



KOOPBANK

ANNUAL

REPORT

2017



KOOPBANK

ANNUAL REPORT & ACCOUNTS 2017



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

Cyprus Turkish Co-operative Central Bank Ltd

Table of Contents

	<u>PAGE</u>
Bank Profile	1-2
Board of Directors and Senior Officers	3
Report of the Directors	4
Directors' Responsibilities in Respect of the Financial Statements	5-6
Report of the Auditors	7-8-9
Financial Highlights	10
Balance Sheet	11-12
Profit and Loss Account	13-14
Cash Flow Statements	15-16
Statement of Shareholders' Equity	17
Notes, Explanations and Information Regarding the Financial	
Structure of the Bank	18-26
Footnotes and Explanations on Internal Systems	27-29
Notes and Explanations on the Balance Sheet and Memorandum Accounts	30-43
Information and Disclosures Related to Income Statement	44-45
<u>Statistical Diagrams</u>	
1. Bank Deposits	46
2. Loans and Advances	47
3. Share Capital and Reserves	48
<u>Balance Sheet Tables</u>	
1. Assets	11
2. Liabilities	12
3. Profit and Loss Account	13-14
Contacts	49



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:

- 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

Hüseyin Çavuş
Chairman

Mete Hasan Küçük
Member

Muhammet Aygün
Member

Sinan Candar
Member

Özdemir Gül
Member

İpek Kabidan
Member

Tuna Arıhan
Member

Senior Officers

Kemal Ataman
General Manager

Orhan Bürüncük
Assistant General Manager

Mehmet Öksüzoğluları
Assistant General Manager

Nevzat Üstün
Assistant General Manager

Öztan Güröz
Assistant General Manager

Auditors

M.A.T.K. A PLUS AUDIT

As of 16 April 2018



REPORT OF THE DIRECTORS

1. The Board of Directors has pleased in submitting their Report for the year 2017 together with the Audited Balance Sheet and the Profit and Loss Account as of 31st December 2017.

2. Profit and Loss Account

The Net Profit of the Bank for the year 2017 arising from its ordinary activities in the Banking, Commercial and Industrial fields, before making any transfers to Provision for Doubtful Accounts, was TRY 17,777,807 compared to TRY 59,606,565 for the year 2016, reflecting a decrease of 70,17% . In 2017, the Net Profit amounted to TRY 16,361,178 whereas corresponding amount for the previous year was TRY 56,933,858

The Bank also had an extraordinary income of TRY 8,976 consisting of Entrance Fees from New Shareholders. The corresponding figure for the previous year was TRY 11,959 consisting of, TRY 7,394 from entrance fees, TRY 4,565 from rental income.

3. Taxation

In respect of 2017, a provision of TRY 1,425,605 was made for the taxation liability, leaving an overall Net Income of TRY 16,361,178 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 2017 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 16,361,178 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.

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.



1. 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.

2. 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.

3. Deposits

Time deposits as of 31.12.2017 are amounted to TRY 4,569,229,835 compared to TRY 3,845,230,693 of the previous year, showing a 18,83% increase. On the other hand, demand deposits as of 31.12.2017 are amounted to 292,300,606 TRY as compared to TRY 257,426,536 of the previous year, which shows a 13,55% increase.

4. Advances, Loans and other Accounts Receivable

The outstanding advances and loans together with other accounts receivable less provision for doubtful accounts, was TRY 3,429,070,805 compared to TRY 2,986,162,459 at the end of previous year, showing an increase of 14,83%.

5. Capital and Reserves

The Capital and Reserves of the Bank as of 31.12.2017 amounted to TRY 352,408,551 as compared to TRY 334,925,146 on 31.12.2016 showing an increase of 5,22%.

The reserves of the Bank increased to TRY 17,483,405 as compared with the previous year; this increase in reserves is due to the TRY 17,786,783 profit for 2017.

6. 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 2017.

On behalf of the Board

Hüseyin Çavuş

Chairman

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LIMITED
INDEPENDENT AUDITORS' REPORT FOR THE ACCOUNTING PERIOD
1 JANUARY 2017 – 31 DECEMBER 2017

We have audited the comparative balance sheet with year 2016 of Cyprus Turkish Cooperative Central Bank Limited as of 31 December 2017 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 3,452,116,318 TL total loans and advances to customers, 2,947,978,798 TL has been lent to Government Entities secured by the State. However, the State Guarantee Letters duration ended on 31 December 2016, 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 504,137,520 TL of loans and advances to customers, 94,949,508 TL are non-performing loans and a specific provision of 52,557,963 TL or 55.35% 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 31.12.2017 secured by the State guarantee exceed the maximum allowed limit of 200% of shareholders' equity by 2,261,047,812 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 2017 and in the case of the Profit and Loss account, of the profit for the year 2017.

Responsible Partner

M.A.T.K. A Plus Audit

Niyazi Akman
BA Acc. Hons

Tamer Müftüzade
FCA

Hilmi Konde
CPA(USA)

Erhan Tatar
FCA

Nicosia, 16.04.2018

Independent Auditors Authorised by the Central Bank



Financial Highlights

(TRY, US\$ in actual)

	2017		2016		Growth	
	US\$	TRY	US\$	TRY	US\$%	TRY%
Total Assets	1,427,614,395	5,410,658,558	1,305,519,506	4,562,790,675	9,35	18,58
Loans, Net	896,981,096	3,399,558,355	849,068,875	2,967,495,718	5,64	14,58
Total Deposits	1,282,725,710	4,861,530,441	1,173,864,729	4,012,657,229	9,27	21,15
Shareholders Equity & Reserves	92,983,787	352,408,551	95,829,799	334,925,146	-2,97	5,22
Net Interest Income	18,779,810	71,175,479	17,946,243	67,722,120	4,64	5,10
Net Profit/Loss	4,316,934	16,361,178	16,290,088	56,933,858	-73,50	-71,26

End Year Conversion Rates: 1 US \$ = 3,7900 TRY for 2017

1 US \$ = 3,4950 TRY for 2016

BALANCE SHEETS

(As at 31.12.2017 and 31.12.2016)

