

ANNUAL REPORT

2019



KOOPBANK

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.



KOOPBANK

ANNUAL REPORT & ACCOUNTS 2019



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 20th 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:

- A. 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.
- B. It is the lender of last resort for Co-operative Societies involved in banking activities.
- C. 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.
- D. 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.
- E. 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.
- F. Financing of farmers for land development and land leveling.
- G. 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

Şerife Kanan

Chairman

İsmet Dirgen

Vice Chairman

Fatma Kınış

Member (Responsible for Internal Systems)

Hüseyin Çavuş

Member

Ramadan Durmazer

Member

Mustafa Akyön

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 29 April 2020



REPORT OF THE DIRECTORS

1. The Board of Directors has pleased in submitting their Report for the year 2019 together with the Audited Balance Sheet and the Profit and Loss Account as of 31st December 2019.

2. Profit and Loss Account

The Net Profit of the Bank for the year 2019 arising from its ordinary activities in the Banking, Commercial and Industrial fields, before making any transfers to Provision for Doubtful Accounts, was TRY 25,231,522 compared to TRY 46,774,878 for the year 2018, reflecting a decrease of 46,06% . In 2019, the Net Profit amounted to TRY 22,932,104 whereas corresponding amount for the previous year was TRY 44,630,148

The Bank also had other operating income of TRY 9,554 consisting of Entrance Fees from New Shareholders. The corresponding figure for the previous year was TRY 10,403.

3. Taxation

In respect of 2019, a provision of TRY 2,308,972 was made for the taxation liability, leaving an overall Net Income of TRY 22,932,104 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 Turkish Cypriot Registrar of Co-operative Societies. In the accounts for 2019 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 22,932,104 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 of the nature of additional permanent capital.

6. Activities of the Bank

In the banking field, the Bank operating through nineteen 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 31.12.2019 are amounted to TRY 6,844,730,225 compared to TRY 5,499,276,786 of the previous year, showing a 24.47% increase. On the other hand, demand deposits as of 31.12.2019 are amounted to TRY 437,546,272 as compared to TRY 354,735,804 of the previous year, which shows a 23,34% 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 4,826,050,865 compared to TRY 4,053,991,228 at the end of previous year, showing an increase of 19,04%.

10. Capital and Reserves

The Capital and Reserves of the Bank as of 31.12.2019 amounted to TRY 425,201,075 as compared to TRY 397,750,257 on 31.12.2018 showing an increase of 6,90%.

The reserves of the Bank increased to TRY 27,450,818 as compared with the previous year; this increase in reserves is due to the TRY 45,341,706 profit for 2018.

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 2019.

On behalf of the Board

Şerife Kanan

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 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 and Banking Law.

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LIMITED
INDEPENDENT AUDITORS' REPORT FOR THE ACCOUNTING PERIOD
1 JANUARY 2019 – 31 DECEMBER 2019

To the Cyprus Turkish Cooperative Central Bank Limited Bank's Board of Directors

A. Audit of the Financial Statements

1. Qualified Opinion

We have audited the financial statements of Cyprus Turkish Cooperative Central Bank Limited (the "Bank"), consisting of its balance sheet as at 31 December 2019 and its income statement, changes in equity, cash flow statements, the summary of accounting policies and notes to the financial statements for the year then ended.

These financial statements have been prepared in accordance with the financial statement presentation and disclosure requirements as promulgated under Banking Law (Law Number 62/2017) and, in our opinion and according to the information and explanations given to us, except for the effects of observations listed below and as stated in our observations and determinations specified in Article 14 of the Footnote and Disclosure Related to Bank and Financial Structure section, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2019 and of its result for the year then ended.

2. Basis of the Qualified Opinion

The independent audit we conducted was conducted in accordance with the "Communiqué on Independent Auditing Firms" published in the Official Gazette No. 41 dated April 5, 2018 by the Central Bank of the TRNC and international audit standards. Our responsibilities under these standards are described in detail in the "Responsibilities of the Independent Auditor Regarding Independent Auditing of Financial Statements" section of our report. We declare that we are independent from the Bank in accordance with the ethical provisions in the legislation regarding the independent audit of the financial statements and the Ethical Rules for Independent Auditors ("Ethical Rules") published by the International Federation of Accountants ("IFAC"). Other responsibilities related to ethics within the scope of the Code of Ethics and legislation were also fulfilled by us. We believe that the independent audit evidence we have obtained during the independent audit constitutes a sufficient and appropriate basis for our opinion.

As stated in the financial statements, 4,399,700,766 TRY (2018 - 3,650,473,601 TRY) of the total cash loan receivables amounting to TRY 4,954,853,162 (2018 - TRY 4,191,887,011) are loans granted to Government Institutions. The remaining 555,152,396 TRY (2018 - 541,413,410 TRY) of the receivables amounting to 153,755,989 TRY (2018 - 161,596,623 TRY) are non-performing receivables, and for these, in accordance with the regulations in force in accordance with the



- Banking Law No. 62/2017, a special provision of 150,102,419 TRY (2018 - 155,402,443 TRY) 97.62% (2018 - 96.17%) was reserved.
- As of 31.12.2019, the sum of cash loans with state security exceeds the ceiling limit of 200% of the bank equity stipulated in the Banking Law No. 62/2017 (Provisional Article 8) by 3,591,531,638 TRY (2018 - 2,855,592,677 TRY).
- In accordance with Provisional Article 6 of the Banking Law No. 62/2017; for debts given prior to 23 November 2001 and relating to Securitised Government loans and Government loans, the State has to pay a minimum of 20% of the balance and the annual accrued interest, at the latest within five years, annually the maximum of, with the minimum amount being before the date of entry into force of this Law.

However, as of 27 September 2019, only 30,000,000 TRY was paid to the Bank as part of the loan repayment in accordance with the Protocol between the TRNC Ministry of Finance and the Bank. In addition, according to Article 3 of the said Protocol, 20,000,000 TRY was deducted from the interest income reflected on a government security loan.

3. The Responsibilities Relating to the Financial Statements of the Board of Directors and Senior Management

Bank's management is responsible for the preparation of the financial statements in accordance with the TRNC Central Bank Accounting and Financial Reporting Legislation, their fair presentation and the internal control it deems necessary to prepare them in a manner that does not contain any material misstatement due to fraud or error.

While preparing the financial statements, management is responsible for evaluating the Bank's ability to continue under the going concern assumption, explaining the going concern issues when necessary and using the going concern assumption of the bank unless it has the intention or obligation to liquidate or terminate the commercial activity.

Senior Management is responsible for overseeing the Bank's financial reporting process.

4. The Responsibilities Relating to the Financial Statements of the Auditors

In an independent audit, we, the independent auditors, have the following responsibilities: Our aim is to obtain reasonable assurance whether the financial statements as a whole are free from errors or material misstatements and to issue an independent auditor report that includes our opinion. Reasonable assurance given as a result of the "Communiqué on Independent Auditing Firms" published in the Official Gazette No. 41 dated 5 April 2018 by the Central Bank of the TRNC and an international

audit standard; it is a high level of assurance, however, it does not guarantee that any material errors that may exist will always be detected. Inaccuracies can be caused by errors or fraud. If inaccuracies are reasonably expected to affect the economic decisions of users of financial statements, individually or collectively, based on these statements, these inaccuracies are considered significant.

We use our professional judgment and continue our professional skepticism throughout the independent audit as per the “Communiqué on Independent Auditing Firms” published in the Official Gazette No. 41 dated 5 April 2018 by the Central Bank of the TRNC and international audit standards. We also:

- Risks of “material misstatement” arising from errors or fraud in the financial statements are identified and assessed; Audit procedures that respond to these risks are designed and implemented, and sufficient and appropriate audit evidence is obtained to underpin our view. Since cheating may include acts of fraud, fraud, deliberate negligence, false statement, or violation of internal control, the risk of failing to detect a material fraud is higher than the risk of failing to detect a material misstatement.
- Internal control related to the audit is evaluated in order not to give an opinion on the effectiveness of the internal control of the Bank, but to design appropriate audit procedures.
- It is evaluated whether the explanations about the appropriateness of accounting policies and estimates used by management are reasonable.
- Based on the audit evidence obtained, it is concluded whether there is a significant uncertainty about the events or conditions that may create serious suspicion about the Bank's ability to continue its going concern and the appropriateness of management's use of the going concern principle. In the event that we conclude that there is a significant uncertainty, we should draw attention to the relevant disclosures in our report or, if these disclosures are insufficient, we should give an opinion other than a positive opinion. Our conclusions are based on audit evidence obtained up to the date of the independent auditor's report. However, future events or conditions may end the continuity of the Bank.
- It is evaluated whether the overall presentation, structure and content of the financial statements, including the explanations of the financial statements, reflect the transactions and events underlying these statements in a way that will provide a fair presentation. Among other things, we report the planned scope and timing of the independent audit and the key audit findings to those charged with governance, including significant internal control deficiencies we identified during the audit.

