



BANK PROFILE

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

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

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

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

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

Today, KOOPBANK provides the following services:

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

As well as the above specialized services, Koopbank offers a comprehensive range of retail, corporate and foreign banking services through its 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 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

Harun Dimililer
Member

Yaşar Artam
Member

Mustafa Numan
Member

Hüseyin Barbet
Member

Metehan Erel
Member

İsmet Baykur
Member

Auditors

Erdal & Co
Chartered Accountants

Senior Officers

Gülhan Alp
General Manager

Akay Aktuğ
Assistant General Manager

Kemal Ataman
Assistant General Manager

As of 19 April 2013

REPORT OF THE DIRECTORS

1. The Board of Directors has pleased in submitting their Report for the year 2012 together with the Audited Balance Sheet and the Profit and Loss Account as of 31st December 2012.

2. Profit and Loss Account

The Net Profit of the Bank for the year 2012 arising from its ordinary activities in the Banking, Commercial and Industrial fields, before making any transfers to Provision for Doubtful Accounts, was TRY 19,011,290 compared to TRY 28,625,102 for the year 2011, reflecting an decrease of 34% . In 2012, the Net Profit amounted to TRY 17,184,244 whereas corresponding amount for the previous year was TRY 25,372,553.

The Bank also had an extraordinary income of TRY 104,637, consisting of TRY 9,243 Entrance Fees from New Shareholders, TRY 92,394 from Rental Income and TRY 3,000 from others. The corresponding figure for the previous year was TRY 37,331 consisting of, TRY 13,297 from entrance fees, TRY 18,327 from rental income and TRY 5,707 from others.

3. Taxation

In respect of 2012, a provision of TRY 1,931,684 was made for the taxation liability, leaving an overall Net Income of TRY 17,184,244 for the year, after taxation is deducted.

4. Under the Co-operative Societies Law, The Bank is subject to a levy, up to 15% of its annual Net Profit from ordinary activities as compulsory contribution to the statutory Co-operative Societies Audit and Supervision Fund. The exact amount of such contribution is determined by the Registrar of Turkish Co-operative Societies. In the accounts for 2012 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 17,184,244 are credited to the General Reserve Account in accordance with the statutory regulations in force. Under the regulations made pursuant to the Cooperative Societies Law and Bank's by-Law; the Bank Reserves are not available for distribution as a dividend or appropriation for any purpose; hence they are of the nature of additional permanent capital.

6. Activities of the Bank

In the banking field, the Bank operating through nineteen banking branches in Northern Cyprus, provides a comprehensive range of domestic and foreign banking services. In the industrial and commercial fields, the Bank comprises mainly in agriculture-based production companies through its three Cooperative Subsidiaries. It makes a significant contribution to the economy of the Turkish Republic of Northern Cyprus.

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

8. Deposits

Time deposits as of 31.12.2012 are amounted to TRY 2,015,740,368 compared to TRY 1,874,288,739 of the previous year, showing a 7,55% increase. On the other hand, demand deposits as of 31.12.2012 are amounted to TRY 184,399,901 as compared to TRY 173,260,144 of the previous year, which shows a 6,43% 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 1,902,844,544 compared to TRY 1,767,282,253 at the end of previous year, showing an increase of 7,67%.

10. Capital and Reserves

The Capital and Reserves of the Bank as of 31.12.2012 amounted to TRY 210,968,476 as compared to TRY 188,976,547 on 31.12.2011 showing an increase of 11,64%.

The reserves of the Bank increased to TRY 21,991,929 as compared with the previous year; this increase in reserves is due to the TRY 27,759,140 profit for 2012 and TRY 10,560 decrease 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 2012.

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 LIMITED**INDEPENDENT AUDITORS' REPORT FOR THE ACCOUNTING PERIOD
1 JANUARY 2012 - 31 DECEMBER 2012**

We have audited the accounts on pages 8 to 43 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 17. As described on page 5 the directors of the bank are responsible for the preparation of accounts. Our responsibility is to express an opinion based on our audit.

We have conducted our audit in accordance with applicable auditing principles. Those principles require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement taking into consideration the operation of the Bank's internal systems, effectiveness of the internal control system, sufficient use of internal systems and the appropriateness of the infrastructure and the systems in use to the Bank's structure. An audit includes 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. We believe that our audit provides reasonable basis for our opinion.

Report in accordance with Principles relating to the establishments authorized to carry out Independent Audits of the Banks Decree

In our opinion, the said financial statements, with all material respects, have been examined on a test basis under Article 34 (3) of the Banking Law No:39/2001 and the following matter has been identified.

- The total of loans secured by State guarantee exceeded the limit as prescribed by the 39/2001 Banking Law by TRY 1,160,695,092 (One billion one hundred and sixty million, six hundred and ninety five thousand, ninety two Turkish Lira).

Except for the matter above the financial statements is in conformity with the uniform chart of accounts, uniform balance sheet and profit and loss statement, notes to the financial statements, accounting and valuation standards in accordance with Article 29 (3), the records of the bank in accordance with Article 30 of the above mentioned Law and as explained in note-1 (14). Internal systems and internal control procedures have been reviewed and found appropriate as stated in note IB-14.

Opinion under Cooperative Companies Law Chapter 114

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



In our opinion and to the best of information obtained and according to the explanations given to us, the accounts in all material respects, give the information required by Chapter 114, the Cooperative Companies Law in the manner so required and give a true and fair view of the Bank's financial position as at 31 December 2012 and of the profit for the year 2012.

Responsible Partner

Erdal & Co.

Hüseyin Erdal FCA

Firuz Fehmi BA (Hons) FCA

Eral Erdal Bsc (Hons) FCA

Nicosia, 26.04.2013

Independent Auditors Authorized by the Central Bank

Financial Highlights

(TRY, US\$ in actual)

| | 2012 | | 2011 | | Growth | |
|---|---------------|---------------|---------------|---------------|--------|--------|
| | US\$ | TRY | US\$ | TRY | US\$% | TRY% |
| Total Assets | 1,470,648,675 | 2,588,341,667 | 1,270,530,469 | 2,382,244,629 | 15,75 | 8,65 |
| Loans, Net | 1,064,201,086 | 1,872,993,911 | 924,960,398 | 1,734,300,746 | 14,68 | 8,00 |
| Total Deposits | 1,250,079,698 | 2,200,140,269 | 1,092,026,071 | 2,047,548,883 | 14,47 | 7,45 |
| Shareholders Equity & Reserves | 119,868,452 | 210,968,476 | 100,787,492 | 188,976,547 | 18,93 | 11,64 |
| Net Interest Income | 41,534,694 | 73,101,062 | 41,726,568 | 78,237,315 | -0,46 | -6,56 |
| Net Profit/Loss | 9,763,775 | 17,184,244 | 13,532,029 | 25,372,554 | -27,85 | -32,27 |

