" (1 US dollar \$=.....TRY)	5,2050 TRY	3,7900 TRY
US dollar purchase rates for the 5 working days before balance sheet date:		
Purchase Rate of the 1st day	5,2280 TRY	3,7590 TRY
Purchase Rate of the 2nd day	5,2440 TRY	3,8020 TRY
Purchase Rate of the 3rd day	5,2400 TRY	3,7860 TRY
Purchase Rate of the 4th day	5,2660 TRY	3,7870 TRY
Purchase Rate of the 5th day	5,2550 TRY	3,7970 TRY
	Current Period	Previous Period
The Bank's "Exchange rate for the Evaluation of Foreign Currency Items" (1 Sterling Stg=.....TRY)	6,6460 TRY	5,1000 TRY
Sterling purchase rates for the 5 working days before balance sheet date:		
Purchase Rate of the 1st day	6,6340 TRY	5,0560 TRY
Purchase Rate of the 2nd day	6,6450 TRY	5,1080 TRY
Purchase Rate of the 3rd day	6,6580 TRY	5,0680 TRY
Purchase Rate of the 4th day	6,6840 TRY	5,0650 TRY
Purchase Rate of the 5th day	6,6760 TRY	5,0870 TRY

### **(9) Movable and Immovable Insured Values:**

The book value of the movables and immovable, their accumulated depreciation and total insured value are given below:

#### **Current Period: 31/12/2018**

	<b>Book Value</b>	<b>Accumulated Depreciation</b>	<b>Insurance Coverage</b>
Movables	19,479,086	14,858,271	9,746,766
Immovables	51,000,264	8,340,789	30,168,980
Immovables held for resale	37,979	0	1,520

#### **Previous Period: 31/12/2017**

	<b>Book Value</b>	<b>Accumulated Depreciation</b>	<b>Insurance Coverage</b>
Movables	17,841,441	13,451,386	8,126,408
Immovables	14,523,109	6,715,393	14,929,563
Immovables held for resale	37,979	0	1,520

### **(10) Information on contingent losses and gains, which are significant but cannot be quantified:**

All significant contingent losses and gains are quantified and stated in the balance sheet as of 31 December 2018.

### **(11)**

**a) Information on events occurring after the balance sheet date which effect the financial activities and/or financial structure significantly and therefore require explanation**

None

**b) Changes which occurred in exchange rates after the date of the balance sheet which are of mere importance to affect the use of and decisions based on the balance sheets and their impact on foreign currency transactions and items in the balance sheets as well as the effects on the Banks' foreign activities.**

No significant exchange rate changed occurred after the date of the balance sheet .

### **(12) Other issues that significantly affect the balance sheet or require an explanation for the balance sheet to be clear and comprehensible:**

The financial statements give a true and fair view of the financial position of the Bank as of 31 December 2018.



### (13) INFORMATION REGARDING THE FINANCIAL STRUCTURE

#### a) Information related to Risk Weighted Assets:

	Risk Weighted 0%
<b>Risk Weighted Assets, Liabilities and Non-Cash Loans</b>	
<b>I.Currency Risk</b>	<b>643,575,000</b>
<b>II.Operational Risk</b>	<b>356,788,000</b>
<b>III.Risk Weighted Assets(a+b+c+ç)</b>	<b>1,199,217,635</b>
a.%20 Risk Weighted Assets	679,683,167
b.%50 Risk Weighted Assets	57,604,037
c.%100 Risk Weighted Assets	461,930,431
<b>IV.Total Risk Weighted Assets (I+II+III)</b>	<b>2,199,580,635</b>

#### b) Information about the shareholders' equity items:

	Current Period
<b>I.Capital (II+III)</b>	<b>372,590,620</b>
<b>II.Core Capital</b>	<b>372,590,620</b>
<b>III.Additional Capital</b>	<b>0</b>
<b>IV.Supplementary Capital</b>	<b>24,849,842</b>
<b>V. Total Shareholders' Equity (I+IV)</b>	<b>397,440,462</b>

#### c) Summary information about the capital adequacy ratio:

	Current Period	PreviousPeriod
<b>Total Risk-Weighted Assets</b>	<b>2,199,580,635</b>	<b>1,262,937,744</b>
<b>Shareholders' Equity</b>	<b>397,440,462</b>	<b>343,465,493</b>
<b>Shareholders' Equity / RWA (%)</b> (*)	<b>%18,07</b>	<b>%27,20</b>

(\*)RWA: Total Risk – Weighted Assets

**(14) Opinion of the Independent Auditor Firm auditing the financial statements should be given (in accordance with the regulation).**

- a) Cyprus Turkish Cooperative Central Bank Limited is registered under Chapter 114 Cooperative Societies Law and is subject to the Banking Law No. 62/2017.
- b) Information concerning the capital structure of the Bank and the shareholders with shareholding of 10% and above is disclosed in note III (17)(e).
- c) The representation of the Bank's management on the reliability of its internal control systems is satisfactory.
- d) The Board of Directors, senior management and internal auditors are stated on the first page of the report. The changes are stated in Note I (2) B (c).
- e) Bank managers and auditors possess the qualifications as required by the Banking Law No. 62/2017
- f) There has been no change made to the accounting policies since last year.
- g) After the balance sheet date, to the best of our knowledge, there have not been any.
- h) Audit Reports of the Annual Accounts of 4 subsidiaries, that have been valued according to the Equity Method, were available.
- i) The period of assets held for resale of 37,979 TL as required by the Banking Law Article 28 have been exceeded.

j) The Bank has long position in US Dollar.

k) Establishment of the Internal Systems.

The Bank currently carries out the Internal Systems under Internal Audit, Risk Management, Internal Control and Compliance Units. The qualifications of the employees in these units comply with the regulations, in the Decree.

ii. Internal Audit

The structuring of the Internal Audit Unit and making it function in line with the regulations is underway. Internal Audit planning, reporting and execution have been performed in accordance with the Decree.

The assessment on the loans provided by the Bank and their analysis into risk categories have been reported to the Central Bank.

The Bank has followed and evaluated its risk compositions in the matrix as prescribed by Decree.

iii. Compliance

The operations and the reports have been executed in accordance with the Decree. The Bank has established the required structure and implemented the appropriate procedures to ensure compatibility with the rules and regulations.

The work is underway to meet the condition of minimum 2 personnel as prescribed by the Decree.

iv. Internal Control

The Internal Control Unit has fulfilled the requirements of the regulations.



- Internal System Units have been established, strategies and policies on the Bank's activities and their implementation methods have been documented and active control of the process has been achieved in accordance with the Bank's structure.
- Work is underway towards making the information systems compatible with scale of the Bank and also characteristics and complexity of the products and services offered by the Bank.
- Work is underway to activate the emergency and contingency plan.
- The Bank monitors its Non-Performing Loans by its branches.

v. Risk Management

Work is underway to fulfill the requirements of the regulations regarding the activities, responsibilities and report of the Risk Management Unit. The bank has carried out stress testing and scenario analysis.

