



**KOOPBANK**

# **2021**

# **ANNUAL REPORT**

**CYPRUS TURKISH CO-OPERATIVE  
CENTRAL BANK LIMITED.**

[www.koopbank.com](http://www.koopbank.com)

## CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LIMITED

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## **CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LIMITED**

### **BOARD OF DIRECTORS**

Şerife Kanan	Chairman
Fatma Kınış	Member (Responsible for Internal Systems)
Kemal Ataman	Member (General Manager)
Hüseyin Çavuş	Member
Mustafa Akyön	Member
Nuri Erhat	Member
Bülent Arkın	Member

### **SENIOR MANAGEMENT**

Kemal Ataman	General Manager and Member of the Board of Directors
Orhan Bürüncük	Asst.General Manager
Mehmet Öksüzoğluları	Asst.General Manager
Nevzat Üstün	Asst.General Manager
Öztañ Güröz	Asst.General Manager
Kemal Özçınar	Asst.General Manager (a)

### **CHIEF ACCOUNTANT**

Banu Moralı	Manager
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### **INTERNAL SYSTEMS**

Mustafa Atagöl	Internal Audit Unit Officer
Hasan Uysal	Risk Management Unit Officer
Canan Özkıran	Internal Control Unit Officer
Şerife Korucan	Compliance Unit Officer

### **EXTERNAL AUDITORS**

ERDAL & CO.	Chartered Accountants
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## **CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LIMITED**

### **BOARD OF DIRECTORS' REPORT**

We present our Board of Director's Report and Auditors' Report together with Balance Sheet as at 31 December 2021 and 2021 Profit and Loss Account to the Registrar of Co-operative Companies.

Profit for the year 2021 is satisfactory. Our business volume is satisfactory.

All Administrative and other expenses have been deducted and provisions have been made in the accounts for doubtful debts in accordance with the Provisions Decree issued under the Banking Law. As the Board of Directors, we submit and recommend the distribution of the Bank's net profit for 2021, amounting to 240,869,425.- TL after the provision of 26,924,777.-TL for Corporate and Income Taxes in the accounts, as shown below, and the audited financial statements for the approval of the Council of Ministers through the Registrar of Cooperative Companies.

Statutory Reserve	24,086,943 TL
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General Reserves	216,782,482 TL
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Approved by the Board of Directors on 16.05.2022.

On Behalf of the Board of Directors,

Kemal Ataman  
General Manager and Member of the Board of Directors

Nicosia.



## **CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LIMITED BOARD OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

As per the Banking Law, the Board of Directors is responsible for;

Carrying out the Bank's activities within the framework of corporate governance principles and complying with applicable laws and other regulations in reliable manner,  
Compliance with procedures and principles and the Uniform Chart of Accounts set out by the TRNC Central Bank and maintaining complete and accurate accounting records in due course,  
Preparation of financial reports to meet information needs in a clear, concise, reliable, accurate, comparable and timely manner and ensure that they are convenient to audit, analysis and interpretation,  
Establishment and fair presentation of financial reporting system in line with Bank's operations, as well as the establishment of the necessary internal control system to prevent occurrence of significant errors and fraud during preparation of financial reporting,  
Evaluation of the validity of going concern basis and maintaining the continuity of going concern assumption.

The Board of Directors select accounting policies appropriate to the Bank's structure and apply them consistently to make reasonable and prudent decisions and estimates.

Those responsible with governance are responsible for overseeing the Bank's financial reporting process.

The Board of Directors is responsible for the establishment of the financial reporting system including the setting up of the accounting process of the operations of financial statements, their approval, audit, submission to the competent authorities and publication of the reports, establishment of financial reporting systems and determine their duties and responsibilities, rendering sufficient information systems and oversight of their overall execution in accordance with methods and provisions specified in Accounting systems and Retention of Documents Decree enacted under the Banking Law. In connection with the aforesaid obligations, with regards to the accounting and reporting systems, the Board of Directors is responsible for taking measures required for the determination of the key policies, the clear preparation of job descriptions in accordance with the workflow diagram of duties, authorities, and responsibilities, the rendering of sufficient internal and external information systems, the clear definition of authorities and responsibilities, and the oversight of execution in this regard.

Registrar of Co-operative Companies requires the Administrative Officers each year, at the earliest and at the time to be determined by the Chapter 114 Co-operative Companies Law:

- a) To prepare Bank's Balance Sheet as at 31 December, and the detailed Profit and Loss account by the Secretary of the General Manager and sent to the Registrar
- b) To prepare a report on the Bank's activities during the year to be presented at the Annual General Meeting.

Pursuant to the Cyprus Turkish Co-operative Central Bank Limited Articles of Association, the Board of Directors is obliged to act prudently and reasonably. Otherwise, Co-operative Companies will be liable for any loss and damage that may occur as a result of their actions contrary to the Law and Regulation and the provisions of this Articles.

On Behalf of the Board of Directors,

Şerife Kanan  
Chairman

Kemal Ataman  
Member (General Manager)

Fatma Kınış  
Member (Responsible for Internal Systems)

Orhan Bürüncük  
Asst. General Manager  
Responsible for Financial  
Reporting

Banu Moralı  
Chief Accountant

**CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LIMITED**  
**INDEPENDENT AUDITORS' REPORT FOR THE ACCOUNTING PERIOD ENDED**  
**31 DECEMBER 2021**

We have audited the financial statements on pages 6 to 36 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 20-22.

**Responsibilities of Board of Directors and Auditors**

As described on page 3, the Directors of the Bank are responsible for the financial statements. Our responsibility is to express an opinion on the financial statements based on our audit.

**Basis of our opinion**

We have conducted our audit in accordance with independent auditing principles and with provisions of the Independent Auditor Institutions Decree published under the 62/2017 Banking Law. Audit includes planning and conducting so as to obtain reasonable assurance as to whether the financial statements are free from material misstatement. The independent audit procedures include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessment of the accounting principles used, significant accounting estimates made by the Board of Directors and the overall presentation of the financial statements. These procedures are determined according to the professional judgment of the auditor which includes consideration of the risk of material misstatement whether caused by error or fraud in the financial statements. Independent audit also include the assessment of the operation of the Bank's internal systems, whether sufficiently used and the infrastructure of the system in use is appropriate for the Bank's structure and whether the Bank has effective internal control system. We believe that audit evidence we have obtained during the audit is sufficient and appropriate to provide reasonable basis for our opinion.

**Opinion in Accordance with the 62/2017 Banking Law**

The financial report of Cyprus Turkish Cooperative Central Bank Limited as at 31 December 2021 has been examined in accordance with the Banking Law No. 62/2017 and all other relevant legislation published under this Law and except for the effects of the matters noted below, and matters explained in IB-14 section of the report, found to be true in all material respects.

- The total of loans with government guarantee exceeds the maximum limit stipulated by the Banking Law by 5,337,575,678 Turkish Liras,
- Within the scope of the protocol signed with the Ministry of Finance, the loan extended to Cyprus Fruits and Vegetables (Cypruvex) Limited was written off by interest reduction of 21,187,164 Turkish Liras (US\$ 1,605,088) on 31/12/2021,
- Within the scope of the protocol signed with the Ministry of Finance, an interest reduction of 10,000,000 Turkish Liras was made on 31 December 2021 for the loan extended to Chemical Fertilizers of 1997-1998 Period,
- The total of major risks exceeds the maximum limit stipulated by the Banking Law by 2,000,303,044 Turkish Liras. 87% of these major risks consist of Loans given by government guarantees.

**Opinion in Accordance with the 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 audited balance sheet and profit and loss account 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 the Co-operative Companies Law in the manner so required and, except for the effects of the matters noted in the opinion in Accordance with the 62/2017 Banking Law, the Bank's Balance Sheet give a true and fair view of the state of the Bank's affairs as at 31 December 2021 and in the case of the Profit and Loss account, of the profit for the year 2021 in all material respects.

Doğan Çakır  
Responsible Auditor

ERDAL & CO.

Eral Erdal BSc FCA  
Responsible Partner

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## **CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LIMITED**

### **THE BOARD OF DIRECTORS' AND SENIOR MANAGEMENT'S STATEMENT REGARDING FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD ENDED 31 DECEMBER 2021**

The financial statements and the related disclosures and notes on pages 6 to 35 are in compliance with the provisions of the Accounting Systems and Retention of Documents Decree enacted under the Banking Law and with the accounting records.

Kemal Ataman  
Member (General Manager)

Şerife Kanan  
Chairman

Orhan Bürüncük  
Asst.General Manager  
Responsible for Financial  
Reporting

Fatma Kınış  
Member (Responsible for Internal Systems)