We have reported to those responsible for senior management that we comply with ethical requirements for independence. In addition, we have forwarded all relations and



other matters that may be considered to have an impact on independence and, if applicable, relevant measures to those charged with governance.

Among the issues reported to Senior Management, we identify the issues that are most important in the independent audit of the financial statements for the current period, i.e. key audit matters. In cases where the legislation does not allow the public disclosure of the subject, or in exceptional circumstances where it is reasonably expected that the negative consequences of public disclosure will exceed the public benefit of public disclosure, we may decide not to report the matter in our independent auditor report.

B. Other Responsibilities Arising from Legislation

1. No significant issue was found that the Financial Statements prepared according to the uniform balance sheet and profit and loss statement stipulated in the Uniform Chart of Accounts (Cap. 114) and the Bank's articles of association do not comply with the financial reporting provisions.
2. In accordance with the subparagraph (b) of Article 11 of the “Communiqué on Independent Audit Firms” published in the Official Gazette No. 41 dated 5 April 2018 by the Central Bank of TRNC, all information including the accounting records and documents in the scope of the audit were provided to us by the Board of Directors.

C. Significant Uncertainty Regarding the Bank's Going Concern

The situation and developments arising from the coronavirus outbreak in our country, as in the world, show that a significant uncertainty regarding the Bank's ability affecting its going concern does not exist as of the date of this report, and this does not affect the opinion given by us.

M.A.T.K. A Plus Audit
Independent Auditors
Authorised Independent Bank Auditors

Duygu Arman Ma MSc
Auditor

Tamer Müftizade BA FCA
Managing Partner

Lefkoşa, 30 April 2020

Financial Highlights

(TRY, US\$ in actual)

	2019		2018		Growth	
	US\$	TRY	US\$	TRY	US\$%	TRY%
Total Assets	1,361,380,207	8,037,588,741	1,255,567,265	6,535,227,613	8,43	22,99
Loans, Net	813,812,795	4,804,750,743	775,501,358	4,036,484,568	4,94	19,03
Total Deposits	1,233,447,916	7,282,276,497	1,124,690,219	5,854,012,590	9,67	24,40
Shareholders Equity & Reserves	72,019,152	425,201,075	76,416,956	397,750,257	-5,75	6,90
Net Interest Income	21,682,191	128,011,654	28,139,824	146,467,782	-22,95	-12,60
Net Profit/Loss	3,884,164	22,932,104	8,574,476	44,630,148	-54,70	-48,62

End Year Conversion Rates: 1 US \$ = 5,9040 TRY for 2019

1 US \$ = 5,2050 TRY for 2018



BALANCE SHEETS
(As at 31.12.2019 and 31.12.2018)

ASSETS		(31/12/2019)			(31/12/2018)		
	Note	LC	FC	TOTAL	LC	FC	TOTAL
CASH AND EQUIVALENTS		27,172,512	17,443,209	44,615,721	17,969,751	12,631,244	30,600,995
A. Cash balances -Turkish Lira		27,172,512	0	27,172,512	17,969,751	0	17,969,751
B. Cash balances -Foreign Currency		0	14,198,896	14,198,896	0	10,277,786	10,277,786
C. Others		0	3,244,313	3,244,313	0	2,353,458	2,353,458
BANKS	(1)	361,129,323	1,639,359,181	2,000,488,504	126,665,340	1,394,922,392	1,521,587,732
A. Due from the Central Bank		182,560,396	951,453,227	1,134,013,623	104,063,131	746,925,177	850,988,308
B. Due from banks		178,568,927	687,905,954	866,474,881	22,602,209	647,997,215	670,599,424
1) Domestic banks		8	0	8	8	0	8
2) Foreign banks		178,568,919	687,905,954	866,474,873	22,602,201	647,997,215	670,599,416
OTHER FINANCIAL INSTITUTIONS		0	0	0	0	0	0
MARKETABLE SECURITIES [Net]	(2)	34,547,877	553,907,993	588,455,870	56,821,155	408,193,398	465,014,553
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		34,547,877	553,907,993	588,455,870	56,821,155	408,193,398	465,014,553
LOANS	(3)	3,605,686,068	1,195,411,105	4,801,097,173	3,029,878,972	1,000,411,416	4,030,290,388
A. Short-term		102,912,819	117,598,894	220,511,713	96,575,832	99,176,383	195,752,215
B. Medium and Long term		3,502,773,249	1,077,812,211	4,580,585,460	2,933,303,140	901,235,033	3,834,538,173
LOANS IN ARREARS [Net]	(4)	1,471,402	2,182,168	3,653,570	1,030,053	5,164,127	6,194,180
A. Loans with limited recovery [Net]		994,288	987,014	1,981,302	480,094	2,318,087	2,798,181
1) Gross receivables		1,036,691	1,012,322	2,049,013	508,383	2,410,129	2,918,512
2) Provision for loan losses (-)		42,403	25,308	67,711	28,289	92,042	120,331
B. Loans with doubtful recovery [Net]		477,114	1,195,154	1,672,268	549,959	2,846,040	3,395,999
1) Gross receivables		521,419	1,283,176	1,804,595	666,660	3,065,538	3,732,198
2) Provision for loan losses (-)		44,305	88,022	132,327	116,701	219,498	336,199
C. Loans considered as loss [Net]		0	0	0	0	0	0
1) Gross receivables		11,833,809	138,068,571	149,902,381	11,873,791	143,072,122	154,945,913
2) Provision for loan losses (-)		11,833,809	138,068,571	149,902,381	11,873,791	143,072,122	154,945,913
INTEREST&OTHER INCOME ACCRUALS		3,587,872	1,009,298	4,597,170	3,632,698	1,564,768	5,197,466
A. Loans		629,350	0	629,350	594,136	0	594,136
B. Marketable securities		2,484,501	843,630	3,328,131	3,038,562	901,689	3,940,251
C. Other		474,021	165,668	639,689	0	663,079	663,079
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		252,108,010	250,810,131	502,918,141	190,704,382	197,797,810	388,502,192
MISCELLANEOUS RECEIVABLES	(5)	155,229	149,828	305,057	980,861	163,621	1,144,482
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)	29,639,504	0	29,639,504	28,250,624	0	28,250,624
A. Financial services		12,840,239	0	12,840,239	8,548,448	0	8,548,448
B. Other		16,799,265	0	16,799,265	19,702,176	0	19,702,176
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)	45,420,136	0	45,420,136	47,280,290	0	47,280,290
A. Book value		71,255,909	0	71,255,909	70,479,350	0	70,479,350
B. Accumulated depreciation (-)		25,835,773	0	25,835,773	23,199,060	0	23,199,060
OTHER ASSETS	(9)	13,583,304	2,739,649	16,322,953	8,967,409	2,122,360	11,089,769
TOTAL ASSETS	(19)	4,374,576,179	3,663,012,562	8,037,588,741	3,512,256,477	3,022,971,136	6,535,227,613

