



KOOPBANK

ANNUAL REPORT & ACCOUNTS 2011

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.



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

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BANK PROFILE

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

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

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

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

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

Today, Koopbank provides the following services:

- 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 and live-stock breeders. 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 provide services as an integrated financial services group, the Bank has offers insurance services through its subsidiary, Şeker insurance (Kıbrıs) Ltd.
- 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 19 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 vast 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

Üstün Turan
Chairman

Ali Kandulu
Member

Yaşar Artam
Member

Mustafa Numan
Member

Hüseyin Barbet
Member

Metehan Erel
Member

Asım Karaderi
Member

Senior Officers

Gülhan Alp
General Manager

Akay Aktuğ
Assistant General Manager

Kemal Ataman
Assistant General Manager

Auditors

Tatar & Co
Chartered Accountants

As of 25 April 2012

REPORT OF THE DIRECTORS

1. The Board of Directors have pleased in submitting their Report for the year 2011 together with the Audited Balance Sheet and the Profit and Loss Account as of 31st December 2011.

2. Profit and Loss Account

The Net Profit of the Bank for the year 2011 arising from its ordinary activities in the Banking, Commercial and Industrial fields, before making any transfers to Provision for Doubtful Accounts, was TRY 28,625,102 compared to TRY 9,510,886 for the year 2010, reflecting an increase 200.96 %. In 2011, the Net Profit amounted to TRY 25,372,554 whereas corresponding amount for the previous year was TRY 8,642,914.

The Bank also had an extraordinary income of TRY 37,331, consisting of TRY 13,297 Entrance Fees from New Shareholders, TRY 18,327 Rental Income and TRY 5,707 from others. The corresponding figure for the previous year was TRY 557,261 consisting of, TRY 12,248 entrance fees, TRY 45,013 from rental income and TRY 500,000 from others.

3. Taxation

In respect of 2011, a provision of TRY 3,289,879 was made for the taxation liability, leaving an overall Net Income of TRY 25,372,554 for the year, after taxation is deducted.

4. Under the Co-operative Societies Law, The Bank is subject to a levy, up to 15 percent 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 2011 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 25,372,554 are credited to the General Reserve Account in accordance with the statutory regulations in force. Under the regulations made pursuant to the Cooperative Societies Law and Bank's by-Law; the Bank Reserves are not available for distribution as a dividend or appropriation for any purpose; hence they are of the nature of additional permanent capital.

6. Activities of the Bank

In the banking sector, 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 sector, 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.

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

8. Deposits

Time deposits as of 31.12.2011 is amounted to TRY 1,874,288,751 compared to TRY 1,735,060,340 of the previous year, showing 8,02 % increase. On the other hand, demand deposits as of 31.12.2011 is amounted to TRY 173,260,132 compared to TRY 126,224,990 of the previous year, which shows 37,26 % increase.

9. Advances, Loans and other Accounts Receivable

The outstanding advances and loans together with other accounts receivable less provision for doubtful accounts, was TRY 1,767,282,253 compared to TRY 1,605,646,826 at the end of previous year, showing an increase of 10,07 percent.

10. Capital and Reserves

The Capital and Reserves of the Bank as of 31.12.2011 amounted to TRY 188,976,547 as compared to TRY 161,217,407 on 31.12.2010 showing an increase of 17,22 %

The reserves of the Bank increased to 27,759,140 TRY compared with the previous year, due to the 28,662,432 TRY profit for 2011, 169,280 TRY increasing from revaluation, in terms of Turkish Lira, of the foreign currency cost of the overseas investments held by the Bank.

11. We wish to take this opportunity to express our sincere appreciation to our general Manager and his immediate assistance as well as to the managers and staff for their hard work and devotion to their duty during 2011.

On behalf of the Board

Üstün Turan

Chairman

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

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

Preparation of Annual Report and Accounts

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

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

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

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

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.

REPORT OF THE AUDITORS TO THE REGISTRAR OF TURKISH CYPRIOT COOPERATIVE SOCIETIES ON THE FINANCIAL STATEMENTS OF THE CYPRUS TURKISH COOPERATIVE CENTRAL BANK LIMITED FOR THE YEAR ENDED 31st DECEMBER 2011

We have audited the balance sheet of the Cyprus Turkish Cooperative Central Bank Limited (the "Bank") as at 31 December 2011 (with comparative figures for the year 2010) and the related statements of income, cash flow, changes in shareholders' equity and summary of significant accounting policies and other explanatory notes. These financial statements have been prepared under the historical cost convention and in accordance with the financial statement presentation and disclosure requirements as promulgated under Article 29 (3) of the Banking Law (Law Number 39/2001) of the Turkish Republic of Northern Cyprus ("TRNC").

DISCLOSURE ON THE RESPONSIBILITIES OF THE BANK'S BOARD OF DIRECTORS

The Board of Directors of the Bank is responsible for the preparation of the financial statements in accordance with the accounting principles and standards in force set out in Article 29(3) of the Banking Law (Law No. 39/2001) published in the Official Gazette number 122 dated 23 November 2001 and other regulations, communiqués and circulars issued by the Central Bank of TRNC regarding the principles of accounting and financial reporting. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

DISCLOSURE ON THE RESPONSIBILITIES OF THE BANK'S AUDITORS

Our responsibility, as independent auditors, is to express an opinion on these financial statements, based on our audit. Our audit was conducted in accordance with the "Standards Relating to the Firms Authorized to Conduct Independent Audit of Banks" in TRNC published in the Official Gazette dated 20 May 2009, as amended, and International Standards on Auditing. Our audit includes examination, on a test basis, for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Bank's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion, we have also evaluated the overall adequacy of the presentation of information in the financial statements.

Observations:

1. As stated in the financial statements, TRY 1,798,859,618 out of TRY 1,372,640,061 total loans, were made under TRNC government guarantee to five public corporations Government Guarantee Bonds due to expire on 31.12.2012. Of the remaining TRY 426,219,557 loans, TRY 70,966,775 were doubtful debts against which a provision for

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doubtful debts of TL 64,558,872, or 90.97 % thereof, was made pursuant to “Regulations for Provisions” published by the Central Bank on 25.01.2002 under Article 23 (6) of Banking Law No. 39/2001.

2. Of the total TL1,886,784,076 loans and guarantees, TL 42,268,213 was against blocked cash deposit. For the remaining TL 1,844,515,863, a provision for doubtful debts of TL 64,558,872 was made, of which TL 4,519,884 is “Special Provision” and TL 69,078,756 is “General Provision”. The total provision thus made represents 3.75% of the total loans and guarantees amounting to TL 1,844,515,863.
3. As at 31.12.2011, total loans and guarantees secured by Government guarantee exceeded the limit of 200% of the Bank's equity as prescribed under Section 23 (2) (C) and the Provisional Section 7 of the Banking Law Number 39/2001 by TL 1,054,755,651.
4. As disclosed in Note 13 (B) to the balance sheet under “Information Regarding Equity”, loan advanced to a public corporation exceeded the legal limit by TL 31,726,745 as of 31.12.2011 and contravenes the legislation.

REPORT PURSUANT TO THE AUDIT RULES MADE UNDER SECTION 34 (3) OF THE BANKING LAW NUMBER 39/2001

The Bank's balance sheet as at 31.12.2011 and its profit and loss account for the year then ended have been examined using sampling techniques in accordance with the requirements of Section 34 (3) of Banking Law Number 39/2001, and, except for the effects of observations listed above, they comply with the requirements of Sections 29 (3) and 30 of the Law and are in accordance with the Bank's records.

REPORT UNDER THE COOPERATIVE SOCIETIES LAW, CAP 114

To the best of our knowledge and belief, except for the effects of observations listed above, we obtained all the information and explanations that we considered necessary for our audit. In our opinion, so far as we have been able to ascertain from the records examined by us, the Bank has kept proper records of account as required by local law, and, the financial statements submitted to our audit are in accordance with the records maintained by the Bank.

In our opinion and according to the information and explanations given to us, except for the effects of the observations listed above, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2011 and of its results for the year then ended and give the information required under the Cooperative Societies Law, Cap 114 and the Cooperative Societies Rules made under Section 54 of the said Law.

Independent Auditors:

**Tatar & Co.
Chartered Accountants
Authorised Independent Bank Auditors**

Rüstem Z. Tatar BA FCA FCIS
Managing Partner

Tamer Müftüzade BA FCA
Supervising Partner

Ahmet Zeki BSc
Senior Auditor

Date: 25 April 2012

Financial Highlights

(TRY, US\$ in actual)

| | 2011 | | 2010 | | Growth | |
|---|---------------|---------------|---------------|---------------|--------|--------|
| | US\$ | TRY | US\$ | TRY | US\$% | TRY% |
| Total Assets | 1,270,530,469 | 2,382,244,629 | 1,410,817,576 | 2,158,550,892 | -9.94 | 10.36 |
| Loans, Net | 924,960,398 | 1,734,300,746 | 1,022,384,253 | 1,564,247,907 | -9.53 | 10.87 |
| Total Deposits | 1,092,026,071 | 2,047,548,883 | 1,216,526,359 | 1,861,285,330 | -10.23 | 10.01 |
| Shareholders Equity & Reserves | 100,787,492 | 188,976,547 | 105,370,854 | 161,217,407 | -4.35 | 17.22 |
| Net Interest Income | 41,726,568 | 78,237,315 | 47,265,476 | 72,316,178 | -11.72 | 8.19 |
| Net Profit/Loss | 13,532,029 | 25,372,554 | 5,648,963 | 8,642,914 | 139.55 | 193.56 |

End Year Conversion Rates: 1 US \$ = 1.8750 TRY for 2011 1 US \$ = 1.5300 TRY for 2010