Banu Moralı  
Chief Accountant

**CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LTD**  
**COMPARATIVE BALANCE SHEET**

ASSETS	Note	CURRENT PERIOD (31/12/2021)			PREVIOUS PERIOD (31/12/2020)		
		TL	FC	TOTAL	TL	FC	TOTAL
I - CASH BALANCES		35.353.315	42.398.386	77.751.701	28.029.134	20.405.398	48.434.532
A. Cash-TL balances		35.353.315		35.353.315	28.029.134		28.029.134
B. Cash-foreign currency			42.270.332	42.270.332		19.078.019	19.078.019
C. Other liquid assets			128.054	128.054		1.327.379	1.327.379
II - BANK BALANCES	(1)	244.001.643	3.890.703.412	4.134.705.055	384.062.993	2.243.540.447	2.627.603.440
A. TRNC Central Bank		77.623.453	3.239.993.138	3.317.616.591	259.521.025	1.766.918.203	2.026.439.228
B. Other Banks		166.378.190	650.710.274	817.088.464	124.541.968	476.622.244	601.164.212
1) Domestic Banks		8		8	8		8
2) Foreign Banks		166.378.182	650.710.274	817.088.456	124.541.960	476.622.244	601.164.204
3) Reverse Repo Receivables							
III - SECURITIES PORTFOLIO (NET)	(2)	41.069.331	1.361.049.049	1.402.118.380	38.975.097	787.304.000	826.279.097
A. Treasury Bills							
B. Other bills							
C. Equity shares							
D. Other securities		41.069.331	1.361.049.049	1.402.118.380	38.975.097	787.304.000	826.279.097
IV - LOANS AND ADVANCES	(3)	4.520.010.834	3.032.993.905	7.553.004.739	3.892.653.288	1.620.629.624	5.513.282.912
A. Short term		109.980.819	318.374.732	428.355.551	111.200.947	149.384.864	260.585.811
B. Medium and long term		4.410.030.015	2.714.619.173	7.124.649.188	3.781.452.341	1.471.244.760	5.252.697.101
V - LOANS IN ARREARS (NET)	(4)	584.068	2.929.468	3.513.536	504.694	3.105.895	3.610.589
A. Loans and other receivables with limited repayment capacity (Net)		249.158	872.777	1.121.935	100.403	346.102	446.505
1) Gross receivable balances		363.792	896.094	1.259.886	108.067	354.977	463.044
2) Specific provision		-114.634	-23.317	-137.951	-7.664	-8.875	-16.539
B. Doubtful debts and other receivables (Net)		334.910	2.056.691	2.391.601	404.291	2.759.793	3.164.084
1) Gross receivable balances		394.284	2.234.553	2.628.837	465.310	2.943.779	3.409.089
2) Specific provision		-59.374	-177.862	-237.236	-61.019	-183.986	-245.005
C. Bad debts and receivables (Net)		0	0	0	0	0	0
1) Gross receivable balances		11.768.636	135.002.668	146.771.304	12.148.736	136.857.550	149.006.287
2) Specific provision		-11.768.636	-135.002.668	-146.771.304	-12.148.736	-136.857.550	-149.006.287
VI - PREPAYMENTS AND ACCRUED INCOME		23.712.079	17.599.090	41.311.169	3.411.590	1.675.207	5.086.797
A. Loans and advances		20.491.888	16.149.104	36.640.992	1.829.121	65.554	1.894.675
B. Securities portfolio		1.826.561	1.184.038	3.010.599	985.618	845.931	1.831.549
C. Other		1.393.630	265.948	1.659.578	596.851	763.722	1.360.573
VII - FINANCIAL LEASING RECEIVABLES (NET)							
A. Financial leasing receivables							
B. Unearned income							
VIII- RESERVE DEPOSITS AT THE CENTRAL BANK		274.025.314	687.295.935	961.321.249	231.839.390	392.971.102	624.810.492
IX- SUNDRY RECEIVABLES	(5)	77.166.762	7.750.814	84.917.576	327.816	236.176	563.992
X- PARTICIPATIONS (NET)	(6)						
A. Financial participations							
B. Other participations							
XI- SUBSIDIARIES (NET)	(6)	114.408.947		114.408.947	44.252.873		44.252.873
A. Financial subsidiaries		33.804.976		33.804.976	23.947.545		23.947.545
B. Other subsidiaries		80.603.971		80.603.971	20.305.328		20.305.328
XII- LONG TERM INVESTMENTS	(7)	74.942		74.942	74.942		74.942
A. Equity shares							
B. Other pledged securities		74.942		74.942	74.942		74.942
XIII- FIXED ASSETS	(8)	43.510.684		43.510.684	44.859.679		44.859.679
A. Book value		75.734.779		75.734.779	74.038.846		74.038.846
B. Accumulated depreciation		-32.224.095		-32.224.095	-29.179.167		-29.179.167
XIV- OTHER ASSETS	(9)	74.398.500	9.246.132	83.644.632	23.811.193	4.781.131	28.592.324
TOTAL ASSETS		5.448.316.419	9.051.966.191	14.500.282.610	4.692.802.689	5.074.648.980	9.767.451.669

(\*) Used by banks authorized by law.

Şerife Kanan  
Chairman

Kemal Ataman  
Member (General Manager)

Fatma Kınış  
Member (Responsible for Internal Systems)

Orhan Bürüncük  
Asst.General Manager  
Responsible for Financial  
Reporting

Banu Moralı  
Chief Accountant



**CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LTD**  
**COMPARATIVE BALANCE SHEET**

LIABILITIES		CURRENT PERIOD			PREVIOUS PERIOD		
		(31/12/2021)			(31/12/2020)		
	Note	TL	FC	TOTAL	TL	FC	TOTAL
I- DEPOSITS	(10)	4.262.619.119	8.949.988.232	13.212.607.351	4.048.993.078	4.990.546.805	9.039.539.883
A. Saving deposits		2.732.130.636	6.485.693.966	9.217.824.602	2.574.571.879	3.579.392.198	6.153.964.077
B. Official deposits		660.110.592	246.114.876	906.225.468	686.093.308	174.660.098	860.753.406
C. Commerical deposits		683.425.014	1.773.056.901	2.456.481.915	724.998.912	991.689.502	1.716.688.414
D. Other institution deposits		178.492.563	164.796.427	343.288.990	61.297.970	89.011.393	150.309.363
E. Bank deposits		8.460.314	280.326.062	288.786.376	2.031.009	155.793.614	157.824.623
F. Gold reserve accounts							
II - FUNDS OBTAINED FROM REPOS	(11)						
III - FUNDS BORROWED	(12)						
A. TRNC Central Bank							
B. Other funds borrowed							
1) Domestic bank and institutions							
2) Foreign bank and institutions							
3) Capital loans							
IV - FUNDS	(13)	361.952		361.952	371.105		371.105
V - SECURITIES ISSUED (NET)	(14)						
A. Bonds							
B. Asset backed securities							
C. Debentures							
VI - EXPENSE ACCRUALS AND DEFERRED INCOME		26.947.151	19.944.488	46.891.639	23.634.968	16.737.273	40.372.241
A. Deposits		26.744.151	19.944.488	46.688.639	21.988.048	15.326.854	37.314.902
B. Borrowed funds							
C. Other		203.000		203.000	1.646.920	1.410.419	3.057.339
VII - FINANCIAL LEASING PAYABLES (NET)							
A. Financial leasing payables							
B. Deferred financial leasing expenses							
VIII- TAXES, DUTIES AND SOCIAL SECURITY PREMIUMS PAYABLE		73.623.536	1.608.765	75.232.301	33.087.488	1.276.406	34.363.894
IX - IMPORT TRANSFER ACCOUNTS							
X - SUNDRY LIABILITIES	(15)	249.043.751	35.897.165	284.940.916	120.456.902	16.060.065	136.516.967
XI - PROVISIONS		55.609.917		55.609.917	29.818.141		29.818.141
A. Retirement pay compensation							
B. General provision for loans		9.050.356		9.050.356	6.739.935		6.739.935
C. Corporation and Income Tax provisions		28.290.208		28.290.208	2.591.092		2.591.092
D. Other provisions		18.269.353		18.269.353	20.487.114		20.487.114
XII- OTHER LIABILITIES	(16)	42.055.174	5.105.201	47.160.375	19.750.957	447.420	20.198.377
XIII- SHAREHOLDERS' FUNDS	(17)	536.608.734		536.608.734	98.987.081		98.987.081
A. Share capital paid-up		26.657.950		26.657.950	26.476.351		26.476.351
1) Nominal share capital		50.000.000		50.000.000	50.000.000		50.000.000
2) Unpaid share capital		-23.342.050		-23.342.050	-23.523.649		-23.523.649
B. Statutory reserves		41.310.311		41.310.311	38.397.775		38.397.775
1) Statutory reserves		41.310.311		41.310.311	38.397.775		38.397.775
2) Share premium							
3) Other legal reserves							
C. General reserves		364.371.444		364.371.444			
D. Statutory revaluation fund		7.718		7.718	7.718		7.718
E. Revaluation balances	(18)	104.261.311		104.261.311	34.105.237		34.105.237
F. Loss							
1) Current period loss							
2) Previous period losses							
XIV- PROFIT		240.869.425		240.869.425	367.283.980		367.283.980
A. Current period profit		240.869.425		240.869.425	29.125.344		29.125.344
B. Previous period profits					338.158.636		338.158.636
TOTAL LIABILITIES		5.487.738.759	9.012.543.851	14.500.282.610	4.742.383.700	5.025.067.969	9.767.451.669
COMMITMENTS AND CONTINGENT LIABILITIES	(1)						
I - GUARANTEES AND ACCEPTANCES	(2)	34.427.645	30.026.429	64.454.074	23.057.298	15.371.371	38.428.669
II - COMMITMENTS	(3)	470.641.126	115.048.991	585.690.117	477.254.059	73.142.814	550.396.873
III - FOREX & INTEREST RATES OPERATIONS	(4)						
IV - ASSETS HELD UNDER TRUST AND PLEDGED ASSETS		267.721.636	2.433.779.722	2.701.501.358	289.025.192	1.459.698.990	1.748.724.182
TOTAL		772.790.407	2.578.855.142	3.351.645.549	789.336.549	1.548.213.175	2.337.549.724

Şerife Kanan  
Chairman

Kemal Ataman  
Member (General Manager)

Fatma Kınış  
Member (Responsible for Internal Systems)

Orhan Bürüncük  
Asst.General Manager  
Responsible for Financial  
Reporting

Banu Moralı  
Chief Accountant

**CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LTD**  
**COMPARATIVE STATEMENT OF PROFIT AND LOSS**

		CURRENT PERIOD (31/12/2021)	PREVIOUS PERIOD (31/12/2020)
	Note		
<b>I - INTEREST INCOME</b>	(1)	<b>1.112.704.975</b>	<b>618.010.871</b>
A. Interest income from loans		1.013.178.210	566.096.516
1) Interest income from TL loans		784.061.759	439.929.790
a - Short term		758.541.550	429.252.084
b - Medium and long term		25.520.209	10.677.706
2) Interest income from foreign currency loans		222.470.228	120.135.688
a - Short term		211.842.476	110.850.020
b - Medium and long term		10.627.752	9.285.668
3) Interest income from loans in arrears		6.646.223	6.031.038
B. Interest income from reserve deposits at the Central Bank		22.339.597	7.560.857
C. Interest income received from banks		70.004.040	39.155.687
1) TRNC Central Bank		26.837.654	13.633.028
2) Domestic banks			
3) Foreign banks		43.166.386	25.522.659
4) Interest income from reverse repos			
D. Interest income from securities portfolio		6.730.349	5.196.106
1) TRNC Development Bank securities		3.075.329	5.196.106
2) Other securities		3.655.020	
E. Other interest income	(3)	452.779	1.705
<b>II - INTEREST EXPENSES</b>	(1)	<b>730.972.299</b>	<b>433.138.345</b>
A. Interest expense payable to deposits		633.074.950	342.597.067
1) Saving deposits		457.210.740	273.302.056
2) Official deposits		61.021.758	9.337.972
3) Commercial deposits		110.488.411	59.693.828
4) Other institution deposits		4.218.569	115.314
5) Bank deposits		135.472	147.897
B. Interest expense payable to foreign currency deposits		97.332.001	90.381.685
1) Saving deposits		66.177.976	63.255.337
2) Official deposits		4.976.088	3.906.958
3) Commercial deposits		19.535.537	17.248.748
4) Other institution deposits		543.222	2.270.646
5) Bank deposits		6.099.178	3.699.996
6) Gold reserve accounts			
C. Repo Interest Expense			
D. Interest expense payable on borrowings		565.348	159.593
1) TRNC Central Bank		540.556	95.278
2) Domestic banks			
3) Foreign banks			
4) Other institutions		24.792	64.315
E. Interest on debentures and securities issued			
F. Other interest expense	(3)		
<b>III - NET INTEREST INCOME [ I - II ]</b>		<b>381.732.676</b>	<b>184.872.526</b>
<b>IV - OTHER INCOME</b>	(1)	<b>4.105.959.665</b>	<b>793.978.656</b>
A. Fees and commissions received		23.855.962	17.068.581
1) From cash loans		5.905.342	4.957.738
2) From non-cash loans		793.552	633.593
3) Other		17.157.068	11.477.250
B. Profit from capital market operations			
C. Foreign exchange profits		4.052.603.100	757.657.730
D. Dividends received from subsidiaries and participations			13.918
E. Extraordinary income			
F. Other non-interest income	(3)	29.500.603	19.238.427
<b>V - OTHER OPERATING EXPENSES</b>	(1)	<b>4.219.898.139</b>	<b>946.567.479</b>
A. Fees and commissions paid		1.913.442	1.821.658
1) On cash loans		265.465	291.677
2) On non-cash loans			
3) Other		1.647.977	1.529.981
B. Loss on capital market operations			
C. Foreign exchange losses		3.995.114.223	757.171.602
D. Personnel expenses		89.840.955	75.068.316
E. Retirement pay compensation			
F. Rental expenses		1.708.380	1.257.834
G. Depreciation		3.113.712	3.343.394
H. Taxes and duties		1.285.501	1.984.570
I. Extraordinary expenses			
J. Provision for doubtful debts	(2)	7.089.903	3.913.880
K. Other provisions	(2)	5.902.826	6.738.534
L. Other non-interest expenses	(3)	113.929.197	95.267.691
<b>VI - NET OTHER INCOME [ IV - V ]</b>		<b>-113.938.474</b>	<b>-152.588.823</b>
<b>VII - PROFIT BEFORE TAXATION [ III + VI ]</b>		<b>267.794.202</b>	<b>32.283.703</b>
<b>VIII - TAXATION</b>		<b>26.924.777</b>	<b>3.158.359</b>
<b>IX - NET PROFIT AFTER TAXATION [ VII - VIII ]</b>		<b>240.869.425</b>	<b>29.125.344</b>