## II- FOOTNOTES AND EXPLANATIONS ON INTERNAL SYSTEMS:

Internal systems which embody Internal Audit, Risk Management, Internal Control and Compliance Units were established according to the “Internal Audit, Risk Management, Internal Control and Management Systems regulations dated 12 August 2008 under the Banking Law No. 39/2001, are compatible with the diversity of the Bank’s activities and structured in a manner to respond to changing circumstances.

The goal of this structuring is to ensure the compatibility of the banking activities with the strategies defined by the senior officers, implementation of reliable financial and managerial reporting, and to minimize, monitor and control the unexpected risks that could affect the Bank’s reputation.

The instructions for Internal Audit Unit, Risk Management Unit, Internal Control Unit and Compliance Unit have been prepared and unit supervisors have been appointed by the Board of Directors.

Chief Auditor	: Mustafa Atagül
Risk Management Department Manager	: Hasan Uysal
Internal Control Department Manager	: Canan Özkıran
Compliance Officer	: Özlem Alemdar Aksu

The unit supervisors meet the necessary qualifications specified by the regulations. The reports on the activities that have been carried out, currently being carried out and planned to be carried out in the future by the unit supervisors, are presented to the Board of Directors by the Internal System Supervisor at times specified by the regulations.

### Operation of the Internal Audit System

The Internal Audit Unit of the Bank reports to the Board of Directors and operates in accordance with the “Internal Audit, Risk Management, Internal Control and Management Systems” regulations issued under the Banking Law No. 39/2001 clause 15(3).

In addition to the audits made in the domestic branches and head office, commercial, agricultural and personal loans and payment system audits are also have been made. The findings from these audits are being reported to the senior officers and necessary alterations are requested. Except the periodic routine inspections, complaints from customers are also assessed and required measures are taken. In the inspections held during 2018, no findings of importance that could affect the bank capital or income negatively have been found.

Our auditors that monitor the changes in the risk composition and inform the Board of Directors on the measures to be taken with their reports also contribute to the marketing vision of our Bank with their periodic findings and suggestions.



Our auditors will be working with a sense of responsibility and duty in the forthcoming period to help our Bank achieve its identified goals and to increase the added value of our Bank by benefiting from technological opportunities as well.

### **Operation of Internal Control System**

The Internal Control activities of our bank are structured within the framework provided by the Banking Law No. 39/2001 Internal Systems regulations with a vision to cover all domestic branches and head office units.

The control programs for the branches are prepared to make all branches subject to periodic control and systematic and other deficiencies are found and suggestions are made to amend them.

The controls held in the branches and head office units are continuously reviewed and renewed parallel to the advances in technology, in order to keep them compatible with the Bank's objectives in every aspect, fast and up to date.

With the work and suggestions towards making Internal Control activities more effective, a healthier functioning of banking activities and an increased level of service quality are targeted.

### **Operation of Risk Management System**

The basic approach of our bank in its risk management activities is to place the risk culture in the organization, identify, measure, monitor and control the risks that the bank is being or may be exposed to.

The risk management activities of our bank include balance sheet risks such as credit risk, market risk, operational risk, and liquidity risk. These risks have been identified and taken under control by constructing risk matrices.

The banks exchange rate and liquidity risks are held under control by the developed scenario analysis and stress tests.

Activities of the risk management unit are reported to the Board of Directors semi-annually along with the risk analysis test results and risk parameters.

Risk management activity results;

- The senior officers of the bank have been sensitive to comply with both the internal and external regulations. As a result of this, in line with the TRNC Central Bank criteria, capital adequacy ratio has been 18,08% and cash ratio has been 14.86%.
- Activities for the collection of government guaranteed loans have continued in 2018. It is of high importance that these loans are collected within the scope of a predetermined plan for the benefits of the bank and the sector.

- From the exchange rate risk point of view, we are working to minimize Bank's long-term position in US Dollar by balance sheet or off balance sheet transactions.

As a conclusion, our units that have been constituted under the Internal Systems regulations have not only been compatible with the internal and external regulations but at the same time they have continued to manage the risks arising from the banks activities with an increasing sensitivity. By this means, the increase in the trust and reputation of the bank have affected the deposits and size of assets in the Bank's balance sheet positively.

### **Operation of the Compliance Unit**

Within the framework of the Internal Systems regulations, the control of the compatibility of Bank's internal policies and regulations with the activities of the Bank and the goods and services that Bank offers and will be planning to offer are held by the Compliance Unit.

Pursuant to the 4/2008 Prevention of Laundering Proceeds of Crime Law, Suspicious Transaction Notifications and Notifications for Cash Transactions that equal to €10,000 and above have been made. In order to raise awareness of the personnel on this matter, trainings that are part of the Compliance Program have been held. The personnel will be kept updated about this matter by ongoing trainings.



### III- NOTES AND EXPLANATIONS ON THE BALANCE SHEET AND MEMORANDUM ACCOUNTS

#### i) INFORMATION AND DISCLOSURES RELATED TO ASSETS ITEMS

##### (1) Information about bank accounts

##### a) Information related to the account of the Central Bank of TRNC

	Current Period		Previous Period	
	LC	FC	LC	FC
Demand Unrestricted Amount	34,063,131	362,919,297	14,678,448	224,072,275
Time Unrestricted Amount	0	0	0	0
Claims On Interbank Money Market Transactions	70,000,000	270,492,200	80,000,000	255,000,000
Restricted Amount	0	113,513,680	0	87,108,000
<b>Total</b>	<b>104,063,131</b>	<b>746,925,177</b>	<b>94,678,448</b>	<b>566,180,275</b>

##### b) Information of foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Previous Period	Current Period	Previous Period
Turkey	637,479,393	495,302,545	23,326,141	20,259,904
European Union Countries	9,793,882	4,247,303	0	0
USA, Canada	0	0	0	0
OECD Countries	0	0	0	0
Off-Shore Banking Regions	0	0	0	0
Other	0	0	0	0
<b>Total</b>	<b>647,273,275</b>	<b>499,549,848</b>	<b>23,326,141</b>	<b>20,259,904</b>

##### c) Information on receivables from reverse repo transactions;

	Current Period		Previous Period	
	LC	FC	LC	FC
From local transactions				
Central Bank of TRNC	0	0	0	0
Banks	0	0	0	0
Other Financial Institutions and Organizations	0	0	0	0
Other Institutions and Organizations	0	0	0	0
Real Persons	0	0	0	0
From International Transactions				
Central Banks	0	0	0	0
Banks	0	0	0	0
Other Financial Institutions and Organizations	0	0	0	0
Other Institutions and Organizations	0	0	0	0
Real Persons	0	0	0	0

## (2) Information about Marketing Securities

- (a)i- Surplus on revaluation of marketable securities is -0-.
- ii- The Banks' marketable securities portfolio is stated at initial acquisition cost.
- iii- Securities held to meet legal requirements.