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BALANCE SHEETS (As at 31.12.2011 and 31.12.2010)

| ASSETS | | (31/12/2011) | | | (31/12/2010) | | |
|---|------|---------------|-------------|---------------|---------------|-------------|---------------|
| | Note | LC | FC | TOTAL | LC | FC | TOTAL |
| CASH AND EQUIVALENTS | | 6.234.937 | 2.820.040 | 9.054.977 | 8.033.081 | 2.085.596 | 10.118.677 |
| A. Cash balances -Turkish Lira | | 6.234.937 | | 6.234.937 | 8.033.081 | | 8.033.081 |
| B. Cash balances -Foreign Currency | | | 2.651.657 | 2.651.657 | | 2.052.974 | 2.052.974 |
| C. Others | | | 168.383 | 168.383 | | 32.622 | 32.622 |
| BANKS | (1) | 107.271.469 | 247.425.084 | 354.696.553 | 76.581.510 | 225.130.054 | 301.711.564 |
| A. Due from the Central Bank | | 100.397.842 | 157.088.959 | 257.486.801 | 68.565.030 | 115.913.676 | 184.478.706 |
| B. Due from banks | | 6.873.627 | 90.336.125 | 97.209.752 | 8.016.480 | 109.216.378 | 117.232.858 |
| 1) Domestic banks | | 505 | | 505 | 7.251 | | 7.251 |
| 2) Foreign banks | | 6.873.122 | 90.336.125 | 97.209.248 | 8.009.229 | 109.216.378 | 117.225.607 |
| OTHER FINANCIAL INSTITUTIONS | | | | | | | |
| MARKETABLE SECURITIES [Net] | (2) | 61.666.110 | 3.104.952 | 64.771.062 | 67.362.460 | 2.510.889 | 69.873.349 |
| A. Government bonds and treasury bills | | | | 0 | | | |
| B. Other bonds | | | | 0 | | | |
| C. Equity shares | | | | 0 | | | |
| D. Other marketable securities | | 61.666.110 | 3.104.952 | 64.771.062 | 67.362.460 | 2.510.889 | 69.873.349 |
| LOANS | (3) | 1.368.222.021 | 359.670.822 | 1.727.892.843 | 1.266.972.768 | 287.142.017 | 1.554.114.785 |
| A. Short-term | | 1.344.305.487 | 253.930.745 | 1.598.236.232 | 1.252.588.499 | 189.609.933 | 1.442.198.432 |
| B. Medium and Long-term | | 23.916.534 | 105.740.077 | 129.656.611 | 14.384.269 | 97.532.084 | 111.916.353 |
| LOANS IN ARREARS [Net] | (4) | 2.058.745 | 4.349.158 | 6.407.903 | 3.165.563 | 6.967.559 | 10.133.122 |
| A. Loans with limited recovery [Net] | | 837.964 | 1.810.625 | 2.648.589 | 1.568.316 | 5.479.694 | 7.048.010 |
| 1) Gross receivables | | 942.747 | 1.872.520 | 2.815.267 | 1.682.680 | 5.633.212 | 7.315.892 |
| 2) Provision for loan losses (-) | | 104.783 | 61.895 | 166.678 | 114.364 | 153.518 | 267.882 |
| B. Loans with doubtful recovery [Net] | | 1.220.781 | 2.538.533 | 3.759.314 | 1.597.247 | 1.487.865 | 3.085.112 |
| 1) Gross receivables | | 1.346.805 | 2.727.205 | 4.074.010 | 1.725.747 | 1.591.624 | 3.317.371 |
| 2) Provision for loan losses (-) | | 126.024 | 188.672 | 314.696 | 128.500 | 103.759 | 232.259 |
| C. Loans considered as loss [Net] | | | | | | | |
| 1) Gross receivables | | 7.769.821 | 56.307.677 | 64.077.498 | 5.980.981 | 37.705.655 | 43.686.636 |
| 2) Provision for loan losses (-) | | 7.769.821 | 56.307.677 | 64.077.498 | 5.980.981 | 37.705.655 | 43.686.636 |
| INTEREST&OTHER INCOME ACCRUALS | | 2.723.331 | 953.799 | 3.677.130 | 3.154.369 | 842.675 | 3.997.044 |
| A. Loans | | 271.533 | 353.172 | 624.705 | 185.335 | 495.198 | 680.533 |
| B. Marketable securities | | 2.438.622 | 1.511 | 2.440.133 | 2.929.073 | 17.076 | 2.946.149 |
| C. Other | | 13.176 | 599.116 | 612.292 | 39.961 | 330.401 | 370.362 |
| LEASING RECEIVABLES [Net] | | | | 0 | | | |
| A. Leasing receivables | | | | 0 | | | |
| B. Unearned income (-) | | | | 0 | | | |
| RESERVE DEPOSITS AT THE CENTRAL BANK | | 119.391.433 | 42.250.770 | 161.642.203 | 112.078.128 | 36.785.273 | 148.863.401 |
| MISCELLANEOUS RECEIVABLES | (5) | 53.331 | 263.708 | 317.039 | 102.796 | 206.626 | 309.422 |
| PARTICIPATIONS [Net] | (6) | 3.178.136 | | 3.178.136 | 3.663.666 | 0 | 3.663.666 |
| A. Financial services | | 3.178.136 | | 3.178.136 | 3.663.666 | | 3.663.666 |
| B. Others | | | | 0 | | | |
| SUBSIDIARIES [Net] | (6) | 7.326.212 | | 7.326.212 | 5.547.275 | 0 | 5.547.275 |
| A. Financial services | | | | 0 | | | |
| B. Other | | 7.326.212 | | 7.326.212 | 5.547.275 | | 5.547.275 |
| LONG-TERM SECURITIES [Net] | (7) | 11.342.670 | 3.892.682 | 15.235.352 | 19.368.266 | 3.176.428 | 22.544.694 |
| A. Equities | | | | 0 | | | |
| B. Other long-term securities | | 11.342.670 | 3.892.682 | 15.235.352 | 19.368.266 | 3.176.428 | 22.544.694 |
| FIXED ASSETS [Net] | (8) | 14.293.232 | | 14.293.232 | 13.126.134 | 0 | 13.126.134 |
| A. Book value | | 25.474.712 | | 25.474.712 | 23.012.131 | | 23.012.131 |
| B. Accumulated depreciation (-) | | 11.181.480 | | 11.181.480 | 9.885.997 | | 9.885.997 |
| OTHER ASSETS | (9) | 13.629.697 | 122.290 | 13.751.987 | 14.455.304 | 92.455 | 14.547.759 |
| TOTAL ASSETS | (19) | 1.717.391.324 | 664.853.305 | 2.382.244.629 | 1.593.611.320 | 564.939.572 | 2.158.550.892 |

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| LIABILITIES | | Note | (31/12/2011) | | | (31/12/2010) | | |
|------------------------------------|--|------|---------------|-------------|---------------|---------------|-------------|---------------|
| | | | LC | FC | TOTAL | LC | FC | TOTAL |
| DEPOSITS | | (10) | 1.525.656.595 | 521.892.288 | 2.047.548.883 | 1.415.651.464 | 445.633.866 | 1.861.285.330 |
| A. | Saving deposits | | 1.067.836.142 | 438.800.654 | 1.506.636.796 | 920.955.233 | 377.224.287 | 1.298.179.520 |
| B. | Government deposits | | 182.585.251 | 17.015.701 | 199.600.952 | 242.353.600 | 12.667.547 | 255.021.147 |
| C. | Commercial deposits | | 51.525.624 | 15.558.467 | 67.084.091 | 39.511.226 | 13.659.838 | 53.171.064 |
| D. | Other deposits | | 216.505.427 | 42.507.506 | 259.012.933 | 188.831.932 | 35.947.655 | 224.779.587 |
| E. | Bank deposits | | 7.204.151 | 8.009.960 | 15.214.111 | 23.999.473 | 6.134.539 | 30.134.012 |
| F. | Gold deposit accounts | | | | | | | 0 |
| INTERBANK FUNDS BORROWED | | (11) | 835.490 | 3.892.682 | 4.728.172 | 783.236 | 3.176.428 | 3.959.664 |
| FUNDS BORROWED | | (12) | 20.800.000 | 19.882.100 | 40.682.100 | 23.000.000 | 16.431.006 | 39.431.006 |
| A. | The Central Bank funds borrowed | | 20.800.000 | 10.507.100 | 31.307.100 | 23.000.000 | 1.131.006 | 24.131.006 |
| B. | Other funds borrowed | | | 9.375.000 | 9.375.000 | | 15.300.000 | 15.300.000 |
| | 1) Domestic banks and other institutions | | | | | | | 0 |
| | 2) Foreign banks, institutions and funds | | | 9.375.000 | 9.375.000 | | 15.300.000 | 15.300.000 |
| | 3) Subordinated debts | | | | | | | 0 |
| FUNDS | | (13) | 3.022.332 | | 3.022.332 | 4.877.254 | | 4.877.254 |
| SECURITIES ISSUED [Net] (12) | | (14) | 0 | 0 | | 0 | 0 | 0 |
| A. | Bond | | | | 0 | | | 0 |
| B. | Asset-backed securities | | | | 0 | | | 0 |
| C. | Bills | | | | 0 | | | 0 |
| INTEREST & OTHER EXPENSES ACCRUALS | | | 6.642.616 | 6.021.797 | 12.664.413 | 6.449.510 | 5.316.903 | 11.766.413 |
| A. | Deposits | | 6.642.616 | 6.021.797 | 12.664.413 | 6.449.510 | 5.316.903 | 11.766.413 |
| B. | Funds borrowed | | | | 0 | | | |
| C. | Other | | | | 0 | | | |
| LEASING PAYABLES [Net] | | | 0 | 0 | 0 | | | |
| A. | Leasing payables | | | | 0 | | | |
| B. | Deferred leasing expenses (-) | | | | 0 | | | 0 |
| TAXES, DUTIES AND FEES PAYABLE | | | 10.369.287 | 155.799 | 10.525.086 | 8.994.334 | 131.847 | 9.126.181 |
| IMPORT TRANSFER ORDERS | | | | | 0 | | | |
| MISCELLANEOUS PAYABLES [13] | | (15) | 11.215.020 | 1.921.906 | 13.136.926 | 10.449.291 | 1.291.488 | 11.740.779 |
| PROVISIONS | | | 56.341.002 | 26.629 | 56.367.631 | 49.559.043 | 1.913 | 49.560.956 |
| A. | Provision for end-of service benefits | | 30.848.214 | | 30.848.214 | 28.781.723 | | 28.781.723 |
| B. | General provision for loan losses | | 4.519.884 | | 4.519.884 | 4.147.272 | | 4.147.272 |
| C. | Provision for taxes | | 1.856.757 | | 1.856.757 | 921.825 | | 921.825 |
| D. | Other provisions | | 19.116.147 | 26.629 | 19.142.776 | 15.708.223 | 1.913 | 15.710.136 |
| OTHER LIABILITIES (10) | | (16) | 3.936.243 | 656.296 | 4.592.539 | 5.120.136 | 465.766 | 5.585.902 |
| SHAREHOLDERS' EQUITY (16) | | (17) | 41.396.180 | | 41.396.180 | 38.145.303 | | 38.145.303 |
| A. | Paid-in share capital (17) | | 20.488.989 | | 20.488.989 | 19.678.624 | | 19.678.624 |
| | 1) Registered share capital | | 50.000.000 | | 50.000.000 | 50.000.000 | | 50.000.000 |
| | 2) Unpaid capital (-) | | 29.511.011 | | 29.511.011 | 30.321.376 | | 30.321.376 |
| B. | Legal reserves | | 14.403.240 | | 14.403.240 | 13.538.949 | | 13.538.949 |
| | 1) I. And II. legal reserves | | 14.403.240 | | 14.403.240 | 13.538.949 | | 13.538.949 |
| | 2) Share premiums | | | | 0 | | | |
| | 3) Other legal reserves | | | | 0 | | | |
| C. | Optional reserves | | | | 0 | | | |
| D. | Revaluation surplus | | 951.953 | | 951.953 | 782.673 | | 782.673 |
| E. | Revaluation differences (14) | (18) | 5.551.998 | | 5.551.998 | 4.145.057 | | 4.145.057 |
| F. | Loss | | | | 0 | | | |
| | 1) Current period loss | | | | 0 | | | |
| | 2) Previous years' losses | | | | 0 | | | |
| PROFIT | | | 147.580.367 | | 147.580.367 | 123.072.104 | 0 | 123.072.104 |
| A. | Current period profit | | 25.372.554 | | 25.372.554 | 8.642.914 | | 8.642.914 |
| B. | Previous years' profit | | 122.207.813 | | 122.207.813 | 114.429.190 | | 114.429.190 |
| TOTAL LIABILITIES and (15) | | (19) | 1.827.795.132 | 554.449.497 | 2.382.244.629 | 1.686.101.675 | 472.449.217 | 2.158.550.892 |
| | | (1) | | | | | | |
| CONTINGENCIES & COMMITMENTS | | (2) | 17.509.910 | 13.974.734 | 31.484.644 | 12.134.093 | 11.770.726 | 23.904.819 |
| | | | 52.125.435 | 4.314.379 | 56.439.814 | 51.669.415 | 3.777.954 | 55.447.369 |
| ENDORSEMENTS AND WARRANTIES | | | 134.833.603 | 658.769.948 | 793.603.551 | 186.420.603 | 546.940.055 | 733.360.658 |
| TOTAL | | | 204.468.948 | 677.059.061 | 881.528.009 | 250.224.111 | 562.488.735 | 812.712.846 |