ASSETS		(31/12/2017)			(31/12/2016)		
	Note	LC	FC	TOTAL	LC	FC	TOTAL
CASH AND EQUIVALENTS		15,099,641	11,891,499	26,991,140	15,755,556	7,168,325	22,923,881
A. Cash balances -Turkish Lira		15,099,641	0	15,099,641	15,755,556	0	15,755,556
B. Cash balances -Foreign Currency		0	10,582,186	10,582,186	0	7,003,492	7,003,492
C. Others		0	1,309,313	1,309,313	0	164,833	164,833
BANKS	(1)	102,199,740	1,078,468,743	1,180,668,483	107,070,190	802,803,633	909,873,823
A. Due from the Central Bank		94,678,448	566,180,275	660,858,723	97,315,374	420,875,759	518,191,133
B. Due from banks		7,521,292	512,288,468	519,809,760	9,754,816	381,927,874	391,682,690
1) Domestic banks		8	0	8	8	0	8
2) Foreign banks		7,521,284	512,288,468	519,809,752	9,754,808	381,927,874	391,682,682
OTHER FINANCIAL INSTITUTIONS		0	0	0			
MARKETABLE SECURITIES [Net]	(2)	53,108,528	312,498,582	365,607,110	50,388,987	256,086,033	306,475,020
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		53,108,528	312,498,582	365,607,110	50,388,987	256,086,033	306,475,020
LOANS	(3)	2,577,033,719	780,133,091	3,357,166,810	2,294,263,776	670,458,309	2,964,722,085
A. Short-term		90,171,147	84,221,010	174,392,157	2,227,245,930	66,881,973	2,294,127,903
B. Medium and Long term		2,486,862,572	695,912,081	3,182,774,653	67,017,846	603,576,336	670,594,182
LOANS IN ARREARS [Net]	(4)	2,052,981	40,335,564	42,391,545	940,372	1,833,261	2,773,633
A. Loans with limited recovery [Net]		1,049,366	37,273,963	38,323,329	258,864	468,227	727,091
1) Gross receivables		1,185,405	38,241,865	39,427,270	304,765	483,031	787,796
2) Provision for loan losses (-)		136,039	967,902	1,103,941	45,901	14,804	60,705
B. Loans with doubtful recovery [Net]		1,006,615	3,061,601	4,068,216	681,508	1,365,034	2,046,542
1) Gross receivables		1,149,041	3,245,607	4,394,648	794,620	1,432,866	2,227,486
2) Provision for loan losses (-)		142,426	184,006	326,432	113,112	67,832	180,944
C. Loans considered as loss [Net]		0	0	0	0	0	0
1) Gross receivables		11,610,255	39,517,335	51,127,590	13,292,557	67,239,581	80,532,138
2) Provision for loan losses (-)		11,610,255	39,517,335	51,127,590	13,292,557	67,239,581	80,532,138
INTEREST&OTHER INCOME ACCRUALS		2,463,591	1,344,846	3,808,437	2,205,407	823,640	3,029,047
A. Loans		590,192	28,560	618,752	578,036	25,886	603,922
B. Marketable securities		1,838,954	676,641	2,515,595	1,612,267	506,650	2,118,917
C. Other		34,445	639,645	674,090	15,104	291,104	306,208
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		223,044,441	145,677,683	368,722,124	192,572,655	108,263,122	300,835,777
MISCELLANEOUS RECEIVABLES	(5)	36,790	311,203	347,993	42,255	108,559	150,814
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)	27,401,133	0	27,401,133	26,404,060	0	26,404,060
A. Financial services		10,692,126	0	10,692,126	10,635,760	0	10,635,760
B. Other		16,709,007	0	16,709,007	15,768,300	0	15,768,300
LONG-TERM SECURITIES [Net]	(7)	74,942	0	74,942	70,427	0	70,427
A. Equities		0	0	0	0	0	0
B. Other long-term securities		74,942	0	74,942	70,427	0	70,427
FIXED ASSETS [Net]	(8)	12,197,771	0	12,197,771	10,115,655	0	10,115,655
A. Book value		32,364,550	0	32,364,550	28,424,107	0	28,424,107
B. Accumulated depreciation (-)		20,166,779	0	20,166,779	18,308,452	0	18,308,452
OTHER ASSETS	(9)	10,812,109	14,468,961	25,281,070	7,337,381	8,079,072	15,416,453
TOTAL ASSETS	(19)	3,025,528,386	2,385,130,172	5,410,658,558	2,707,166,721	1,855,623,954	4,562,790,675



LIABILITIES		Note	(31/12/2017)			(31/12/2016)		
			LC	FC	TOTAL	LC	FC	TOTAL
DEPOSITS		(10)	2,780,283,983	2,081,246,458	4,861,530,441	2,515,608,325	1,587,048,904	4,102,657,229
A.	Saving deposits		1,825,387,704	1,459,845,505	3,285,233,209	1,676,787,506	1,121,667,593	2,798,455,099
B.	Government deposits		488,981,512	59,987,453	548,968,965	384,583,906	42,496,233	427,080,139
C.	Commercial deposits		396,988,174	395,556,986	792,545,160	369,649,724	259,673,854	629,323,578
D.	Other deposits		36,338,381	52,546,031	88,884,412	31,392,922	43,526,647	74,919,569
E.	Bank deposits		32,588,212	113,310,483	145,898,695	53,194,267	119,684,577	172,878,844
F.	Gold deposit accounts		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	35,000,000	0	35,000,000
A.	The Central Bank funds borrowed		70,000,000	0	70,000,000	35,000,000	0	35,000,000
B.	Other funds borrowed		0	0	0	0	0	0
	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)	451,680	0	451,680	496,557	0	496,577
SECURITIES ISSUED [Net] (12)		(14)	0	0	0	0	0	0
A.	Bond		0	0	0	0	0	0
B.	Asset-backed securities		0	0	0	0	0	0
C.	Bills		0	0	0	0	0	0
INTEREST & OTHER EXPENSES ACCRUALS			13,459,399	11,451,955	24,911,354	11,356,077	8,774,636	20,130,713
A.	Deposits		13,289,974	11,443,113	24,733,087	11,188,006	8,774,636	19,962,642
B.	Funds borrowed		0	0	0	0	0	0
C.	Other		169,425	8,842	178,267	168,071	0	168,071
LEASING PAYABLES [Net]			0	0	0	0	0	0
A.	Leasing payables		0	0	0	0	0	0
B.	Deferred leasing expenses (-)		0	0	0	0	0	0
TAXES, DUTIES AND FEES PAYABLE			26,349,372	4,099,139	30,448,511	7,744,323	337,755	8,082,078
IMPORT TRANSFER ORDERS			0	0	0	0	0	0
MISCELLANEOUS PAYABLES [13]		(15)	30,179,750	5,744,848	35,924,598	21,924,960	4,747,113	26,672,073
PROVISIONS			22,720,691	0	22,720,691	19,067,343	0	19,067,343
A.	Provision for end-of service benefits		0	0	0	0	0	0
B.	General provision for loan losses		6,057,285	0	6,057,285	4,624,312	0	4,624,312
C.	Provision for taxes		536,266	0	536,266	183,345	0	183,345
D.	Other provisions		16,127,140	0	16,127,140	14,259,686	0	14,259,686
OTHER LIABILITIES (10)		(16)	11,866,409	396,323	12,262,732	9,302,858	6,456,678	15,759,536
SHAREHOLDERS' EQUITY (16)		(17)	73,419,826	0	73,419,826	66,604,213	0	66,604,213
A.	Paid-in share capital (17)		25,627,972	0	25,627,972	24,446,049	0	24,446,049
	1) Registered share capital		50,000,000	0	50,000,000	50,000,000	0	50,000,000
	2) Unpaid capital (-)		24,372,028	0	24,372,028	25,553,951	0	25,553,951
B.	Legal reserves		30,005,434	0	30,005,434	24,312,048	0	24,312,048
	1) I. And II. legal reserves		30,005,434	0	30,005,434	24,312,048	0	24,312,048
	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)	17,778,702	0	17,778,702	17,838,398	0	17,838,398
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			278,988,725	0	278,988,725	268,320,933	0	268,320,933
A.	Current period profit		16,361,178	0	16,361,178	56,933,858	0	56,933,858
B.	Previous years' profit		262,627,547	0	262,627,547	211,387,075	0	211,387,075
TOTAL LIABILITIES and (15)		(19)	3,307,719,835	2,102,938,723	5,410,658,558	2,955,425,589	1,607,365,086	4,562,790,675
CONTINGENCIES&COMMITMENTS		(2)	14,526,891	10,517,134	25,044,025	9,075,120	7,734,084	16,809,204
		(3)	137,669,663	6,139,258	143,808,921	135,295,972	5,586,539	140,882,511
		(4)	0	0	0	18,074,000	17,308,000	35,382,000
ENDORSEMENTS AND WARRANTIES			227,527,365	884,244,988	1,111,772,353	196,341,612	813,065,647	1,009,407,259
TOTAL			379,723,919	900,901,380	1,280,625,299	358,786,704	843,694,270	1,202,480,974