LIABILITIES		Note	(31/12/2019)			(31/12/2018)		
			LC	FC	TOTAL	LC	FC	TOTAL
DEPOSITS		(10)	3,826,242,621	3,456,033,876	7,282,276,497	3,023,404,345	2,830,608,245	5,854,012,590
	Saving deposits		2,420,689,507	2,511,486,338	4,932,175,845	1,939,315,732	1,999,523,719	3,938,839,451
A.	Government deposits		681,770,804	134,967,427	816,738,231	624,917,381	124,520,442	749,437,823
B.	Commercial deposits		661,153,620	614,652,284	1,275,805,904	412,827,292	513,139,232	925,966,524
C.	Other deposits		59,557,355	80,617,611	140,174,966	46,091,195	68,400,926	114,492,121
D.	Bank deposits		3,071,335	114,310,216	117,381,551	252,745	125,023,926	125,276,671
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)	0	0	0	70,000,000	0	70,000,000
	The Central Bank funds borrowed		0	0	0	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)	393,891	0	393,891	409,126	0	409,126
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			19,981,026	15,782,192	35,763,218	26,079,438	15,081,895	41,161,333
	Deposits		18,966,482	14,932,560	33,899,042	24,654,823	14,166,072	38,820,895
A.	Funds borrowed		0	0	0	0	0	0
B.	Other		1,014,544	849,632	1,864,176	1,424,615	915,823	2,340,438
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			128,663,606	25,074,472	153,738,078	63,093,296	13,490,070	76,583,366
IMPORT TRANSFER ORDERS			0	0	0	0	0	0
MISCELLANEOUS PAYABLES [13]		(15)	79,857,226	12,121,306	91,978,532	44,302,585	8,460,551	52,763,136
PROVISIONS			26,099,074	0	26,099,074	23,304,410	0	23,304,410
	Provision for end-of service benefits		0	0	0	0	0	0
A.	General provision for loan losses		4,392,695	0	4,392,695	4,551,167	0	4,551,167
B.	Provision for taxes		1,046,918	0	1,046,918	195,114	0	195,114
C.	Other provisions		20,659,461	0	20,659,461	18,558,129	0	18,558,129
D.			0	0	0	0	0	0
OTHER LIABILITIES (10)		(16)	15,573,589	6,564,787	22,138,376	18,197,414	1,045,981	19,243,395
SHAREHOLDERS' EQUITY (16)		(17)	84,749,229	0	84,749,229	75,767,501	0	75,767,501
	Paid-in share capital (17)		26,325,529	0	26,325,529	26,015,244	0	26,015,244
A.	1) Registered share capital		50,000,000	0	50,000,000	50,000,000	0	50,000,000
	2) Unpaid capital (-)		23,674,471	0	23,674,471	23,984,756	0	23,984,756
B.	Legal reserves		36,104,565	0	36,104,565	31,641,551	0	31,641,551
	1) I. And II. legal reserves		36,104,565	0	36,104,565	31,641,551	0	31,641,551
	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)	22,311,417	0	22,311,417	18,102,988	0	18,102,988
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			0	0	340,451,846	321,982,756	0	321,982,756
	Current period profit		340,451,846	0	22,932,104	44,630,148	0	44,630,148
A.	Previous years' profit		22,932,104	0	317,519,742	277,352,608	0	277,352,608
B.			317,519,742	0	0	0	0	0
TOTAL LIABILITIES and (15)		(19)	4,522,012,108	3,515,576,633	8,037,588,741	3,666,540,871	2,868,686,742	6,535,227,613
CONTINGENCIES&COMMITMENTS		(2)	16,019,037	13,515,670	29,534,707	18,083,952	11,733,411	29,817,363
		(3)	143,594,589	8,938,627	152,533,216	137,770,168	7,953,585	145,723,753
		(4)	0	0	0	0	0	0
ENDORSEMENTS AND WARRANTIES			251,681,853	1,207,483,747	1,459,165,600	238,232,220	1,106,073,152	1,344,305,372
TOTAL			411,295,479	1,229,938,044	1,641,233,523	394,086,340	1,125,760,148	1,519,846,488



PROFIT AND LOSS ACCOUNTS

(For the years ended 31.12.2019 and 31.12.2018)

	Note	(31/12/2019)	(31/12/2018)
INTEREST INCOME	(1)	770,926,363	593,071,044
A. Interest income on loans		708,550,967	546,257,075
1) Interest income on loans-Turkish Lira		610,161,053	467,619,861
a - Short-term		597,273,646	457,107,960
b - Medium and long-term		12,887,407	10,511,901
2) Interest income on loans-foreign currency		90,628,211	76,361,521
a - Short-term		82,127,692	67,578,581
b - Medium and long-term		8,500,519	8,782,940
3) Interest income on loans in arrears		7,761,703	2,275,693
B. Interest income on reserve deposits at the Central Bank		21,385,020	16,398,452
C. Interest income received from banks		31,878,766	21,699,562
1) The Central Bank		16,275,563	10,850,935
2) Domestic banks		0	0
3) Foreign banks		15,603,203	10,848,627
D. Interest income on interbank operations		0	0
E. Interest income on marketable securities		9,109,806	8,714,120
1) Development Bank of the TRNC Bonds		9,109,806	8,714,120
2) Other marketable securities		0	0
F. Other interest income	(3)	1,804	1,835
INTEREST EXPENSES	(1)	642,914,709	446,603,262
A. Interest paid for deposits		552,011,573	356,058,752
1) Savings deposits		451,220,872	269,517,976
2) Government deposits		25,772,339	42,428,590
3) Commercial deposits		74,097,260	43,181,827
4) Other deposits		265,594	157,480
5) Bank deposits		655,508	772,879
B. Interest paid for foreign currency deposits		87,299,280	80,008,998
1) Savings deposits		60,950,632	55,395,313
2) Government deposits		3,679,619	3,184,318
3) Commercial deposits		16,789,708	14,926,697
4) Other deposits		2,529,839	2,298,789
5) Bank deposits		3,349,482	4,203,881
6) Gold deposit accounts		0	0
C. Interest paid for interbank operations		0	0
D. Interest paid for funds borrowed		3,603,856	10,535,512
1) To the Central Bank		3,571,285	10,483,771
2) To domestic banks		0	0
3) To foreign banks		0	0
4) Other		32,571	51,741
E. Interest paid for securities issued		0	0
F. Other interest expenses	(3)	0	0
NET INTEREST INCOME		128,011,654	146,467,782
OPERATING INCOME	(1)	513,432,411	655,477,198
A. Fees and commissions received		18,648,213	14,362,513
1) Loans		5,058,721	3,903,347
2) Contingent liabilities		624,393	522,740
3) Other		12,965,099	9,936,426
B. Income on capital market operations		0	0

C.	Income on foreign exchange operations	456,618,876	622,009,436
D.	Dividend from participations and subsidiaries	42,747	42,250
E.	Extraordinary income	0	0
F.	Other operating income	(3) 38,122,575	19,062,999
OPERATING EXPENSES		(1) 616,202,989	755,159,700
A.	Fees and commissions paid	1,203,281	818,410
	1) Loans	151,286	118,653
	2) Contingent liabilities	0	0
	3) Other	1,051,995	699,757
B.	Loss on capital market operations	0	0
C.	Loss on foreign exchange operations	450,121,721	503,367,945
D.	Personnel expenses	72,263,778	57,183,598
E.	Provision for end-of-service benefits	0	0
F.	Rental expenses	1,006,408	889,992
G.	Depreciation expenses	2,947,128	3,060,850
H.	Taxes and duties	677,195	267,273
I.	Extraordinary expenses	0	0
J.	Provision for loans in arrears	(2) 12,754,403	132,605,315
K.	Other provisions	(2) 9,401,346	8,302,515
L.	Other operating expenses	(3) 65,827,729	48,663,802
NET OPERATING INCOME		-102,770,578	-99,682,502
PROFIT/LOSS BEFORE TAX		25,241,076	46,785,280
PROVISION FOR TAX		2,308,972	2,155,132
NET PROFIT		22,932,104	44,630,148



Cash Flow Statements

For the years ended 31st December 2019 and 31st December 2018

	31st December 2019 (TRY)	31st December 2018 (TRY)
I- Cash Flows from Banking Activities (Core Business)		
Interest Income Received	770,926,363	593,071,044
Interest Expenses Paid	-642,914,709	-446,603,262
Dividend Received	42,747	42,250
Commissions and Fees Received	18,648,213	14,362,513
Other Income	38,122,575	19,062,999
Recoveries on Loans and other Receivables Written-Off	0	0
Payments to personnel and other service providers	-72,263,778	-57,183,598
Taxes Paid	-677,195	-267,273
Other Collections (_____)	0	0
Other Payments (_____)	-95,449,267	-196,496,016
Cash Flows from Banking Activities before Changes in Operating Assets and Liabilities	16,434,949	-74,011,343
Changes in Operating Assets and Liabilities		
<u>Increase/Decrease in Operating Assets:</u>		
(Increase)/Decrease in Securities – Net	-123,441,317	-99,407,443
(Increase)/Decrease in Due from Banks – Net	-478,900,772	-340,919,249
(Increase)/Decrease in Loans – Net	-768,266,176	-636,926,215
(Increase)/Decrease in Other Assets	-119,598,292	-8,623,775
<u>(Increase)/Decrease in Operating Liabilities:</u>		
Increase/(Decrease) in Deposits – Net	1,428,263,907	992,482,149
Increase/(Decrease) in Funds Borrowed – Net	-70,000,000	0
Increase/(Decrease) in Securities Issued – Net	0	0
Increase/(Decrease) in Other Liabilities - Net	116,646,404	86,745,201
Net Cash Inflows from Banking Activities	1,138,703	-80,660,675
II- Cash Flows from Investing Activities		
Acquisition of Investments and Affiliated Companies	0	0
Sales of Investments and Affiliated Companies	0	0
Purchase of Bank Premises and Equipment	-1,262,706	-38,149,364
Sales of Bank Premises and Equipment	486,148	34,564
Purchases of Other Long-Term Investments	0	0
Sales of Other Long-Term Investments	0	0
Other Cash Inflows (_____)	0	0
Other Cash Outflows (_____)	2,636,712	3,032,281
Net Cash Outflows used in Investing Activities	1,860,154	-35,082,519