End Year Conversion Rates : 1 US \$ = 1.7600TRY for 2012

1 US \$ = 1.8750 TRY for 2011

BALANCE SHEETS
(As at 31.12.2012 and 31.12.2011)

| ASSETS | | (31/12/2012) | | | (31/12/2011) | | | |
|--------------------------------------|--------------------------------------|---------------|---------------|-------------|---------------|---------------|-------------|---------------|
| | | Note | LC | FC | TOTAL | LC | FC | TOTAL |
| CASH AND EQUIVALENTS | | | 10.351.053 | 3.307.422 | 13.658.475 | 6.234.937 | 2.820.040 | 9.054.977 |
| A. | Cash balances -Turkish Lira | | 10.351.053 | 0 | 10.351.053 | 6.234.937 | 0 | 6.234.937 |
| B. | Cash balances -Foreign Currency | | 0 | 3.197.114 | 3.197.114 | 0 | 2.651.657 | 2.651.657 |
| C. | Others | | 0 | 110.308 | 110.308 | 168.383 | 168.383 | 168.383 |
| BANKS | | (1) | 159.406.314 | 267.800.123 | 427.206.437 | 247.425.084 | 247.425.084 | 354.696.553 |
| A. | Due from the Central Bank | | 149.483.988 | 205.625.995 | 355.109.983 | 100.397.842 | 157.088.959 | 257.486.801 |
| B. | Due from banks | | 9.922.326 | 62.174.128 | 72.096.454 | 90.336.125 | 97.209.752 | 97.209.752 |
| | 1) Domestic banks | | 1.667 | 0 | 1.667 | 505 | 0 | 505 |
| | 2) Foreign banks | | 9.920.659 | 62.174.128 | 72.094.787 | 6.873.122 | 90.336.125 | 97.209.248 |
| OTHER FINANCIAL INSTITUTIONS | | | 0 | 0 | 0 | 0 | 0 | 0 |
| MARKETABLE SECURITIES [Net] | | (2) | 41.972.068 | 2.924.276 | 44.896.344 | 61.666.110 | 3.104.952 | 64.771.062 |
| A. | Government bonds and treasury bills | | 0 | 0 | 0 | 0 | 0 | 0 |
| B. | Other bonds | | 0 | 0 | 0 | 0 | 0 | 0 |
| C. | Equity shares | | 0 | 0 | 0 | 0 | 0 | 0 |
| D. | Other marketable securities | | 41.972.068 | 2.924.276 | 44.896.344 | 61.666.110 | 3.104.952 | 64.771.062 |
| LOANS | | (3) | 1.527.896.835 | 340.758.573 | 1.868.655.408 | 1.368.222.021 | 359.670.822 | 1.727.892.843 |
| A. | Short-term | | 1.499.055.914 | 239.195.050 | 1.738.250.964 | 1.344.305.487 | 253.930.745 | 1.598.236.232 |
| B. | Medium and Long term | | 28.840.921 | 101.563.523 | 130.404.444 | 23.916.534 | 105.740.077 | 129.656.611 |
| LOANS IN ARREARS [Net] | | (4) | 2.073.809 | 2.264.694 | 4.338.503 | 2.058.745 | 4.349.158 | 6.407.903 |
| A. | Loans with limited recovery [Net] | | 898.171 | 1.508.930 | 2.407.101 | 837.964 | 1.810.625 | 2.648.589 |
| | 1) Gross receivables | | 1.024.334 | 1.581.950 | 2.606.284 | 942.747 | 1.872.520 | 2.815.267 |
| | 2) Provision for loan losses (-) | | 126.123 | 73.020 | 199.183 | 104.783 | 61.895 | 166.678 |
| B. | Loans with doubtful recovery [Net] | | 1.175.638 | 755.764 | 1.931.402 | 1.220.781 | 2.538.533 | 3.759.314 |
| | 1) Gross receivables | | 1.307.854 | 854.327 | 2.162.181 | 1.346.805 | 2.727.205 | 4.074.010 |
| | 2) Provision for loan losses (-) | | 132.216 | 98.563 | 230.779 | 126.024 | 188.672 | 314.696 |
| C. | Loans considered as loss [Net] | | 0 | 0 | 0 | 0 | 0 | 0 |
| | 1) Gross receivables | | 8.069.144 | 58.292.192 | 66.361.336 | 7.769.821 | 56.307.677 | 64.077.498 |
| | 2) Provision for loan losses (-) | | 8.069.144 | 58.292.192 | 66.361.336 | 7.769.821 | 56.307.677 | 64.077.498 |
| INTEREST&OTHER INCOME ACCRUALS | | | 3.459.019 | 520.452 | 3.979.471 | 2.723.331 | 953.799 | 3.677.130 |
| A. | Loans | | 186.124 | 310.266 | 496.390 | 271.533 | 353.172 | 624.705 |
| B. | Marketable securities | | 3.223.980 | 1.443 | 3.225.423 | 2.438.622 | 1.511 | 2.440.133 |
| C. | Other | | 48.915 | 208.743 | 257.658 | 13.176 | 599.116 | 612.292 |
| LEASING RECEIVABLES [Net] | | | 0 | 0 | 0 | 0 | 0 | 0 |
| A. | Leasing receivables | | 0 | 0 | 0 | 0 | 0 | 0 |
| B. | Unearned income (-) | | 0 | 0 | 0 | 0 | 0 | 0 |
| RESERVE DEPOSITS AT THE CENTRAL BANK | | | 126.274.818 | 43.159.524 | 169.434.342 | 119.391.433 | 42.250.770 | 161.642.203 |
| MISCELLANEOUS RECEIVABLES | | (5) | 71.634 | 63.244 | 134.878 | 53.331 | 263.708 | 317.039 |
| PARTICIPATIONS [Net] | | (6) | 0 | 0 | 0 | 3.178.136 | 0 | 3.178.136 |
| A. | Financial services | | 0 | 0 | 0 | 3.178.136 | 0 | 3.178.136 |
| B. | Others | | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBSIDIARIES [Net] | | (6) | 16.862.464 | 0 | 16.862.464 | 7.326.212 | 0 | 7.326.212 |
| A. | Financial services | | 7.570.498 | 0 | 7.570.498 | 0 | 0 | 0 |
| B. | Other | | 9.291.966 | 0 | 9.291.966 | 7.326.212 | 0 | 7.326.212 |
| LONG-TERM SECURITIES [Net] | | (7) | 15.978.290 | 3.653.930 | 19.632.220 | 11.342.670 | 3.892.682 | 15.235.352 |
| A. | Equities | | 0 | 0 | 0 | 0 | 0 | 0 |
| B. | Other long-term securities | | 15.978.290 | 3.653.930 | 19.632.220 | 11.342.670 | 3.892.682 | 15.235.352 |
| FIXED ASSETS [Net] | | (8) | 13.439.061 | 0 | 13.439.061 | 14.293.232 | 0 | 14.293.232 |
| A. | Book value | | 25.674.723 | 0 | 25.674.723 | 25.474.712 | 0 | 25.474.712 |
| B. | Accumulated depreciation (-) | | 12.235.662 | 0 | 12.235.662 | 11.181.480 | 0 | 11.181.480 |
| OTHER ASSETS | | (9) | 5.648.860 | 455.204 | 6.104.064 | 13.629.697 | 122.290 | 13.751.987 |
| TOTAL ASSETS | | (19) | 1.923.434.224 | 664.907.443 | 2.588.341.667 | 1.717.391.324 | 664.853.305 | 2.382.244.629 |