PROFIT AND LOSS ACCOUNTS
(For the years ended 31.12.2017 and 31.12.2016)

	Note	(31/12/2017)	(31/12/2016)
INTEREST INCOME	(1)	372,333,815	326,521,730
Interest income on loans		346,136,604	302,880,137
1) Interest income on loans-Turkish Lira		284,908,461	254,897,179
a - Short-term		277,245,708	247,447,663
b - Medium and long-term		7,662,753	7,449,516
2) Interest income on loans-foreign currency		58,897,018	44,866,537
a - Short-term		51,296,640	39,502,569
b - Medium and long-term		7,600,378	5,363,968
3) Interest income on loans in arrears		2,331,125	3,116,421
Interest income on reserve deposits at the Central Bank		7,364,042	6,414,820
Interest income received from banks		12,620,728	11,883,835
1) The Central Bank		6,945,725	7,012,519
2) Domestic banks		0	0
3) Foreign banks		5,675,003	4,871,316
Interest income on interbank operations		0	0
Interest income on marketable securities		6,208,754	5,342,938
1) Development Bank of the TRNC Bonds		3,595,214	3,211,750
2) Other marketable securities		2,613,540	2,131,188
Other interest income	(3)	3,687	0
INTEREST EXPENSES	(1)	301,158,336	263,799,610
Interest paid for deposits		243,370,777	215,781,255
1) Savings deposits		183,177,896	162,757,230
2) Government deposits		24,574,157	22,317,749
3) Commercial deposits		31,888,528	25,965,019
4) Other deposits		97,289	103,177
5) Bank deposits		3,632,907	4,638,080
Interest paid for foreign currency deposits		55,264,641	41,583,364
1) Savings deposits		38,963,974	29,944,765
2) Government deposits		1,758,544	1,027,391
3) Commercial deposits		9,442,566	5,740,286
4) Other deposits		1,675,265	1,184,289
5) Bank deposits		3,424,292	3,686,633
6) Gold deposit accounts		0	0
Interest paid for interbank operations		0	0
Interest paid for funds borrowed		2,522,918	6,434,991
1) To the Central Bank		2,499,084	6,375,174
2) To domestic banks		0	0
3) To foreign banks		0	0
4) Other		23,834	59,817
Interest paid for securities issued		0	0
Other interest expenses	(3)	0	0
NET INTEREST INCOME		71,175,479	62,722,120
OPERATING INCOME	(1)	225,974,570	204,611,029
Fees and commissions received		11,611,014	10,130,083
1) Loans		3,466,549	2,519,141
2) Contingent liabilities		415,585	272,823
3) Other		7,728,880	7,338,119
Income on capital market operations		0	0
Income on foreign exchange operations		182,954,086	171,379,152



D.	Dividend from participations and subsidiaries	39,764	19,882
E.	Extraordinary income	0	0
F.	Other operating income	(3) 31,369,706	23,081,912
OPERATING EXPENSES		(1) 279,363,266	207,714,625
A.	Fees and commissions paid	981,851	919,729
	1) Loans	118,527	145,177
	2) Contingent liabilities	0	0
	3) Other	863,324	774,552
B.	Loss on capital market operations	0	0
C.	Loss on foreign exchange operations	174,696,220	114,795,908
D.	Personnel expenses	48,821,442	38,520,782
E.	Provision for end-of-service benefits	0	0
F.	Rental expenses	665,294	594,901
G.	Depreciation expenses	1,903,270	1,585,916
H.	Taxes and duties	415,444	598,127
I.	Extraordinary expenses	0	0
J.	Provision for loans in arrears	(2) 3,695,283	13,704,284
K.	Other provisions	(2) 8,014,608	6,242,950
L.	Other operating expenses	(3) 40,169,854	30,752,028
NET OPERATING INCOME		-53,388,696	-3,103,596
PROFIT/LOSS BEFORE TAX		17,786,783	59,618,524
PROVISION FOR TAX		1,425,605	2,684,666
NET PROFIT		16,361,178	56,933,858

Cash Flow Statements

For the years ended 31st December 2017 and 31st December 2016

	31st December 2017 (TRY)	31st December 2016 (TRY)
I- Cash Flows from Banking Activities (Core Business)		
Interest Income Received	372,333,815	326,521,730
Interest Expenses Paid	-301,158,336	-263,799,610
Dividend Received	39,764	19,882
Commissions and Fees Received	11,611,014	10,130,083
Other Income	31,369,706	23,081,912
Recoveries on Loans and other Receivables Written-Off	0	0
Payments to personnel and other service providers	-48,821,442	-38,520,782
Taxes Paid	-415,444	-598,127
Other Collections (_____)	0	0
Other Payments (_____)	-56,855,765	-56,484,474
Cash Flows from Banking Activities before Changes in Operating Assets and Liabilities	8,103,312	350,614
Changes in Operating Assets and Liabilities		
<u>Increase/Decrease in Operating Assets:</u>		
(Increase)/Decrease in Securities – Net	-59,132,090	-56,704,028
(Increase)/Decrease in Due from Banks – Net	-270,794,660	-66,777,480
(Increase)/Decrease in Loans – Net	-432,062,637	-445,766,842
(Increase)/Decrease in Other Assets	-79,729,123	-52,432,507
<u>Increase/Decrease in Operating Liabilities:</u>	0	0
Increase/(Decrease) in Deposits – Net	758,873,212	596,823,922
Increase/(Decrease) in Funds Borrowed – Net	35,000,000	-41,000,000
Increase/(Decrease) in Securities Issued – Net	0	0
Increase/(Decrease) in Other Liabilities - Net	36,511,268	6,890,123
Net Cash Inflows from Banking Activities	-3,230,718	-58,616,198
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	-3,986,730	-562,616
Sales of Bank Premises and Equipment	46,287	13,519
Purchases of Other Long-Term Investments	0	0
Sales of Other Long-Term Investments	0	0
Other Cash Inflows (_____)	0	0
Other Cash Outflows (_____)	1,858,327	1,573,429
Net Cash Outflows used in Investing Activities	-2,082,116	1,024,332