Şerife Kanan  
Chairman

Kemal Ataman  
Member (General Manager)

Fatma Kınış  
Member (Responsible for Internal Systems)

Orhan Bürüncük  
Asst.General Manager  
Responsible for Financial  
Reporting

Banu Moralı  
Chief Accountant



## **I - NOTES TO THE ACCOUNTS AND DISCLOSURES REGARDING THE FINANCIAL STRUCTURE OF THE BANK:**

### **A) ACCOUNTING POLICIES:**

**(1) General information about the bank should be included.**

Accounts other than subsidiaries are prepared on the basis of the Historical Cost Convention and Subsidiaries are prepared according to the equity method. Koop-Süt Limited revalued its plant and machinery during 2021 and revaluation differences added to equity.

**(2) Depreciation is provided for using the following rates.**

Building	%3,03-20
Fixtures and fittings	%10-25
Information technology devices and systems	%10-33.33
Vehicles	%15
Leasehold improvements	%20

**(3) Except for the non-performing loans as stated in the Bank's Loans and Other Receivables Qualities and Provisions Decree published by the Central Bank of the TRNC, all accounts have been prepared according to the accruals principle.**

**(4) In accordance with Article 7(4) of the Decree on the Qualities of Banks' Loans and Other Receivables and Provisions, the Bank has made a specific provision for the bad loans regardless of the value of collateral for entire amount of non-performing loans.**

**(5) Foreign Currency Transactions:**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities other than non-performing loans have been translated at the rates of exchange ruling as at 31 December 2021. Foreign currency non-performing loans have been translated at the exchange rate on the date they were classified as non-performing loan.

### **B) NOTES AND DISCLOSURES RELATED TO THE CURRENT PERIOD:**

**(1) Date of approval of the balance sheet is 16 May 2022.**

**(2) LEGAL STRUCTURE OF THE BANK:**

a) Cyprus Turkish Co-operative Central Bank Limited is a co-operative institution registered under Chapter 114 Co-operative Companies Law and is subject to the TRNC Banking Law No. 62/2017 in regard of its banking activities.

b) The term of office service of the Administrative Officers appointed to the Cyprus Turkish Cooperative Central Bank Limited Administrative Committee was extended by the Council of Ministers for 2 (two) years with the recommendation of the Deputy Registrar of Cooperative Companies on 24 March 2018. No extension have been identified after this date.

c) The Bank's Board of Directors and senior executives and internal system managers are stated on page 1 of the financial report.

Changes in board members and senior managers during the year are stated below;

- On February 1, 2022, Şerife Korucan was appointed as the Compliance Unit Officer, replacing Özlem Alemdar Aksu.

- The Board member Ramadan Durmaz and İsmet Dirgen resigned on 15 March and 14 April 2021 respectively. Bülent Arkin and Nuri Erhat, were appointed to replace these members, they were approved by the Central Bank of the TRNC on April 21, 2021.

d) The qualifications of bank executives and auditors are in accordance with by the TRNC Banking Law No. 62/2017.

e) Administrative Officers, who are appointed in accordance with the Co-operative Companies Law are stated as the Board of Directors in the financial report.

f) The external auditor of the bank is a firm approved by the Central Bank for carrying out audit.

**(3) Changes in accounting policies and their monetary effects, if any, should be explained.**

No changes have been made in the accounting policies.

**(4) The opinion of the independent audit firm on the validity of the concepts of continuity of the business, periodicity and consistency, which are considered as the going concern, matching and consistency the basic assumptions of accounting, should be included.**

The Bank fully complies with the going concern, matching and consistency concepts that are considered the fundamental principles of accounting.

(5) There have been no changes in the valuation methods applied.

(6) Securities portfolio (Including participations, subsidiaries, long term investments) valuation methods:

Securities are valued at the acquisition cost or by taking into account the realized value losses, however the premium paid or the discount received at the purchase of the securities is calculated on an accrual basis and included in the acquisition cost.

- TRNC Development Bank Bonds are not registered in any stock exchange and banks are legally required to acquire these bonds equivalent to %2 of their commitments.

**- Affiliates, Subsidiaries and Securities/Investments**

- Şeker Sigorta (Cyprus) Ltd, the sole financial subsidiary of the bank, and its non-financial subsidiaries Milk and Oil Products Production and Marketing Cooperative (Koop-Süt) Limited, Mixed Animal Feed, Harup Products and LP Gas Production and Marketing Cooperative Limited and Agricultural Supplies , Makine ve Gıda Pazarlama Kooperatifi Limited's investment values have been valued according to the equity method. Milk and Oil Products Production and Marketing Cooperative (Koop-Süt) Limited revaluated its facilities, machinery and devices in 2021 and added the resulting valuation differences to its equity.

**The depreciation method used, the change in the method in the current period and its monetary impact should be explained.**

The Straight Line Depreciation method has been used. No changes have been made in the method.

(7) Currency risk exposure due to foreign currency transactions and what the hedging strategies consist of should be explained.

In order to protect against the exchange rate risk that may arise from foreign currency accounts consisting of different types and different amounts included in the assets and liabilities of the balance sheet, the Bank implements foreign currency asset-liability management; position, exchange rate, price, liquidity, maturity risks and the position limits that should be kept according to the foreign currency types specified in the Banking Law. The Bank has a long position in USD of 1,912,370,170 TL. Due to the conversion of a certain amount of government-guaranteed TL loans into USD in 1998.

(8) USD and GBP Foreign exchange rates used in the preparation of the Balance Sheet and the bid rates published by the bank on the last five working days of the current accounting period.

	<u>Current Period</u>	<u>Previous period</u>
	TL	TL
US Dollar :	13,2000	7,4330
<u>Preceding the Balance Sheet date:</u>		
1. Day Bid Rate	12,4370	7,3260
2. Day Bid Rate	11,9250	7,3140
3. Day Bid Rate	11,2410	7,4030
4. Day Bid Rate	10,6650	7,5030
5. Day Bid Rate	10,8335	7,5340
	<u>Current Period</u>	<u>Previous period</u>
	TL	TL
STG :	17,8000	10,1600
<u>Preceding the Balance Sheet date:</u>		
1. Day Bid Rate	16,9500	9,9750
2. Day Bid Rate	16,1800	9,8780
3. Day Bid Rate	15,2900	10,0070
4. Day Bid Rate	14,4750	10,1750
5. Day Bid Rate	14,7600	10,2290

(9) Total insurance value of the asset values:

	<u>Current Period 31.12.2021</u>		
	<u>Book Value</u>	<u>Acc.Depreciation</u>	<u>Insurance Value</u>
	TL	TL	TL
Assets	75.772.758	32.224.095	104.744.159
Fixtures fittings and equipment	24.734.514	19.621.575	40.505.359
Immovable Properties	47.357.567	9.188.004	64.238.800
Leasehold improvements costs	3.642.698	3.414.516	
Assets To Be Disposed of	37.979		
	<u>Previous Period 31.12.2020</u>		
	<u>Book Value</u>	<u>Acc.Depreciation</u>	<u>Insurance Value</u>
	TL	TL	TL
Assets	74.076.825	29.179.167	60.933.285
Fixtures fittings and equipment	23.038.582	18.017.332	23.473.435
Immovable Properties	47.357.566	7.811.636	37.459.850
Leasehold improvements amount	3.642.698	3.350.199	
Assets To Be Disposed of	37.979		



**(10) Material, contingent, and conditional losses and gains the value of which could not be estimated.**

None.

**(11) An up to date explanation need to be made in case of new information obtained post balance sheet with regard to a matter existing at the balance sheet date.**

**a) Post balance sheet matters and transactions not yet completed and their effects on the financial statements.**

None.

**b) The effect on foreign currency transactions and items and financial statements of material changes to the exchanged rates occurring after the balance sheet date and that non-disclosure would affect the evaluation and decision making by the users of financial statements over the financial statements.**

None.

**(12) Material items affecting the balance sheet in a significant way that need to be disclosed in order to make the balance sheet more clear explainable and understandable:**

Unless otherwise specified, amounts are expressed in Turkish Lira.

(13) Bank's Capital Adequacy Standard Ratio: % 14,90

a) Information on Risk-Weighted Assets;

Risk Weighed Assets, Liabilities and Non-Cash Loans	Current Period
I.MARKET RISK	1.935.500
II. OPERATIONAL RISK	562.875
III. CREDIT RISK (a+b+c+ç)	2.317.064
a. 20% RISK-WEIGHTED ASSETS	1.156.915
b.50% RISK-WEIGHTED ASSETS	435.981
c. 100% RISK-WEIGHTED ASSETS	724.168
ç. COUNTERPARTY CREDIT RISK	
IV.TOTAL RISK-WEIGHTED ASSETS (I + II + III)	4.815.439

b) Information on Capital and Reserves;

	Current Period
I.TOTAL TIER I CAPITAL (II + III)	620.656
II. CORE TIER I CAPITAL	620.656
III. ADDITIONAL TIER I CAPITAL	
IV. TIER II CAPITAL	96.997
V. CAPITAL (I + IV)	717.653

c) Summary Details of Capital Adequacy Standard Ratio;

	TL, %	TL, %
	Current Period	Previous period
Total Risk-Weighted Assets	4.815.439	3.232.449
Capital	717.653	439.753
Capital / RWA (CAR (%) )	% 14,90	% 13,60

**(14) Opinion of the Independent Audit firm auditing the financial statements (as per the legislation):**

**A. Legal structure of the bank:**

Cyprus Turkish Co-operative Central Bank Ltd. (Koopbank) was established on 09 September 1959 under Chapter 114 Co-operative Companies Law and started its activities subject to the TRNC Banking Law in force at that time. The Bank is an institution subject to the "TRNC Banking Law" number 62/2017, published in the Official Gazette No. 193 dated November 17, 2017.