| LIABILITIES | | Note | (31/12/2012) | | | (31/12/2011) | | |
|------------------------------------|--|------|---------------|-------------|---------------|---------------|-------------|---------------|
| | | | LC | FC | TOTAL | LC | FC | TOTAL |
| DEPOSITS | | (10) | 1.668.759.523 | 531.380.746 | 2.200.140.269 | 1.525.656.595 | 521.892.288 | 2.047.548.883 |
| A. | Saving deposits | | 1.136.649.163 | 446.111.329 | 1.582.760.492 | 1.067.836.142 | 438.800.654 | 1.506.636.796 |
| B. | Government deposits | | 247.505.229 | 14.103.732 | 261.608.961 | 182.585.251 | 17.015.701 | 199.600.952 |
| C. | Commercial deposits | | 39.166.713 | 15.950.065 | 55.116.778 | 51.525.624 | 15.558.467 | 67.084.091 |
| D. | Other deposits | | 211.872.020 | 49.971.187 | 261.843.207 | 216.505.427 | 42.507.506 | 259.012.933 |
| E. | Bank deposits | | 33.566.398 | 5.244.433 | 38.810.831 | 7.204.151 | 8.009.960 | 15.214.111 |
| F. | Gold deposit accounts | | 0 | 0 | 0 | 0 | 0 | 0 |
| INTERBANK FUNDS BORROWED | | (11) | 300.000 | 3.653.930 | 3.953.930 | 835.490 | 3.892.682 | 4.728.172 |
| FUNDS BORROWED | | (12) | 54.000.000 | 17.710.800 | 71.710.800 | 20.800.000 | 19.882.100 | 40.682.100 |
| A. | The Central Bank funds borrowed | | 54.000.000 | 8.910.800 | 62.910.800 | 20.800.000 | 10.507.100 | 31.307.100 |
| B. | Other funds borrowed | | 0 | 8.800.000 | 8.800.000 | 0 | 9.375.000 | 9.375.000 |
| | 1) Domestic banks and other institutions | | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2) Foreign banks, institutions and funds | | 0 | 8.800.000 | 8.800.000 | 0 | 9.375.000 | 9.375.000 |
| | 3) Subordinated debts | | 0 | 0 | 0 | 0 | 0 | 0 |
| FUNDS | | (13) | 1.960.170 | 0 | 1.960.170 | 3.022.332 | 0 | 3.022.332 |
| SECURITIES ISSUED [Net] (12) | | (14) | 0 | 0 | 0 | 0 | 0 | 0 |
| A. | Bond | | 0 | 0 | 0 | 0 | 0 | 0 |
| B. | Asset-backed securities | | 0 | 0 | 0 | 0 | 0 | 0 |
| C. | Bills | | 0 | 0 | 0 | 0 | 0 | 0 |
| INTEREST & OTHER EXPENSES ACCRUALS | | | 7.314.658 | 5.861.059 | 13.175.717 | 6.642.616 | 6.021.797 | 12.664.413 |
| A. | Deposits | | 7.001.262 | 3.741.644 | 10.742.907 | 6.642.616 | 6.021.797 | 12.664.413 |
| B. | Funds borrowed | | 0 | 667.535 | 667.535 | 0 | 0 | 0 |
| C. | Other | | 313.396 | 1.451.879 | 1.765.274 | 0 | 0 | 0 |
| LEASING PAYABLES [Net] | | | 0 | 0 | 0 | 0 | 0 | 0 |
| A. | Leasing payables | | 0 | 0 | 0 | 0 | 0 | 0 |
| B. | Deferred leasing expenses (-) | | 0 | 0 | 0 | 0 | 0 | 0 |
| TAXES, DUTIES AND FEES PAYABLE | | | 4.615.079 | 148.665 | 4.763.744 | 10.369.287 | 155.799 | 10.525.086 |
| IMPORT TRANSFER ORDERS | | | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS PAYABLES [13] | | (15) | 14.833.513 | 1.862.208 | 16.695.721 | 11.215.020 | 1.921.906 | 13.136.926 |
| PROVISIONS | | | 55.012.493 | 0 | 55.012.493 | 56.341.002 | 26.629 | 56.367.631 |
| A. | Provision for end-of service benefits | | 30.871.309 | 0 | 30.871.309 | 30.848.214 | 0 | 30.848.214 |
| B. | General provision for loan losses | | 4.073.751 | 0 | 4.073.751 | 4.519.884 | 0 | 4.519.884 |
| C. | Provision for taxes | | 975.887 | 0 | 975.887 | 1.856.757 | 0 | 1.856.757 |
| D. | Other provisions | | 19.091.546 | 0 | 19.091.546 | 19.116.147 | 26.629 | 19.142.776 |
| OTHER LIABILITIES (10) | | (16) | 9.453.659 | 506.688 | 9.960.347 | 3.936.243 | 656.296 | 4.592.539 |
| SHAREHOLDERS' EQUITY (16) | | (17) | 48.741.120 | 0 | 48.741.120 | 41.396.180 | 0 | 41.396.180 |
| A. | Paid-in share capital (17) | | 21.199.117 | 0 | 21.199.117 | 20.488.989 | 0 | 20.488.989 |
| | 1) Registered share capital | | 50.000.000 | 0 | 50.000.000 | 50.000.000 | 0 | 50.000.000 |
| | 2) Unpaid capital (-) | | 28.800.883 | 0 | 28.800.883 | 29.511.011 | 0 | 29.511.011 |
| B. | Legal reserves | | 16.940.496 | 0 | 16.940.496 | 14.403.240 | 0 | 14.403.240 |
| | 1) I. And II. legal reserves | | 16.940.496 | 0 | 16.940.496 | 14.403.240 | 0 | 14.403.240 |
| | 2) Share premiums | | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3) Other legal reserves | | 0 | 0 | 0 | 0 | 0 | 0 |
| C. | Optional reserves | | 0 | 0 | 0 | 0 | 0 | 0 |
| D. | Revaluation surplus | | 941.393 | 0 | 941.393 | 951.953 | 0 | 951.953 |
| E. | Revaluation differences (14) | (18) | 9.660.115 | 0 | 9.660.115 | 5.551.998 | 0 | 5.551.998 |
| F. | Loss | | 0 | 0 | 0 | 0 | 0 | 0 |
| | 1) Current period loss | | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2) Previous years' losses | | 0 | 0 | 0 | 0 | 0 | 0 |
| PROFIT | | | 162.227.356 | 0 | 162.227.356 | 147.580.367 | 0 | 147.580.367 |
| A. | Current period profit | | 17.184.244 | 0 | 17.184.244 | 25.372.554 | 0 | 25.372.554 |
| B. | Previous years' profit | | 145.043.112 | 0 | 145.043.112 | 122.207.813 | 0 | 122.207.813 |
| TOTAL LIABILITIES and (15) | | (19) | 2.027.217.571 | 561.124.096 | 2.588.341.667 | 1.827.795.132 | 554.449.497 | 2.382.244.629 |
| CONTINGENCIES & COMMITMENTS | | (2) | 15.633.375 | 12.092.426 | 27.725.801 | 17.509.910 | 13.974.734 | 31.484.644 |
| ENDORSEMENTS AND WARRANTIES | | | 52.331.985 | 4.173.219 | 56.505.204 | 52.125.435 | 4.314.379 | 56.439.814 |
| TOTAL | | | 214.063.050 | 646.645.395 | 860.708.445 | 204.468.948 | 677.059.061 | 881.528.009 |