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	310,285	387,272
Dividends Paid	0	0
Other Cash Inflows (_____)	4,208,429	324,286
Other Cash Outflows (_____)	0	0

Net Cash Outflows used in Capital Financing Activities	4,518,714	711,558
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Effect of Changes in Foreign Currency Exchange Rates on Cash and Cash Equivalents	6,497,155	118,641,491
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Increase in Cash and Cash Equivalents	14,014,726	3,609,855
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Cash and Cash Equivalents at the Beginning of the Period	30,600,995	26,991,140
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Cash and Cash Equivalents at the End of the Period	44,615,721	30,600,995
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Statement Of Shareholders' Equity
For The Years Ended December 31, 2019 and 2018
(TRY)

	Share Capital	Legal Reserves	Other Legal Reserves (x)	General Reserves	Accumulated Retained Profit (Loss)	Current Retained (Loss)	Year Profit	Total
Balances, January 1, 2018	25,627,972	30,005,434	0	17,786,420	262,627,547	16,361,178	0	352,408,551
Transfers to Legal and General Reserves	0	1,636,117	0	0	14,725,061	-16,361,178	0	0
Share Capital Increase								
-Cash	387,272	0	0	0	0	0	0	0
-Retained Earnings Emission Premium	0	0	0	0	0	0	0	0
Revaluation Surplus	0	0	0	324,286	0	0	0	324,286
Others	0	0	0	0	0	0	0	0
Current Year Net Profit	0	0	0	0	0	44,630,148	0	44,630,148
Balances, January 1, 2019	26,015,244	31,641,551	0	18,110,706	277,352,608	44,630,148	0	397,750,257
Transfer to Legal and General Reserves	0	4,463,014	0	0	40,167,134	-44,630,148	0	0
Share Capital Increase								
-Cash	310,285	0	0	0	0	0	0	310,285
-Retained Earnings Emission Premium	0	0	0	0	0	0	0	0
Revaluation Surplus	0	0	0	4,208,429	0	0	0	4,208,429
Others	0	0	0	0	0	0	0	0
Current Year Net Profit	0	0	0	0	0	22,932,104	0	22,932,104
Balances, December 31, 2019	26,325,529	36,104,565	0	22,319,135	317,519,742	22,932,104	0	425,201,075

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 29/04/2020 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. 39/2001:

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>External Auditor</u>	<u>Internal Auditors</u>
Şerife Kanan İsmet Dirgen Fatma Kınış Hüseyin Çavuş Ramadan Durmazer Mustafa Akyön Kemal Ataman	Kemal Ataman (CEO) 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



(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.

(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, 2019 and 2018 are comprised of the following.

	2019	2018
	(TRY)	(TRY)
*Development Bank of the Turkish Republic of Northern Cyprus Bonds	133,715,870	102,894,553
Central Bank of the Turkish Republic of Northern Cyprus Notes	454,740,000	362,120,000
Total Securities Portfolio	588,455,870	465,014,553

*TRNC Development Bank 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 TRNC Development Bank Bonds.



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 2019.

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 2019 and 31 December 2018, foreign currency assets and liabilities of the Bank are mainly in GBPE and USD\$.

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)	5,9040 TRY	5,2050 TRY
US dollar purchase rates for the 5 working days before balance sheet date:		
Purchase Rate of the 1st day	5,9020 TRY	5,2280 TRY
Purchase Rate of the 2nd day	5,9120 TRY	5,2440 TRY
Purchase Rate of the 3rd day	5,8930 TRY	5,2400 TRY
Purchase Rate of the 4th day	5,8960 TRY	5,2660 TRY
Purchase Rate of the 5th day	5,9020 TRY	5,2550 TRY
	Current Period	Previous Period
The Bank's "Exchange rate for the Evaluation of Foreign Currency Items" (1 Sterling Stg=.....TRY)	7,7700 TRY	6,6460 TRY
Sterling purchase rates for the 5 working days before balance sheet date:		
Purchase Rate of the 1st day	7,7470 TRY	6,6340 TRY
Purchase Rate of the 2nd day	7,7510 TRY	6,6450 TRY
Purchase Rate of the 3rd day	7,6640 TRY	6,6580 TRY
Purchase Rate of the 4th day	7,6480 TRY	6,6840 TRY
Purchase Rate of the 5th day	7,6580 TRY	6,6760 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: 31/12/2019

	Book Value	Accumulated Depreciation	Insurance Coverage
Movables	20,255,645	16,075,603	19,718,368
Immovables	51,000,264	9,760,170	29,215,380
Immovables held for resale	37,979	0	0



Previous Period: 31/12/2018

	Book Value	Accumulated Depreciation	Insurance Coverage
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

(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 2019.

(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 2019.

(13) INFORMATION REGARDING THE FINANCIAL STRUCTURE

a) Information related to Risk Weighted Assets:

	Risk Weighted
	0%
Risk Weighted Assets, Liabilities and Non-Cash Loans	
I.Currency Risk	778,838,000
II.Operational Risk	380,850,000
III.Risk Weighted Assets(a+b+c+ç)	1,424,972,767
a.%20 Risk Weighted Assets	878,660,799
b.%50 Risk Weighted Assets	50,321,821
c.%100 Risk Weighted Assets	495,990,147
IV.Total Risk Weighted Assets (I+II+III)	2,584,660,767

b) Information about the shareholders' equity items:

	Current Period
I.Capital (II+III)	391,434,759
II.Core Capital	391,434,759
III.Additional Capital	0
IV.Supplementary Capital	12,649,805
V. Total Shareholders' Equity (I+IV)	404,084,564

c) Summary information about the capital adequacy ratio:

	Current Period	PreviousPeriod
Total Risk-Weighted Assets	2,584,660,767	2,199,580,635
Shareholders' Equity	404,084,564	397,440,462
Shareholders' Equity / RWA (%) (*)	%15,63	%18,07

(*)RWA: Total Risk – Weighted Assets



(14) The opinion of the Independent Auditing Firm (in accordance with the Legislation) that audits the financial statements should be given.

A. Legal Structure of the Bank

Cyprus Turkish Cooperative Central Bank Ltd. (Koopbank) was established on September 09, 1959, under Companies Law Cap.114 and commenced its activities subject to the TRNC Banking Law in force at that time. The Bank is an institution subject to the “ TRNC Banking Law” numbered 62/2017, published in the Official Gazette No.193 of 17 November 2017.

B. Balance sheet footnote II(17) (e) provides information relating to capital structure and shareholders owning 10 % and above shareholding. The paid in capital of TRY 26,325,529 TRY, 88.09% representing 23,191,156 TRY belongs to individual shareholders and 11.91% representing 3,134,373 TRY belongs to cooperatives.

C. Senior management within the scope of the internal system unit in the institutions required by the legislation, and their qualifications and changes in them, if any:

On 29/07/2019, Chairman of the Board of Directors Nazif Oya Öznergiz, resigned at her own request, and on 29/07/2019, Board Member Şerife Kanan was appointed. On 29/07/2019 Board Members Harika Kaya, Ozan Çoli, Alpay Alsancak and Mete Hasan Küçük resigned at their own requests and in their stead Hüseyin Çavuş on 29/07/2019, Ramadan Durmazer on 06/08/2019, Fatma Kınış on 21/08/2019 and Mustafa Akyön on 26/08/2019 were appointed.

Senior managers are stated separately on the 2nd page of the financial report.

There were no changes in the executives of the Senior Management and Internal System Unit in 2019 compared to 2018.