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	1,181,923	2,337,641
Dividends Paid	0	0
Other Cash Inflows (_____)	-59,696	555,834
Other Cash Outflows (_____)	0	0

Net Cash Outflows used in Capital Financing Activities	1,122,227	2,893,475
Effect of Changes in Foreign Currency Exchange Rates on Cash and Cash Equivalents	8,257,866	56,583,244
Increase in Cash and Cash Equivalents	4,067,259	1,884,853
Cash and Cash Equivalents at the Beginning of the Period	22,923,881	21,039,028
Cash and Cash Equivalents at the End of the Period	26,991,140	22,923,881

Statement Of Shareholders' Equity

For The Years Ended December 31, 2017 and 2016
(TRY)

	Share Capital	Legal Reserves	Other Legal Reserves (x)	General Reserves	Accumulated Retained Profit (Loss)	Current Retained (Loss)	Year Profit	Total
Balances, January 1, 2016	22,108,408	21,892,158	0	17,290,282	189,608,090	24,198,875	0	275,097,813
Transfers to Legal and General Reserves	0	2,419,890	0	0	21,778,985	-24,198,875	0	0
Share Capital Increase								
-Cash	2,337,641	0	0	0	0	0	0	2,337,641
-Retained Earnings Emission Premium	0	0	0	0	0	0	0	0
Revaluation Surplus	0	0	0	555,834	0	0	0	555,834
Others	0	0	0	0	0	0	0	0
Current Year Net Profit	0	0	0	0	0	56,933,858	0	56,933,858
Balances, January 1, 2017	24,446,049	24,312,048	0	17,846,116	211,387,075	56,933,858	0	334,925,146
Transfer to Legal and General Reserves	0	5,693,386	0	0	51,240,472	-56,933,858	0	0
Share Capital Increase								
-Cash	1,181,923	0	0	0	0	0	0	1,181,923
-Retained Earnings Emission Premium	0	0	0	0	0	0	0	0
Revaluation Surplus	0	0	0	-59,696	0	0	0	-59,696
Others	0	0	0	0	0	0	0	0
Current Year Net Profit	0	0	0	0	0	16,361,178	0	16,361,178
Balances, December 31, 2017	25,627,972	30,005,434	0	17,786,420	262,627,547	16,361,178	0	352,408,551



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 16/04/2018 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>
Hüseyin Çavuş Mete Hasan Küçük Muhammet Aygün Sinan Candar Özdemir Gül İpek Kabidan Tuna Arıhan	Kemal Ataman General Manager Orhan Bürüncük Mehmet Öksüzoğluları Nevzat Üstün Öztan Güröz		M.A.T.K. A Plus Audit	Mustafa Atagül Cem Hakseven Nebahat Menteş Hakan Akgün Halil Koççat Serhan Yorucu Firat Göken

d) General Manager and four of the members of the Board possess the qualifications required under section 15 and 16 of Part 4 of the Banking Law No. 39/2001, but don't 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, 2017 and 2016 are comprised of the following.

	2017	2016
	(TRY)	(TRY)
Development Bank of the Turkish Republic of Northern Cyprus Bonds	88,007,110	71,098,195
*Turkish Republic Treasury Bonds(isim)	0	521,825
Central Bank of the Turkish Republic of Northern Cyprus Notes (isim)	277,600,000	234,855,000*
Total Securities Portfolio	365,607,110	306,475,020

- 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 2017.

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 2017 and 31 December 2016, foreign currency assets and liabilities of the Bank are mainly in GBP£ 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)	3,7900 TRY	3,4950 TRY
US dollar purchase rates for the 5 working days before balance sheet date:		
Purchase Rate of the 1st day	3,7590 TRY	3,5140 TRY
Purchase Rate of the 2nd day	3,8020 TRY	3,5150 TRY
Purchase Rate of the 3rd day	3,7860 TRY	3,4990 TRY
Purchase Rate of the 4th day	3,7870 TRY	3,4880 TRY
Purchase Rate of the 5th day	3,7970 TRY	3,4860 TRY
	Current Period	Previous Period
The Bank's "Exchange rate for the Evaluation of Foreign Currency Items" (1 Sterling Stg=.....TRY)	5,1000 TRY	4,3270 TRY
Sterling purchase rates for the 5 working days before balance sheet date:		
Purchase Rate of the 1st day	5,0560 TRY	4,3100 TRY
Purchase Rate of the 2nd day	5,1080 TRY	4,3060 TRY
Purchase Rate of the 3rd day	5,0680 TRY	4,2920 TRY
Purchase Rate of the 4th day	5,0650 TRY	4,2880 TRY
Purchase Rate of the 5th day	5,0870 TRY	4,2770 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: 31/12/2017

	Book Value	Accumulated Depreciation	Insurance Coverage
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

Previous Period: 31/12/2016

	Book Value	Accumulated Depreciation	Insurance Coverage
Movables	14,290,065	11,970,891	3,273,168
Immovables	14,134,042	6,337,561	3,299,084
Immovables held for resale	493,791	0	197,516

(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 2017.

(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 2017.



(13) INFORMATION REGARDING THE FINANCIAL STRUCTURE

a) Information related to capital adequacy standard ratio : % 27.20

Risk Weights

	0%	20%	50%	100%
Risk Weighted Assets, Liabilities and Non - Cash Loans				
Balance Sheet Items (Net)	4,410,795,417	501,488,189	119,442,794	362,803,616
Cash	25,681,827	1,309,313	0	0
Due from Central Bank	325,858,723	0	0	0
Interbank Money Market Placements	335,000,000	0	0	0
Due from Banks	0	499,549,856	0	20,259,904
Reserve Deposits	365,607,110	0	0	0
Marketable Securities	368,722,124	0	0	0
Loans	2,986,818,274	0	119,419,559	250,928,977
Loans under Follow-Up (Net)	0	0	0	42,391,545
Interest and Income Accruals	3,107,359	629,020	23,235	48,823
Miscellaneous Receivables	0	0	0	16,783,949
Long-Term Securities	0	0	0	0
Immovables held for resale	0	0	0	0
Fixed Assets	0	0	0	11,344,281
Other Assets	0	0	0	21,046,137
Off Balance Sheet Items	20,144,758	17,580	9,106,692	47,458,231
Guarantees and Pledges	16,249,534	17,580	8,342,473	434,438
Commitments	3,895,224	0	764,219	47,023,781
Financial Derivative Instruments	0	0	0	0
Not Risk Weighted Accounts	0	0	0	12
Total Risk Weighted Assets	4,430,940,175	501,505,769	128,549,486	410,261,847
Currency Risk				688,100,000
Total	0	100,301,154	64,274,743	1,098,361,847

b) Information about the shareholders' equity items:

	Current Period	Previous Period
CORE CAPITAL	329,223,706	313,506,343
Paid-In Capital	25,627,972	24,446,049
Legal Reserves	30,005,434	24,312,048
Statutory and Extraordinary Reserves	0	0
Accumulated Retained Profit After Tax Provision and Current Retained Profit	278,988,725	268,320,933
Current Retained Loss and Accumulated Retained Loss	0	0
TOTAL SUPPLEMENTARY CAPITAL	37,155,434	33,708,103
General Provisions	6,057,285	4,624,312
Fixed Assets Revaluation Fund	7,718	7,718
Marketable Securities and Investment Securities Value Increased Fund	0	0
Provision For Possible Losses	13,311,729	11,237,675
Marketable Securities Revaluation Fund	17,778,702	17,838,398

TOTAL CAPITAL	366,379,140	347,214,446
Total Capital For The Ratio	354,195,598	336,961,597
DEDUCTIONS FROM THE CAPITAL	16,128,530	14,702,238
Investments in unconsolidated Financial Companies Whose main Activities are Money and Capital Markets, and that Operate with Licenses Provided in accordance with Special Laws	10,692,126	10,635,760
Special Cost Expenses	853,490	596,263
Prepaid Expenses	4,544,935	2,976,424
The Negative Difference Between the Market Values and the Carrying Amounts for Unconsolidated Investments, Subsidiaries, Other Investments, and Fixed Assets	37,979	493,791
Subordinated Loans given to Other Banks Which Operate in TRNC	0	0
Goodwill		
Capitalized Expenses	-	-
Total Shareholders' Equity	343,465,493	325,832,047

c) Summary information about the capital adequacy ratio:

	Current Period	Previous Period
Total Risk-Weighted Assets	1,262,937,744	1,074,769,075
Shareholders' Equity	343,465,493	325,832,047
Shareholders' Equity / RWA (%) (*)	%27,20	%30,32

(*)RWA: Total Risk – Weighted Assets

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

- Cyprus Turkish Cooperative Central Bank Limited is registered under Chapter 114 Cooperative Societies Law and is subject to the Banking Law No. 62/2017.
- Information concerning the capital structure of the Bank and the shareholders with shareholding of 10% and above is disclosed in note III (17)(e).
- The representation of the Bank's management on the reliability of its internal control systems is satisfactory.
- 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).
- Bank managers and auditors possess the qualifications as required by the Banking Law No. 62/2017
- There has been no change made to the accounting policies since last year.
- After the balance sheet date, to the best of our knowledge, there have not been any.
- Loans totaling 555,291 TL should be accounted for in Non-Performing Loans accounts as required by the Provision Decree.
- Audit Reports of the Annual Accounts of the 3 out of 4 subsidiaries, that have been valued according to the Equity Method, were not available.
The Subsidiary that has been audited was not audited by our firm.
- The period of assets held for resale of 37,979 TL as required by the Banking Law Article 28 have been exceeded.



k) The Bank has long position in US Dollar.

l) 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 2017, 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 27,20% and cash ratio has been 13.00%.
- Activities for the collection of government guaranteed loans have continued in 2017. 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	94,678,448	479,072,275	97,315,374	346,970,599
Time Unrestricted Amount	0	0	0	0
Restricted Amount	0	87,108,000	0	73,905,160
Total	94,678,448	566,180,275	97,315,374	420,875,759

b) Information of foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Previous Period	Current Period	Previous Period
Turkey	495,302,545	374,442,463	20,259,904	14,126,706
European Union Countries	4,247,303	3,113,513	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	499,549,848	377,555,976	20,259,904	14,126,706

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 88,007,110 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
Development Bank of the TRNC Bonds	53,108,528	34,898,582	49,867,162	21,231,033
TR Government Bonds and Treasury Bills	0	0	521,825	0
TRNC Central Bank Notes	0	277,600,000	0	234,855,000
Total	53,108,528	312,498,582	50,388,987	256,086,033

(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	21,254,431	8,624,582	25,389,179	4,378,208
Real Person Shareholders	0	0	0	0
Indirect Loans Granted to Shareholders	0	0	0	0
Loans Granted to Employees	9,911,758	0	10,681,946	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	2,742,161	0	0	0
Export Loans	0	0	0	0
Import Loans	2,827,484	0		0
Loans Given to Financial Sector	154,670,981	0	3,034,127,533	0
Specialized Loans	4,477,367	0	0	0
Consumer Loans	103,058,156	0	5,291,193	0
Credit Cards	44,212,546	0	0	0
Fund Purpose Loans	0	0	0	0
Central Bank Based Loans	0	0	0	0
Other	5,759,389	0	0	0
Total	317,748,084	0	3,039,418,726	0



(c) Loans according to type of borrowers:

	Current Period	Previous Period
Public Sector	3,008,433,542	2,604,368,244
Private Sector	348,733,268	360,353,841
Total	3,357,166,810	2,964,722,085

(d) International and domestic loans:

	Current Period	Previous Period
Domestic Loans	3,357,166,810	2,964,722,085
International Loans		0
Total	3,357,166,810	2,964,722,085

(e) Loans granted to subsidiaries and participations;

	Current Period	Previous Period
Direct Loans Granted to Subsidiaries and Participations	32,461,108	30,964,392
Indirect Loans Granted to Subsidiaries and Participations	0	0
TOTAL	32,461,108	30,964,392

(f) The share of the Bank's receivables from the top 100 cash borrowers in the overall cash loan portfolio stands at 92,61% 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 62,52% and this figure represents 46 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 59,74% 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
Previous Period End Balance	787,796	2,227,486	80,532,138
Additions (+)	43,522,412	0	0
Transfers from Other categories of Loans Under Follow-Up(+)	0	4,531,421	2,039,323
Transfers from Other categories of Loans Under Follow-Up(-)	-4,531,420	-2,039,323	0
Collections (-)	-351,518	-324,936	-31,443,871
Write-Offs(-)	0	0	0
Current Period End Balance	39,427,270	4,394,648	51,127,590
Specific Provisions (-)	-1,103,941	-326,432	-51,127,590
Net Balance on Balance Sheet	38,323,329	4,068,216	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
Current Period:			
Period End Balance	38,241,865	3,245,607	39,517,335
Specific Provisions (-)	967,902	184,006	39,517,335
Net Balance on Balance Sheet	37,273,963	3,061,601	0
Previous Period:			
Period End Balance	483,031	1,432,866	67,239,581
Specific Provisions (-)	14,804	67,832	67,239,581
Net Balance on Balance Sheet	468,227	1,365,034	0

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

Collateral Group	Loan	Specific Provision
Without Collateral	7,400,491	7,400,491
Group I	81,024	81,024
Group II	37,275,894	37,275,894
Group III	6,369,640	6,369,640
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	
	Current Period	Previous Period	Current Period	Previous Period
Participations				
Banks	0	0	0	0
Insurance Companies	0	0	10,692,126	10,635,760
Finance Companies	0	0	0	0
Other Non Financial Participations and Subsidiaries	0	0	16,709,007	15,768,300

(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	56,366	10,692,126
Süt Koop	Lefkoşa	%79,41	%100	1,318,377	5,216,968
Yem Koop	Gönyeli	%97.78	%100	-123,315	11,492,038
Zirai Makine Koop	Lefkoşa	%97.78	%100	-2,121,143	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	32,461,108
· Interest & Income Accruals	0	0
· Leasing Receivables (Net)	0	0
· Other Assets	0	0
PAYABLES		
· Deposits	6,087,175	13,876,971
· Funds Borrowed	0	0
· Securities Issued	0	0
· Interest & Expense Accruals	21,581	18,518
· 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	70,427
Impairment Provision (-)	0	0
Total	74,942	70,427