B. Information on the Bank's capital structure and shareholders holding more than 10% are as stated in notes to the balance sheet III (17) (e). Total issued capital of the Bank is 26,657,950 TL. % 88.24 of the paid share capital amounting to 23,523,577 TL. is owned by individuals and %11.76 of amounting to 3,134,373 TL is owned by Cooperative Companies.

C. The Board of Directors and senior executives and internal systems officers are listed on page 1 of the financial report. Changes in senior executives and board members during the year, are ;

- On March 24, 2018, according to Article 40, paragraph 1 of the Chapter 114 Cooperative Companies Law, Administrative Officer's term of office was extended by 2 years. No extensions have been identified after this date.

- On February 1, 2022, Şerife Korucan was appointed as the Compliance Unit Officer, replacing Özlem Alemdar Aksu.

- The Board member Ramadan Durmaz and İsmet Dirgen resigned on 15 March and 14 April 2021 respectively. Bülent Arkan and Nuri Erhat were appointed to replace these members and were approved by the Central Bank of the TRNC on April 21, 2021.

Ç. To the best of our knowledge, there has been no significant change or development post balance sheet date that may affect the Bank's position.

D. Accounting policies have not changed compared to the previous year.

E. The Bank's management representation on the reliability of the Bank's internal control system is satisfactory and the opinion expressed as a result of our audit is explained in article (Ö).

F. The guarantee bonds of the loans to Agricultural Products Authority and to 1997-1998 Chemical Fertilizers amounting to TL 2,551,495 have not been renewed for the year 2022 as at the date of this report.

G. According to the provisional article 6 of the Banking Law No. 62/2017, the loans with Government guarantee should be redeemed at a minimum amount of %20 of the loan balance as at the date of the Law with all the accrued interest within five years. It has been determined that the collections for government-guaranteed loans are below the minimum amounts specified in this article.

H. Of the total of 7,703,664,766 Turkish Liras cash loan receivables included in the financial statements, 6,772,883,417 Turkish Liras are loans given to State Institutions with Government guarantee. 150,660,027 Turkish Liras of the remaining 930,781,349 Turkish Liras are non-performing loans, of which in accordance with the regulations in force, of Banking Law No. 62/2017, specific provision of 147,146,491 Turkish Liras, that is, a total of 97.67%, has been made in the accounts.

I. In accordance with the protocol signed with the Ministry of Finance, 100,000,000 Turkish Liras of the monthly payment and netting-off obligation of the State for 2021 have been fulfilled as of May 2022.

İ. Revaluation of 4 Subsidiaries according to Equity Method are based on their Financial Reports. In 2021 Milk and Oil Production Marketing Coop Ltd. accounts, the plant machinery and equipment have been revalued and included in it's total equity. Subsidiaries are not audited by us. Only draft financial reports were available for Zirai Supply, Machinery and Food Marketing Koop Ltd. and Binboğa Mixed Animal Feed Carob Product and LP Gaz Üretim ve Pazarlama Kooperatif Ltd.

J. In accordance with 62/2017 Banking Law Article 25 "Rules relating to Goods and Services", the efforts to dispose immovable property acquired amounting to TL 37,979 is still ongoing as at the date of this report.

K. The Bank has a long position of TL 1,912,370,170 in USD currency.

L. The Bank implemented the new banking software program on 31 July 2021.

M. All transactions with the Bank's risk group and employees and the persons forming the risk group with them are carried out subject to the Bank's internal controls. Loans given to the bank's shareholders, employees, subsidiaries and affiliates are stated in note 3 of disclosures to the assets.

N. No significant differences have been identified between the market rates and conditions and rates and conditions given to Bank's risk group, its employees and persons posing risks, and other customers.

- O. It has been determined that included in the loans there are TL 253,377 installments in arrear of 90 days or more. They have been resolved as at the date of this report.

**Ö. Establishment of Internal Systems**

- i. The member of the Board of Directors, who does not have any executive duties, has been appointed as the member responsible for internal systems. The qualifications, duties and powers of this member are in compliance with the Communiqué on Internal Audit, Risk Management, Internal Control and Management Systems in Banks issued by the Central Bank of the TRNC.

The Bank maintains its Internal Systems in the TRNC under the Internal Audit, Risk Management and Internal Control and Compliance units. The qualifications of the employees in the Internal Systems Units comply with the Decree.

ii. Internal Audit

- Internal Audit has planned, performed audits and reported in accordance with the Decree.
- The Internal Audit Unit has submitted its reports to the member responsible for Internal Systems, in accordance with the Decree.
- Internal Audit personnel participated in the establishment of control processes.

iii. Compliance Unit

It carried out its activities and reports in accordance with the Decree. The Bank has established the necessary structure and implemented appropriate procedures in order to ensure compliance with legal regulations.

iv. Internal Control Department.

- An Internal Control Unit has been established in line with the bank's structure, strategies and policies regarding activities and implementation procedures have been identified in writing, and effective control of implementation and operation has been achieved.
- The scale of the information systems of the bank is designed according to the nature and complexity of its activities and products offered.
- The bank's main and auxiliary systems and information system flow need to be strengthened.
- Emergency and contingency plan has been put into practice.
- The effectiveness of internal controls, especially in terms of compliance controls, needs to be strengthened.

v. Risk Management

- Scenario Analysis Technique and Assumption Analysis Technique are used in the risk management model. Periodically, the contextual structures of scenario is updated.
- The Bank has monitored and evaluated the risk compositions in the matrix approved by the Decree.
- The bank carried out stress tests and scenario analysis, made simulations.
- The assesment of the loans extended by the Bank and their classification according to the appropriate risk categories were reported to the Central Bank.
- Penetration testing was carried out and finalised by scheduling the improvements.

**Thus, in accordance with Article 11 of the Independent Audit Decree.**

- The procedures and principles determined in the legislation regarding internal systems have been complied with.
- Personnel in charge of internal audit and compliance participated in the establishment of control processes.
- The bank has appropriate control activities to manage its own risks.
- Risk management models, methodologies and assumptions used for risk measurement and management are regularly evaluated and updated.
- Necessary updates are made in the accounting and related internal audits of the organisation for a new financial product or a new service developed by the Bank.
- Except for the matters stated above, the bank has reliable information systems that provide sufficient financial, operational and appropriate information in a timely and consistent manner. Bank management has a risk management system that is easy to understand and allows them to assess the changing nature of the bank's risk profile.
- Anti Money Laundering Law and other regulations that the Bank required to comply has not been breached.



## II-NOTES AND EXPLANATIONS ABOUT INTERNAL SYSTEMS

### Internal Systems :

Established within the scope of the Decree on Internal Audit, Risk Management, Internal Control and Management Systems in Banks" dated August 12, 2008 and consisting of internal audit, internal control, risk management and compliance units, the internal systems are structured in a way that is compatible with the diversity of the Bank's activities and can respond to changing conditions.

This restructuring aims to maintain banking activities in compliance with the strategies determined by the senior management, to provide reliable financial and administrative reporting, and to minimize, monitor and control unexpected risks that may adversely affect the Bank's reputation.

Fatma Kınış, who was appointed as the Member of the Board of Directors Responsible for Internal Systems on 13/09/2019 pursuant to the second paragraph of the 4th article of the relevant Decree, continued this duty in 2021 as well.

Internal Audit Unit Officer: Mustafa Atagül  
Risk Management Unit Officer: Hasan Uysal  
Internal Control Unit Officer: Canan Özkıran  
Compliance Unit Officer: Şerife Korucan

Units responsible have the qualifications specified in the relevant communiqué. The reports prepared by the Internal System Unit responsible for the activities carried out, in progress and planned to be carried out are submitted to the Board of Directors by the Member of the Board Responsible for Internal Systems within the periods specified in the communiqué.

### Functioning of the Internal Audit System

The Bank's Internal Audit Unit carries out its activities under the Bank's Board of Directors in accordance with the communiqué "Internal Audit, Risk Management, Internal Control and Management Systems in Banks" regulated under the 3rd paragraph of Article 15 of the Banks Law No. 39/2001.

The Internal Audit Unit audits within the framework of a risk-focused audit approach, whether the activities carried out by all Head Office units, Bank branches and subsidiaries are carried out in line with the law and other relevant legislation as well as internal strategies, policies, principles and targets. The Internal Audit Unit continues its activities that will contribute to the decision-making processes of the senior management by informing the Bank's senior management. The Unit, which has six inspectors in its staff and operates in accordance with the "Internal Audit, Risk Management, Internal Control and Management Systems in Banks" decree, in addition to auditing the compliance of the Bank's activities with the business processes to which they are subject, as well as the effectiveness, efficiency and effectiveness of the transaction steps that make up the essential processes. It also evaluated the secondary processes by inspecting it. The suggestions that the inspectors included in the audit reports or conveyed in relation to any transaction/application were shared with the relevant Branch and Department, and the progress of the proposal was followed.

In the upcoming period, the Internal Audit Unit will carry out the activities of executing the internal audit plan, which will be prepared in line with the targets and policies determined by the Bank's Senior Management and within the framework of the modern audit approach, reporting the results to the Board of Directors through the Internal Systems Officer, and monitoring the measures to be taken based on the audit reports, with a high responsibility and duty awareness will continue.

### Functioning of Internal Control Systems

Internal Control activities at the Bank are structured to cover all branches and head office units of the Bank and all activities within the framework of the decree on Internal Audit, Risk Management, Internal Control and Management Systems in Banks".

Control programs for branches are prepared in such a way as to ensure that all branches are subject to periodic controls, and systematic and other deficiencies are identified and suggestions for improvement are made.

Controls carried out in branches and Head Office units; In order to ensure that the Bank is in a fast and up-to-date structure in line with its objectives in every respect, it is tried to be constantly reviewed and renewed in parallel with technological developments.

It is aimed to make a significant contribution to the healthier execution of the Bank's activities and to increase the service quality with the studies and suggestions developed to increase the efficiency of Internal Control activities.