Total of TRY 102,894,553 is held to meet legal requirements.

### (b) Information on investment securities available for sale subject to repurchase agreements:

	Current Period		Previous Period	
	LC	FC	LC	FC
TRNC Central Bank Notes	0	362,120,000	0	277,600,000
Development Bank of the TRNC Bonds	56,821,155	46,073,398	53,108,528	34,898,582
TR Treasury Bills	0	0	0	0
TR Government Bonds	0	0	0	0
Other OECD Countries Bonds and Bills	0	0	0	0
Other Countries Bonds and Bills	0	0	0	0
Other	0	0	0	0
TOTAL	56,821,155	408,193,398	53,108,528	312,498,582

## (3) Information related to loans:

### (a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Previous Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders				
Corporate Shareholders	21,091,491	9,962,844	21,254,431	8,624,582
Real Person Shareholders	0	0	0	0
Indirect Loans Granted to Shareholders	0	0	0	0
Loans Granted to Employees	10,721,693	0	9,911,758	0



**(b) Information about the first and second group loans and other receivables including loans that have been restructured or rescheduled**

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Discount Notes	2,317,122	0	0	0
Export Loans	0	0	0	0
Import Loans	3,448,311	0		0
Loans Given to Financial Sector	183,419,963	0	3,666,341,110	0
Specialized Loans	10,420,611	0	0	0
Consumer Loans	102,533,828	0	4,702,952	0
Credit Cards	51,717,896	0	0	0
Fund Purpose Loans	0	0	0	0
Central Bank Based Loans	0	0	0	0
Other	5,388,595	0	0	0
<b>Total</b>	<b>359,246,326</b>	<b>0</b>	<b>3,671,044,062</b>	<b>0</b>

**(c) Loans according to type of borrowers:**

	Current Period	Previous Period
Public Sector	3,650,473,601	3,008,433,542
Private Sector	379,816,787	348,733,268
<b>Total</b>	<b>4,030,290,388</b>	<b>3,357,166,810</b>

**(d) International and domestic loans:**

	Current Period	Previous Period
Domestic Loans	4,030,290,388	3,357,166,810
International Loans		0
<b>Total</b>	<b>4,030,290,388</b>	<b>3,357,166,810</b>

**(e) Loans granted to subsidiaries and participations;**

	Current Period	Previous Period
Direct Loans Granted to Subsidiaries and Participations	28,854,818	32,461,108
Indirect Loans Granted to Subsidiaries and Participations	0	0
<b>TOTAL</b>	<b>28,854,818</b>	<b>32,461,108</b>

(f) The share of the Bank's receivables from the top 100 cash borrowers in the overall cash loan portfolio stands at 92,20% and this figure represents 1 borrowers.

(g) The share of Bank's receivables from the top 100 non-cash borrowers in the overall non-cash portfolio stands at 53,44% and this figure represents 55 borrowers.

(h) The share of Bank's cash and non-cash receivables from the top 100 borrowers under balance-sheet and non-balance sheet assets portfolio stands at 58,99% and this figure represents 1 borrowers.

**(4) The changes in total loans under follow-up:**

**(a)**

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectibility	Doubtful Loans and Receivables	Loans and Receivables Qualified as Loss
<b>Previous Period End Balance</b>	39,427,270	4,394,648	51,127,590
Additions (+)	72,552,668	0	0
Transfers from Other categories of Loans Under Follow-Up(+)	0	108,687,742	109,039,008
Transfers from Other categories of Loans Under Follow-Up(-)	-108,687,742	-109,039,008	0
Collections (-)	-373,684	-311,184	-5,220,685
Write-Offs(-)	0	0	0
<b>Current Period End Balance</b>	2,918,512	3,732,198	154,945,913
Specific Provisions (-)	-120,331	-336,199	-154,945,913
<b>Net Balance on Balance Sheet</b>	2,798,181	3,395,999	0

**(b) Information on foreign currency loans and other receivables under follow-up:**

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectibility	Doubtful Loans and Receivables	Loans and Receivables Qualified as Loss
<b>Current Period:</b>			
Period End Balance	2,410,129	3,065,538	143,072,122
Specific Provisions (-)	92,042	219,498	143,072,122
<b>Net Balance on Balance Sheet</b>	2,318,087	2,846,040	
<b>Previous Period:</b>			
Period End Balance	38,241,865	3,245,607	39,517,335
Specific Provisions (-)	967,902	184,006	39,517,335
<b>Net Balance on Balance Sheet</b>	37,273,963	3,061,601	0

**(c) Breakdown of Uncollectible Loans and Receivables and Specific Provisions provided;**

Collateral Group	Loan	Specific Provision
Without Collateral	7,037,082	7,037,082
Group I	109,066	109,066
Group II	141,560,541	141,560,541
Group III	6,238,683	6,238,683
Group IV	541	541

\*Full specific provision has been made for group 5 without considering of their collateral.



**(d) Main Features of uncollectible loans and other receivables liquidation policy.**

In order to ensure liquidation of non-performing loans, all possible alternatives within the existing legislation are evaluated in a way that repayments are maximized. First administrative initiatives are taken to reach an agreement with the borrower and his guarantors; in case the negotiations for collection, liquidation or fail restructuring of receivables action is taken for collection.

**(5) Information on receivables arising from term of sales of assets included in miscellaneous receivables;**

	Current Period	Previous Period
From sale of equity participations and subsidiaries	0	0
From sale of immovables	0	0
From sale of other assets	0	0

**(6) Information on subsidiaries and equity participations;**

**(a) Surplus on revaluation of subsidiaries and equity participations stock exchange value is -0-.**

**(b) Sectoral information on financial participations and the related carrying amounts:**

	Participations		Subsidiaries	
Participations	Current Period	Previous Period	Current Period	Previous Period
Banks	0	0	0	0
Insurance Companies	0	0	8,548,448	10,692,126
Finance Companies	0	0	0	0
Other Non Financial Participations and Subsidiaries	0	0	19,702,176	16,709,007

**(c) Bank's share percentage on equity participations and subsidiaries;**

Title	Address (City/ Country)	Bank's Share Percentage- If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)	Current Period Net Profit / Loss	Fair Value
Şeker Sigorta (Kıbrıs) Ltd	Lefkoşa	%100	%100	-2,143,678	8,548,449
Süt Koop	Lefkoşa	%79,41	%100	2,349,248	7,082,505
Yem Koop	Gönyeli	%97.78	%100	1,169,859	12,619,671
Zirai Makine Koop	Lefkoşa	%97.78	%100	-2,496,409	0
Vaka Ltd	Lefkoşa	%40	%40	0	0
Ada Havacılık ve Taşımacılık	Lefkoşa	%15	%15	0	0