BOARD OF DIRECTORS

Şerife Kanan	Chairman
İsmet Dirgen	Vice Chairman
Fatma Kınış	Member(Responsible for Internal System)
Ramadan Durmazer	Member
Mustafa Akyön	Member
Hüseyin Çavuş	Member
Kemal Ataman	Member

SENIOR MANAGEMENT

Kemal Ataman	CEO
Orhan Bürüncük	Vice President
Öztañ Güröz	Vice President
Mehmet Öksüzöğluları	Vice President
Nevzat Üstün	Vice President
Banu Moralı	Chief Accountant
Mustafa Atagöl	Chief Auditor

Canan Özkıran
Hasan Uysal
Özlem Alemdar Aksu

Internal Control Unit Manager
Risk Management Unit Manager
Compliance Unit Manager

- D. **Significant changes and developments that may affect the Bank's situation post audited balance sheet period:** As it is in the rest of the world as well as in our country, the situation and developments arising from coronavirus outbreak did not provide a serious suspicion and uncertainty as of the date of this report on the going concern position of the Bank, and this matter does not affect our opinion.
- E. **Statement of the management of the Bank regarding the reliability of the Internal Control System and the opinion formed as a result of the audit:**
- i. It is observed that the procedures and principles specified in the legislation relating to the Internal Systems are followed and the number of employees of the Internal System Units complies with legal legislation.
 - ii. Within the plan period, the Risk Management activities of 2019 were carried out and the "Risk Matrix Table (Annex 2)" prepared for 2019 within the framework of the criteria specified in accordance with the Article 10 of the "Internal Audit, Risk Management, Internal Control and Management Systems Communique in Banks", on the evaluation of the effectiveness of Risk Management. Studies on the Survey and Risk Assessment Report were completed within the specified period in the said Communique. Therefore, an effective risk Management System is established in the Bank;
 - iii. Personnel in charge of Internal Audit and Compliance participated in the control process;
 - iv. In accordance with Article 6 and paragraph 1 of Article 16 of the "Communique (Amendment) on Independent Audit Firms" issued pursuant to paragraph (2) of Article 67 and 70 of the Banking Law No. 62/2017, when compared to other persons and groups, it is noted that the Bank does not grant privileges to the persons in such risk groups.
 - v. The bank has appropriate control activities to manage its own risks;
 - vi. Within the scope of the evaluations specified in the Risk Matrix and according to the activity intensity of the bank, the internal risk analysis evaluation for interest rate, operational, exchange rate, liquidity and legislation risks are high; credit and market risks are seen to be at reasonable level. Within the scope of the balance risk level assessment, interest, exchange rate and operational risks are high, credit, market, liquidity and legislation risks are at reasonable level. In general terms, it is noted that current risk levels, level of control in terms of risk types are strong and reasonable and risk profile of the Bank does not change. Therefore, the risk management models, methodologies and assumptions used for risk measurement and management are regularly evaluated and updated;



vii. The Bank makes the necessary updates in the accounting and related internal audits for new financial products or new services it develops;

viii. It is noted that the Bank has a reliable information system that provides sufficient financial, operational and appropriate information in a timely and consistent manner, including those charged with internal systems, and that the Bank's management can obtain risk management information, which is easy to understand and allows to evaluate the changing nature of the Bank's risk profile;

ix. The Anti-Laundering of Crime Revenues Act and other regulations that banks are obliged to comply with are not violated, issues were evaluated and found reasonable and satisfactory.

Other Issues

i. There are no changes in accounting policies compared with the previous year. Appropriateness is observed to the "Accounting Systems and Documents Retention" issued by the Central Bank of the Turkish Republic of Northern Cyprus under Articles 26, 31, 50, 53 and 60 of the Banking Law No. 62/2017 of the Bank Accounting Policies.

ii. In accordance with Article 25 "Rules on Goods and Services" of the Banking Law No. 62/2017, disposal of real estate acquired due to receivables continues at this report date.

iii. The Bank has established its Corporate Governance structures and Internal Systems units in accordance with the paragraph 1 of Article 17 of the TRNC Banking Law in proportion to the nature, complexity and size of its activities.

iv. Regarding the Bank's Financial Statements prepared in accordance with uniform balance sheet and profit and loss statement stipulated in the Uniform Account Plan, no significant non-compliance was detected and to the financial reporting provisions of the Companies Law Cap.114 and the Bank's articles of association.

v. Lostar Bilgi Güvenlik A.Ş carried out penetration and security test of the Bank on 30/12/2019. As a result of the studies, 45 different security weaknesses representing 1 high, 5 medium and 39 low levels were identified. The security vulnerabilities are listed in detail in the technical part of the report, the screen outputs of the attack samples made are added to the report and the recommended actions to eliminate the vulnerabilities are specified. In the examinations, no findings requiring immediate action were identified. In the conclusion part, the general security level of the Bank was determined as "Low Risk" considering the findings obtained from the studies on the Bank's systems.

vi. Under the provisional Article 2 of the Banking Law No. 62/2017, Banks are obliged to arrange their Memorandum and Articles of Association in accordance with the Law, within the first general meeting to be held within one year as of the effective date of this Law. Since the work initiated by the Bank on this matter has not been concluded, no notification has been made to the Central Bank.

vii. Under Article 36 of the Banking Law No. 62/2017, the Bank provided notification regarding lapsed deposits on 02/10/2018. The Bank is obliged to provide any lapsed deposits on its web site to its customers until the beginning of January of the calendar year, until the fifteenth of June, following the end of the lapsed period. A field has been created on the website for the bank lapsed deposits, but no listing has yet been made.

viii. Under Article 43 of the Banking Law No. 62/2017, the Bank lastly notified the Central Bank on 19/02/2018, which included the changes to be made in its provision policies, the rationale and implementation periods. This notification should be notified to the Central Bank every year by the end of January at the latest. As there is no change in the bank's special provisioning policy, no notification has been made to the TRNC Central Bank.

ix. Under the Article 25 of the Banking Law No. 62/2017, it was observed that the value of the Bank's fixed assets did not exceed 50% of the Bank's equity.

x. Under Article 30 of the Banking Law No. 62/2017, it was observed that the amount of donations and aids did not exceed four thousandth of the Bank's Equity before the prior year's December month end.

xi. Under Article 41 (1) of the Banking Law No. 62/2017, the total risk that the Bank will assume in favor of a risk group does not exceed 20% of the Bank's equity. It is observed that this group, which consists of loans to investments, subsidiaries, general manager and board members, does not exceed the limit.

xii. Under Article 41 (2) of the Banking Law No. 62/2017, the sum of major risks cannot exceed eight times the bank's equity. The loans included in the Bank's large risk group exceed eight times the Bank's equity by TRY 1,222,638,048.

xiii. Under Article 41 (3) of the Banking Law No. 62/2017, it was observed that the share of the Bank in a company other than financial institutions does not exceed 15% of its own equity and the total share in such companies does not exceed 60% of its equity.

xiv. As of 31.12.2019, the total interest income accrued by the bank is TRY 708,550,967, 95.01% of which consists of interest income from state guaranteed loans.

xv. It was observed that the Bank's Uniform Account Plan implementations and periodical reports are not suitable for daily and systematic reporting in a way that does not allow manual intervention.

xvi. Based on the good practice guide on Liquidity Risk Management dated 02/08/2019, it is



observed as a result of the questionnaire that the draft regulation is ready and will be compliant and put into effect. Apart from its legal liquidity ratio of 12%, the Bank has set its own internal minimum liquidity limit and keeps the disposability ratio above 14% in accordance with its policy.

xvii. Based on the good practice guide on the Management of Operational Risk dated 03/05/2019, it is observed as a result of the questionnaire that the written strategy, policies and processes are not formed and studied.

xviii. Based on the good practice guide on Reputation Risk Management dated 09/05/2018, it has been seen as a result of the questionnaire that the written strategy, policy and processes have not been developed and studied.

xix. After determining the scope and depth of the country risk the banks are exposed to, and the market and macroeconomic conditions regarding the Country Risk Management dated 09/05/2018, the risk profiles, systemic importance and the risk appetites compatible with the country risk management processes have not been established. In this regards, because the Bank can only work with those banks in the banks in the Republic of Turkey, it endeavors to work with bank asset size within the first twenty.

xx. Based on the good practice guide on Market Risk Management dated 02/04/2018, it is observed as a result of the survey that no written strategy, policy and processes have been developed. We are informed that such studies have been initiated on this subject.

xxi. Based on the good practice guideline on the Management of Interest Rate Risk dated 14/03/2018, it is observed as a result of the questionnaire that the written strategy, policies and processes were planned within the scope of the service to be received from outside. We are informed that studies on this have commenced and the main agenda item of the recent Apko meetings has been confirmed to us.

xxii. Based on the good practice guide on Credit Risk Management dated 19/02/2018, it is observed that a credit regulation determining credit policies and strategies and collateral policies has been established. It was seen as a result of the questionnaire that the written policies and processes of the said good practice guide were applied at a better level compared to other good practice guides.