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD
 PROFIT AND LOSS ACCOUNTS
 (For the years ended 31.12.2011 and 31.12.2010)

| | Note | (31 / 12 / 2011) | (31 / 12 / 2010) |
|--|------|--------------------|--------------------|
| INTEREST INCOME | (1) | 221.758.865 | 207.603.729 |
| A. Interest income on loans | | 200.524.315 | 162.910.029 |
| 1) Interest income on loans-Turkish Lira | | 169.502.117 | 157.605.381 |
| a - Short-term | | 166.436.459 | 155.576.405 |
| b - Medium and long-term | | 3.065.658 | 2.028.976 |
| 2) Interest income on loans-foreign currency | | 29.511.718 | 23.335.500 |
| a - Short-term | | 20.046.620 | 15.037.403 |
| b - Medium and long-term | | 9.465.098 | 8.298.097 |
| 3) Interest income on loans in arrears | | 1.510.482 | 1.969.148 |
| B. Interest income on reserve deposits at the Central Bank | | 6.031.798 | 5.869.174 |
| C. Interest income received from banks | | 7.835.650 | 9.454.141 |
| 1) The Central Bank | | 4.043.404 | 7.562.172 |
| 2) Domestic banks | | | |
| 3) Foreign banks | | 3.792.246 | 1.891.969 |
| D. Interest income on interbank operations | | | |
| E. Interest income on marketable securities | | 5.806.546 | 8.130.880 |
| 1) Development Bank of the TRNC Bonds | | 2.262.026 | 2.727.917 |
| 2) Other marketable securities | | 3.544.520 | 5.402.963 |
| F. Other interest income | (3) | 1.560.556 | 1.239.505 |
| INTEREST EXPENSES | (1) | 143.521.550 | 135.287.551 |
| A. Interest paid for deposits | | 120.321.720 | 116.117.997 |
| 1) Savings deposits | | 98.171.219 | 96.109.447 |
| 2) Government deposits | | 1.867.426 | 1.538.067 |
| 3) Commercial deposits | | 18.941.189 | 17.664.211 |
| 4) Other deposits | | 7.032 | 10.715 |
| 5) Bank deposits | | 1.334.854 | 795.557 |
| B. Interest paid for foreign currency deposits | | 20.253.175 | 17.105.496 |
| 1) Savings deposits | | 17.437.194 | 14.447.719 |
| 2) Government deposits | | 656.877 | 747.591 |
| 3) Commercial deposits | | 1.359.959 | 1.141.163 |
| 4) Other deposits | | 521.550 | 505.387 |
| 5) Bank deposits | | 277.595 | 253.636 |
| 6) Gold deposit accounts | | | |
| C. Interest paid for interbank operations | | 424.332 | 400.847 |
| D. Interest paid for funds borrowed | | 2.374.943 | 1.339.656 |
| 1) To the Central Bank | | 1.662.918 | 874.626 |
| 2) To domestic banks | | | |
| 3) To foreign banks | | 712.025 | 465.028 |
| 4) Other | | | |
| E. Interest paid for securities issued | | | |
| F. Other interest expenses | (3) | 147.380 | 323.555 |
| NET INTEREST INCOME | | 78.237.315 | 72.316.178 |
| OPERATING INCOME | (1) | 62.676.660 | 34.628.498 |
| A. Fees and commissions received | | 8.268.315 | 7.483.057 |
| 1) Loans | | 2.498.833 | 2.021.716 |
| 2) Contingent liabilities | | 290.227 | 264.585 |
| 3) Other | | 5.479.255 | 5.196.756 |
| B. Income on capital market operations | | | |
| C. Income on foreign exchange operations | | 48.532.930 | 20.278.272 |
| D. Dividend from participations and subsidiaries | | | 500.000 |
| E. Extraordinary income | | | |
| F. Other operating income | (3) | 5.875.415 | 6.367.169 |
| OPERATING EXPENSES | (1) | 112.251.543 | 96.876.530 |
| A. Fees and commissions paid | | 1.371.731 | 750.989 |
| 1) Loans | | 167.325 | 117.624 |
| 2) Contingent liabilities | | | |
| 3) Other | | 1.204.406 | 633.365 |
| B. Loss on capital market operations | | | |
| C. Loss on foreign exchange operations | | 25.809.366 | 16.285.023 |
| D. Personnel expenses | | 29.577.979 | 32.315.128 |
| E. Provision for end-of-service benefits | | 2.804.571 | 2.967.696 |
| F. Rental expenses | | 270.214 | 221.836 |
| G. Depreciation expenses | | 1.362.225 | 1.174.407 |
| H. Taxes and duties | | 154.434 | 175.208 |
| I. Extraordinary expenses | | | |
| J. Provision for loans in arrears | (2) | 25.224.828 | 17.412.727 |
| K. Other provisions | (2) | 5.214.751 | 6.558.786 |
| L. Other operating expenses | (3) | 20.461.443 | 19.014.729 |
| NET OPERATING INCOME | | 49.574.882 | 42.248.032 |
| PROFIT/LOSS BEFORE TAX | | 28.662.432 | 10.068.147 |
| PROVISION FOR TAX | | 3.289.879 | 1.425.233 |
| NET PROFIT | | 25.372.554 | 8.642.914 |

Cash Flow Statements

For the years ended 31st December 2011 and 31st December 2010

| | 31st December 2011 (TRY) | 31st December 2010 (TRY) |
|--|--|---|
| I- Cash Flows from Banking Activities (Core Business) | | |
| Interest Income Received | 221,758,865 | 207,603,729 |
| Interest Expenses Paid | -143,521,550 | -135,287,551 |
| Dividend Received | | |
| Commissions and Fees Received | 8,268,315 | 7,483,057 |
| Other Income | 5,875,415 | 6,367,169 |
| Recoveries on Loans and other Receivables Written-Off | | |
| Payments to personnel and other service providers | -29,577,979 | -32,315,128 |
| Taxes Paid | -154,434 | -175,208 |
| Other Collections (_____) | | |
| Other Payments (_____) | -59,999,641 | -49,526,402 |
| | ----- | ----- |
| Cash Flows from Banking Activities before Changes in Operating Assets and Liabilities | 2,648,991 | 4,149,666 |
| | ===== | ===== |
| Changes in Operating Assets and Liabilities | | |
| <u>Increase/Decrease in Operating Assets:</u> | | |
| (Increase)/Decrease in Securities – Net | 5,102,287 | 203,891 |
| (Increase)/Decrease in Due from Banks – Net | -52,984,989 | 103,102,761 |
| (Increase)/Decrease in Loans – Net | -170,052,839 | -121,560,790 |
| (Increase)/Decrease in Other Assets | -5,654,797 | 959,091 |
| <u>(Increase)/Decrease in Operating Liabilities:</u> | | |
| Increase/(Decrease) in Deposits – Net | 186,263,553 | -2,158,689 |
| Increase/(Decrease) in Funds Borrowed – Net | 1,251,094 | 9,764,886 |
| Increase/(Decrease) in Securities Issued – Net | | |
| Increase/(Decrease) in Other Liabilities - Net | 8,419,951 | -2,401,848 |
| | ----- | ----- |
| Net Cash Inflows from Banking Activities | -25,006,749 | -7,941,032 |
| | ===== | ===== |
| II- Cash Flows from Investing Activities | | |
| Acquisition of Investments and Affiliated Companies | | |
| Sales of Investments and Affiliated Companies | | |
| Purchase of Bank Premises and Equipment | -2,403,696 | -1,098,076 |
| Sales of Bank Premises and Equipment | 110,395 | 107,734 |
| Purchases of Other Long-Term Investments | | |
| Sales of Other Long-Term Investments | | |
| Other Cash Inflows (_____) | 1,295,483 | 1,663,899 |
| Other Cash Outflows (_____) | | |
| Net Cash Outflows used in Investing Activities | -997,818 | 673,557 |
| | ----- | ----- |

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.