**(d) Equity Participations quoted to a stock exchange;**

	Current Period	Previous Period
Quoted to domestic stock exchanges	0	0
Quoted to international stock exchanges	0	0

**(e) Subsidiaries quoted to a stock exchange ;**

	Current Period	Previous Period
Quoted to domestic stock exchanges	0	0
Quoted to international stock exchanges	0	0

**(f) Bonus Shares obtained by using internal funds from subsidiaries and equity participations;**

Bonus Share obtained	Current Period	Previous Period
Equity Participations	0	0
Subsidiaries	0	0

**(g) The below table summarizes the amount of assets and liabilities of the Banks' participations and subsidiaries:**

	The Participation and Subsidiaries of Financial Services	The Other Participations and Subsidiaries
<b>RECEIVABLES</b>		
I- The Banks and other financial institutions	0	0
• The Bonds and similar securities	0	0
• Loans (including the loans in arrears)	0	28,854,818
• Interest & Income Accruals	0	0
• Leasing Receivables (Net)	0	0
• Other Assets	0	0
<b>PAYABLES</b>		
• Deposits	5,271,791	18,479,642
• Funds Borrowed	0	0
• Securities Issued	0	0
• Interest & Expense Accruals	33,197	35,227
• Leasing Payables	0	0
• Other Liabilities	0	0
<b>NON-CASH LOANS</b>		
• Letter of Credit Commitments	0	0



**(7) Information on investment securities held-to-maturity:**

	Current Period	Previous Period
Debt Securities	0	0
Quoted in a Stock Exchange	0	0
Not Quoted	74,942	74,942
Impairment Provision (-)	0	0
<b>Total</b>	<b>74,942</b>	<b>74,942</b>

**(8)****(a) Information on tangible fixed assets (TFA):**

	Immovables	Vehicles	Other Fixed Asset	Total
End of Previous Period:				
Cost of Acquisition	14,523,109	1,439,637	16,401,805	32,364,551
Accumulated Depreciation (-)	6,715,393	933,538	12,517,849	20,166,780
Net Book Value	7,807,716	506,099	3,883,956	12,197,771
End of Current Period				
Net Book Value at the Beginning of the Period	7,807,716	506,099	3,883,956	12,197,771
Additions	36,477,155	2,570	1,669,639	38,149,364
Disposals (-)	0	28,651	5,913	34,564
Impairment	0	0	0	0
Depreciation (-)	1,625,397	93,005	1,313,879	3,032,281
Currency Translation Differences Resulting from Foreign Investments(+)				
Closing Net Book value	42,659,474	387,013	4,233,803	47,280,290

**(b) Movables and immovables that were acquired in return for receivables and were held for resale in accordance with the TRNC Banking Law (Law No. 39/2001) amounted to TRY 37,979.**

**(9)****(a) Information on other assets;**

The "other assets" item of the balance sheet does not exist 10% of total assets.

**(b) Information on withholding tax and prepayments.**

All co-operative institutions including the Bank were wholly exempt from Corporation and Income Tax until 1.1.1987. Amendments to the Corporation and Income Tax Laws in 1987 made effective from 1st January. In 1987 the tax exemption privilege enjoyed by all cooperatives was removed, except for those in rural areas. However the Banks' Tax Liability for 2018 was calculated in accordance with the relevant laws. On this basis the total taxation provision made for 2018 is TRY 2,722,902. Withholding tax paid in TRNC and in Turkey TRY 1,037,192 has been discharged by set off against the taxation liabilities.

## ii) INFORMATION AND DISCLOSURES RELATED TO LIABILITIES

### (10) Information on deposit:

#### a) The maturity structure of deposits (Current period):

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year
<b>Residents in TRNC</b>						
Saving Deposits	106,555,127	0	1,804,272,932	12,484,306	257,803	11,347,137
Deposit of Public Institutions and other	168,376,625	0	871,532,544	42,733,056	387,658	805,985
Foreign Currency Savings Deposits	32,621,862	0	1,484,295,762	25,100,311	23,406,383	391,359,504
Foreign Currency Deposit of Public Institutions and other	45,106,163	0	414,205,921	7,291,863	37,912,792	201,543,861
<b>Residents in Abroad</b>						
Saving Deposits	363,726	0	4,002,054	14,527	9,715	8,405
Deposit of Public Institutions and other	0	0	0	0	0	0
Foreign Currency Saving Deposits	155,339	0	20,837,506	402,013	751,120	20,593,919
Foreign Currency Deposit of Public Institutions and other	0	0	0	0	0	0
<b>Bank Deposits</b>		0	0	0	0	0
Domestic Banks	1,556,962	0	123,719,709	0	0	0
Foreign Banks	0	0	0	0	0	0
Off-Shore Banks	0	0	0	0	0	0
Other	0					
<b>Total</b>	<b>354,735,804</b>	<b>0</b>	<b>4,722,866,428</b>	<b>88,026,076</b>	<b>62,725,471</b>	<b>625,658,811</b>

#### The maturity structure of deposits (Previous Period):

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year
<b>Residents in TRNC</b>						
Saving Deposits	89,223,724	0	1,703,650,900	6,869,103	276,149	20,799,284
Deposit of Public Institutions and other	142,239,253	0	762,962,796	15,980,182	360,802	765,034
Foreign Currency Savings Deposits	26,681,911	0	1,051,525,535	23,271,415	18,797,173	309,169,873
Foreign Currency Deposit of Public Institutions and other	31,476,273	0	305,877,341	14,889,427	25,356,538	130,490,891
<b>Residents in Abroad</b>						
Saving Deposits	299,380	0	4,238,726	13,323	9,106	8,009
Deposit of Public Institutions and other	0	0	0	0	0	0
Foreign Currency Saving Deposits	104,111	0	13,904,440	303,246	1,099,628	14,988,173
Foreign Currency Deposit of Public Institutions and other	0	0	0	0	0	0
<b>Bank Deposits</b>	0	0	0	0	0	0
Domestic Banks	2,275,954	0	143,622,741	0	0	0
Foreign Banks	0	0	0	0	0	0
Off-Shore Banks	0	0	0	0	0	0
Other		0				
<b>Total</b>	<b>292,300,606</b>	<b>0</b>	<b>3,985,782,479</b>	<b>61,326,696</b>	<b>45,899,396</b>	<b>476,221,264</b>



**b) Saving deposits under the guarantee of Saving Deposits Insurance Fund**

Saving Deposits	Current Period		Previous Period	
	LC	FC	LC	FC
Saving Deposits	1,937,540,221	1,997,401,803	1,823,647,692	1,459,284,552
Other Deposits in the Form of Saving Deposits	492,103,142	98,120,295	389,638,588	47,567,054
<b>Total</b>	<b>2,429,643,363</b>	<b>2,095,522,098</b>	<b>2,213,286,280</b>	<b>1,506,851,606</b>