xxiii. The chief audit executive determines the internal audit activities, the policy and implementation procedures for the audit activities and the annual audit plan, the internal systems officer obtains the approval of the member and the board of directors, and conducts the internal audit activities within this framework. The committee was prepared to cover the audit of the issues specified in the communiqué. The general evaluation report for 2019, the general evaluation report on 100 large loans, the risk assessment report and the studies on the risk matrix table were prepared by the committee. The manager of the Internal Audit department reports to the member responsible for internal systems at least in quarterly periods. In order for this unit to be more effective, its staff needs to be strengthened. We are of the opinion that the audit plan should be expanded to include the Bank's central accounting.

xxiv. The task of the compliance unit is to ensure that the Bank, its staff and the works carried out and managed in accordance with the legislation, regulations and standards in order to keep the compliance risks that the Bank may face in terms of both legal legislation and prevention of money laundering. The relevant unit manager reports to the member responsible for internal systems quarterly. The compliance unit carries out its statutory notification obligations, delivering legislative updates to the relevant departments, following AML surveys, and responding to customer complaints or requests.

xxv. The internal control department submits its reports to the member responsible for internal systems. In the reports, all incorrect applications, non-circulars etc. detected during the audit are reported. The internal control department consists of two people. Within the scope and scope of the internal control system, we believe that more personnel are needed to fully fulfill the duties specified in the relevant communiqué.

xxvi. The risk management unit has performed the activities, responsibilities and reporting specified in the legal and internal legislation. In this context, all risk categories specified in the law, communiqués and procedures were classified, monitored, measured, controlled and reported to the member responsible for internal systems on a monthly basis throughout the year.

xxvii. The Independent audit report of the financial statements of 1 of the 4 Subsidiaries evaluated by the Equity Method is seen.

xxviii. The bank carries long position in USD currency.

xxix. In accordance with Article 9 of the Law on the Collection of Public Receivables No 48/1977, there is a delay interest amounting to TRY 19,080 for taxes not paid to the TRNC Income Tax Office.



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 Unit Manager	: Hasan Uysal
Internal Control Unit Manager	: Canan Özkıran
Compliance Unit Manager	: 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 2019, no findings of importance that could affect the bank capital or income negatively have been found.

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 the Bank with their periodic findings and suggestions.

Auditors will be working with a sense of responsibility and duty in the forthcoming period to help the Bank achieve its identified goals and to increase the added value of the 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 the 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 the 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 semiannually 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 15,63% and cash ratio has been 14,92%.
- Activities for the collection of government guaranteed loans have continued in 2019. 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, the 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	38,560,396	459,935,627	34,063,131	362,919,297
Time Unrestricted Amount	0	0	0	0
Claims On Interbank Money Market Transactions	144,000,000	358,806,000	70,000,000	270,492,200
Restricted Amount	0	132,711,600	0	113,513,680
Total	182,560,396	951,453,227	104,063,131	746,925,177

b) Information of foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Previous Period	Current Period	Previous Period
Turkey	840,978,603	637,479,393	17,353,925	23,326,141
European Union Countries	8,142,345	9,793,882	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
Total	849,120,948	647,273,275	17,353,925	23,326,141

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 133,715,870 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	454,740,000	0	362,120,000
Development Bank of the TRNC Bonds	34,547,877	99,167,993	56,821,155	46,073,398
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	34,547,877	553,907,993	56,821,155	408,193,398

(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	27,949,560	7,564,218	21,091,491	9,961,844
Real Person Shareholders	0	0	0	0
Indirect Loans Granted to Shareholders	0	0	0	0
Loans Granted to Employees	9,920,316	0	10,721,693	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	2,250,070	0	0	0
Export Loans	0	0	0	0
Import Loans	3,639,908	0		0
Loans Given to Financial Sector	183,843,004	0	4,416,375,214	0
Specialized Loans	13,560,223	0	0	0
Consumer Loans	114,801,865	0	2,998,657	0
Credit Cards	53,952,833	0	0	0
Fund Purpose Loans	0	0	0	0
Central Bank Based Loans	0	0	0	0
Other	9,675,399	0	0	0
Total	381,723,302	0	4,419,373,871	0

(c) Loans according to type of borrowers:

	Current Period	Previous Period
Public Sector	4,401,162,556	3,650,473,601
Private Sector	399,934,617	379,816,787
Total	4,801,097,173	4,030,290,388

(d) International and domestic loans:

	Current Period	Previous Period
Domestic Loans	4,801,097,173	4,030,290,388
International Loans		
Total	4,801,097,173	4,030,290,388

(e) Loans granted to subsidiaries and participations;

	Current Period	Previous Period
Direct Loans Granted to Subsidiaries and Participations	32,604,409	28,854,818
Indirect Loans Granted to Subsidiaries and Participations	0	0
TOTAL	32,604,409	28,854,818

(f) The share of the Bank's receivables from the top 100 cash borrowers in the overall cash loan portfolio stands at 93,40% 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 65,49% and this figure represents 39 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 58,92% and this figure represents 1 borrowers.

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

(a)

	Group III Loans and Receivables with Limited Collectibility	Group IV Doubtful Loans and Receivables	Group V Loans and Receivables Qualified as Loss
Previous Period End Balance	2,918,512	3,732,198	154,945,913
Additions (+)	11,331,897	0	0
Transfers from Other categories of Loans Under Follow-Up(+)	0	11,353,538	12,935,709
Transfers from Other categories of Loans Under Follow-Up(-)	-11,353,538	-12,935,709	0
Collections (-)	-847,858	-345,432	-17,979,241
Write-Offs(-)	0	0	0
Current Period End Balance	2,049,013	1,804,595	149,902,381
Specific Provisions (-)	-67,711	-132,327	-149,902,381
Net Balance on Balance Sheet	1,981,302	1,672,268	0

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

	Group III Loans and Receivables with Limited Collectibility	Group IV Doubtful Loans and Receivables	Group V Loans and Receivables Qualified as Loss
Current Period:			
Period End Balance	1,012,322	1,283,176	138,068,571
Specific Provisions (-)	25,308	88,022	138,068,571
Net Balance on Balance Sheet	987,014	1,195,154	0
Previous Period:			
Period End Balance	2,410,129	3,065,538	143,072,122
Specific Provisions (-)	92,042	219,498	143,072,122
Net Balance on Balance Sheet	2,318,087	2,846,040	0

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

Collateral Group	Loan	Specific Provision
Without Collateral	5,569,594	5,569,594
Group I	151,196	151,196
Group II	137,728,190	137,728,190
Group III	6,452,861	6,452,861
Group IV	540	540

*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	
	Current Period	Previous Period	Current Period	Previous Period
Participations				
Banks	0	0	0	0
Insurance Companies	0	0	12,840,239	8,548,448
Finance Companies	0	0	0	0
Other Non Financial Participations and Subsidiaries	0	0	16,799,265	19,702,176

(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	4,291,791	12,840,239
Süt Koop	Lefkoşa	%79,41	%100	-1,660,297	2,580,451
Yem Koop	Gönyeli	%97.78	%100	1,713,498	14,218,814
Zirai Makine Koop	Lefkoşa	%97.78	%100	-2,215,516	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
RECEIVABLES		
I- The Banks and other financial institutions	0	0
• The Bonds and similar securities	0	0
• Loans (including the loans in arrears)	0	32,604,409
• Interest & Income Accruals	0	0
• Leasing Receivables (Net)	0	0
• Other Assets	0	0
PAYABLES		
• Deposits	13,177,953	21,127,700
• Funds Borrowed	0	0
• Securities Issued	0	0
• Interest & Expense Accruals	40,471	25,919
• Leasing Payables	0	0
• Other Liabilities	0	0
NON-CASH LOANS		
• 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
Total	74,942	74,942

(8)

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

	Immovables	Vehicles	Other Fixed Asset	Total
End of Previous Period:				
Cost of Acquisition	51,000,264	1,413,556	18,065,531	70,479,351
Accumulated Depreciation (-)	8,340,790	1,026,543	13,831,728	23,199,062
Net Book Value	42,659,474	387,013	4,233,803	47,280,290
End of Current Period				
Net Book Value at the Beginning of the Period				
Additions	42,659,474	387,013	4,233,803	47,280,290
Disposals (-)	0	422,783	839,923	1,262,706
Impairment	0	159,077	327,071	486,148
Depreciation (-)	1,419,380	74,608	1,142,724	2,636,712
Currency Translation Differences Resulting from Foreign Investments(+)				
Closing Net Book value	41,240,094	576,111	3,603,931	45,420,136