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

The basic approach of the Bank in risk management activities is to establish a risk culture throughout the Bank and to identify, measure, monitor and control the risks that are or will be exposed.

Bank's risk management activities; It includes balance sheet risks such as credit risk, market risk, operational risk and liquidity risk. These risks are defined and controlled by creating risk matrices.

The Bank's currency risk and liquidity risks are tried to be kept under control through scenario analyzes and stress tests prepared by the risk management unit.

The activities of the risk management unit, the results of risk analyzes and risk indicators are reported to the Board of Directors in semi-annual periods.

As a result of the bank's risk management activities;

-The Bank's senior management showed the necessary sensitivity in terms of compliance with both internal and external legislation during the year. As a result, the capital adequacy ratio was 14.90% and the liquidity ratio was approximately 17.65%, in line with the criteria of the TRNC Central Bank.

-Studies on the collection of state-guaranteed loans continued throughout 2021. Due to the interests of the bank and the sector, it is important to collect the said loans within a certain plan.

-From the point of view of currency risk, the bank's long position in dollar currency is tried to be minimized by increasing both on-balance sheet short positions in Sterling and Euro and by off-balance sheet transactions.

In the Bank's Asset-Liability Management process, interest rate risk and market risk reports are prepared with the "Present Value" approach, with the reports created as a result of the service received from the Riskturk software company, by calculating the cash flows of all interest-sensitive financial assets and liabilities, taking into account the time to maturity, and the resulting maturity. Measures are developed and various limit adjustments are made to prevent possible damages due to gaps (Gap).

As a result, all units, which were established and/or restructured in accordance with the Internal Systems Decree, continued to comply with internal and external legislation and to manage the risks arising from Bank's activities with increasing sensitivity in 2021. In this way, the increase in the trust and reputation of the Bank had a positive impact on the deposit and asset size figures in the Bank's balance sheet.

### **Functioning of the Compliance System**

Within the scope of the Decree on the Internal Systems of Banks, the compliance of new transactions and products related to all activities carried out or planned to be carried out by the Bank, and the internal policies and rules are controlled by the Compliance Unit.

The accounts held at the bank and the transactions related to these accounts were examined, supported by various reports.

Suspicious Transaction Reports and Cash Transaction Reports over €10,000 and equivalent have been made to the relevant authorities in accordance with the Law. Trainings, were organized in order to raise awareness of the Bank's personnel on the Law. Developments on the Law will continue to be announced to the personnel through new trainings.

### **Evaluations Regarding Risk Categories:**

**Credit Risk:** Credit risk, which may adversely affect the bank, arising from the partial and/or complete failure of the credit customer to fulfill its obligations pursuant to the contract signed; With the decision of the Board of Directors, it is aimed to gradually reduce the credit risk with the scoring works to be carried out at the customer as a result of the entry into force of the credits regulation. State-backed loans, which are included in the bank's assets and have not yet started to be repaid, also negatively affect the credit risk. Apart from this, loans extended to the Bank's Risk Group and large loans are followed in accordance with legal restrictions.

**Operational Risk:** The Basic Indicator Method is used for operational risk, which expresses the losses that may arise due to external factors such as inadequacy in internal transactions and controls, bank management, employees, computer system or natural disasters, in accordance with the legal regulations.

**Currency Risk:** The exchange rate risk, which expresses the possibility of loss that the Bank may be exposed to due to the mismatch in foreign currency assets and liabilities as a result of changes in foreign exchange rates, has reached high levels due to the government-guaranteed loans held in USD at the Bank. This situation, which creates a favorable outcome for the bank as long as there is an increase in the exchange rates, will have an adverse effect on the bank accounts if there is a decrease in the exchange rates. Increases in exchange rates will adversely affect the Bank's GBP position.

**Liquidity Risk:** Cash flows are controlled daily and necessary adjustments are made in positions in order to minimize the liquidity risk, which is defined as the risk of not having enough cash or cash inflows to meet the cash outflows fully and on time as a result of imbalance and insufficiency in cash flows.



### III - NOTES AND DISCLOSURES TO THE BALANCE SHEET AND MEMORANDUM ACCOUNTS:

#### i) NOTES AND DISCLOSURES TO THE ASSETS:

##### 1. Information relating to Bank Accounts:

##### a) Balances with TRNC Central Bank;

	Current Period		Previous Period	
	TL	FC	TL	FC
Unpledged Current Balances	62.623.453	874.969.138	29.521.025	443.888.403
Unpledged Deposit Balances				
Interbank Money Market Transactions	15.000.000	2.061.000.000	230.000.000	1.149.497.000
Pledged Balances		304.024.000		173.532.800
<b>TOTAL</b>	<b>77.623.453</b>	<b>3.239.993.138</b>	<b>259.521.025</b>	<b>1.766.918.203</b>

##### b) Bank Balances with Overseas Banks;

	Unpledged Balances		Pledged Balances	
	Current Period	Previous Period	Current Period	Previous Period
Turkey	639.535.534	559.825.730	171.611.527	23.155.378
EU Countries		18.183.097	5.941.394	
USA and Canada				
OECD Countries' *				
Offshore Zone				
Other				
<b>TOTAL</b>	<b>639.535.534</b>	<b>578.008.826</b>	<b>177.552.921</b>	<b>23.155.378</b>

\* OECD Countries other than Turkey, EU Countries, USA and Canada.

##### c) Reverse Repo Receivables: None

	Current Period		Previous Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>				
TRNC Central Bank				
Banks				
Other Financial Institutions and Corporations				
Other Institutions and Corporations				
Real Persons				
<b>Overseas Transactions</b>				
Central Banks				
Banks				
Other Financial Institutions and Corporations				
Other Institutions and Corporations				
Real Persons				
<b>TOTAL</b>				

## 2. Securities Portfolio;

a) 290.118.380 TL of the securities portfolio balance is held due to legal requirements at TRNC Development Bank.

b) Analysis of securities portfolio:

Types of Securities	Current Period		Previous Period	
	TL	FC	TL	FC
TRNC Central Bank Securities		1.112.000.000		644.875.000
TRNC Development Bank Securities	41.069.331	249.049.049	38.975.097	142.429.000
Turkish Treasury Bills				
Turkish Government Bonds				
Other OECD Countries Bonds and Bills				
Other Countries Bonds and Bills				
Other				
<b>TOTAL</b>	<b>41.069.331</b>	<b>1.361.049.049</b>	<b>38.975.097</b>	<b>787.304.000</b>

## 3. Information related to Loans account:

a) Loans given to bank personnel and shareholders:

	Current Period		Previous Period	
	Cash	Non-Cash	Cash	Non-Cash
Loans directly given to shareholders				
Loans given to legal entity shareholders	5.182.388	5.094.756	8.047.743	9.496.478
Loans given to individual shareholders				
Indirect loans given to shareholders				
Loans given to personnel	10.390.055		9.345.657	
<b>TOTAL</b>	<b>15.572.443</b>	<b>5.094.756</b>	<b>17.393.400</b>	<b>9.496.478</b>

\* Co-operatives are taken into account as legal entity partners.



b) Group I and Group II loans, other receivables and restructured and/or rescheduled loans and other receivables:

Loans	Standard Performing Loans and Other Receivables		Loans and Other Receivables Under Follow-up	
	Loans and Other Receivables	Rescheduled Loans and Other Receivables	Loans and Other Receivables	Rescheduled Loans and Other Receivables
Bills Discounted	2.577.607			
Export Loans				
Import Loans				
Export Guarantee Investment Loans				
Other Investment Loans				
Business Loans	530.673.063		6.780.452.937	
Special Loans	3.402.973			
Funded Loans				
Consumer Loans	153.414.136	3.518.030	6.852.980	
Credit Cards	67.678.516			
Security Purchase Loans For Customers				
TRNC Central Bank Funded Loans				
Loans Given Through TRNC Central Bank				
Other Loans	4.434.497			
<b>TOTAL</b>	<b>762.180.792</b>	<b>3.518.030</b>	<b>6.787.305.917</b>	

c) Loan Classification by Users:

	Current Period	Previous Period
Public	6.791.156.453	4.948.846.948
Private	761.848.286	564.435.964
<b>TOTAL</b>	<b>7.553.004.739</b>	<b>5.513.282.912</b>

d) Loan Classification-Domestic and Overseas:

	Current Period	Previous Period
Domestic Loans	7.553.004.739	5.513.282.912
Overseas Loans		
<b>TOTAL</b>	<b>7.553.004.739</b>	<b>5.513.282.912</b>

e) Loans Given to Investments and Subsidiaries:

	Current Period	Previous Period
Direct Loans to Investments and Subsidiaries	33.000.418	32.054.281
Indirect Loans to Investments and Subsidiaries		
<b>TOTAL</b>	<b>33.000.418</b>	<b>32.054.281</b>

f) The share of the bank's top 100 cash loan customers in the total cash loans portfolio and the number of cash loan customers that make up 50% of the loan portfolio,

a) The first hundred largest cash loan customers make up 96,27% of the total cash loan portfolio and 1(one) cash loan customers make up 50% of the cash loan portfolio.

g) The share of the bank's top 100 non-cash loan customers in the total non-cash loan portfolio and the number of non-cash loan customers constituting 50% of the loan portfolio,

The first hundred largest non-cash loan customers make up 87,42% of the total non-cash loan portfolio and 4(four) customers holds 50% thereof.

h) The share of cash and non-cash receivables from the Bank's top 100 loan customers in total on-balance sheet and off-balance sheet assets and the number of customers constituting 50% of the cash and non-cash loan portfolio are disclosed.

The first hundred largest cash and non-cash loan customers make up 41,76% of the total assets (including off-balance-sheet items) and 1 (one) customers make up 50% of the total cash and non-cash loan portfolio of the bank.