**(11) Information on funds provided from repurchase agreement transactions:**

	Current Period		Previous Period	
	LC	FC	LC	FC
From Domestic Transactions	0	0	0	0
Financial Institutions and Organizations	0	0	0	0
Other Institutions and Organizations	0	0	0	0
Real Persons	0	0	0	0
From Foreign Transactions	0	0	0	0
Financial Institutions and Organizations	0	0	0	0
Other Institutions and Organizations	0	0	0	0
Real Persons	0	0	0	0

**(12)**

**a) Information on funds borrowed;**

	Current Period		Previous Period	
	LC	FC	LC	FC
Short-term	70,000,000	0	70,000,000	0
Medium and long-term	0	0	0	0

**(13) Explanation on funds**

**a) Current Period**

Maturity Structure		Interest Structure		Type of Currency			
Short	Medium or Long	Fixed	Variable	EURO	USD	TRY	Other
0	74,037	%5	0	0	0	74,037	0
0	335,089	%12	0	0	0	335,089	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

## b) Previous Period

Maturity Structure		Interest Structure		Type of Currency			
Short	Medium or Long	Fixed	Variable	EURO	USD	TRY	Other
0	80,636	%5	0	0	0	80,636	0
0	371,044	%12	0	0	0	371,044	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

## (14) Information on Securities issued by the Bank by maturity, interest rate structure and currency.

### a) Current Period

Maturity Structure		Interest Structure		Type of Currency			
Short	Medium or Long	Fixed	Variable	EURO	USD	TRY	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

### b) Previous Period

Maturity Structure		Interest Structure		Type of Currency			
Short	Medium or Long	Fixed	Variable	EURO	USD	TRY	Other
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

## (15)

### a) Explanations on miscellaneous payables

	Current Period	Previous Period
Total amount of cash collateral obtained	0	0

### b) Information on cash collateral obtained.

None

## (16) Other External Sources;

Items constituting at least 20% thereof, in the event that they exceed 10% of the balance sheet total:  
Other external sources do not exceed 10% of the balance sheet total.

**(17) Information on shareholders' equity:****a) Presentation of paid-in capital:**

	Current Period	Previous Period
Common Stock	26,015,244	25,627,972
Preferred Stock	0	0

**b) Explanation as to whether the registered share capital system ceiling applicable at bank, if so amount of registered share capital:**

Capital System	Paid-in Capital	Ceiling
Registered Variable Capital System	26,015,244	50,000,000

**c) Information on share capital increases and their sources; other information on increased capital share in current period:**

Date of Increase	Amount Increased	Cash	Reserves	Increase in the Value of Revaluation Fund
1/1/2018-31/12/2018	387,272	387,272	0	0

The Cyprus Turkish Cooperative Central Bank is a cooperative bank formed under cap 114 of the Laws of Cyprus owned by registered Cooperative Societies. Each member society is entitled to representation at the general meeting of the Cyprus Turkish Cooperative Central Bank. Without exception each member society has only one vote. Real and legal persons may also become members which is prerequisite for obtaining credit but do not have voting power at the general meeting. The new shares sold to new real and legal persons during the period 1.1.2018 – 31.12.2018 transferred to paid in capital.

**d) Information on share capital increases from revaluation fund;**

Fixed Assets Value increase	Participations Value increase	Real estates sales profit	Participations sales profit	Revaluation fund of leasehold improvement
0	0	0	0	0

**e) Real persons and institutions with an equity participation and/or voting right of 10% or more;**

Name/ Commercial Title	Share	Shareholding (%)	Paid-in Capital	Unpaid Capital
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

**f) Information on commitments of capital commitments and resources. None**

**g) Information on shareholders equity and preferred stock.**

There is no preferred stock holder in accordance with Cooperative Societies Law (Law No . 114).

**(18) Explanations on marketable securities value increase fund;**

	Current Period		Previous Period	
	LC	FC	LC	FC
From participants and subsidiaries	18,102,988	0	17,778,702	0
From investment Securities Available for sale	0	0	0	0

**(19)**

**a) In order to meet the liquidity requirements that may emerge from market fluctuations great care is taken to preserve liquid values.**

**b) In order to preserve the impacts of interest rate increases and decreases that can arise in the value of interest sensitive assets and liabilities great care is taken by Bank's internal audit and assets and liabilities management**

**c)The Bank's principal source funding is the internal deposits.**



**(d) Presentation of assets and liabilities according to their remaining maturities**

<b>Current Period</b>	<b>Demand</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Longer</b>	<b>Total</b>
<b>Assets</b>						
Cash (Cash in Vault, Foreign Currency, Money in Transit, Cheques Purchased) and Balances with the Central Bank of TRNC	881,589,303	0	0	0	0	881,589,303
Due from Banks	401,038,808	269,560,616	0	0	0	670,599,424
Investment Securities	2,526,620	371,847,597	48,064,009	42,576,327	0	465,014,553
Loans	131,844,100	54,150,425	1,213,187	10,805,531	3,832,277,145	4,030,290,388
Investment Securities Held to Maturity	74,942	0	0	0	0	74,942
Other Assets	12,196,272	0	0	0	0	487,659,003
<b>Total Assets</b>	<b>1,429,270,045</b>	<b>695,558,638</b>	<b>49,277,196</b>	<b>53,381,858</b>	<b>3,832,277,145</b>	<b>6,535,227,613</b>
<b>Liabilities</b>						
Banks Deposits	24,914,377	54,004,939	6,506,665	33,866,993	5,983,697	125,276,671
Other Deposits	4,126,716,638	1,092,914,608	168,572,423	331,405,759	9,126,491	5,728,735,919
Funds Provided from Other Financial Institutions	70,000,000	0	0	0	0	70,000,000
Marketable Securities Issued	0	0	0	0	0	0
Miscellaneous Payables	52,763,136	0	0	0	0	52,763,136
Other Liabilities	159,046,181	10,001	4,993	37,037	1,603,419	558,451,887
<b>Total Liabilities</b>	<b>4,433,440,332</b>	<b>1,146,929,548</b>	<b>175,084,081</b>	<b>365,309,789</b>	<b>16,713,607</b>	<b>6,535,227,613</b>
<b>Net Liquidity Gap</b>	<b>-3,004,170,287</b>	<b>-451,370,910</b>	<b>-125,806,885</b>	<b>-311,927,931</b>	<b>3,815,563,538</b>	<b>0</b>
<b>Previous Period</b>						
Total Assets	1,128,910,469	643,535,196	47,058,766	31,433,397	3,105,161,741	5,410,658,558
Total Liabilities	3,315,789,510	1,289,917,698	135,861,543	307,424,426	9,256,830	5,410,658,558
<b>Net Liquidity Gap</b>	<b>-2,186,879,041</b>	<b>-646,382,502</b>	<b>-88,802,777</b>	<b>-275,991,029</b>	<b>3,095,904,911</b>	<b>0</b>

**e) Other disclosures on Bank's activities.**

### iii) INFORMATION AND DISCLOSURES RELATED TO OFF- BALANCE SHEET ITEMS

#### (1) Concentration of off-balance sheet liabilities.

Off – balance sheet Liabilities are concentrated on Letters of Guarantee in parallel with the improvement of the business volume in the country.