Cash Flow Statements Continued:

II- Cash Flows from Capital Financing Activities

Cash Inflows through Funds Borrowed and Securities Issued

Repayments for Funds Borrowed and Securities Issued

Cash Increase in Share Capital

Dividends Paid

Other Cash Inflows (_____)

2,217,306

1,202,380

Other Cash Outflows (_____)

Net Cash Outflows used in Capital Financing Activities

2,217,306

1,202,380

Effect of Changes in Foreign Currency Exchange Rates on
Cash and Cash Equivalents

22,723,564

3,993,249

Increase in Cash and Cash Equivalents

-1,063,700

-2,071,845

Cash and Cash Equivalents at the Beginning of the Period

10,118,677

12,190,522

Cash and Cash Equivalents at the End of the Period

9,054,977

10,118,677

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.

| Statement Of Shareholders' Equity For The Years Ended December 31,2011 and 2010 (TRY) | | | | | | |
|---|------------------|-------------------|-----------------------------|---------------------|--|---|
| | Share Capital | Legal Reserves | Other Legal Reserves (x) | General Reserves | Accumulated Retained Profit (Loss) | Current Retained Profit (Loss) |
| Balances, January 1, 2010 | 18,813,283 | 12,447,233 | 0 | 4,590,691 | 115,520,906 | 151,372,113 |
| Transfers to Legal and General Reserves | | 1,091,716 | | | -1,091,716 | 0 |
| Share Capital Increase | | | | | | 0 |
| -Cash | 865,341 | | | | | 865,341 |
| -Retained Earnings Emission Premium | | | | | | 0 |
| Revaluation Surplus | | | | 337,039 | | 337,039 |
| Others | | | | | | |
| Current Year Net Profit | | | | | | 8,642,914 |
| Balances, January 1,2011 | 19,678,624 | 13,538,949 | 0 | 4,927,730 | 123,072,104 | 161,217,407 |
| Transfer to Legal and General Reserves | | 864,291 | | | -864,291 | 0 |
| Share Capital Increase | | | | | | 0 |
| -Cash | 810,365 | | | | | 810,365 |
| -Retained Earnings Emission Premium | | | | | | 0 |
| Revaluation Surplus | | | | 1,576,221 | | 1,576,221 |
| Others | | | | | | |
| Current Year Net Profit | | | | | | 25,372,554 |
| Balances, December 31,2011 | 20,488,989 | 14,403,240 | 0 | 6,503,951 | 122,207,813 | 25,372,554 |
| | | | | | | 188,976,547 |

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 25/4/2012 by Board of the Directors

(2) General information about the Bank

Information to be provided under Rule 12 of the Rules made by the TRNC Central Bank pursuant to section 34(3) of Banking Law, No 39/2001:

A.

a. Legal structure of the Bank:

Cyprus Turkish Cooperative Central Bank Limited is registered under Chapter 114, Cooperative Societies Law and in regard of its banking activities it is subject to the Banking Law, Law No 39/2001.

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> |
|---|---|-------------------------------|--------------------------------|---|
| Üstün Turan Ali Kandulu Yaşar Artam Mustafa Numan Metehan Erel Hüseyin Barbet Asım Karaderi | Gülhan Alp (General Manager) Akay Aktuğ Kemal Ataman | | Tatar & Co. | Mustafa Atagül Nevzat Üstün Cem Hakseven Nebahat Menteş Hakan Akgün Halil Koççat |

Within the period of 01/01/2011 - 31/12/2011, Mr. Koral Bozkurt resigned from the directorship as from 31 March 2011 and Mr. Asım Karaderi appointed to the Board of Directors of the Bank. In Senior Officers, Mr. Akay Aktuğ and Mr. Kemal Ataman were appointed on May 23, 2011 as assistant general managers. Mr. Hakan Akgün and Mr. Halil Koççat was added as Internal Auditors in this year report.

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.

- e. Declaration by the Bank's Board of Directors on the reliability of its internal control systems:

The Bank's internal audit, internal control, compliance and risk management activities, duties and responsibilities are carried out by teams working independently but in coordination. Assessment and the functioning of the established internal systems, their efficiency and continuity are the prior responsibilities of the Board of Directors of the Bank. The duties and responsibilities of the Board of Directors within the internal systems are carried out by internal systems officer.

- f. Declaration by the Bank's External Auditors on the reliability of its internal control systems:

We have evaluated the reliability of the of the internal control systems of the bank as foreseen under Article 7 of the Regulation on the External Auditors Authorised to Conduct Bank Audits, published by the Central Bank on 05.02.2002 under Article 34(3) of Banking Law 39/2001 and which was amended on 20 May 2009.

Our observations and findings are as follows:

1. The terms and conditions of the Regulation for Internal Audit, Risk Management, Internal Control and Management Systems published by the Central Bank have been complied with,
2. Personnel, responsible for internal audit and control have participated in the control process,
3. Suitable precautions have been taken for Risk Management
4. The Bank's models, methodologies and assumptions for Risk Measurement and administration have been continuously evaluated and updated,
5. The bank has updated its accounting and internal control procedures to meet the needs arising from introducing new financial products and services
6. The bank has adequate information systems that provide consistent and timely financial and operational information which are easily accessible by management personnel including those engaged in internal controls, enabling them to make necessary evaluations

The Bank Management's declaration on the reliability of its internal control systems is satisfactory.

Following the audit tests that we have conducted, we have formed the opinion that the Bank has complied with the uniform chart of accounts, uniform balance sheet and profit and loss statement and footnotes, the basis of accounting and revaluation and Explanatory Note concerning their preparation and implementation as proposed by the Central Bank of the TRNC.

- g. The Bank has kept its accounting records and prepared its balance sheet and profit and loss account and the notes to the accounts in accordance with the accounting system (uniform chart of accounts) prescribed by the Central Bank of the TRNC and the statement of principles relating to accounting and valuation and their implementation.

(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 percent.

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. Since 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.

The value of freehold Immovable Property in London owned by the bank in 1982 for the purpose of opening a branch is marked up annually on every balance sheet date on the basis of TRY value of the Sterling value. The Sterling value is also adjusted on the basis of independent qualified valuers’ report. The such report was obtained for 31 December 1999 and valued 320,000 GBP. Surplus on revaluation of this transaction is taken directly to the reserves.

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 nonperforming 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 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 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.

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.

Marketable Securities as of December 31, 2011 and 2010 are comprised of the following.

| | 2011 (TRY) | 2010 (TRY) |
|---|-----------------------|-----------------------|
| Development Bank of the Turkish Republic of Northern Cyprus Bonds | 39,004,938 | 35,935,879 |
| Turkish Republic Government Bonds and Treasury Bills | 25,766,124* | 33,937,471* |
| Total Securities Portfolio | 64,771,062 | 69,873,350 |

* Blocked securities 10,503,978.- TRY subject to collateral against to the loan obtained from foreign markets are excluded.

- 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) have been cancelled as from 1.1.2007 equity participations and subsidiaries are not revaluated for the year 2011.

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

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.

transaction and control limits, thus preventing any breaches of these limits. A long position exist 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 2011 and 31 December 2010, 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 GBP 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) | 1.8750 TRY | 1.5300 TRY |
| US dollar purchase rates for the 5 working days before balance sheet date: | | |
| Purchase Rate of the 1st day | 1.8800 TRY | 1.5400 TRY |
| Purchase Rate of the 2nd day | 1.8780 TRY | 1.5440 TRY |
| Purchase Rate of the 3rd day | 1.8780 TRY | 1.5370 TRY |
| Purchase Rate of the 4th day | 1.8750 TRY | 1.5320 TRY |
| Purchase Rate of the 5th day | 1.8650 TRY | 1.5310 TRY |
| | Current Period | Previous Period |
| The Bank's "Exchange rate for the Evaluation of Foreign Currency Items" (1 Sterling GBP=.....TRY) | 2.8990 TRY | 2.3700 TRY |
| GBP Sterling purchase rates for the 5 working days before balance sheet date: | | |
| Purchase Rate of the 1st day | 2.9380 TRY | 2.3880 TRY |
| Purchase Rate of the 2nd day | 2.9550 TRY | 2.3830 TRY |
| Purchase Rate of the 3rd day | 2.9500 TRY | 2.3860 TRY |
| Purchase Rate of the 4th day | 2.9420 TRY | 2.3710 TRY |
| Purchase Rate of the 5th day | 2.9450 TRY | 2.3730 TRY |

(9) Movables and Immovables Insured Values:

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

Current Period: 31/12/2011

| | Book Value | Accumulated Depreciation | Insurance Coverage |
|----------------------------|-------------------|---------------------------------|---------------------------|
| Movables | 11,482,081 | 7,836,835 | 2,883,136 |
| Immovables | 13,992,631 | 3,344,645 | 4,095,921 |
| Immovables held for resale | 2,430,264 | -0- | 899,104 |

Previous Period: 31/12/2010

| | Book Value | Accumulated Depreciation | Insurance Coverage |
|----------------------------|-------------------|---------------------------------|---------------------------|
| Movables | 11,247,108 | 7,082,329 | 2,748,306 |
| Immovables | 11,765,023 | 2,803,668 | 3,934,288 |
| Immovables held for resale | 2,434,509 | -0- | 739,212 |

(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 2011.

(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 2011.

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.