**PROFIT AND LOSS ACCOUNTS**

(For the years ended 31.12.2012 and 31.12.2011)

| | Note | (31/12/2012) | (31/12/2011) |
|--|------------|--------------------|--------------------|
| INTEREST INCOME | (1) | 234.334.309 | 221.758.865 |
| A. Interest income on loans | | 216.269.703 | 200.524.315 |
| 1) Interest income on loans-Turkish Lira | | 186.227.488 | 169.502.117 |
| a - Short-term | | 181.618.583 | 166.436.459 |
| b - Medium and long-term | | 4.608.905 | 3.065.658 |
| 2) Interest income on loans-foreign currency | | 28.117.146 | 29.511.716 |
| a - Short-term | | 19.421.677 | 20.046.620 |
| b - Medium and long-term | | 8.695.469 | 9.465.096 |
| 3) Interest income on loans in arrears | | 1.925.069 | 1.510.482 |
| Interest income on reserve deposits at the | | | |
| B. Central Bank | | 6.199.796 | 6.031.798 |
| C. Interest income received from banks | | 5.637.022 | 7.835.650 |
| 1) The Central Bank | | 3.307.383 | 4.043.404 |
| 2) Domestic banks | | 0 | 0 |
| 3) Foreign banks | | 2.329.639 | 3.792.246 |
| D. Interest income on interbank operations | | 0 | 0 |
| E. Interest income on marketable securities | | 5.433.127 | 5.806.546 |
| 1) Development Bank of the TRNC Bonds | | 1.949.748 | 2.262.026 |
| 2) Other marketable securities | | 3.483.379 | 3.544.520 |
| F. Other interest income | (3) | 794.661 | 1.560.556 |
| INTEREST EXPENSES | (1) | 161.233.247 | 143.521.550 |
| A. Interest paid for deposits | | 136.030.213 | 120.321.720 |
| 1) Savings deposits | | 113.203.439 | 98.171.219 |
| 2) Government deposits | | 3.012.143 | 1.867.426 |
| 3) Commercial deposits | | 17.769.780 | 18.941.189 |
| 4) Other deposits | | 30.331 | 7.032 |
| 5) Bank deposits | | 2.014.520 | 1.334.854 |
| B. Interest paid for foreign currency deposits | | 20.347.785 | 20.253.175 |
| 1) Savings deposits | | 17.332.574 | 17.437.194 |
| 2) Government deposits | | 613.429 | 656.877 |
| 3) Commercial deposits | | 1.676.693 | 1.359.959 |
| 4) Other deposits | | 498.193 | 521.550 |
| 5) Bank deposits | | 226.896 | 277.595 |
| 6) Gold deposit accounts | | 0 | 0 |
| C. Interest paid for interbank operations | | 456.577 | 424.332 |
| D. Interest paid for funds borrowed | | 4.233.858 | 2.374.943 |
| 1) To the Central Bank | | 8.484 | 1.662.918 |
| 2) To domestic banks | | 3.530.354 | 0 |
| 3) To foreign banks | | 695.020 | 712.025 |
| 4) Other | | 0 | 0 |
| E. Interest paid for securities issued | | 0 | 0 |
| F. Other interest expenses | (3) | 164.814 | 147.380 |
| NET INTEREST INCOME | | 73.101.062 | 78.237.315 |
| OPERATING INCOME | (1) | 43.542.793 | 62.676.660 |
| A. Fees and commissions received | | 8.439.834 | 8.268.315 |
| 1) Loans | | 2.336.726 | 2.498.833 |
| 2) Contingent liabilities | | 263.642 | 290.227 |



| | | |
|--|-----------------------|--------------------|
| 3) Other | 5.839.466 | 5.479.255 |
| B. Income on capital market operations | 0 | 0 |
| C. Income on foreign exchange operations | 23.538.184 | 48.532.930 |
| D. Dividend from participations and subsidiaries | 0 | 0 |
| E. Extraordinary income | 0 | 0 |
| F. Other operating income | (3) 11.564.775 | 5.875.415 |
| OPERATING EXPENSES | (1) 97.527.927 | 112.251.543 |
| A. Fees and commissions paid | 698.101 | 1.371.731 |
| 1) Loans | 205.832 | 167.325 |
| 2) Contingent liabilities | 0 | 0 |
| 3) Other | 492.269 | 1.204.406 |
| B. Loss on capital market operations | 0 | 0 |
| C. Loss on foreign exchange operations | 30.058.269 | 25.809.366 |
| D. Personnel expenses | 29.643.543 | 29.577.979 |
| E. Provision for end-of-service benefits | 2.218.369 | 2.804.571 |
| F. Rental expenses | 295.798 | 270.214 |
| G. Depreciation expenses | 1.300.604 | 1.362.225 |
| H. Taxes and duties | 222.853 | 154.434 |
| I. Extraordinary expenses | 0 | 0 |
| J. Provision for loans in arrears | (2) 8.941.738 | 25.224.828 |
| K. Other provisions | (2) 841.140 | 5.214.751 |
| L. Other operating expenses | (3) 23.297.512 | 20.461.443 |
| NET OPERATING INCOME | -53.985.134 | -49.574.882 |
| PROFIT/LOSS BEFORE TAX | 19.115.928 | 28.662.432 |
| PROVISION FOR TAX | 1.931.684 | 3.289.879 |
| NET PROFIT | 17.184.244 | 25.372.553 |

Cash Flow Statements

For the years ended 31st December 2012 and 31st December 2011

| | 31st December 2012 (TRY) | 31st December 2011 (TRY) |
|--|---|---|
| I- Cash Flows from Banking Activities (Core Business) | | |
| Interest Income Received | 234,334,308 | 221,758,865 |
| Interest Expenses Paid | -161,233,247 | -143,521,550 |
| Dividend Received | 0 | 0 |
| Commissions and Fees Received | 8,439,834 | 8,268,315 |
| Other Income | 11,564,775 | 5,875,415 |
| Recoveries on Loans and other Receivables Written-Off | 0 | 0 |
| Payments to personnel and other service providers | -29,643,543 | -29,577,979 |
| Taxes Paid | -222,853 | -154,434 |
| Other Collections (_____) | 0 | 0 |
| Other Payments (_____) | -39,534,946 | -59,999,641 |
| Cash Flows from Banking Activities before Changes in Operating Assets and Liabilities | 23,704,328 | 2,648,991 |
| Changes in Operating Assets and Liabilities | | |
| <u>Increase/Decrease in Operating Assets:</u> | | |
| (Increase)/Decrease in Securities – Net | 19,874,718 | 5,102,287 |
| (Increase)/Decrease in Due from Banks – Net | -72,509,883 | -52,984,989 |
| (Increase)/Decrease in Loans – Net | -138,693,165 | -170,052,839 |
| (Increase)/Decrease in Other Assets | -11,019,382 | -5,654,797 |
| <u>Increase/Decrease in Operating Liabilities:</u> | | |
| Increase/(Decrease) in Deposits – Net | 152,591,386 | 186,263,553 |
| Increase/(Decrease) in Funds Borrowed – Net | 31,028,700 | 1,251,094 |
| Increase/(Decrease) in Securities Issued – Net | 0 | 0 |
| Increase/(Decrease) in Other Liabilities - Net | 485,023 | 8,419,951 |
| Net Cash Inflows from Banking Activities | 5,461,724 | -25,006,749 |
| II- Cash Flows from Investing Activities | | |
| Acquisition of Investments and Affiliated Companies | 0 | 0 |
| Sales of Investments and Affiliated Companies | 0 | 0 |
| Purchase of Bank Premises and Equipment | -456,992 | -2,403,696 |
| Sales of Bank Premises and Equipment | 246,421 | 110,395 |
| Purchases of Other Long-Term Investments | 0 | 0 |
| Sales of Other Long-Term Investments | 0 | 0 |
| Other Cash Inflows (_____) | 1,054,182 | 1,295,483 |
| Other Cash Outflows (_____) | 0 | 0 |
| Net Cash Outflows used in Investing Activities | 843,611 | -997,818 |