(8)

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

	Immovables	Vehicles	Other Fixed Asset	Total
End of Previous Period:				
Cost of Acquisition	14,134,042	986,099	13,303,966	28,424,107
Accumulated Depreciation (-)	6,337,561	843,085	11,127,806	18,308,452
Net Book Value	7,796,480	143,014	2,176,161	10,115,655
End of Current Period				
Net Book Value at the Beginning of the Period	7,796,480	143,014	2,176,161	10,115,655
Additions	389,067	453,538	3,144,125	3,986,730
Disposals (-)	0	0	46,287	46,287
Impairment				
Depreciation (-)	377,831	90,453	1,390,043	1,858,327
Currency Translation Differences Resulting from Foreign Investments(+)				
Closing Net Book value	7,807,716	506,099	3,883,956	12,197,771

(b) Movable and immovable 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 2017 was calculated in accordance with the relevant laws. On this basis the total taxation provision made for 2017 is TRY 1,019,725. Withholding tax paid in TRNC and in Turkey TRY 530,959 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	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
Residents in Abroad						
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
Bank Deposits	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						
Total	292,300,606	0	3,985,782,479	61,326,696	45,899,396	476,221,264

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	80,923,041	0	1,553,100,034	6,921,379	226,690	31,182,739
Deposit of Public Institutions and other	128,006,768	0	646,751,497	8,514,653	335,827	2,017,807
Foreign Currency Savings Deposits	22,343,449	0	778,149,136	28,776,488	17,548,150	257,991,726
Foreign Currency Deposit of Public Institutions and other	24,953,616	0	199,966,313	8,416,434	20,225,288	92,135,082
Residents in Abroad						
Saving Deposits	246,885	0	4,157,722	13,516	8,540	6,960
Deposit of Public Institutions and other	0	0	0	0	0	0
Foreign Currency Saving Deposits	85,146	0	7,699,905	244,555	52,481	8,776,558
Foreign Currency Deposit of Public Institutions and other	0	0	0	0	0	0
Bank Deposits	0	0	0	0	0	0
Domestic Banks	867,631	0	172,011,213	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	257,426,536	0	3,361,835,820	52,887,025	38,396,976	392,110,872



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

Saving Deposits	Current Period		Previous Period	
	LC	FC	LC	FC
Saving Deposits	1,823,647,692	1,459,284,552	1,675,485,105	1,121,233,558
Other Deposits in the Form of Saving Deposits	389,638,588	47,567,054	124,950,023	32,566,794
Total	2,213,286,280	1,506,851,606	1,800,435,128	1,153,800,352

(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	35,000,000	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	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

b) Previous Period

Maturity Structure		Interest Structure		Type of Currency			
Short	Medium or Long	Fixed	Variable	EURO	USD	TRY	Other
0	97,609	%5	0	0	0	97,609	0
0	398,948	%12	0	0	0	398,948	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	25,627,972	24,446,049
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	25,627,972	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
1/1/2017-31/12/2017	1,181,923	1,181,923	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 1.1.2017 – 31.12.2017 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	17,778,702	0	17,838,398	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	687,849,863	0	0	0	0	687,849,863
Due from Banks	207,504,164	312,305,596	0	0	0	519,809,760
Investment Securities	12,282,983	285,122,272	44,681,648	23,471,908	48,299	365,607,110
Loans	195,607,433	46,107,328	2,377,118	7,961,489	3,105,113,442	3,357,166,810
Investment Securities Held to Maturity	74,942	0	0	0	0	74,942
Other Assets	25,591,084	0	0	0	0	480,150,073
Total Assets	1,128,910,469	643,535,196	47,058,766	31,433,397	3,105,161,741	5,410,658,558
Liabilities						
Banks Deposits	37,920,412	61,969,190	13,422,973	32,586,120	0	145,898,695
Other Deposits	3,082,795,548	1,227,947,057	122,436,310	274,809,198	7,643,633	4,715,631,746
Funds Provided from Other Financial Institutions	70,000,000		0		0	70,000,000
Marketable Securities Issued	0	0	0	0	0	0
Miscellaneous Payables	35,924,598	0	0	0	0	35,924,598
Other Liabilities	89,148,952	1,451	2,260	29,108	1,613,197	443,203,519
Total Liabilities	3,315,789,510	1,289,917,698	135,861,543	307,424,426	9,256,830	5,410,658,558
Net Liquidity Gap	-2,186,879,041	-646,382,502	-88,802,777	-275,991,029	3,095,904,911	0
Previous Period						
Total Assets	863,706,169	537,584,168	43,145,076	26,994,063	2,747,709,236	4,562,790,675
Total Liabilities	2,751,432,981	1,125,674,321	88,577,676	254,668,948	7,511,603	4,562,790,675
Net Liquidity Gap	-1,887,726,812	-588,090,153	-45,432,600	-227,674,885	2,740,197,633	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	25,044,025	16,809,204
Total	25,044,025	16,809,204

b) Information about non-cash loans:

	Current Period		Previous Period	
	LC	FC	LC	FC
Non-Cash Loans				
Letters of Guarantee	14,526,891	10,517,134	9,075,120	7,447,935
Bank Acceptances	0	0	0	0
Letters of Credit	0	0	0	286,149
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	14,526,891	10,517,134	9,075,120	7,734,084

(3) Information on commitments;

	Current Period	Previous Period
Irrecoverable Commitments	143,808,921	140,882,511
Recoverable Commitments	0	0
Total	143,808,921	140,882,511

(4) Information related to financial derivative instruments ;

	Current Period	Previous Period
Forward FC Transactions	0	35,382,000
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	35,382,000



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	3,425,051	2,702,738
Commissions and fees received from participations and subsidiaries	9,209	5,671

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

	Current Period	Previous Period
Interest paid to participations and subsidiaries	1,269,900	1,198,881
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	3,695,283	13,704,284
General Provision Expenses	5,940,554	4,344,850
Marketable Securities Impairment Expense	0	0
Impairment Provision Expense	0	274,853
Other	2,074,054	1,623,247

(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

	2017	2016
	(TRY)	(TRY)
Income on special provision for loans	22,928,333	13,260,880
Income on general provision for loans	4,507,581	2,492,426

3.2 Other Expenses

	2017	2016
	(TRY)	(TRY)
Saving Deposits Insurance Fund	19,802,748	16,150,577

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, personel expenses, rental expenses and the expenses in the following table.