(13) INFORMATION REGARDING THE FINANCIAL STRUCTURE

a) Information related to capital adequacy standard ratio:

| | Risk Weights | | | |
|---|----------------------|-------------------|--------------------|--------------------|
| | 0% | 20% | 50% | 100% |
| Risk Weighted Assets, Liabilities and Non-Cash Loans | | | | |
| Balance Sheet Items (Net) | | | | |
| Cash | 8,886,594 | 168,383 | | |
| Due from Central Bank | 257,486,801 | | | |
| Interbank Money Market Placements | | | | |
| Due from Banks | | 67,874,936 | | 29,334,816 |
| Reserve Deposits | 161,642,203 | | | |
| Marketable Securities | 64,771,062 | | | |
| Loans | 1,401,157,359 | | 91,480,207 | 203,528,532 |
| Loans under Follow-Up (Net) | | | | 6,407,903 |
| Interest and Income Accruals | 2,898,801 | 437,712 | 95,367 | 245,250 |
| Miscellaneous Receivables | | | | 7,326,212 |
| Long-Term Securities | 3,044,649 | | | 12,190,703 |
| Immovables held for resale | | | | 2,430,264 |
| Fixed Assets | | | | 13,138,434 |
| Other Assets | 9,386,791 | | | 2,104,906 |
| Off Balance Sheet Items | | | | |
| Guarantees and Pledges | 13,750,915 | 2,583,996 | 14,912,600 | 237,133 |
| Commitments | 2,370,401 | | 729,463 | 11,012,214 |
| Not Risk Weighted Accounts | | | | 12 |
| Total Risk Weighted Assets | 1,925,395,576 | 71,065,027 | 107,217,637 | 287,956,379 |
| Currency Risk | | | | 314,313,000 |
| Total | 0 | 14,213,005 | 53,608,818 | 602,269,379 |

b) Information about the shareholders' equity items:

| | Current Period | Previous Period |
|---|----------------|-----------------|
| CORE CAPITAL | 181,170,745 | 155,452,699 |
| Paid-In Capital | 20,488,989 | 19,678,624 |
| Legal Reserves | 14,403,240 | 13,538,949 |
| Statutory and Extraordinary Reserves | | |
| Accumulated Retained Profit After Tax Provision and Current Retained Profit | 147,580,367 | 123,072,104 |
| Current Retained Loss and Accumulated Retained Loss | | |
| TOTAL SUPPLEMENTARY CAPITAL | 20,663,263 | 18,714,430 |
| General Provisions | 4,519,884 | 4,147,272 |
| Fixed Assets Revaluation Fund | 951,953 | 782,673 |
| Marketable Securities and Investment Securities Value Increased Fund | | |
| Provision For Possible Losses | 9,639,428 | 9,639,428 |
| Marketable Securities Revaluation Fund | 5,551,998 | 4,145,057 |

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| | | |
|--|-------------|-------------|
| TOTAL CAPITAL | 201,834,008 | 174,167,129 |
| Total Capital For The Ratio | 193,847,086 | 165,627,768 |
| DEDUCTIONS FROM THE CAPITAL | 36,206,732 | 43,314,385 |
| Investments in unconsolidated Financial Companies whose main activities are Money and Capital Markets, and that operate with licenses provided in accordance with special laws | 3,178,136 | 3,663,666 |
| Special Cost Expenses | 1,154,798 | 703,093 |
| Prepaid Expenses | 147,053 | 133,885 |
| The Negative Difference Between the Market Values and the Carrying Amounts for Unconsolidated Investments, Subsidiaries, Other Investments, and Fixed Assets | | |
| Subordinated loans given to other banks which operate in TRNC | | |
| Goodwill | | |
| Capitalized Expenses | 31,726,745 | 38,813,741 |
| Total Shareholders' Equity | 158,942,205 | 123,150,361 |

c) Summary information about the capital adequacy ratio:

| | Current Period | Previous Period |
|--------------------------------------|-------------------|--------------------|
| Total Risk-Weighted Assets | 670,091,202 | 601,800,084 |
| Shareholders' Equity | 158,942,205 | 123,150,361 |
| Shareholders' Equity / RWA (%)(*) | 23,72% | 20,46% |

(*)RWA: Total Risk – Weighted Assets

(14) Opinion of the independent audit institution, which audited the financial statements:

Information to be provided under Rule 12 of the Rules made by the TRNC Central Bank pursuant to section 34(3) of Banking Law, No 39/2001.

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II- 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 | 100,397,842 | 157,088,959 | 68,565,030 | 115,913,676 |
| Time Unrestricted Amount | ----- | ----- | ----- | ----- |
| Total | 100,397,842 | 157,088,959 | 68,565,030 | 115,913,676 |

b) Information of foreign bank accounts:

| | Unrestricted Amount | | Restricted Amount | |
|---------------------------|---------------------|-------------------|-------------------|-------------------|
| | Current Period | Previous Period | Current Period | Previous Period |
| Turkey | 63,482,408 | 85,357,531 | 29,334,816 | 25,501,954 |
| European Union Countries | 4,385,339 | 5,699,389 | ----- | 162,924 |
| USA, Canada | 6,685 | 503,809 | ----- | ----- |
| OECD Countries | ----- | ----- | ----- | ----- |
| Off-Shore Banking Regions | ----- | ----- | ----- | ----- |
| Other | ----- | ----- | ----- | ----- |
| Total | 67,874,432 | 91,560,729 | 29,334,816 | 25,664,878 |

c) Information on receivables from reverse repo transactions;

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

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(2) Information about Marketing Securities

- a) i- Surplus on revaluation of marketable securities is -0-.
 ii- The Bank's marketable securities portfolio is stated at initial acquisition cost.
 iii- Securities held to meet legal requirements.
 Total of TRY 39,004,938 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 | 36,159,580 | 2,845,358 | 33,636,819 | 2,299,060 |
| TR Government Bonds and Treasury Bills | 25,506,530 | 259,594 | 33,725,641 | 211,829 |
| Total | 61,666,110 | 3,104,952 | 67,362,460 | 2,510,889 |

(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 | 21,544,091 | 11,294,018 | 20,307,965 | 7,469,610 |
| Real Person Shareholders | ----- | ----- | ----- | ----- |
| Indirect Loans Granted to Shareholders | ----- | ----- | ----- | ----- |
| Loans Granted to Employees | 11,094,148 | ----- | 8,790,459 | ----- |

(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 | 754,472 | | | |
| Export Loans | | | | |
| Import Loans | 15,416,388 | | | |
| Loans Given to Financial Sector | 131,177,039 | | 1,378,841,450 | |
| Specialized Loans | 6,752,489 | | | |
| Consumer Loans | 120,425,714 | 1,204,337 | 3,918,040 | |
| Credit Cards | 33,484,299 | | 2,215,419 | |
| Fund Purpose Loans | 1,766,827 | | | |
| Central Bank Based Loans | | | | |
| Other | 31,889,246 | | 47,123 | |
| Total | 341,666,474 | 1,204,337 | 1,385,022,032 | |

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(c) Loans according to type of borrowers:

| | Current Period | Previous Period |
|----------------|----------------------|----------------------|
| Public Sector | 1,404,737,349 | 1,305,866,591 |
| Private Sector | 323,155,494 | 248,248,194 |
| Total | 1,727,892,843 | 1,554,114,785 |

(d) International and domestic loans:

| | Current Period | Previous Period |
|---------------------|----------------------|----------------------|
| Domestic Loans | 1,727,892,843 | 1,554,114,785 |
| International Loans | ----- | ----- |
| Total | 1,727,892,843 | 1,554,114,785 |

(e) Loans granted to subsidiaries and participations;

| | Current Period | Previous Period |
|---|-------------------|-------------------|
| Direct Loans Granted to Subsidiaries and Participations | 14,060,535 | 14,209,781 |
| Indirect Loans Granted to Subsidiaries and Participations | ----- | ----- |
| TOTAL | 14,060,535 | 14,209,781 |

(f) The share of the Bank's receivables from the top 100 cash borrowers in the overall cash loan portfolio stands at 89,05% and this figure represents 1 borrower.

(g) The share of Bank's receivables from the top 100 non-cash borrowers in the overall non-cash portfolio stands at 90,47% and this figure represents 7 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 66,67% and this figure represents 1 borrower.

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

(a)

| | Group III Loans and Receivables with Limited Collectibility | Group IV Doubtful Loans and Receivables | Group V Loans and Receivables Qualified as Loss |
|--|---|---|---|
| Previous Period End Balance | 7,315,892 | 3,317,371 | 43,686,636 |
| Additions (+) | 21,770,427 | 0 | 0 |
| Transfers from Other categories of Loans Under Follow-Up(+) | 0 | 25,498,388 | 24,212,943 |
| Transfers from Other categories of Loans Under Follow-Up(-) | -25,498,388 | -24,212,943 | 0 |
| Collections (-) | -772,664 | -528,806 | -3,822,081 |
| Write-Offs(-) | 0 | 0 | 0 |
| Current Period End Balance | 2,815,267 | 4,074,010 | 64,077,498 |
| Specific Provisions (-) | 166,678 | 314,696 | 64,077,498 |
| Net Balance on Balance Sheet | 2,648,589 | 3,759,314 | 0 |

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

| | Group III Loans and Receivables with Limited Collectibility | Group IV Doubtful Loans and Receivables | Group V Loans and Receivables Qualified as Loss |
|------------------------------|---|---|---|
| Current Period: | | | |
| Period End Balance | 1,872,520 | 2,727,205 | 56,307,677 |
| Specific Provisions (-) | 61,895 | 188,672 | 56,307,677 |
| Net Balance on Balance Sheet | 1,810,625 | 2,538,533 | 0 |
| Previous Period: | | | |
| Period End Balance | 5,633,212 | 1,591,624 | 37,705,655 |
| Specific Provisions (-) | 153,518 | 103,759 | 37,705,655 |
| Net Balance on Balance Sheet | 5,479,694 | 1,487,865 | 0 |

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

| Collateral Group | Loan | Specific Provision |
|-------------------------|-------------|---------------------------|
| Without Collateral | 4,306,435 | 4,306,435 |
| Group I | | |
| Group II | 54,466,135 | 54,466,135 |
| Group III | 5,304,387 | 5,304,387 |
| 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 | ----- | ----- |
| From sale of immovables | 172,558 | 158,280 |
| From sale of other assets | ----- | ----- |

(6) Information on subsidiaries and equity participations;

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

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

| | Participations | | Subsidiaries | |
|---|----------------|-----------------|----------------|-----------------|
| | Current Period | Previous Period | Current Period | Previous Period |
| Participations | | | | |
| Banks | | | | |
| Insurance Companies | 3,178,136 | 3,663,666 | | |
| Finance Companies | | | | |
| Other Non Financial Participations and Subsidiaries | | | 7,326,212 | 5,547,275 |

(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 | 50% | 50% | 143,484 | 3,178,136 |
| Süt Koop | Lefkoşa | 97,78% | 100% | -3,429,310 | 0 |
| Yem Koop | Gönyeli | 97.78% | 100% | 1,892,472 | 6,375,631 |
| Zirai Makine Koop | Lefkoşa | 97.78% | 100% | -113,535 | 950,581 |
| Vaka Ltd | Lefkoşa | 40% | 40% | ----- | ----- |
| Ada Havacılık ve Taşımacılık | Lefkoşa | 15% | 15% | ----- | ----- |

(d) Equity Participations quoted to a stock exchange;

| | Current Period | Previous Period |
|---|----------------|-----------------|
| Quoted to domestic stock exchanges | ----- | ----- |
| Quoted to international stock exchanges | ----- | ----- |

(e) Subsidiaries quoted to a stock exchange ;

| | Current Period | Previous Period |
|---|----------------|-----------------|
| Quoted to domestic stock exchanges | ----- | ----- |
| Quoted to international stock exchanges | ----- | ----- |