#### 4. Non-performing Loans:

a) Total Non-performing Loans -Movements in the Year:

	III. Group Loans and Other Receivables with Limited Repayment	IV. Group Doubtful Debts and Other Receivables	V. Group Bad Debts and Other Receivables
Balances Brought Forward	463.044	3.409.089	149.006.287
Additions in the Year (+)	4.070.515		
Transfer from Other Non-Performing Loans		3.258.540	1.953.915
Transfer to Other Non-Performing Loans	-3.258.540	-1.953.915	
Collections in the Period (-)	-15.133	-2.084.877	-4.188.898
Write Offs (-)			
Balances at the end of Period	1.259.886	2.628.837	146.771.304
Specific provision (-)	-137.951	-237.236	-146.771.304
Net Book Value	1.121.935	2.391.601	

b) Foreign Currency Non-Performing Loans-Movements in the Year:

	III. Group Loans and Other Receivables with Limited Repayment Capacity	IV. Group Doubtful Debts and Other Receivables	V. Group Bad Debts and Other Receivables
<b>Current Period:</b>			
Balances Brought Forward	896.094	2.234.553	135.002.668
Specific Provision (-)	-23.317	-177.862	-135.002.668
Net Book Value	872.777	2.056.691	
<b>Previous Period:</b>			
Balance Brought Forward	354.977	2.943.779	136.857.550
Specific Provision (-)	-8.875	-183.986	-136.857.550
Net Book Value	346.102	2.759.793	

c) Bad Debts and Other Receivables Analyzed By Types of Securities and Provisions Made:

Security Group	Loans Given	Provision
Unsecured	5.584.286	5.584.286
Group I - Cash Security	69.788	69.788
Group II - Immovable Security	135.541.333	135.541.333
Group III - Movable Security	5.575.897	5.575.897
Group IV - Other Security		
<b>TOTAL</b>	<b>146.771.304</b>	<b>146.771.304</b>

\* In accordance with Article 7(4) of the Decree on the Qualifications of Banks' Loans and Other Receivables and Provisions, the Bank has set aside special provisions for the total non-performing loan amount, regardless of the collateral amount, for the loans that are in the nature of loss.

d) Bad Loans and other Receivables Policy of the Bank:

Before taking any legal action, a final notice is sent to the user of the loan and a 15-day period is given, after which legal action is initiated for the loss loans that are non-performing. As a result of the court action, after the completion of the execution phase specified in the orders of the Court, the collection of the receivables from the debtors and the guarantors is made for the remaining balance of loans and receivables.

5. Details of receivables from sales of assets with instalments included in the Other Receivables account: None

	Current Period	Previous Period
Sale of investments, subsidiaries and joint ventures		
Sale of immovable property		
Other asset sales		



6. Details Regarding Investments, Subsidiaries:

a) 0 (Zero) TL balance of the investments and subsidiaries account consists of the increase in value resulting from the valuation of these assets at the stock market price.

b) Analysis and Book Values of investments and subsidiaries by sector:

	Participations		Subsidiaries	
	Current Period	Previous Period	Current Period	Previous Period
Banks				
Insurance Companies			33.804.976	23.947.545
Finance Companies				
Other financial investments				
Other non-financial investments and subsidiaries			80.603.971	20.305.328

c) The Bank's Share in Investments and Subsidiaries:

Title	Address	Banks Share of Investment and Voting	Group Holding (%)	Current Year Profit	Market Value
Şeker Sigorta (Kıbrıs) Ltd	Lefkoşa	%100	%100	8.229.009	33.804.976
Süt ve Sıvı Yağ Üretim Pazarlama Koop Ltd.	Lefkoşa	%79.41	%100	1.572.140	68.941.557
Karma Hayvan Yemi, Harup Ürünleri ve LP Gaz Üretim ve Pazarlama Kooperatifi Ltd.	Gönyeli	%97.78	%100	-2.559.763	11.662.414
Zirai Makine ve Gıda Pazarlama Koop Ltd.	Lefkoşa	%97.78	%100	222.705	
Vaka Ltd	Lefkoşa	%40	%40		
Ada Havacılık ve Taşımacılık A.Ş.	Lefkoşa	%15	%15		

d) Investments Quoted on Stock Exchange; None

	Current Period	Previous Period
Quoted on local Stock Exchange		
Quoted on overseas Stock Exchange		

e) Subsidiaries quoted on Stock Exchange; None

	Current Period	Previous Period
Quoted on local Stock Exchange		
Quoted on overseas Stock Exchange		

f) Number of bonus shares received from investments and subsidiaries as a result of capitalization of reserves;

Number of bonus shares received	Current Period	Previous Period
Investments		
Subsidiaries		

g) Details of receivables from and debts due to investments and Subsidiaries;

	Financial investments and Subsidiaries Balance	Non-Financial investments and Subsidiaries Balance
<b>RECEIVABLES</b>		
- Banks and Other Financial Institutions		
- Debentures and Similar Securities		
- Loans (Including Doubtful Debts)		33.000.418
- Interest and Income Accruals		5.740.315
- Financial Leasing Receivables (NET) (*)		
- Other Receivables		8.721
<b>BORROWINGS</b>		
- Deposits	25.668.383	27.582.035
- Borrowed Funds		
- Securities Issued		
- Interest and expense prepayments	79.591	31.411
- Financial leasing liabilities		
- Other liabilities		
<b>OFF-BALANCE-SHEET COMMITMENTS AND LIABILITIES</b>		

\*To be used by banks, authorized by law.

7. ) Details about Long-Term Investments;

	Current Period	Previous Period
1 -Debt securities, Turkish Treasury Bonds		
2 - Repo related items		
3 - Other	74.942	74.942
4 -Provision for loss in value (-)		
<b>TOTAL</b>	<b>74.942</b>	<b>74.942</b>

8. a) Details Regarding Fixed Assets of The Bank;

	Immovable Property	Vehicles	Other Fixed Assets	Total
<b>Balance from previous year:</b>				
Cost	51.000.264	1.677.262	21.361.320	74.038.846
Accumulated depreciation (-)	11.161.834	1.237.441	16.779.892	29.179.167
Net Book Value	39.838.430	439.821	4.581.428	44.859.679
<b>Current Period:</b>				
Net book value at the beginning of the year	39.838.430	439.821	4.581.428	44.859.679
Purchases		1.084.595	841.849	1.926.444
Sales and disposals - Net (-)		-125.082	-36.645	-161.727
Diminution in value				
Depreciation charge (-)	-1.440.686	-198.490	-1.474.536	-3.113.712
Net Exchange differences (-)				
Closing Net Book Value	38.397.744	1.200.844	3.912.096	43.510.684

b) According to the current TRNC Banking Law, the total amount of assets acquired and to be disposed of is TL 37,979.

**9. Details of Other Assets;**

**a) If the other assets item of the balance sheet exceeds 10% of the balance sheet total (excluding off-balance sheet commitments), the names and amounts of the sub-accounts that make up at least 20% of these are disclosed;**

Other assets do not exceed 10% of total assets of the Bank.

**b) Information on prepaid expenses, taxes and similar transactions are additionally disclosed.**

The amount of prepaid expenses of the bank in 2021 is 72,746 TL. This amount consists of insurance expenses.

The Bank is subject to Corporation Tax.

The withholding tax breakdown that the bank paid in 2021 is given below.

1. Withholding tax of 4,482,403 TL deposited to the TRNC Income and Tax Office as part of interest accrued on balances held at banks in TRNC and rental income.
2. A total of 6,766,401 TL of withholding tax paid 2,283,998 TL of which was withheld from the interest accrued to the bank by bank balances held in Turkey which was paid to the relevant Tax Office in Turkiye.
3. The total of prepaid advance taxes is 37,549,256 TL.



## ii) NOTES AND DISCLOSURES TO THE LIABILITIES:

### 10. Breakdown of Deposits ;

#### a) Details of Deposits Analyzed By Residual Maturity

Current Period	On Demand	7 Days Notice	Within 1 Month	Within 3 Months	Within 6 Months	Within 1 Year	Over 1 Year
<b>Resident Accounts</b>							
1) Savings Accounts	170.900.454		2.513.768.545	12.502.955	1.956.684	20.333.932	
2) Official, Commercial and Other Insti	201.450.377		1.241.297.699	44.636.670	33.515.120	1.101.631	
3) Foreign Currency Savings	244.006.462		4.997.888.308	79.192.543	59.740.635	994.270.456	
4) Foreign Currency Official, Commercial and Other institutions Deposits	4.658.091		1.614.159.304	26.729.266	20.442.950	517.978.592	
<b>Non-Resident Accounts</b>							
1) Savings Accounts	834.125		11.523.337	289.203	12.342	9.059	
2) Official, Commercial and Other Institutions Deposits	26.674						
3) Foreign Currency Savings	5.112.174		78.169.294	2.145.091	128.923	25.040.079	
4) Foreign Currency Official, Commercial and Other institutions Deposits							
<b>Banks Deposit</b>							
Local Banks	14.469.184		4.370.130			269.947.062	
Overseas Banks							
Off-Shore Banks							
Other							
<b>TOTAL</b>	<b>641.457.541</b>		<b>10.461.176.617</b>	<b>165.495.728</b>	<b>115.796.654</b>	<b>1.828.680.811</b>	

Previous Period	On Demand	7 Days Notice	Within 1 Month	Within 3 Months	Within 6 Months	Within 1 Year	Over 1 Year
<b>Resident Accounts</b>							
1) Savings Accounts	178.636.324		2.361.990.385	11.677.434	300.747	16.178.399	
2) Official, Commercial and Other Insti	206.391.525		1.225.331.902	39.183.686	463.543	1.019.534	
3) Foreign Currency Savings	67.223.223		2.757.360.608	40.107.234	44.755.625	582.243.766	
4) Foreign Currency Official, Commercial and Other institutions Deposits	65.901.726		860.922.964	13.718.849	11.598.615	303.218.839	
<b>Non-Resident Accounts</b>							
1) Savings Accounts	530.023		5.219.775	17.631	11.408	9.753	
2) Official, Commercial and Other Institutions Deposits							
3) Foreign Currency Savings	59.382		47.147.135	6.648.019	142.755	33.704.451	
4) Foreign Currency Official, Commercial and Other institutions Deposits							
<b>Banks Deposit</b>							
Local Banks	5.744.456		152.080.167				
Overseas Banks							
Off-Shore Banks							
Other							
<b>TOTAL</b>	<b>524.486.659</b>		<b>7.410.052.936</b>	<b>111.352.853</b>	<b>57.272.693</b>	<b>936.374.742</b>	

#### b) Deposits covered by the Savings Insurance Fund Scheme;

Savings Accounts	Current Period		Previous Period	
	TL	FC	TL	FC
Savings Accounts	2.725.743.211	6.475.351.979	2.570.821.358	3.575.242.472
Other Covered Accounts	638.180.472	167.741.287	550.426.700	114.807.960
<b>TOTAL</b>	<b>3.363.923.683</b>	<b>6.643.093.266</b>	<b>3.121.248.058</b>	<b>3.690.050.431</b>

As per clause 11 (4) of the Law 32/2009, deposit totalling 5,967,594 TL and FX 10,341,476 are exempt and are deducted from savings accounts totals.

#### 11) Funds Derived From Repo Transactions:None

	Current Period		Previous Period	
	TL	FC	TL	FC
<b>Local Transactions</b>				
Financial Institutions and Corporations				
Other Institutions and Corporations				
Real Persons				
<b>Overseas Transactions</b>				
Financial Institutions and Corporations				
Other Institutions and Corporations				
Real Persons				

12. Funds Borrowed:

a. Funds Borrowed From Central Bank; None

	Current Period		Previous Period	
	TL	FC	TL	FC
Central Bank Loans				
Interbank Money Market Transactions				
<b>TOTAL</b>				

b. Other Funds Borrowed; None

	Current Period		Previous Period	
	TL	FC	TL	FC
Short-Term				
Medium and Long-Term				

c) Additional explanations regarding the areas where the liabilities of banks are concentrated should be made on the basis of customers and sector groups providing funds.