	2017	2016
	(TRY)	(TRY)
Directors' Fees	45,143	41,988
Auditors' Fees	63,800	63,800
Legal Advisor	256,733	140,953
Total	365,675	246,741

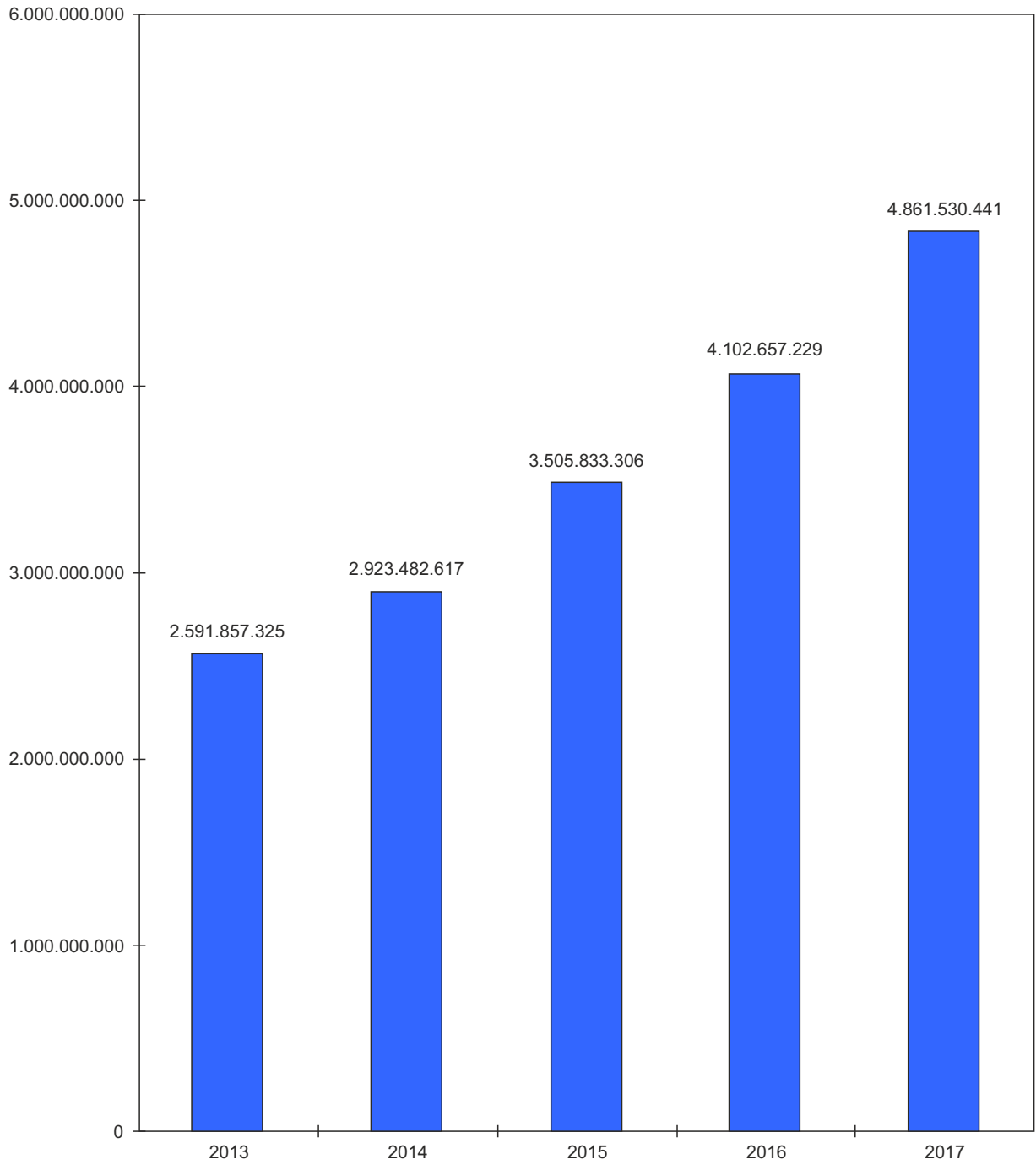
4.2 As of the Balance Sheet date, Total debt amounts to TRY 3,452,116,318. The amount of TRY 2,947,978,798 is guaranteed by the government. From the remaining amount of TRY 504,137,250 the amount of TRY 94,949,508 provisions were made in accordance with the communique made by the Central Bank. This provision was made in respect of non-performing loans which amounts to TRY 52,557,963 and is 55,35% of the total provision.

4.3 The Bank's Net Profit before taxation is TRY 17,786,783.



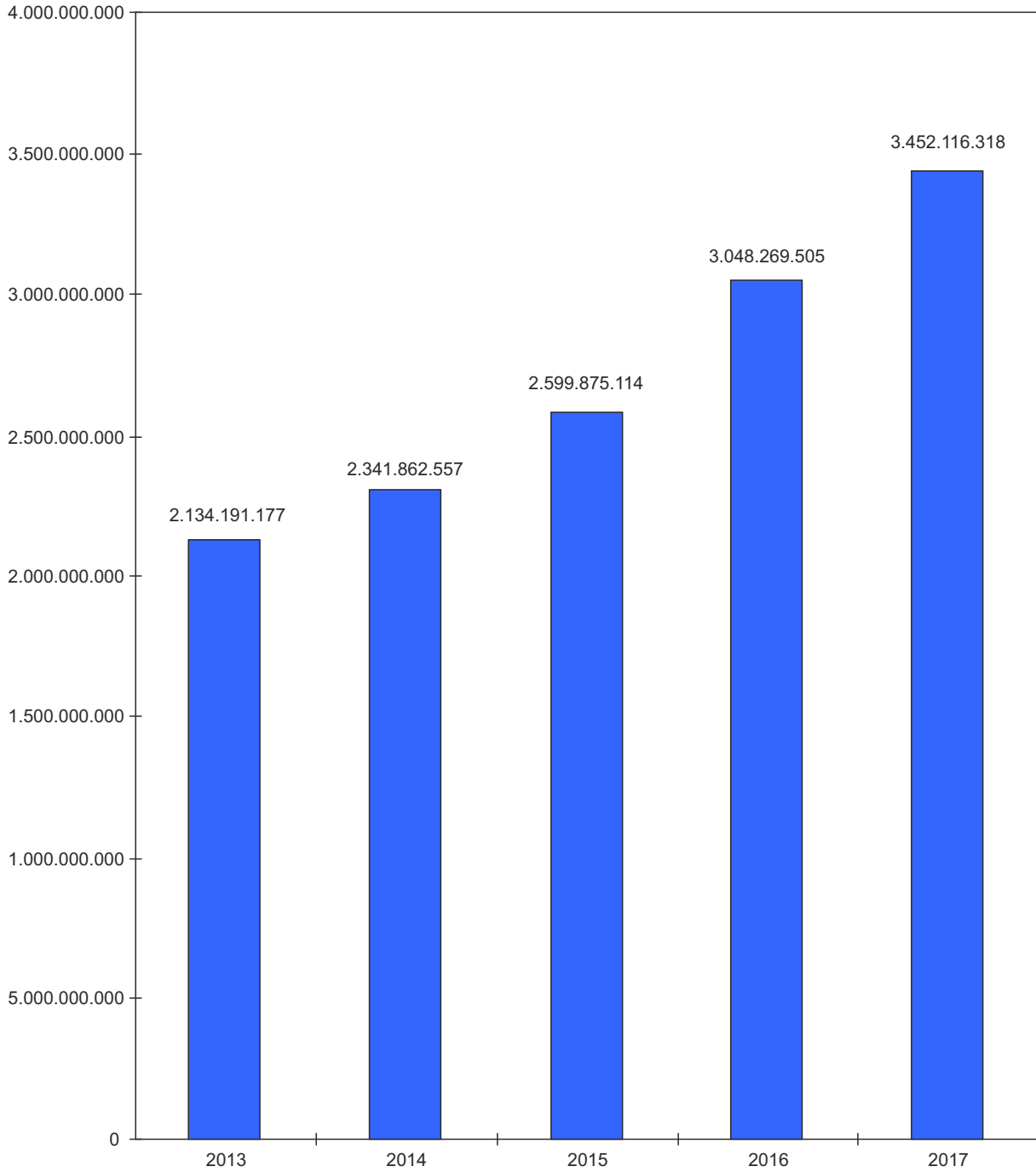
CYPRUS TURKISH COOPERATIVE CENTRAL BANK LIMITED

■ DEPOSITS (TRY)