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

| Bonus Share obtained | Current Period | Previous Period |
|-----------------------|----------------|-----------------|
| Equity Participations | ----- | ----- |
| Subsidiaries | 1,892,472 | 482,385 |

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

| | The Participation and Subsidiaries of Financial Services | The Other Participations and Subsidiaries |
|---|---|--|
| RECEIVABLES | | |
| I- The Banks and other financial institutions | | |
| • The Bonds and similar securities | | |
| • Loans (including the loans in arrears) | | 14,060,535 |
| • Interest & Income Accruals | | |
| • Leasing Receivables (Net) | | |
| • Other Assets | | |
| PAYABLES | | |
| • Deposits | 4,850,864 | 5,599,776 |
| • Funds Borrowed | | |
| • Securities Issued | | |
| • Interest & Expense Accruals | 9,253 | 9,215 |
| • Leasing Payables | | |
| • Other Liabilities | | |
| NON-CASH LOANS | | |
| • Letter of Credit Commitments | ----- | |

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

| | Current Period | Previous Period |
|----------------------------|----------------|-----------------|
| Debt Securities | ----- | ----- |
| Quoted in a Stock Exchange | 4,728,172 | 3,959,664 |
| Not Quoted | 10,507,179 | 18,585,030 |
| Impairment Provision (-) | ----- | ----- |
| Total | 15,235,351 | 22,544,694 |

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

| | Immovables | Vehicles | Other Fixed Asset | Total |
|--|------------|----------|-------------------|------------|
| End of Previous Period: | | | | |
| Cost of Acquisition | 11,765,022 | 923,100 | 10,324,009 | 23,012,131 |
| Accumulated Depreciation (-) | 2,803,668 | 663,521 | 6,418,808 | 9,885,997 |
| Net Book Value | 8,961,354 | 259,579 | 3,905,201 | 13,126,134 |
| End of Current Period | | | | |
| Net Book Value at the Beginning of the Period | 8,961,354 | 259,579 | 3,905,201 | 13,126,134 |
| Additions | 2,058,328 | | 345,368 | 2,403,696 |
| Disposals (-) | | 67,752 | 42,643 | 110,395 |
| Impairment | | | | |
| Depreciation (-) | 540,976 | 38,095 | 716,412 | 1,295,483 |
| Currency Translation Differences Resulting from Foreign Investments(+) | 169,280 | | | 169,280 |
| Closing Net Book value | 10,647,986 | 153,732 | 3,491,514 | 14,293,232 |

(b) Movables and immovables that were acquired in return for receivables and were held for resale in accordance with the TRNC Banking Law (Law No 39/2001) amounted to TRY 2,430,264.

(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 were made effective from 1st January 1987. In 1987 the tax exemption privilege enjoyed by all cooperatives was removed, except for those in rural areas. However the Bank's Tax Liability for 2011 was calculated in accordance with the relevant laws. On this basis the total taxation provision made for 2011 is TRY 1,610,676. Withholding tax paid in TRNC and in Turkey TRY 343,429 has been discharged by set off against the taxation liabilities.

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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 | 57,607,045 | | 988,039,606 | 9,883,584 | 390,765 | 11,915,141 |
| Deposit of Public Institutions and other | 86,983,491 | | 352,882,602 | 7,884,413 | 470,004 | 2,395,781 |
| Foreign Currency Savings Deposits | 16,593,853 | | 281,528,164 | 14,010,053 | 9,964,990 | 116,703,593 |
| Foreign Currency Deposit of Public Institutions and other | 11,105,705 | | 42,770,411 | 3,429,982 | 2,179,883 | 15,595,694 |
| Residents in Abroad | | | | | | |
| Saving Deposits | | | | | | |
| Deposit of Public Institutions and other | | | | | | |
| Foreign Currency Saving Deposits | | | | | | |
| Foreign Currency Deposit of Public Institutions and other | | | | | | |
| Bank Deposits | | | | | | |
| Domestic Banks | 970,038 | | 14,244,073 | | | |
| Foreign Banks | | | | | | |
| Off-Shore Banks | | | | | | |
| Other | | | | | | |
| Total | 173,260,132 | | 1,679,464,856 | 35,208,032 | 13,005,642 | 146,610,209 |

The maturity structure of deposits (Previous period):

| | Demand | With 7 Days Maturity | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Months to 1 Year |
|--|--------------------|-------------------------|----------------------|-------------------|-------------------|-----------------------|
| Residents in TRNC | | | | | | |
| Saving Deposits | 36,779,796 | | 857,444,912 | 11,775,808 | 460,638 | 14,494,080 |
| Deposit of Public Institutions and other | 58,873,136 | | 401,008,726 | 7,934,540 | 578,277 | 2,302,078 |
| Foreign Currency Savings Deposits | 17,371,585 | | 246,928,519 | 13,200,994 | 9,809,351 | 89,913,838 |
| Foreign Currency Deposit of Public Institutions and other | 12,669,874 | | 32,763,791 | 2,768,633 | 1,747,244 | 12,325,498 |
| Residents in Abroad | | | | | | |
| Saving Deposits | | | | | | |
| Deposit of Public Institutions and other | | | | | | |
| Foreign Currency Saving Deposits | | | | | | |
| Foreign Currency Deposit of Public Institutions and other | | | | | | |
| Bank Deposits | | | | | | |
| Domestic Banks | 530,599 | | 29,603,413 | | | |
| Foreign Banks | | | | | | |
| Off-Shore Banks | | | | | | |
| Other | | | | | | |
| Total | 126,224,990 | | 1,567,749,361 | 35,679,975 | 12,595,510 | 119,035,494 |

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

| Saving Deposits | Current Period | | Previous Period | |
|---|----------------------|--------------------|----------------------|--------------------|
| | LC | FC | LC | FC |
| Saving Deposits | 1,067,655,140 | 438,778,534 | 920,814,036 | 377,177,360 |
| Other Deposits in the Form of Saving Deposits | 149,545,703 | 13,766,029 | 203,495,744 | 10,505,136 |
| Total | 1,217,200,843 | 452,544,563 | 1,124,309,780 | 387,682,496 |

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

| | Current Period | | Previous Period | |
|--|----------------|-----------|-----------------|-----------|
| | LC | FC | LC | FC |
| From Domestic Transactions | | | | |
| Financial Institutions and Organizations | | | | |
| Other Institutions and Organizations | ----- | ----- | ----- | ----- |
| Real Persons | 835,490 | 3,892,681 | 783,236 | 3,176,428 |
| From Foreign Transactions | | | | |
| Financial Institutions and Organizations | | | | |
| Other Institutions and Organizations | | | | |
| Real Persons | | | | |

(12) a) Information on funds borrowed;

| | Current Period | | Previous Period | |
|----------------------|----------------|------------|-----------------|------------|
| | LC | FC | LC | FC |
| Short-term | 20,800,000 | 10,507,100 | 23,000,000 | 1,131,006 |
| Medium and long-term | ----- | 9,375,000 | ----- | 15,300,000 |

a) Concentration of deposits by sectoral groups .

| | TRY Deposits | Foreign Currency Deposits | Total Deposits |
|---------------------------------|----------------------|---------------------------|----------------------|
| Real Persons and others | 1,127,406,217 | 469,015,601 | 1,596,421,818 |
| Cooperative Institutions | 208,460,976 | 27,851,026 | 236,312,002 |
| Government Corporations | 182,585,251 | 17,015,701 | 199,600,952 |
| Banks | 7,204,151 | 8,009,960 | 15,214,111 |

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(13) Explanation on funds

a) Current Period

| Maturity Structure | | Interest Structure | | Type of Currency | | | |
|--------------------|----------------|--------------------|----------|------------------|-------|-----------|-------|
| Short | Medium or Long | Fixed | Variable | EURO | USD | TRY | Other |
| ----- | 2,364,755 | 5% | ----- | ----- | ----- | 2,364,755 | ----- |
| ----- | 657,577 | 12% | ----- | ----- | ----- | 657,577 | ----- |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |

b) Previous Period

| Maturity Structure | | Interest Structure | | Type of Currency | | | |
|--------------------|----------------|--------------------|----------|------------------|-------|-----------|-------|
| Short | Medium or Long | Fixed | Variable | EURO | USD | TRY | Other |
| ----- | 3,361,361 | 5% | ----- | ----- | ----- | 3,361,361 | ----- |
| ----- | 1,515,893 | 12% | ----- | ----- | ----- | 1,515,893 | ----- |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |

(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 |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |

b) Previous Period

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

(15) a) Explanations on miscellaneous payables

| | Current Period | Previous Period |
|--|----------------|-----------------|
| Total amount of cash collateral obtained | ----- | ----- |

b) Information on cash collateral obtained.

None

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(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 | 20,488,989 | 19,678,624 |
| Preferred Stock | | |

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 | 20,488,989 | 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 |
|---------------------|------------------|---------|----------|---|
| 1/1/2011-31/12/2011 | 810,365 | 810,365 | | |

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 1.1.2011 – 31.12.2011 were 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 |
|-----------------------------|-------------------------------|---------------------------|-----------------------------|---|
| ----- | ----- | ----- | ----- | ----- |

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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 |
|------------------------|-------|------------------|-----------------|----------------|
| ----- | ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- | ----- |

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 | 5,551,998 | ----- | 4,145,057 | ----- |
| From investment Securities Available for sale | ----- | ----- | ----- | ----- |

(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.