13. Disclosures relating to funds;

a) Current Period

Term of Borrowing		Interest Details		Currency		
Short	Medium and Long	Fixed-Rate	Variable	USD	TL	Other
	67.038	%5			67.038	
	294.914	%12			294.914	

b) Previous Period

Term of Borrowing		Interest Details		Currency		
Short	Medium and Long	Fixed-Rate	Variable	USD	TL	Other
	67.968	%5			67.968	
	303.137	%12			303.137	

14. The Bank has not issued any securities.

a) Current Period

Term of Borrowing		Interest Details		Currency		
Short	Medium and Long	Fixed-Rate	Variable	USD	TL	Other

b) Previous Period

Term of Borrowing		Interest Details		Currency		
Short	Medium and Long	Fixed-Rate	Variable	USD	TL	Other



15. a) Details of Sundry Liabilities; None

	Current Period	Previous Period
Cash Value of the Securities Obtained		

b) The nature of the cash guarantees received is explained.

None

16. Details of Other Liabilities;

If the other liabilities item account in the balance sheet exceeds 10% of the balance sheet total (excluding off-balance sheet commitments), their the names and amounts of the sub-accounts constituting at least 20% of them;

Other liabilities do not exceed 10% of the total assets of the bank.

17. Details of Shareholders' Funds;

a) Paid-up capital;

	Current Period	Previous Period
Ordinary Share Capital	26.657.950	26.476.351
Preferential, Privileged Share Capital		

b) Whether the registered capital system is applied in the bank and if so, the ceiling of the authorized capital:

Capital System	Paid-up Capital	Ceiling of Authorized Capital
Variable registered capital system	26.657.950	50.000.000

c) Details of increase made to the authorized and paid-up capital in the current period:

Date of Increase	Value of Increase	Cash Issue	Capitalised Reserves	Capitalised Revaluation Funds
1.1.21-31.12.21	181.599	181.599		

According to the bank's articles of association and bylaws, customers who will use a loan from the bank must be a member of the bank. In accordance with this rule, deflection costs sold to loan customers are added to the paid-in capital as a capital increase for that year.

d) Details of capitalized revaluation fund in the current period: None

Fixed Assets Revaluation	Revaluation of Participations	Profit on Sale of Immovable Property	Profit on Sale of Participations	Revaluation of Intangible Assets

e) Disclosure of Institutions and persons who have 10% or more voting rights and/or share in the capital:

None.

Name/Title	Value of Holding	Ratio of Holding	Paid-up Holding	Unpaid Holding

f) No call has been made on the unissued shares of the bank since the year-end to date.

g) Privileges of the 'A' and 'B' Shares of the Bank:

None

#### 18. Statutory Revaluation Fund:

	Current Period		Previous Period	
	TL	FC	TL	FC
Investments and Subsidiaries	104.261.311		34.105.237	
Revaluation Fund				

19. a) Determining the sources of liquidity risk and steps taken, if any, to manage the risk; whether or not constraints have been placed on the the board of directors' limiting the usage of funds in order to meet urgent liquidity needs, and pay maturing liabilities:

The best practices as required by the Basel III directives for banks have been accepted as the basic policy for the Bank's liquidity risk management.

In addition, the system of monitoring and managing the liquidity adequacy known as the Liquidity Coverage Ratio used in international practices has been implemented as a standard in our Bank, and the Liquidity Coverage Ratio table has been started to be created according to bank data at the end of each month. The purpose of the liquidity coverage ratio table is to maintain a stock of high quality liquid assets that can meet the net cash outflows in order to determine the minimum liquidity level while carrying out banking activities. Liquidity risk management is the responsibility of the board of directors. It is fulfilled through ALCO, which also includes senior management. This task; The Asset-Liability Committee (ALCO) is tasked with creating an effective liquidity risk management structure, which includes the strategies, policies and procedures required while maintaining its banking activities. Due to competitive pressures, our Bank takes all measures to prevent practices that will reduce the reliability and effectiveness of liquidity risk management and control, and pays attention to avoid products and practices that may pose a liquidity risk.

b) Bank's Policy on interest rate risk and whether there is harmony between assets' and liabilities' interest rates and whether cost of mismatching is measured.

The Bank is effectively managed by the Asset-Liability Management Committee in order to maintain the balances in assets and liabilities that can be affected by interest rates due to the volatility in the economy.

The Basel Criteria, which are internationally accepted, take into account bank-specific, market-wide or both situations in order to identify the sources of possible liquidity weaknesses and to ensure that the current on- and off-balance sheet position acts in line with the determined liquidity risk appetite. They should regularly perform liquidity stress tests using various stress test scenarios that take into account the market in general or both situations together. Stress test results should be taken into account when determining the liquidity risk management strategy, policies and positions, and emergency and contingency plans should be prepared within this framework. Our bank conducts stress tests periodically. By producing various scenarios, asset liability and profitability analyzes are performed.

c) The Bank's Policy regarding funding of short and long term liquidity needs and untapped liquid sources:

The main sources of financing the bank's short and long term liquidity needs are deposits.

d) Maturity breakdown of certain balance sheet items:

TRNC Central Bank	On Demand	Within 1-3 Months	Within 3-6 Months	Within 6-12 Months	Over 1 Year	Total
<b>Current Period</b>						
<b>Assets</b>						
Liquid Funds (Forcing Exchange, Cash in Transit) and TRNC Central Bank	3,395,368,292					3,395,368,292
Bank Balances	93,116,133	49,823,313	674,149,018			817,088,464
Securities Portfolio	1,112,000,000	22,359,100	99,154,463	168,604,817		1,402,118,380
Loans	328,170,260	1,327,002	5,867,223	8,350,929	7,209,289,325	7,553,004,739
Long Term Investments	74,942					74,942
Other Assets *	168,524,229					1,332,627,793
<b>Total Assets</b>	<b>5,097,253,856</b>	<b>73,509,415</b>	<b>779,170,704</b>	<b>176,955,746</b>	<b>7,209,289,325</b>	<b>14,500,282,610</b>
<b>Liabilities</b>						
Bank Deposits	14,469,183		22,184,147	130,182,000	121,951,046	288,786,376
Other Deposits***	11,382,639,249	348,030,120	310,933,285	876,349,195	5,869,126	12,923,820,975
Funds obtained from other financial institutions						
Securities issued						
Sundry Liabilities	284,940,916					284,940,916
Other Liabilities **	225,256,193					1,002,734,343
<b>Total Liabilities</b>	<b>11,907,305,541</b>	<b>348,030,120</b>	<b>333,117,432</b>	<b>1,006,531,195</b>	<b>127,820,172</b>	<b>14,500,282,610</b>
<b>Net Asset Liquidity Gap</b>	<b>-6,810,051,685</b>	<b>-274,520,705</b>	<b>446,053,272</b>	<b>-829,575,449</b>	<b>7,081,469,153</b>	
<b>Previous Period</b>						
<b>Total Assets</b>	<b>2,599,048,376</b>	<b>1,028,320,169</b>	<b>54,617,342</b>	<b>115,730,334</b>	<b>5,247,077,039</b>	<b>9,767,451,669</b>
<b>Total Liabilities</b>	<b>6,343,043,099</b>	<b>2,140,891,808</b>	<b>214,806,655</b>	<b>581,315,183</b>	<b>21,123,862</b>	<b>9,767,451,669</b>
<b>Net Asset Liquidity Gap</b>	<b>-3,743,994,723</b>	<b>-1,112,571,639</b>	<b>-160,189,313</b>	<b>-465,584,849</b>	<b>5,225,953,177</b>	

\* NPL (net), interest and income accruals and rediscounts, deposit legal provisions, affiliates-subsidiaries, assets to be disposed of and fixed assets are not classified and only included in the total of other assets.

\*\* Equity amount has not been reclassified, only included in the total of other liabilities.

\*\*\* Deposit required reserves are included in the other deposit demand amount. The statutory saving reserve is included in the other deposits on demand total.

e) Disclosures and footnotes regarding other matters:

None.



**iii) NOTES AND DISCLOSURES TO THE MEMORANDUM ACCOUNTS.**

1. If there are areas where the bank's off-balance sheet liabilities are particularly concentrated, these are indicated. These explanations can be made according to the status of the bank, on the basis of customer or sector, and geographical region distinction can be made according to different country groups abroad. Customers can be classified as public institutions and organizations, commercial, industrial and service enterprises.

The area where off-balance sheet liabilities are concentrated are the letters of guarantee given to customers due to the growth in domestic business volume.

**2. a) Total Amount of Non-cash Loans;**

	Current Period	Previous Period
<b>Details of Non-cash Loans Opened as Security for Cash Loans</b>		
Accounts with maturity of less than 1 year		
Accounts with maturity of more than 1 year		
Other off-balance-sheet liabilities	64.454.074	38.428.669
<b>TOTAL</b>	<b>64.454.074</b>	<b>38.428.669</b>

**b) Details of Non-cash Loans;**

	Current Period		Previous Period	
	TL	FC	TL	FC
<b>Non-cash Loans</b>				
Letter of guarantees	34.427.645	29.675.459	23.057.298	14.957.364
Acceptances				
Letters of credit		350.970		414.007
Endorsements, transfers				
Undertaking of Repurchasing				
Other guarantees and acceptances				
<b>TOTAL</b>	<b>34.427.645</b>	<b>30.026.429</b>	<b>23.057.298</b>	<b>15.371.371</b>

**3. Commitments;**

	Current Period	Previous Period
Irrevocable commitments	585.690.117	550.396.873
Revocable commitments		
<b>TOTAL</b>	<b>585.690.117</b>	<b>550.396.873</b>

**4. Foreign Exchange and Interest Rate Transactions;**

None

	Current Period	Previous Period
Forward FX Transactions		
Currency and interest swap transactions		
Currency and interest options		
FX Future Contracts		
Interest future contracts		
Other		
<b>TOTAL</b>		

#### IV - NOTES AND DISCLOSURES TO THE PROFIT AND LOSS ACCOUNT:

##### 1. a) Interest and commissions received from Investments and Subsidiaries:

	Current Period	Previous Period
Interest received from Subsidiaries and Investments	5.740.315	3.641.936
Commissions and fees received from Subsidiaries and Investments	11.706	7.470

##### b) Interest and commissions paid to Participations and Subsidiaries;

	Current Period	Previous Period
Interest paid to Subsidiaries and Investments	4.868.907	1.489.732
Commissions and fees paid to Subsidiaries and Investments		

##### c) Interest received from reverse repo transactions; None

	Current Period		Previous Period	
	TL	FC	TL	FC
Interest received from reverse repos				

##### d) Interest paid to repo transactions; None

	Current Period		Previous Period	
	TL	FC	TL	FC
Interest paid to repo transactions				

##### 2. Breakdown of provisions charge for Loans and Other Receivables;

	Current Period	Previous Period
Specific provision for non-performing loans and other receivables	7.089.903	3.913.881
For unsecured accounts	2.311.890	273.216
For other accounts	4.778.013	3.640.665
General provision for loans	5.902.826	6.738.534
Provision investments to be held up to maturity		
Provision for the diminution of value of participations and subsidiaries		
Others		

3. If the other items in the income and expense groups I, II, IV and V exceed 10% of the group total, a breakdown of the sub-accounts that make up at least 20% of these items should be given.