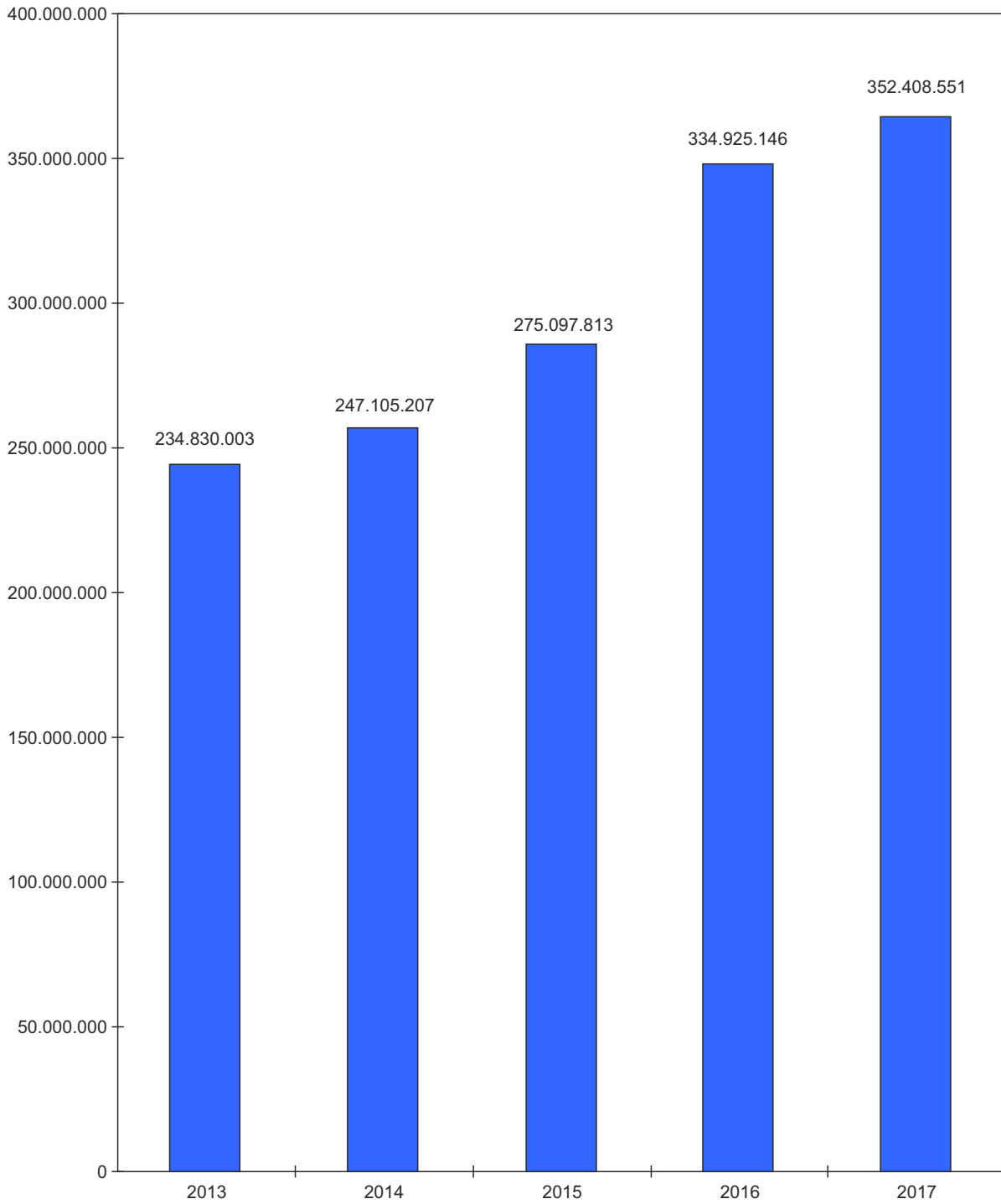
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■ LOANS AND ADVANCES (TRY)



CYPRUS TURKISH COOPERATIVE CENTRAL BANK LIMITED

■ SHARE CAPITAL AND RESERVES (TRY)



Head Office : Mahmut Paşa Street, P.O Box 823, Lefkoşa
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DEPARTMENTS

	<u>TELEPHONE</u>	<u>FAX</u>
Chief Accountant	+90 392 228 3207	+90 392 227 6787
Treasury Department	+90 392 228 3207	+90 392 227 6787
Information Technology	+90 392 229 0444	+90 392 227 6787
Loans Department	+90 392 227 4153	+90 392 227 4139
Foreign Transactions and Trade Department	+90 392 228 2931	+90 392 227 2079
Internal Audit Department	+90 392 227 1682	+90 392 229 0086
Internal Control Department	+90 392 229 0084	+90 392 229 0086
Human Resources Department	+90 392 228 3207	+90 392 227 6787
Compliance Department	+90 392 228 3207	+90 392 227 2168
Risk Assessment Department	+90 392 228 3207	+90 392 227 6787
Administrative Affairs Department	+90 392 228 3207	+90 392 227 6787
Insurance Agency	+90 392 228 5875	+90 392 227 9208

BANKING BRANCHES

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Gönyeli, Nicosia	+90 392 223 5185	+90 392 223 5981
Vadili, Nicosia	+90 392 377 7691	+90 392 377 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 0233
Eastern Med. Univ.1, Famagusta	+90 392 365 3682	+90 392 365 3416
Eastern Med. Univ.2, Famagusta	+90 392 365 0797	+90 392 365 0795
Sanayi, Famagusta	+90 392 365 6090	+90 392 365 6092
İskele - Downtown	+90 392 371 2523	+90 392 371 2095
Geçitkale, İskele	+90 392 373 3139	+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 4445	+90 392 822 4447
Güzelyurt - Downtown	+90 392 714 2197	+90 392 714 3527
Gemikonağı, Güzelyurt	+90 392 727 8162	+90 392 721 8165

SUBSIDIARIES & PARTICIPATIONS

	<u>TELEPHONE</u>	<u>FAX</u>
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	+90 392 227 4074