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(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 | 266,541,778 | | | | | 266,541,778 |
| Due from Banks | 26,952,422 | 42,970,054 | 27,287,276 | | | 97,209,752 |
| Investment Securities | 50,452,537 | | | 10,773,266 | 3,545,259 | 64,771,062 |
| Loans | 1,593,870,303 | 7,339,879 | 4,996,394 | 10,517,870 | 111,168,395 | 1,727,892,843 |
| Investment Securities Held to Maturity | 3,202 | | | 1,624,753 | 13,607,397 | 15,235,352 |
| Other Assets | 11,638,762 | | | | | 210,593,842 |
| Total Assets | 1,949,459,004 | 50,309,933 | 32,283,670 | 22,915,889 | 128,321,051 | 2,382,244,629 |
| | | | | | | |
| Liabilities | | | | | | |
| Banks Deposits | 970,038 | 14,244,073 | | | | 15,214,111 |
| Other Deposits | 649,107,553 | 1,236,229,513 | 43,972,500 | 85,008,543 | 18,016,663 | 2,032,334,772 |
| Funds Provided from Other Financial Institutions | 20,800,000 | 10,507,100 | | 9,375,000 | | 40,682,100 |
| Marketable Securities Issued | | | | | | |
| Miscellaneous Payables | | | | | | |
| Other Liabilities | 101,176,511 | | | 835,490 | 3,025,097 | 294,013,646 |
| Total Liabilities | 772,054,102 | 1,260,980,686 | 43,972,500 | 95,219,033 | 21,041,760 | 2,382,244,629 |
| | | | | | | |
| Net Liquidity Gap | 1,177,404,902 | -1,210,670,753 | -11,688,830 | -72,303,144 | 107,279,291 | 0 |
| | | | | | | |
| Previous Period | | | | | | |
| | | | | | | |
| Total Assets | 1,705,000,769 | 61,071,169 | 70,731,270 | 24,535,326 | 109,447,207 | 2,158,550,892 |
| Total Liabilities | 724,183,301 | 1,130,885,052 | 38,338,742 | 81,554,551 | 22,371,839 | 2,158,550,892 |
| | | | | | | |
| Net Liquidity Gap | 980,817,468 | -1,069,813,883 | 32,392,528 | -57,019,225 | 87,075,368 | 0 |

e) Other disclosures on Bank's activities.

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.

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 | | |
| With maturity of 1 year or less than 1 year | | |
| With maturity of more than 1 year | | |
| Other non-cash loans | 31,484,644 | 23,904,819 |
| Total | 31,484,644 | 23,904,819 |

b) Information about non-cash loans:

| | Current Period | | Previous Period | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| | LC | FC | LC | FC |
| Non-Cash Loans | | | | |
| Letters of Guarantee | 17,376,282 | 11,552,682 | 11,639,666 | 10,386,948 |
| Bank Acceptances | 98,634 | 563,876 | 68,139 | 383,276 |
| Letters of Credit | 34,994 | 1,858,176 | 426,287 | 1,000,502 |
| Endorsements | | | | |
| Underwriting Commitments | | | | |
| Factoring Guarantees | | | | |
| Other Guarantees and Warranties | | | | |
| Total | 17,509,910 | 13,974,734 | 12,134,092 | 11,770,726 |

(3) Information on commitments;

| | Current Period | Previous Period |
|---------------------------|-------------------|-------------------|
| Irrecoverable Commitments | 56,439,814 | 55,447,369 |
| Recoverable Commitments | ----- | ----- |
| Total | 56,439,814 | 55,447,369 |

(4) Information related to financial derivative instruments;

| | Current Period | Previous Period |
|-------------------------------------|----------------|-----------------|
| Forward FC Transactions | ----- | ----- |
| FC and Interest Swap Transactions | ----- | ----- |
| FC and Interest Option Transactions | ----- | ----- |
| FC Future Transactions | ----- | ----- |
| Future Interest Rate Transactions | ----- | ----- |
| Other | ----- | ----- |
| Total | ----- | ----- |

III. 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 | 1,849,760 | 1,586,401 |
| Commissions and fees received from participations and subsidiaries | 7,114 | ----- |

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

| | Current Period | Previous Period |
|--|----------------|-----------------|
| Interest paid to participations and subsidiaries | 560,404 | 769,102 |
| Commissions and fees paid to participations and subsidiaries | ----- | ----- |

c) Interest received from reverse repurchase agreement transactions;

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

d) Interest paid to repurchase agreement transactions:

| | Current Period | | Previous Period | |
|--|----------------|---------|-----------------|---------|
| | LC | FC | LC | FC |
| Interest paid to repurchase agreement transactions | 61,635 | 362,697 | 104,142 | 296,705 |

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

| | Current Period | Previous Period |
|---|----------------|-----------------|
| Specific Provisions for Loans and Other Receivables | 25,224,828 | 17,412,727 |
| General Provision Expenses | 1,645,277 | 1,043,177 |
| Marketable Securities Impairment Expense | ----- | ----- |
| Impairment Provision Expense * | 113,535 | 294,248 |
| Other | 3,455,939 | 5,221,361 |

* Full provision has been made for loss of subsidiaries for the year 2011.

(3) Description of individual items, which makes up 50% of the category, and “Other” categories in the income end expense groups II, IV, V, and I comprises to 10% or more of the total within these groups.

3.1 Other Incomes

| | 2011 | 2010 |
|---------------------------------------|--------------|--------------|
| | (TRY) | (TRY) |
| Income on provision for loans | ----- | 1,326,973 |
| Income on general provision for loans | ----- | 208,717 |
| Rental Income | ----- | 94,061 |

3.2 Other Expenses

| | 2011 | 2010 |
|--------------------------------|--------------|--------------|
| | (TRY) | (TRY) |
| Saving Deposits Insurance Fund | 14,434,256 | 13,272,273 |

4. Notes on Other Significant Matters

4.1 Net Profit / Loss Before Taxation

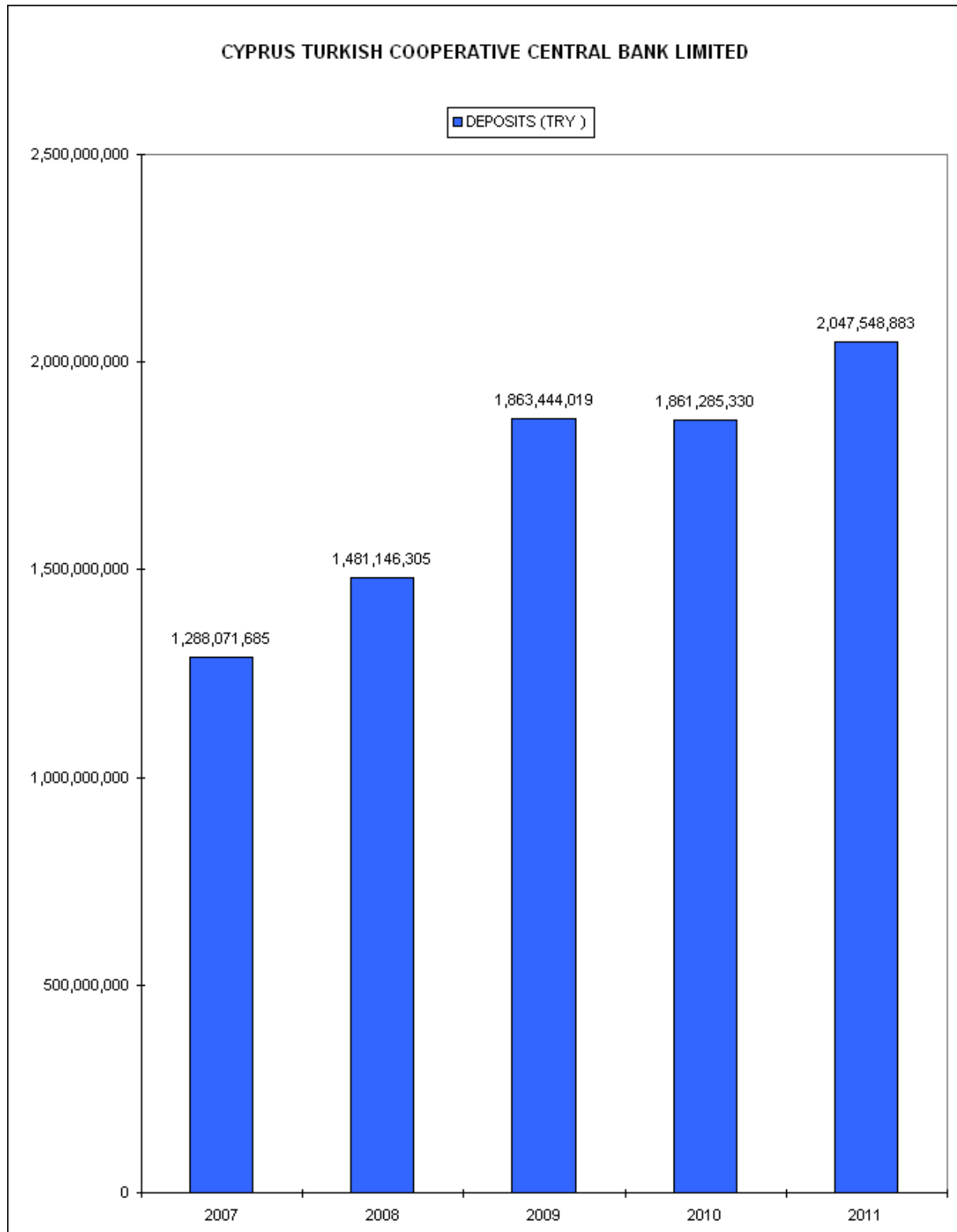
Net profit/ (loss) before taxation was shown after reduction of provision for doubtful debts, depreciation, personnel expenses, rental expenses and the expenses in the following table.

| | 2011 | 2010 |
|-----------------|----------------|---------------|
| | (TRY) | (TRY) |
| Directors' Fees | ----- | ----- |
| Auditors' Fees | 52,200 | 52,200 |
| Legal Advisor | 49,764 | 22,959 |
| Total | 101,964 | 75,159 |