	2021 TL	2020 TL
<b>I. Other Non-Interest Incomes</b>		
Specific provision income	10.534.544	8.098.437
General provision income	3.592.405	4.391.294
	<u>14.126.949</u>	<u>12.489.731</u>
<b>II. Other Non-Interest Expenses</b>		
Savings Deposit Insurance Fund	<u>37.867.710</u>	<u>37.818.549</u>

**4. Other issues, the disclosure of which is found to be useful:**

(1) Net Profit Before Tax

Net profit before tax is shown after deducting doubtful accounts provision, depreciation, personnel expenses, rental expenses and the following expenses.

	2021 TL	2020 TL
Appropriation to Board of Directors	638.400	514.690
External Auditor Fees*	232.824	139.200
Legal Consultancy Fees	0	310.999
	<u>871.224</u>	<u>964.889</u>

\*The provision amount included in the External Auditor Fees includes VAT.

(2) The total receivables of the bank in its loan portfolio as of 31.12.2021 is 7,703,664,766 TL. 6,772,883,417 TL of this amount is under the guarantee of the State.

TL 930,781,349 of the remaining TL 150,660,027 loan consists of non-performing loans. The amount of special provisions set aside for these receivables in accordance with the provision rules is TL 147,146,491. This amount constitutes 97.67% of NPLs.

(3) A pre-tax profit of TL 267,794,202 was achieved from banking activities.



# CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LTD

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

### TRANSACTIONS IN EQUITY ITEMS

#### PREVIOUS PERIOD

Balance at 1 January 2020

Profit Appropriation:

- Dividends

- Transfers to reserves

Share premiums (common stocks issue)

Share Capital Increase:

- Cash injection

- Transfers from statutory revaluation fund

- Transfers from other accounts

Profit resulting from sale of equity participations, subsidiaries and fixed assets

Profit resulting from sale of equity participations, subsidiaries

Bonus shares obtained from equity participations due to increase in

Increase in statutory revaluation fund in 2018

Increase in value of the securities portfolio

Other

Net Profit at 31/12/2020

#### CURRENT PERIOD

Balances 31 December 2020

Profit Appropriation:

- Dividends

- Transfers to reserves

Share premiums (common stocks issue)

Share Capital Increase:

- Cash injection

- Transfers from statutory revaluation fund

- Transfers from other accounts

Profit resulting from sale of equity participations, subsidiaries and fixed assets

Bonus shares obtained from equity participations due to increase in

the shareholders' funds through sales of fixed assets and investments

Increase in statutory revaluation fund in 2020

Increase in value of the securities portfolio

Other

Net Profit at 31/12/2021

Balances 31 December 2021

	Paid-up Share Capital	First and Second Legal Reserves	Share Premium Account	Other Legal Reserves	General Reserve	Statutory Revaluation Fund of Fixed Assets	Revaluation Fund of Assets of Participations and Subsidiaries	Statutory Revaluation of Securities	Prior Years Profits (Losses)	Current Period Net Profit/ (Loss)	Total Shareholders' Equity
Balance at 1 January 2020	26,325,529	36,104,565				7,718		22,311,417	317,519,742	22,932,104	425,201,075
Profit Appropriation:											
- Dividends											
- Transfers to reserves		2,293,210							20,638,894	-22,932,104	0
Share premiums (common stocks issue)											
Share Capital Increase:	150,822										150,822
- Cash injection											
- Transfers from statutory revaluation fund											
- Transfers from other accounts											
Profit resulting from sale of equity participations, subsidiaries and fixed assets											
Profit resulting from sale of equity participations, subsidiaries											
Bonus shares obtained from equity participations due to increase in								11,793,820			11,793,820
Increase in statutory revaluation fund in 2018										29,125,344	29,125,344
Increase in value of the securities portfolio											
Other											
Net Profit at 31/12/2020	26,476,351	38,397,775				7,718		34,105,237	338,158,636	29,125,344	466,271,061
Balance at 1 January 2021											
Profit Appropriation:											
- Dividends											
- Transfers to reserves		2,912,536			364,371,444				-338,158,636	-29,125,344	0
Share premiums (common stocks issue)											
Share Capital Increase:	181,599										181,599
- Cash injection											
- Transfers from statutory revaluation fund											
- Transfers from other accounts											
Profit resulting from sale of equity participations, subsidiaries and fixed assets											
Bonus shares obtained from equity participations due to increase in											
the shareholders' funds through sales of fixed assets and investments								70,156,074			70,156,074
Increase in statutory revaluation fund in 2020											
Increase in value of the securities portfolio											
Other											
Net Profit at 31/12/2021	26,657,950	41,310,311			364,371,444	7,718		104,261,311	0	240,869,425	777,478,159
Balances 31 December 2021											

**CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LTD**  
**STATEMENT OF CASH FLOW**

	<b>CURRENT PERIOD 31.12.2021 TL</b>	<b>PREVIOUS PERIOD 31.12.2020 TL</b>
<b>I- Cash Flow From Banking Operations (Main Activities)</b>		
Interest income and similar items	1.112.704.975	618.010.871
Interest expenses and similar items	-730.972.299	-433.138.345
Dividends received	0	13.918
Fees and commissions received	23.855.962	17.068.581
Other income	29.500.603	19.238.427
Collections from previously written-off loans and other receivables		
Personnel and administration expenses	-89.840.955	-75.068.316
Taxes paid	-1.285.501	-1.984.570
Other Items Subject to Collection		
Other Items Subject to Payment	-160.582.237	-115.501.350
<b>Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>183.380.548</b>	<b>28.639.216</b>
<b>Changes in Operational Assets and Liabilities:</b>		
<b><u>(Increase) Decrease in Operating Assets:</u></b>		
Net (increase) / decrease in securities portfolio	-575.839.283	-237.823.227
Net (increase) / decrease in banks	-1.507.101.615	-627.114.936
Net (increase) / decrease in loans	-2.039.624.775	-712.142.759
Net (increase) / decrease in other assets	-582.297.095	-149.523.653
<b><u>Increase (decrease) in operating liabilities:</u></b>		
Net increase (decrease) in deposits	4.173.067.468	1.757.263.386
Net increase (decrease) in funds borrowed		
Net (increase) / decrease in securities portfolio		
Net increase (decrease) in other liabilities	248.556.376	-68.470.443
<b>Net Cash Provided from Banking and Commercial Operations</b>	<b>-99.858.376</b>	<b>-9.172.416</b>
<b>II- Cash Flow from Investing Activities</b>		
Cash paid for purchase of equity participations		
Purchase of property and equipment		
Sale of property and equipment	-1.926.444	-2.809.414
Purchase of Intangible Assets	161.727	26.477
Cash paid for purchase of investment securities		
Sale of investment securities		
Other Cash Inflows		
Other Cash Outs	3.113.712	3.343.394
<b>Net Cash (Used in) Provided from Investing Activities</b>	<b>1.348.995</b>	<b>560.457</b>
<b>III- Cash Flow from Financing Activities</b>		
Cash Provided by Credits Provided and Securities Issued		
Credits Provided and Repayments of Issued Securities		
Issued Bank Capital Shares (2020 paid-in capital increase)	181.599	150.822
Dividends Paid		
Other Cash Inflows (31.12.2020 yearly subsidiary value increase)	70.156.074	11.793.820
Other Cash Outs		
<b>Net Cash Provided from Financing Activities</b>	<b>70.337.673</b>	<b>11.944.642</b>
Effect of change in foreign currency evaluation rate of cash and cash equivalents	57.488.877	486.128
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>29.317.169</b>	<b>3.818.811</b>
Cash and Cash Equivalents at the Beginning of the Period	48.434.532	44.615.721
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>77.751.701</b>	<b>48.434.532</b>



**CYPRUS TURKISH CO-OPERATIVE CENTRAL BANK LTD**  
**PROFIT APPROPRIATION TABLE**

	CURRENT PERIOD 31.12.2021 TL	PREVIOUS PERIOD 31.12.2020 TL
<b>A. APPROPRIATION OF CURRENT YEAR INCOME</b>		
1. CURRENT YEAR INCOME	267.794.202	32.283.703
2. TAXES AND DUTIES PAYABLE (-)		
- Corporation tax	-13.335.132	-1.345.601
- Income tax	-199.935	-198.573
- Other taxes and duties	-13.389.710	-1.614.185
NET INCOME FOR THE YEAR	240.869.425	29.125.344
3. PRIOR YEARS' LOSSES (-)		
4. LEGAL RESERVES (-)	24.086.943	2.912.534
5. OTHER STATUTORY RESERVES (-)		
NET INCOME AVAILABLE FOR DISTRIBUTION	216.782.483	26.212.810
6. FIRST DIVIDEND TO SHAREHOLDERS (-)		
- To owners of ordinary shares		
- To owners of privileged shares		
7. DIVIDENDS TO PERSONNEL(-)		
8. DIVIDENDS TO BOARD OF DIRECTORS (-)		
9. SECOND DIVIDEND TO SHAREHOLDERS (-)		
- To owners of ordinary shares		
- To owners of privileged shares		
10. STATUTORY RESERVES (Allocated according to "Memorandum and Articles of Association" of the Bank)		
11. GENERAL RESERVE (Retained Profits)		
12. EXTRAORDINARY RESERVES (REMAINED PROFITS)	-216.782.483	-26.212.810
13. OTHER RESERVES (Allocated by the decision of General Assembly)		
14. SPECIAL FUNDS (Allocated as per certain regulations)		
<b>B. DISTRIBUTION OF RESERVES</b>		
1. DISTRIBUTION OF RESERVES(Reserves allocated in prior years and distributed in the current year)		
2. DIVIDEND TO SHAREHOLDERS (-)		
- To owners of ordinary shares('A' and 'B')		
- To owners of privileged shares		
3. DIVIDENDS TO PERSONNEL (-)		
4. DIVIDENDS TO BOARD OF DIRECTORS (-)		
<b>C. EARNINGS PER SHARE</b>		
1. TO OWNERS OF 'A' SHARES ( TL, % )		
2. TO OWNERS OF 'B' SHARES ( TL, % )		
<b>D. DIVIDEND PER SHARE</b>		
1. TO OWNERS OF 'A' SHARES ( TL, % )		
2. TO OWNERS OF 'B' SHARES ( TL, % )		