#### (2)

##### a) Total amount of non-cash loans:

	Current Period	Previous Period
Guarantees given against cash loans	0	0
With maturity of 1 year or less than 1 year	0	0
With maturity of more than 1 year	0	0
Other non-cash loans	29,817,363	25,044,025
<b>Total</b>	<b>29,817,363</b>	<b>25,044,025</b>

##### b) Information about non-cash loans:

	Current Period		Previous Period	
	LC	FC	LC	FC
Non-Cash Loans				
Letters of Guarantee	18,083,952	11,733,411	14,526,891	10,517,134
Bank Acceptances	0	0	0	0
Letters of Credit	0	0	0	0
Endorsements	0	0	0	0
Underwriting Commitments	0	0	0	0
Factoring Guarantees	0	0	0	0
Other Guarantees and Warranties	0	0	0	0
<b>Total</b>	<b>18,083,952</b>	<b>11,733,411</b>	<b>14,526,891</b>	<b>10,517,134</b>

#### (3) Information on commitments;

	Current Period	Previous Period
Irrecoverable Commitments	145,723,753	143,808,921
Recoverable Commitments	0	0
<b>Total</b>	<b>145,723,753</b>	<b>143,808,921</b>

#### (4) Information related to financial derivative instruments;

	Current Period	Previous Period
Forward FC Transactions	0	0
FC and Interest Swap Transactions	0	0
FC and Interest Option Transactions	0	0
FC Future Transactions	0	0
Future Interest Rate Transactions	0	0
Other	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



#### IV. INFORMATION AND DISCLOSURES RELATED TO INCOME STATEMENT

(1)

a) Information on interest and commissions received from participations and subsidiaries:

	Current Period	Previous Period
Interest received from participations and subsidiaries	4,008,646	3,425,051
Commissions and fees received from participations and subsidiaries	12,191	9,209

b) Information on interest and commissions paid to participations and subsidiaries:

	Current Period	Previous Period
Interest paid to participations and subsidiaries	1,687,511	1,269,900
Commissions and fees paid to participations and subsidiaries	0	0

c) Interest received from reverse repurchase agreement transactions;

	Current Period		Previous Period	
	LC	FC	LC	FC
Interest received from reverse repurchase agreement transactions	0	0	0	0

d) Interest paid to repurchase agreement transactions:

	Current Period		Previous Period	
	LC	FC	LC	FC
Interest paid to repurchase agreement transactions	0	0	0	0

(2) Provisions expenses due to Bank's loans and other receivables:

	Current Period	Previous Period
Specific Provisions for Loans and Other Receivables	132,605,315	3,695,283
General Provision Expenses	5,861,526	5,940,554
Marketable Securities Impairment Expense	0	0
Impairment Provision Expense	0	0
Other	2,440,989	2,074,054

(3) Description of individual items, which makes up 10% of the category, and “Other” categories in the income and expense groups II, IV, V, and I comprises to 20% or more of the total within these groups.

### 3.1 Other Incomes

	2018	2017
	(TRY)	(TRY)
Income on special provision for loans	6,976,706	22,928,333
Income on general provision for loans	7,367,644	4,507,581

### 3.2 Other Expenses

	2018	2017
	(TRY)	(TRY)
Saving Deposits Insurance Fund	22,217,065	19,802,748

## 4. **Notes on Other Significant Matters**

### 4.1 **Net Profit / Loss Before Taxation**

Net profit/ (loss) before taxation was shown after reduction of provision for doubtful debts, depreciation, personnel expenses, rental expenses and the expenses in the following table.

	2018	2017
	(TRY)	(TRY)
Directors' Fees	74,676	45,143
Auditors' Fees	83,520	63,800
Legal Advisor	272,744	256,733
<b>Total</b>	<b>430,940</b>	<b>365,675</b>

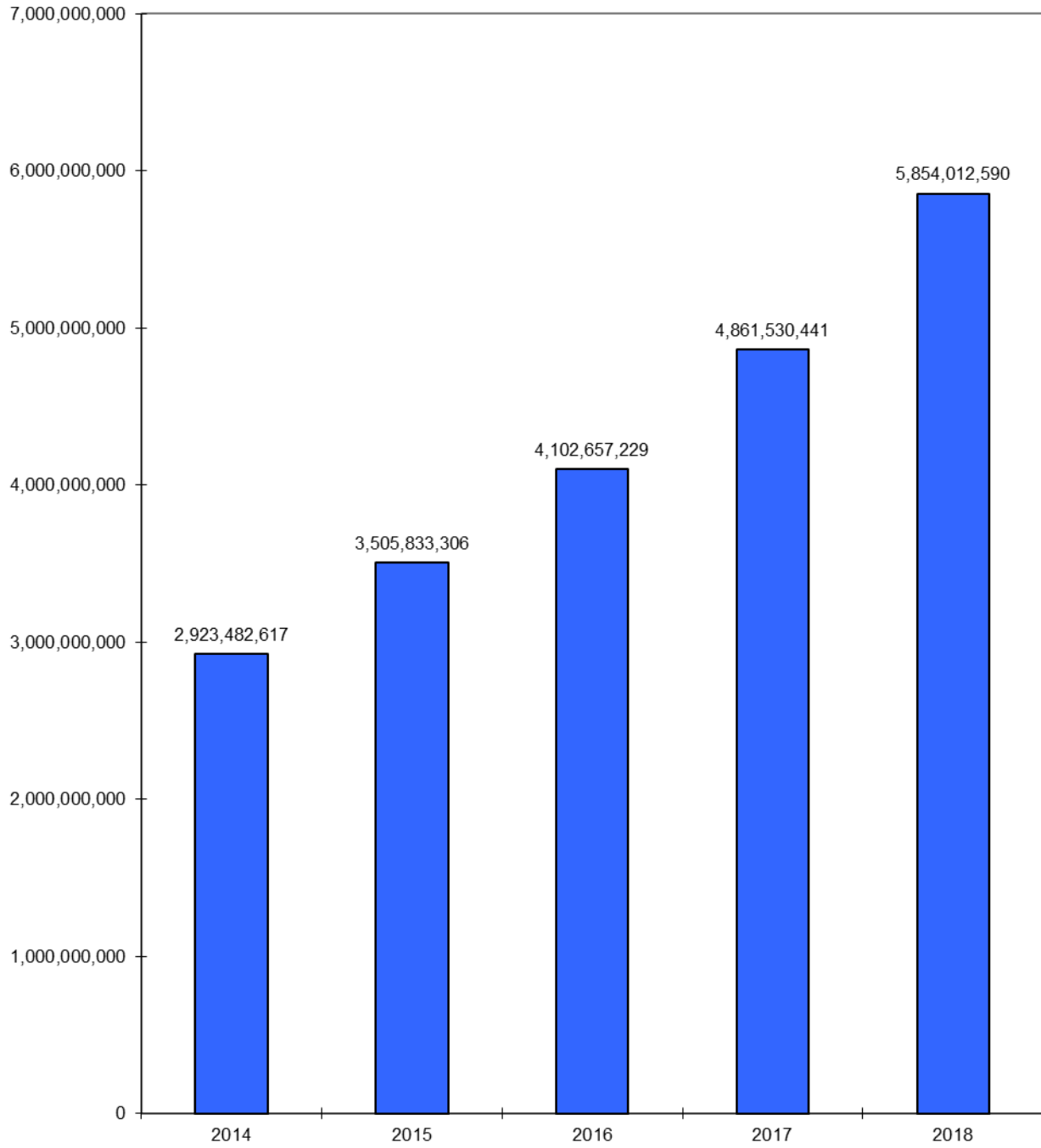
**4.2** As of the Balance Sheet date, Total debt amounts to TRY 4,191,887,011. The amount of TRY 3,650,473,601 is guaranteed by the government. From the remaining amount of TRY 541,413,410 the amount of TRY 161,596,623 provisions were made in accordance with the communique made by the Central Bank. This provision was made in respect of non-performing loans which amounts to TRY 155,402,443 and is 96,17% of the total provision.