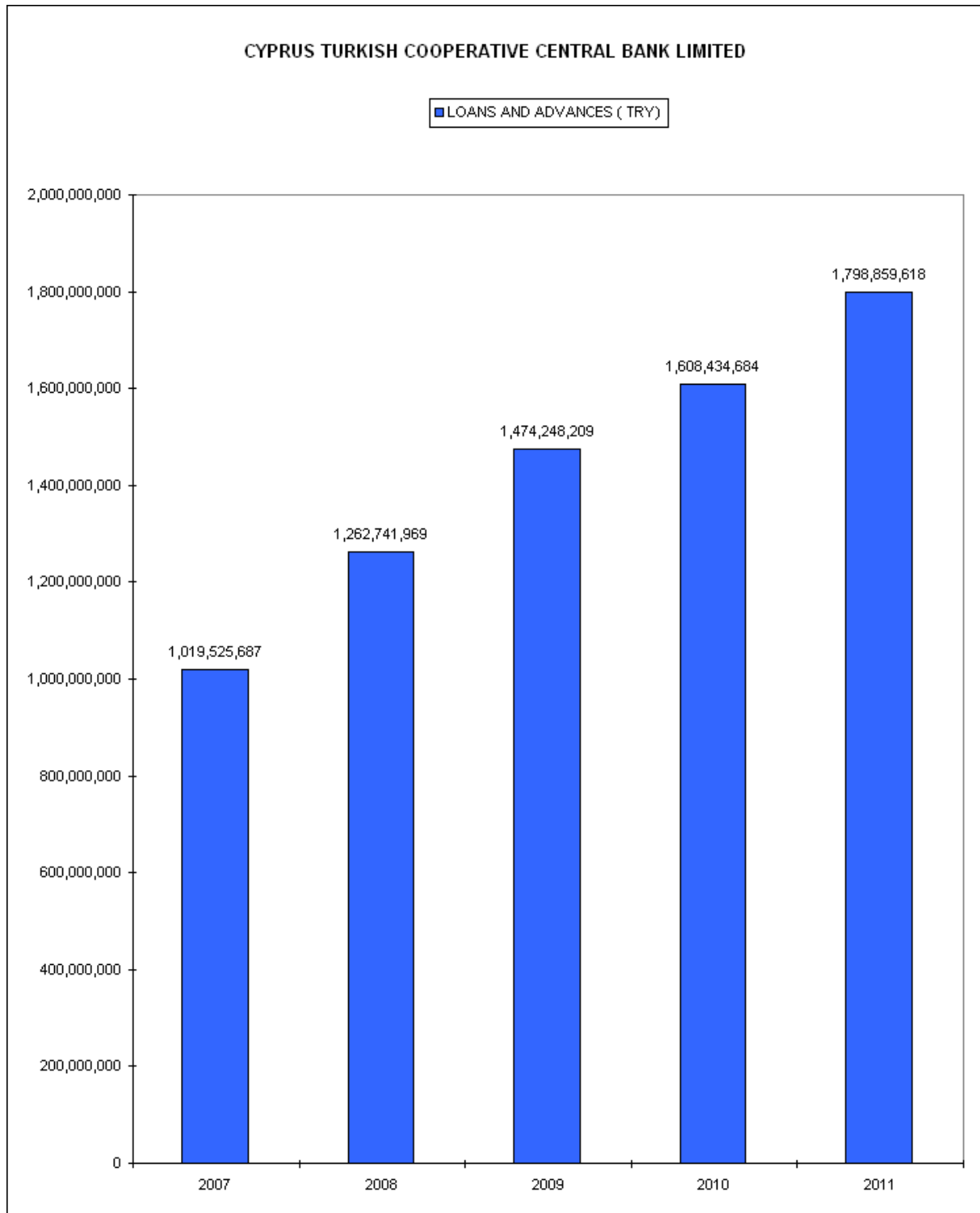
4.2 As of the Balance Sheet date, Total Debtors amounts to TRY 1,798,859,618. The amount of TRY 1,372,640,061 is guaranteed by the government. From the remaining amount of TRY 426,219,557 the amount of TRY 70,966,775 provisions were made in accordance with the communique made by the Central Bank. This provision was made in respect of non-performing loans, which amounts to TRY 64,558,872 is 90.97 %.

4.3 The Banks' Net Profit before taxation is TRY 28,662,433.

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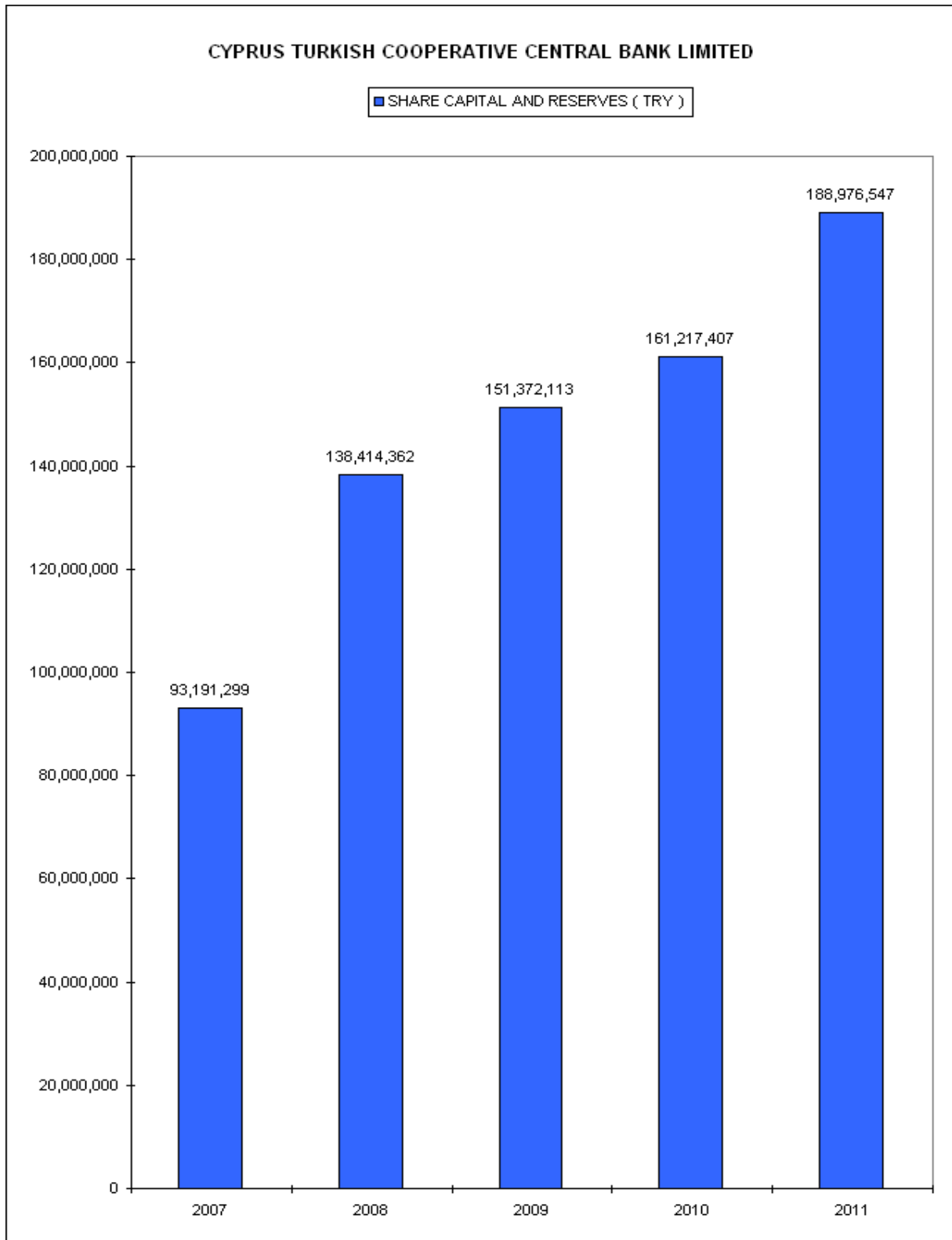


CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.



Note: The amount has been stated before deduction of appropriate provisions for doubtful accounts.

CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.



CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.

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Telephones : +90 392 228 3207 (PBX), +90 392 227 3398
Fax : +90 392 227 6787
Internet : www.koopbank.com
E-mail : info@koopbank.com

DEPARTMENTS

TELEPHONE

FAX

| | | |
|---------------------|------------------|------------------|
| Chief Accountant | +90 392 228 3207 | +90 392 227 6787 |
| HR & Adm. Works | +90 392 227 4101 | +90 392 227 6787 |
| Information Systems | +90 392 229 0444 | +90 392 227 6787 |
| Loans | +90 392 227 4153 | +90 392 227 4139 |

BANKING BRANCHES

TELEPHONE

FAX

| | | |
|-----------------------------|------------------|------------------|
| Main Branch | +90 392 228 3207 | +90 392 227 2435 |
| Foreign Exchange Department | +90 392 228 2931 | +90 392 227 2079 |
| Insurance Agency | +90 392 228 2932 | |
| Yenişehir, Nicosia | +90 392 228 5875 | +90 392 227 9208 |
| Taşkınköy, Nicosia | +90 392 227 4954 | +90 392 228 3831 |
| Famagusta | +90 392 225 2316 | +90 392 225 4586 |
| Maraş, Famagusta | +90 392 366 5304 | +90 392 366 6304 |
| Eastern Med. Univ. | +90 392 367 0230 | +90 392 367 0233 |
| İskele | +90 392 365 3682 | +90 392 365 3416 |
| Geçitkale, İskele | +90 392 371 2523 | +90 392 371 2095 |
| Kyrenia | +90 392 373 3139 | +90 392 373 3139 |
| Karakum, Kyrenia | +90 392 815 2469 | +90 392 815 3770 |
| Karaoğluanoğlu, Kyrenia | +90 392 816 1069 | +90 392 816 1079 |
| Güzelyurt | +90 392 822 4445 | +90 392 822 4447 |
| Gemikonağı | +90 392 714 2197 | +90 392 714 3527 |
| Gönyeli | +90 392 727 8162 | +90 392 721 8165 |
| Vadili | +90 392 223 5185 | +90 392 223 5981 |
| Akdoğan | +90 392 223 5185 | +90 392 377 7693 |
| Ortaköy | +90 392 377 7691 | +90 392 377 8257 |
| Yeni Erenköy | +90 392 377 8321 | +90 392 228 0653 |
| Sanayi, Famagusta | +90 392 228 0651 | +90 392 374 5069 |
| | +90 392 374 5067 | +90 392 365 6092 |
| | +90 392 365 6090 | |

SUBSIDIARIES&PARTICIPATIONS

TELEPHONE

FAX

**Dairy and Oil Production and
Marketing Cooperative Ltd.**

| | | |
|--------------------------|------------------|------------------|
| Dairy Products Industry | +90 392 227 1748 | +90 392 228 4216 |
| Oil & Margarine Industry | +90 392 815 2276 | +90 392 815 2063 |

Animal Fodder, Carobs Kibbling and

LP Gas Production and Marketing Cooperative Ltd.

| | | |
|--------------------------|------------------|------------------|
| Animal Fodder Industry & | | |
| LP Gas Filling Station | +90 392 223 1314 | +90 392 223 2766 |
| Carobs Kibbling Plant | +90 392 371 2840 | +90 392 371 2982 |

**Agricultural Requisites, Machinery Equipment
and Foodstuffs Marketing Cooperative Ltd.**

| | | |
|---------------------------------|------------------|------------------|
| Agricultural Req. & Supplies | +90 392 228 3123 | +90 392 228 2764 |
| Machinery & Foodstuffs Supplies | +90 392 228 3123 | +90 392 228 2764 |
| | +90 392 227 8111 | +90 392 227 4899 |
| Şeker Sigorta (Kıbrıs) Ltd | +90 392 444 0404 | +90 392 227 4074 |



CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.