(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 2019 was calculated in accordance with the relevant laws. On this basis the total taxation provision made for 2019 is TRY 4,866,129 Withholding tax paid in TRNC and in Turkey TRY 1,561,397 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
Residents in TRNC						
Saving Deposits	143,894,256	0	2,241,496,825	16,066,439	549,085	13,546,214
Deposit of Public Institutions and other	198,215,134	0	1,132,283,747	70,680,560	429,599	872,738
Foreign Currency Savings Deposits	43,405,109	0	1,906,013,647	32,908,021	33,450,341	439,991,693
Foreign Currency Deposit of Public Institutions and other	47,644,693	0	523,628,796	7,254,830	16,707,875	235,001,128
Residents in Abroad						
Saving Deposits	426,751	0	4,673,561	16,587	10,609	9,181
Deposit of Public Institutions and other	0	0	0	0	0	0
Foreign Currency Saving Deposits	71,585	0	30,581,741	437,489	110,386	24,516,325
Foreign Currency Deposit of Public Institutions and other	0	0	0	0		0
Bank Deposits						
Domestic Banks	3,888,744	0	113,492,808	0	0	0
Foreign Banks	0	0	0	0	0	0
Off-Shore Banks	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	437,546,272	0	5,952,171,125	127,363,926	51,257,895	713,937,279

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

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

Saving Deposits	Current Period		Previous Period	
	LC	FC	LC	FC
Saving Deposits	2,417,400,954	2,508,563,285	1,937,540,221	1,997,401,803
Other Deposits in the Form of Saving Deposits	550,746,967	96,097,746	492,103,142	98,120,295
Total	2,968,147,921	2,604,661,031	2,429,643,363	2,095,522,098

(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	0	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	70,822	%5	0	0	0	70,822	0
0	323,069	%12	0	0	0	323,069	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	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

(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	26,325,529	26,015,244
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	26,325,529	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
1/1/2019-31/12/2019	310,285	310,285	0	0

The Cyprus Turkish Cooperative Central Bank is a cooperative bank formed under Cooperative Societies Law 114 owned by the 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 1.1.2019 – 31.12.2019 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	22,311,417	0	18,102,988	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

Current Period	Demand	1-3 Months	3-6 Months	6-12 Months	1 Year and Longer	Total
Assets						
Cash (Cash in Vault, Foreign Currency, Money in Transit, Cheques Purchased) and Balances with the Central Bank of TRNC	1,178,629,344	0	0	0	0	1,178,629,344
Due from Banks	574,303,736	292,171,145	0	0	0	866,474,881
Investment Securities	9,210,304	465,668,560	55,036,767	58,540,239	0	588,455,870
Loans	149,452,336	56,713,824	4,414,967	11,885,009	4,578,631,037	4,801,097,173
Investment Securities Held to Maturity	74,942	0	0	0	0	74,942
Other Assets	16,590,031	0	0	0	0	602,856,531
Total Assets	1,928,260,693	814,553,529	59,451,734	70,425,248	4,578,631,037	8,037,588,741
Liabilities						
Banks Deposits	12,563,667	54,811,614	18,206,624	31,799,646		117,381,551
Other Deposits	5,222,871,118	1,387,250,353	155,174,243	385,295,632	14,303,600	7,164,894,946
Funds Provided from Other Financial Institutions	0	0	0	0	0	0
Marketable Securities Issued	0	0	0	0	0	0
Miscellaneous Payables	91,978,532	0	0	0	0	91,978,532
Other Liabilities	236,847,107	2,628	14,437	32,218	1,236,247	663,333,712
Total Liabilities	5,564,260,425	1,442,064,594	173,395,305	417,127,496	15,539,846	8,037,588,741
Net Liquidity Gap	-3,635,999,732	-627,511,065	-113,943,571	-346,702,248	4,563,091,190	0
Previous Period						
Total Assets	1,429,270,045	695,558,638	49,277,196	53,381,858	3,832,277,145	6,535,227,613
Total Liabilities	4,433,440,332	1,146,929,548	175,084,081	365,309,789	16,713,607	6,535,227,613
Net Liquidity Gap	-3,004,170,287	-451,370,910	-125,806,885	-311,927,931	3,815,563,538	0

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	29,534,707	29,817,363
Total	29,534,707	29,817,363

b) Information about non-cash loans:

	Current Period		Previous Period	
	LC	FC	LC	FC
Non-Cash Loans				
Letters of Guarantee	16,019,037	13,515,670	18,083,952	11,733,411
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
Total	16,019,037	13,515,670	18,083,952	11,733,411

(3) Information on commitments;

	Current Period	Previous Period
Irrecoverable Commitments	152,533,216	145,723,753
Recoverable Commitments	0	0
Total	152,533,216	145,723,753

(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
Total	0	0

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	5,244,324	4,008,646
Commissions and fees received from participations and subsidiaries	7,260	12,191

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

	Current Period	Previous Period
Interest paid to participations and subsidiaries	2,394,870	1,687,511
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	12,754,403	132,605,315
General Provision Expenses	4,415,466	5,861,526
Marketable Securities Impairment Expense		
Impairment Provision Expense	2,819,549	
Other	2,166,331	2,440,989



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

3.1 Other Incomes

	2019	2018
	(TRY)	(TRY)
Income on special provision for loans	27,688,290	6,976,706
Income on general provision for loans	4,573,939	7,367,644

3.2 Other Expenses

	2019	2018
	(TRY)	(TRY)
Saving Deposits Insurance Fund	25,897,401	22,217,065

4. Notes on Other Significant Matters

4.1 Net Profit / Loss Before Taxation

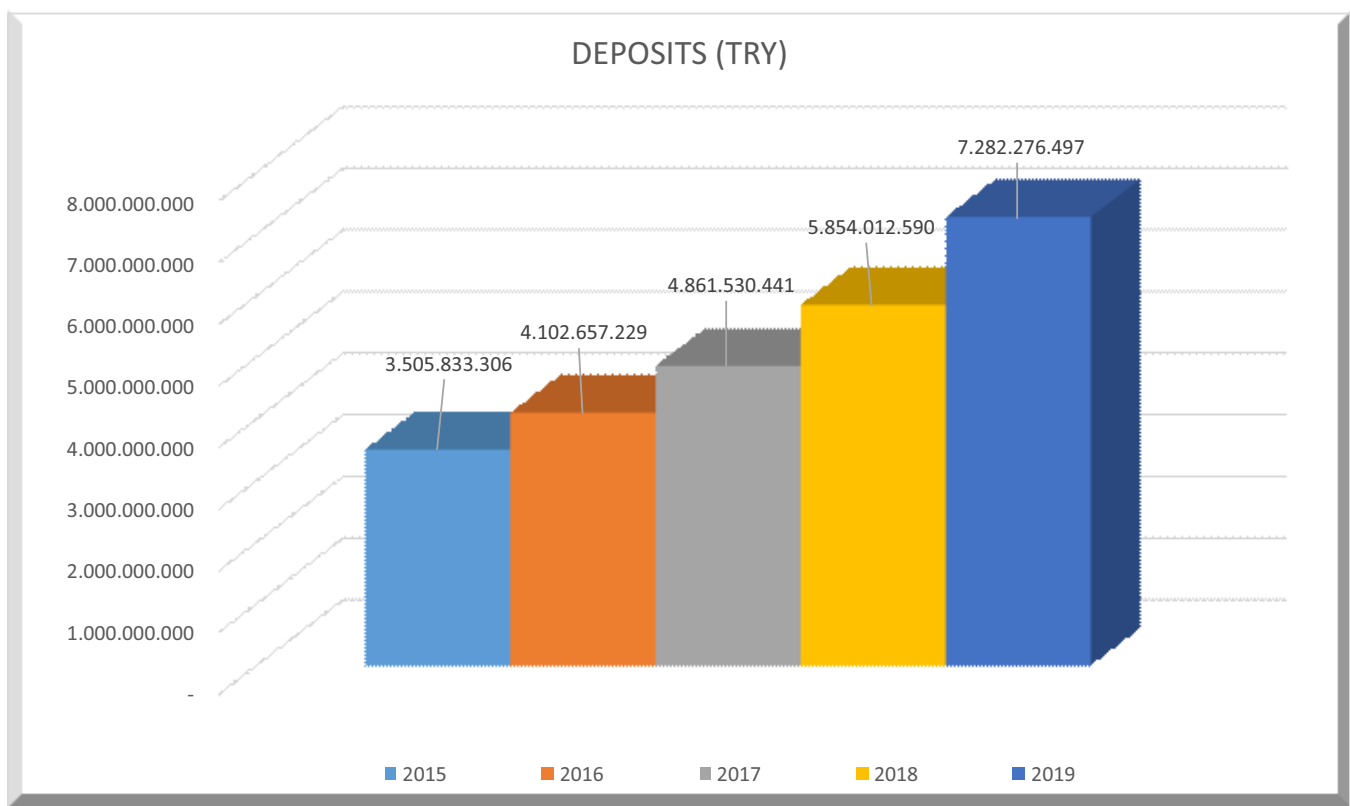
Net profit/ (loss) before taxation was shown after reduction of provision for doubtful debts, depreciation, personnel expenses, rental expenses and the expenses in the following table.