**4.3** The Banks' Net Profit before taxation is TRY 46,785,280.



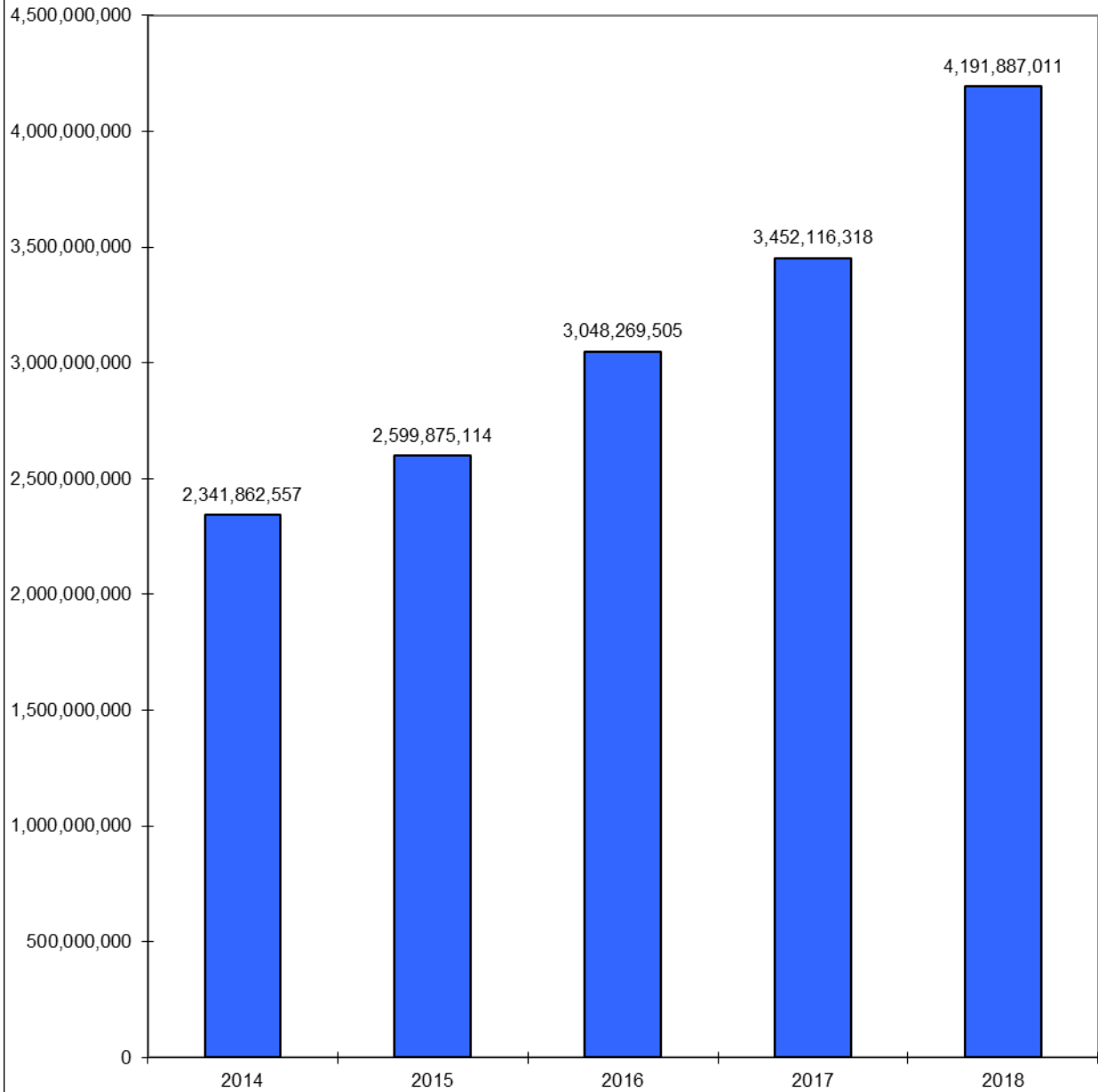
## CYPRUS TURKISH COOPERATIVE CENTRAL BANK LIMITED

■ DEPOSITS (TRY )