Cash Flow Statements Continued:
II- Cash Flows from Capital Financing Activities

| | | |
|---|-----------|-----------|
| Cash Inflows through Funds Borrowed and Securities Issued | 0 | 0 |
| Repayments for Funds Borrowed and Securities Issued | 0 | 0 |
| Cash Increase in Share Capital | 710,128 | 810,365 |
| Dividends Paid | 0 | 0 |
| Other Cash Inflows (_____) | 4,108,117 | 1,406,941 |
| Other Cash Outflows (_____) | 0 | 0 |

| | | |
|---|------------------|------------------|
| Net Cash Outflows used in Capital Financing Activities | 4,818,245 | 2,217,306 |
|---|------------------|------------------|

| | | |
|---|------------|------------|
| Effect of Changes in Foreign Currency Exchange Rates on Cash and Cash Equivalents | -6,520,082 | 22,723,564 |
|---|------------|------------|

| | | |
|---------------------------------------|-----------|------------|
| Increase in Cash and Cash Equivalents | 4,603,498 | -1,063,700 |
|---------------------------------------|-----------|------------|

| | | |
|--|-----------|------------|
| Cash and Cash Equivalents at the Beginning of the Period | 9,054,977 | 10,118,677 |
|--|-----------|------------|

| | | |
|--|------------|-----------|
| Cash and Cash Equivalents at the End of the Period | 13,658,475 | 9,054,977 |
|--|------------|-----------|

Statement Of Shareholders' Equity
For The Years Ended December 31,2012 and 2011
(TRY)

| | Share Capital | Legal Reserves | Other Legal Reserves (x) | General Reserves | Accumulated Retained Profit (Loss) | Current Retained (Loss) | Year Profit | Total |
|---|-------------------|-------------------|-----------------------------|---------------------|--|----------------------------|----------------|--------------------|
| Balances, January 1, 2011 | 19,678,624 | 13,538,949 | 0 | 4,927,730 | 123,072,104 | 0 | 0 | 161,217,407 |
| Transfers to Legal and General Reserves | 0 | 864,291 | 0 | 0 | -864,291 | 0 | 0 | 0 |
| <u>Share Capital Increase</u> | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| -Cash | 810,365 | 0 | 0 | 0 | 0 | 0 | 0 | 810,365 |
| -Retained Earnings Emission Premium | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation Surplus | 0 | 0 | 0 | 1,576,221 | 0 | 0 | 0 | 1,576,221 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Year Net Profit | 0 | 0 | 0 | 0 | 0 | 25,372,554 | 0 | 25,372,554 |
| Balances, January 1,2012 | 20,488,989 | 14,403,240 | 0 | 6,503,951 | 147,580,367 | 0 | 0 | 188,976,547 |
| Transfer to Legal and General Reserves | 0 | 2,537,255 | 0 | 0 | -2,537,255 | 0 | 0 | 0 |
| <u>Share Capital Increase</u> | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| -Cash | 710,128 | 0 | 0 | 0 | 0 | 0 | 0 | 710,128 |
| -Retained Earnings Emission Premium | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation Surplus | 0 | 0 | 0 | 4,097,557 | 0 | 0 | 0 | 4,097,557 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Year Net Profit | 0 | 0 | 0 | 0 | 0 | 17,184,244 | 0 | 17,184,244 |
| Balances, December 31,2012 | 21,199,117 | 16,940,495 | 0 | 10,601,508 | 145,043,112 | 17,184,244 | 0 | 210,968,476 |

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 19/4/2013 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 Harun Dimililer Yaşar Artam Mustafa Numan Metehan Erel Hüseyin Barbet İsmet Baykur | Gülhan Alp (General Manager) Akay Aktuğ Kemal Ataman | | Erdal & Co. | Mustafa Atagül Nevzat Üstün Cem Hakseven Nebahat Menteş Hakan Akgün Halil Koççat |

Within the period of 01/01/2012-31//12/2012, Mr. Asım Karaderi resigned from the directorship as from 7 May 2012, Mr. Ali Kandulu resigned from the directorship as from 3 October 2012 and Mr. İsmet Baykur and Mr. Harun Dimililer were appointed to the Board of Directors of the Bank

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.

(3) Principal accounting policies and related financial effects

Principle Accounting Policies

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

a) Effect of Hyperinflation

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

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

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

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

The value of freehold Immovable Property in London owned by the bank in 1982 for the purpose of to open 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 valuers’ report was obtained for 31 December 1999 and valued GBP 320,000. 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 non-performing are cancelled and are not recorded as interest income until the actual date of the collection as per the relevant legislation.
- 3- Full specific provision has been made for group 5 without considering of their collateral.

c) Foreign Currency Transactions

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

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

(4) Fundamental Accounting Concepts

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

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

No change has been made

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

Marketable Securities

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

Marketable Securities as of December 31, 2012 and 2011 are comprised of the following.

| | 2012 | 2011 |
|---|-------------------|-------------------|
| | (TRY) | (TRY) |
| Development Bank of the Turkish Republic of Northern Cyprus Bonds | 40,828,961 | 39,004,938 |
| Turkish Republic Government Bonds and Treasury Bills | 4,067,383* | 25,766,124* |
| Total Securities Portfolio | 44,896,344 | 64,771,062 |

* Blocked securities TRY 15,675,088 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) has been cancelled as from 1.1.2007 equity participations and subsidiaries are not revaluated for the year 2012.

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

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

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

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

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

(8) Foreign currency assets and liabilities at each year-end are translated into Turkish Lira at the year-end foreign currency rates. As at 31 December 2012 and 31 December 2011, foreign currency assets and liabilities of the Bank are mainly in GBPE and US\$.