	2019	2018
	(TRY)	(TRY)
Directors’ Fees	403,880	74,676
Auditors’ Fees	93,258	83,520
Legal Advisor	274,502	272,744
Total	771,640	430,940

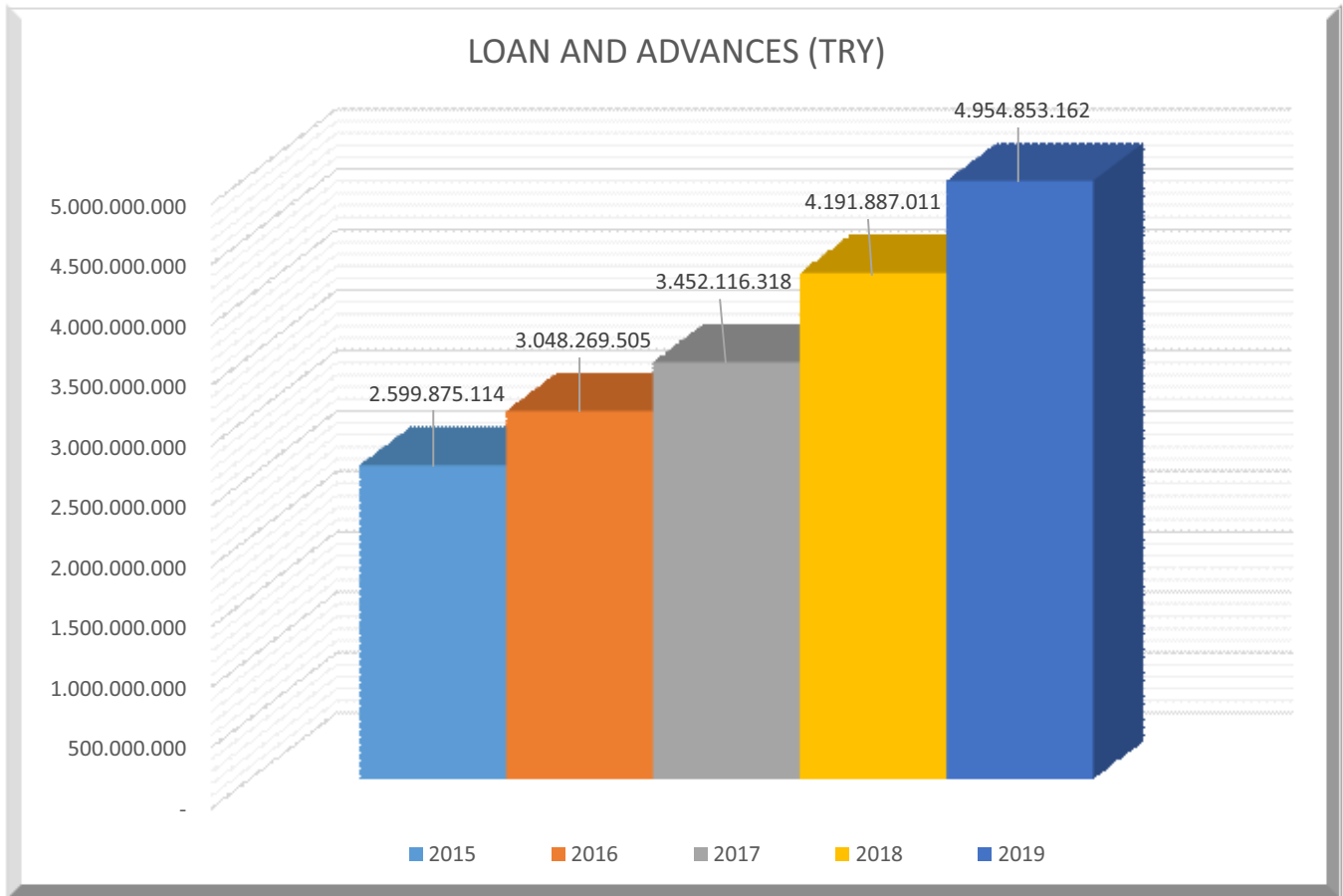
4.2 As of the Balance Sheet date, Total debt amounts to TRY 4,954,853,162. The amount of TRY 4,399,700,766 is guaranteed by the government. From the remaining amount of TRY 555,152,396 the amount of TRY 153,755,989 provisions were made in accordance with the communique made by the Central Bank of TRNC. This provision was made in respect of nonperforming loans which amounts to TRY 150,102,419 and is 97.62% of the total provision.

4.3 The Banks’ Net Profit before taxation is TRY 25,241,076.

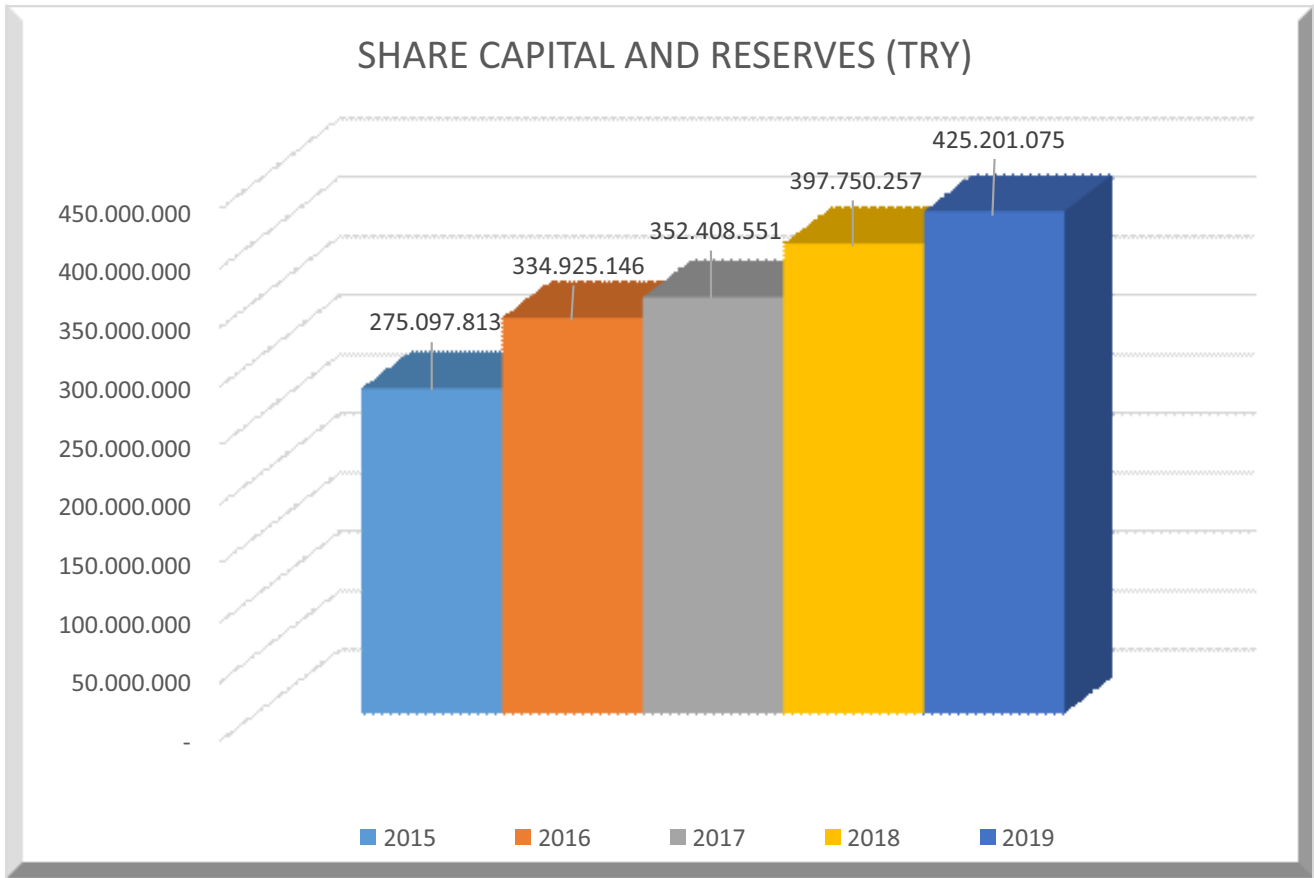
CYPRUS TURKISH COOPERATIVE CENTRAL BANK LIMITED



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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