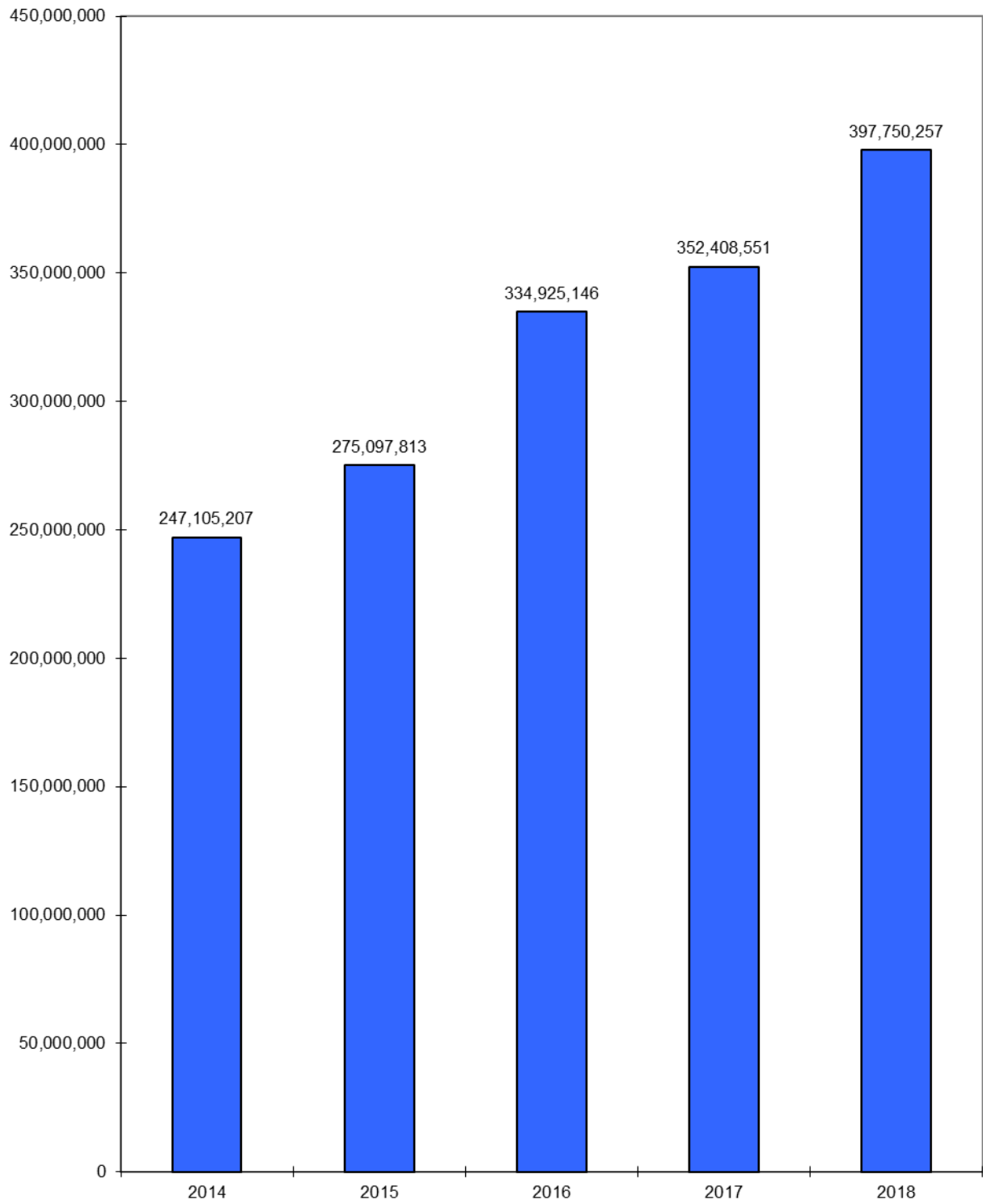
## CYPRUS TURKISH COOPERATIVE CENTRAL BANK LIMITED

■ LOANS AND ADVANCES ( TRY )



## CYPRUS TURKISH COOPERATIVE CENTRAL BANK LIMITED

■ SHARE CAPITAL AND RESERVES ( TRY )



**Head Office** : 6, Sht. İhsan Güven Street, Yenişehir, Nicosia  
Turkish Republic Of Northern Cyprus, (via Mersin 10 Turkey)

**CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.**

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**Telephones** : +90 392 622 1000 (PBX), +90 392 622 1900 **Fax** : +90 392 227 6787

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**DEPARTMENTS**

	<b><u>TELEPHONE</u></b>	<b><u>FAX</u></b>
Chief Accountant	+90 392 622 1000	+90 392 229 1923
Treasury Department	+90 392 622 1000	+90 392 227 6787
Information Technology	+90 392 622 1960	+90 392 227 6787
Loans Department	+90 392 622 1000	+90 392 227 4139
Foreign Transactions and Trade Department	+90 392 622 1000	+90 392 227 2079
Internal Audit Department	+90 392 228 3207	+90 392 229 0086
Internal Control Department	+90 392 228 3207	+90 392 229 0086
Human Resources Department	+90 392 228 3207	+90 392 227 2435
Compliance Department	+90 392 622 1000	+90 392 227 6787
Risk Assessment Department	+90 392 622 1000	+90 392 227 6787
Administrative Affairs Department	+90 392 622 1000	+90 392 227 6787
Insurance Agency	+90 392 228 5875	+90 392 227 9208

**BANKING BRANCHES**

	<b><u>TELEPHONE</u></b>	<b><u>FAX</u></b>
Nicosia, Main Branch	+90 392 228 3207	+90 392 227 2435
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Ortaköy, Nicosia	+90 392 228 0651	+90 392 228 0653
Gönyeli, Nicosia	+90 392 223 5185	+90 392 223 5981
Vadili, Nicosia	+90 392 397 7691	+90 392 397 7693
Akdoğan, Nicosia	+90 392 377 8321	+90 392 377 8257
Suriçi (Old City), Famagusta	+90 392 366 5304	+90 392 366 6304
Maraş, Famagusta	+90 392 367 0230	+90 392 367 0236
Eastern Med. Univ.1, Famagusta	+90 392 365 3682	+90 392 365 3416
Eastern Med. Univ.2, Famagusta	+90 392 365 0799	+90 392 365 0795
Sanayi, Famagusta	+90 392 365 6090	+90 392 365 6093
İskele - Downtown	+90 392 371 2523	+90 392 371 2095
Geçitkale, İskele	+90 392 373 3330	+90 392 373 3139
Yenierenköy, İskele	+90 392 374 5067	+90 392 374 5069
Kyrenia - Downtown	+90 392 815 2469	+90 392 815 3770
Karakum, Kyrenia	+90 392 816 1069	+90 392 816 1079
Karaoğlanoğlu, Kyrenia	+90 392 822 4446	+90 392 822 4447
Güzelyurt - Downtown	+90 392 714 2197	+90 392 714 3527
Gemikonağı, Güzelyurt	+90 392 727 8162	+90 392 727 8162

**SUBSIDIARIES & PARTICIPATIONS**

	<b><u>TELEPHONE</u></b>	<b><u>FAX</u></b>
Dairy and Oil Production and Marketing Cooperative Ltd.	+90 392 227 1748	+90 392 228 4216
Animal Fodder, Carobs Kibbling and LP Gas Production and Marketing Cooperative Ltd.	+90 392 223 1314	+90 392 223 2766
Agricultural Requisites, Machinery Equipment and Foodstuffs Marketing Cooperative Ltd.	+90 392 228 3123	+90 392 228 2764
Şeker Sigorta (Kıbrıs) Ltd.	+90 392 444 0404	+90 392 228 0132