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

| | Current Period | Previous Period |
|---|-----------------------|------------------------|
| The Bank's "Exchange rate for the Evaluation of Foreign Currency Items" (1 US dollar \$=.....TRY) | 1.7600 TRY | 1.8750 TRY |
| US dollar purchase rates for the 5 working days before balance sheet date: | | |
| Purchase Rate of the 1st day | 1.7750 TRY | 1.8800 TRY |
| Purchase Rate of the 2nd day | 1.7750 TRY | 1.8780 TRY |
| Purchase Rate of the 3rd day | 1.7750 TRY | 1.8780 TRY |
| Purchase Rate of the 4th day | 1.7750 TRY | 1.8750 TRY |
| Purchase Rate of the 5th day | 1.7780 TRY | 1.8650 TRY |
| | Current Period | Previous Period |
| The Bank's "Exchange rate for the Evaluation of Foreign Currency Items" (1 Sterling Stg=.....TRY) | 2.8660 TRY | 2.8990 TRY |
| Sterling purchase rates for the 5 working days before balance sheet date: | | |
| Purchase Rate of the 1st day | 2.8770 TRY | 2.9380 TRY |
| Purchase Rate of the 2nd day | 2.8770 TRY | 2.9550 TRY |
| Purchase Rate of the 3rd day | 2.8770 TRY | 2.9500 TRY |
| Purchase Rate of the 4th day | 2.8820 TRY | 2.9420 TRY |
| Purchase Rate of the 5th day | 2.8760 TRY | 2.9450 TRY |

(9) Movable and Immovable Insured Values:

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

Current Period: 31/12/2012

| | Book Value | Accumulated Depreciation | Insurance Coverage |
|----------------------------|-------------------|-------------------------------------|---------------------------|
| Movables | 11,692,652 | 8,414,962 | 2,692,737 |
| Immovables | 13,982,071 | 3,820,700 | 4,035,046 |
| Immovables held for resale | 2,387,876 | 0 | 689,279 |

Previous 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 |

(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 2012.

(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 2012.

(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) | 0 | 0 | 0 | 0 |
| Cash | 13,548,167 | 110,308 | 0 | 0 |
| Due from Central Bank | 355,109,982 | 0 | 0 | 0 |
| Interbank Money Market Placements | 0 | 0 | 0 | 0 |
| Due from Banks | 0 | 44,879,775 | 0 | 27,216,679 |
| Reserve Deposits | 44,896,344 | 0 | 0 | 0 |
| Marketable Securities | 169,434,342 | 0 | 0 | 0 |
| Loans | 1,560,228,125 | 0 | 84,756,269 | 203,643,464 |
| Loans under Follow-Up (Net) | 0 | 0 | 0 | 4,338,503 |
| Interest and Income Accruals | 3,646,683 | 59,220 | 75,178 | 198,390 |
| Miscellaneous Receivables | 0 | 0 | 0 | 9,291,966 |
| Long-Term Securities | 3,953,930 | 0 | 0 | 15,678,290 |
| Immovables held for resale | 0 | 0 | 0 | 2,387,876 |
| Fixed Assets | 0 | 0 | 0 | 12,495,097 |
| Other Assets | 1,477,014 | 0 | 0 | 2,211,592 |
| Off Balance Sheet Items | 0 | 0 | 0 | 0 |
| Guarantees and Pledges | 4,622,777 | 2,865,698 | 19,962,832 | 274,494 |
| Commitments | 2,269,340 | 0 | 690,737 | 11,168,855 |
| Not Risk Weighted Accounts | 0 | 0 | 0 | 12 |
| Total Risk Weighted Assets | 2,159,186,704 | 47,915,001 | 105,485,016 | 288,905,218 |
| Currency Risk | 0 | 0 | 0 | 316,988,000 |
| Total | 0 | 9,583,000 | 52,742,508 | 605,893,218 |

b) Information about the shareholders' equity items:

| | Current Period | Previous Period |
|---|--------------------|--------------------|
| CORE CAPITAL | 199,260,545 | 181,170,745 |
| Paid-In Capital | 21,199,117 | 20,488,989 |
| Legal Reserves | 16,940,496 | 14,403,240 |
| Statutory and Extraordinary Reserves | 0 | 0 |
| Accumulated Retained Profit After Tax Provision and Current Retained Profit | 162,227,356 | 147,580,367 |
| Current Retained Loss and Accumulated Retained Loss | 0 | 0 |
| TOTAL SUPPLEMENTARY CAPITAL | 24,314,687 | 20,663,263 |
| General Provisions | 4,073,751 | 4,519,884 |
| Fixed Assets Revaluation Fund | 941,393 | 951,953 |
| Marketable Securities and Investment Securities Value Increased Fund | 0 | 0 |
| Provision For Possible Losses | 9,639,428 | 9,639,428 |
| Marketable Securities Revaluation Fund | 9,660,115 | 5,551,998 |

| | | |
|--|-------------|-------------|
| TOTAL CAPITAL | 223,575,232 | 201,834,008 |
| Total Capital For The Ratio | 215,955,407 | 193,847,086 |
| DEDUCTIONS FROM THE CAPITAL | 28,704,472 | 36,206,732 |
| Investments in unconsolidated Financial Companies Whose main Activities are Money and Capital Markets, and that Operate with Licenses Provided in accordance with Special Laws | 7,570,498 | 3,178,136 |
| Special Cost Expenses | 943,964 | 1,154,798 |
| Prepaid Expenses | 162,460 | 147,053 |
| The Negative Difference Between the Market Values and the Carrying Amounts for Unconsolidated Investments, Subsidiaries, Other Investments, and Fixed Assets | 0 | 0 |
| Subordinated Loans given to Other Banks Which Operate in TRNC | 0 | 0 |
| Goodwill | 0 | 0 |
| Capitalized Expenses | 20,027,550 | 31,726,745 |
| Total Shareholders' Equity | 188,357,359 | 158,942,205 |

c) Summary information about the capital adequacy ratio:

| | Current Period | Previous Period |
|------------------------------------|----------------|-----------------|
| Total Risk-Weighted Assets | 668,218,726 | 670,091,202 |
| Shareholders' Equity | 188,357,359 | 158,942,205 |
| Shareholders' Equity / RWA (%) (*) | %28,19 | %23,72 |

(*)RWA: Total Risk – Weighted Assets

(14) An opinion of the Independent Auditing Firm that audits the financial statements should be given (in line with the regulation).

- Cyprus Turkish Cooperative Central Bank Limited is registered under Chapter 114 Cooperative Societies Law and in regard of its banking activities it is subject to the Banking Law, No. 39/2001.
- Information concerning the capital structure of the Bank and the shareholders possessing 10% or more of its shares is given under note III (17)(e).
- The declaration of Bank's management on the reliability of its internal control system is satisfactory.
- The Board of Directors, senior officers and internal auditors are specified on the first page of the report. Changes in senior officers and auditors;
 - İsmet Baykur, has been appointed as member of Board of Directors on 07.05.2012.
 - Harun Dimililer, has been appointed as member of Board of Directors on 03.10.2012.
- Bank managers and auditors possess the qualifications required by the Banking Law No.39/2001
- Compared to previous year, there has been no change on the accounting policy of the Bank.
- After the balance sheet period, to the best of our knowledge, there has not been any major changes and course of events that may affect the position of the Bank.

- h) The independent audit reports on the financial statement of the subsidiaries which were evaluated by the Equity Method have not been seen.
- i) The doubtful debts in foreign currencies had been entered into accounts at exchange rates on the days they were transferred to these doubtful accounts, however, the exchange differences incurred as a result of using the period exchange rates are represented in the profit and loss accounts of foreign exchange operations.
- j) The Bank has exceeded its credit limits that can be provided to a public corporation according to the Banking Law No.39/2001.

k)

i) Establishment of the Internal Systems.

A Board members who does not have an executive duty, has been appointed as the member responsible for Internal Systems. The qualifications, duties and authority of this member are in accordance with the Internal Auditing, Risk Management, Internal Control and Management Systems Regulation prepared under the Banking Law 39/2001 clause 15(3).

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

ii) Internal Audit

Work is being carried out towards structuring the Internal Audit Unit and making it function in line with the regulations. Internal Audit planning and reporting have been fulfilled in accordance with the regulations.

The assessment on the loans made available by the Bank and their separation into risk categories have been reported to the Central Bank of TRNC.

The Bank has followed its risk compositions in the appropriate matrix approved by the regulations and assessed them accordingly.

iii) Compliance

The bank has established the required structure and implemented the appropriate procedures to ensure compatibility with the rules and regulations.

iv) Internal Control

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

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

v) Risk Management

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

II- FOOTNOTES AND EXPLANATIONS ON INTERNAL SYSTEMS:

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

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

Under the 2nd paragraph of the 4th clause of the aforementioned regulations, the Bank’s Board of Directors appointed Yaşar Artam as the Member of Board of Directors responsible for Internal Systems.

Following the appointment of Yaşar Artam, member of the Board of Directors responsible for internal systems, the instructions for Internal Audit Unit, Risk Management Unit, Internal Control Unit and Compliance Unit have been prepared and unit supervisors have been appointed by the Board of Directors.

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

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

Operation of the Internal Audit System

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

In addition to the audits made in the domestic branches and head office, commercial, agricultural and personal loans and payment system audits are also have been made. The findings from these audits are being reported to the senior officers and necessary alterations are requested. Except the periodic routine inspections, complaints from customers are also assessed and required measures are taken. In the inspections held during 2012, no findings of importance that could affect the bank capital or income negatively have been found.

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

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

Operation of Internal Control System

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

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

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

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

Operation of Risk Management System

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

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

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

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

Risk management activity results;

- Deposits have reached TRY 2,200,140,269 by 2012. In the same year, loans made available for individuals and legal entities have equaled TRY 1,939,785,209. The ratio of this amount to the total of bank deposits is 88%. According to the data in 2012, the

ratio of loans in arrears (TRY 71,129,801) to total loans excluding government guaranteed loans has been 17.7%.

- The senior officers of the bank have been sensitive to comply with both the internal and external regulations. As a result of this, in line with the TRNC Central Bank criteria, capital adequacy ratio has been 28.19% and cash ratio has been 16.66%.
- Activities for the collection of government guaranteed loans have continued in 2012. It is of high importance that these loans are collected within the scope of a predetermined plan for the benefits of the bank and the sector.
- From the exchange rate risk point of view, we are working to minimize Bank's long-term position in US Dollar by balance sheet or off balance sheet transactions.

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

Operation of the Compliance Unit

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

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

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

i) INFORMATION AND DISCLOSURES RELATED TO ASSETS ITEMS

(1) Information about bank accounts

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

| | Current Period | | Previous Period | |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| | LC | FC | LC | FC |
| Demand Unrestricted Amount | 149,483,988 | 171,678,225 | 100,397,842 | 157,088,959 |
| Time Unrestricted Amount | 0 | 33,947,770 | 0 | 0 |
| Total | 149,483,988 | 205,625,995 | 100,397,842 | 157,088,959 |

b) Information of foreign bank accounts:

| | Unrestricted Amount | | Restricted Amount | |
|---------------------------|---------------------|-------------------|-------------------|-------------------|
| | Current Period | Previous Period | Current Period | Previous Period |
| Turkey | 40,008,725 | 63,482,408 | 27,216,679 | 29,334,816 |
| European Union Countries | 4,869,383 | 4,385,339 | 0 | 0 |
| USA, Canada | 0 | 6,685 | 0 | 0 |
| OECD Countries | 0 | 0 | 0 | 0 |
| Off-Shore Banking Regions | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Total | 44,878,108 | 67,874,432 | 27,216,679 | 29,334,816 |

c) Information on receivables from reverse repo transactions;

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

(2) Information about Marketing Securities

(a) i- Surplus on revaluation of marketable securities is -0-

ii- The Banks' marketable securities portfolio is stated at initial acquisition cost.

iii- Securities held to meet legal requirements.

Total of TRY 40,828,960 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 | 38,148,357 | 2,680,603 | 36,159,580 | 2,845,358 |
| TR Government Bonds and Treasury Bills | 3,823,711 | 243,673 | 25,506,530 | 259,594 |
| Total | 41,972,068 | 2,924,276 | 61,666,110 | 3,104,952 |

(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 | 23,929,527 | 12,510,510 | 21,544,091 | 11,294,018 |
| Real Person Shareholders | 0 | 0 | 0 | 0 |
| Indirect Loans Granted to Shareholders | 0 | 0 | 0 | 0 |
| Loans Granted to Employees | 11,576,093 | 0 | 11,094,148 | 0 |

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

| Cash Loans | Standard Loans and Other Receivables | | Loans and Other Receivables Under Close Monitoring | |
|---------------------------------|--------------------------------------|-----------------------------|--|-----------------------------|
| | Loans and Other Receivables | Restructured or Rescheduled | Loans and Other Receivables | Restructured or Rescheduled |
| Discount Notes | 2,843,709 | 0 | 0 | 0 |
| Export Loans | 0 | 0 | 0 | 0 |
| Import Loans | 17,200,367 | 0 | 0 | 0 |
| Loans Given to Financial Sector | 118,544,666 | 0 | 1,539,632,727 | 0 |
| Specialized Loans | 6,874,002 | 0 | 0 | 0 |
| Consumer Loans | 118,925,305 | 0 | 6,846,651 | 0 |
| Credit Cards | 36,136,724 | 0 | 788,738 | 0 |
| Fund Purpose Loans | 768,873 | 0 | 0 | 0 |
| Central Bank Based Loans | 0 | 0 | 0 | 0 |
| Other | 20,093,646 | 0 | 0 | 0 |
| Total | 321,387,292 | 0 | 1,547,268,116 | 0 |

(c) Loans according to type of borrowers:

| | Current Period | Previous Period |
|----------------|----------------------|----------------------|
| Public Sector | 1,557,648,455 | 1,404,737,349 |
| Private Sector | 311,006,953 | 323,155,494 |
| Total | 1,868,655,408 | 1,727,892,843 |

(d) International and domestic loans:

| | Current Period | Previous Period |
|---------------------|----------------------|----------------------|
| Domestic Loans | 1,868,655,408 | 1,727,892,843 |
| International Loans | 0 | 0 |
| Total | 1,868,655,408 | 1,727,892,843 |

(e) Loans granted to subsidiaries and participations;

| | Current Period | Previous Period |
|---|-------------------|-------------------|
| Direct Loans Granted to Subsidiaries and Participations | 17,315,277 | 14,060,535 |
| Indirect Loans Granted to Subsidiaries and Participations | 0 | 0 |
| TOTAL | 17,315,277 | 14,060,535 |

(f) The share of the Bank's receivables from the top 100 cash borrowers in the overall cash loan portfolio stands at 89,59% and this figure represents 1 borrowers.

(g) The share of Bank's receivables from the top 100 non-cash borrowers in the overall non-cash portfolio stands at 88,95% and this figure represents 4 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 64,94% and this figure represents 1 borrowers.

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

| | Group III Loans and Receivables with Limited Collectibility | Group IV Doubtful Loans and Receivables | Group V Loans and Receivables Qualified as Loss |
|--|---|---|---|
| Previous Period End Balance | 2,815,267 | 4,074,010 | 64,077,498 |
| Additions (+) | 7,621,973 | 0 | 0 |
| Transfers from Other categories of Loans Under Follow-Up(+) | 0 | 7,215,815 | 8,651,957 |
| Transfers from Other categories of Loans Under Follow-Up(-) | -7,215,815 | -8,651,957 | 0 |
| Collections (-) | -615,141 | -475,687 | -6,368,119 |
| Write-Offs(-) | 0 | 0 | 0 |
| Current Period End Balance | 2,606,284 | 2,162,181 | 66,361,336 |
| Specific Provisions (-) | -199,183 | -230,779 | -66,361,336 |
| Net Balance on Balance Sheet | 2,407,101 | 1,931,402 | 0 |

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

| | Group III | Group IV | Group V |
|------------------------------|---|--------------------------------|---|
| | Loans and Receivables with Limited Collectibility | Doubtful Loans and Receivables | Loans and Receivables Qualified as Loss |
| Current Period: | | | |
| Period End Balance | 1,581,950 | 854,327 | 58,292,192 |
| Specific Provisions (-) | 73,020 | 98,563 | 58,292,192 |
| Net Balance on Balance Sheet | 1,508,930 | 755,764 | 0 |
| Previous 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 |

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

| Collateral Group | Loan | Specific Provision |
|--------------------|------------|--------------------|
| Without Collateral | 5,128,830 | 5,128,830 |
| Group I | 0 | 0 |
| Group II | 55,410,227 | 55,410,227 |
| Group III | 5,636,553 | 5,636,553 |
| Group IV | 185,726 | 185,726 |

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

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

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

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

| | Current Period | Previous Period |
|---|----------------|-----------------|
| From sale of equity participations and subsidiaries | 0 | 0 |
| From sale of immovables | 0 | 172,558 |
| From sale of other assets | 0 | 0 |

(6) Information on subsidiaries and equity participations;

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

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

| Participations | Participations | | Subsidiaries | |
|---|----------------|-----------------|----------------|-----------------|
| | Current Period | Previous Period | Current Period | Previous Period |
| Banks | 0 | 0 | 0 | 0 |
| Insurance Companies | 0 | 3,178,136 | 7,570,498 | 0 |
| Finance Companies | 0 | 0 | 0 | 0 |
| Other Non Financial Participations and Subsidiaries | 0 | 0 | 9,291,966 | 7,326,212 |

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

| Title | Address (City/ Country) | Bank's Share Percentage- If Different, Voting Percentage (%) | Bank's Risk Group Share Percentage (%) | Current Period Net Profit / Loss | Fair Value |
|------------------------------|-------------------------|--|--|----------------------------------|------------|
| Şeker Sigorta (Kıbrıs) Ltd | Lefkoşa | %100 | %100 | 1,481,557 | 7,570,498 |
| Süt Koop | Lefkoşa | %97,78 | %100 | 6,742,781 | 0 |
| Yem Koop | Gönyeli | %97.78 | %100 | 2,372,270 | 8,294,791 |
| Zirai Makine Koop | Lefkoşa | %97.78 | %100 | 69,234 | 997,175 |
| Vaka Ltd | Lefkoşa | %40 | %40 | 0 | 0 |
| Ada Havacılık ve Taşımacılık | Lefkoşa | %15 | %15 | 0 | 0 |

(d) Equity Participations quoted to a stock exchange;

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

(e) Subsidiaries quoted to a stock exchange ;

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

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

| Bonus Share obtained | Current Period | Previous Period |
|-----------------------|----------------|-----------------|
| Equity Participations | 0 | 0 |
| Subsidiaries | 4,108,117 | 1,892,472 |

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

| | The Participation and Subsidiaries of Financial Services | The Other Participations and Subsidiaries |
|---|--|--|
| RECEIVABLES | | |
| I- The Banks and other financial institutions | 0 | 0 |
| • The Bonds and similar securities | 0 | 0 |
| • Loans (including the loans in arrears) | 0 | 17,315,277 |
| • Interest & Income Accruals | 0 | 0 |
| • Leasing Receivables (Net) | 0 | 0 |
| • Other Assets | 0 | 0 |
| PAYABLES | | |
| • Deposits | 4,869,917 | 8,162,933 |
| • Funds Borrowed | 0 | 0 |
| • Securities Issued | 0 | 0 |
| • Interest & Expense Accruals | 0 | 33,464 |
| • Leasing Payables | 0 | 0 |
| • Other Liabilities | 0 | 0 |
| NON-CASH LOANS | | |
| • Letter of Credit Commitments | 0 | 0 |

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

| | Current Period | Previous Period |
|----------------------------|----------------|-----------------|
| Debt Securities | 0 | 0 |
| Quoted in a Stock Exchange | 3,953,930 | 4,728,172 |
| Not Quoted | 15,678,290 | 10,507,179 |
| Impairment Provision (-) | 0 | 0 |
| Total | 19,632,220 | 15,235,351 |

(8)

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

| | Immovables | Vehicles | Other Fixed Asset | Total |
|--|------------|----------|-------------------|------------|
| End of Previous Period: | | | | |
| Cost of Acquisition | 13,992,631 | 892,078 | 10,590,003 | 25,474,712 |
| Accumulated Depreciation (-) | 3,344,645 | 738,346 | 7,098,489 | 11,181,480 |
| Net Book Value | 10,647,986 | 153,732 | 3,491,514 | 14,293,232 |
| End of Current Period | 0 | 0 | 0 | 0 |
| Net Book Value at the Beginning of the Period | 10,647,986 | 153,732 | 3,491,514 | 14,293,232 |
| Additions | 0 | 0 | 456,992 | 456,992 |
| Disposals (-) | 0 | 0 | 246,421 | 246,421 |
| Impairment | 0 | 0 | 0 | 0 |
| Depreciation (-) | 476,054 | 39,350 | 538,778 | 1,054,182 |
| Currency Translation Differences Resulting from Foreign Investments(+) | 10,560 | 0 | 0 | 10,560 |
| Closing Net Book value | 10,161,372 | 114,382 | 3,163,307 | 13,439,061 |

(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 2,387,876.

(9)

(a) Information on other assets;

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

(b) Information on withholding tax and prepayments.

All co-operative institutions including the Bank were wholly exempt from Corporation and Income Tax until 1.1.1987 Amendments to the Corporation and Income Tax Laws in 1987 made effective from 1st January . In 1987 the tax exemption privilege enjoyed by all cooperatives was removed, except for those in rural areas. However the Banks' Tax Liability for 2012 was calculated in accordance with the relevant laws. On this basis the total taxation provision made for 2012 is TRY 1,154,449. Withholding tax paid in TRNC and in Turkey TRY 267,219 has been discharged by set off against the taxation liabilities.

ii) INFORMATION AND DISCLOSURES RELATED TO LIABILITIES
(10) Information on deposit:
a) The maturity structure of deposits (Current period):

| | Demand | With 7 Days Maturity | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Months to 1 Year |
|---|--------------------|----------------------|----------------------|-------------------|-------------------|--------------------|
| Residents in TRNC | | | | | | |
| Saving Deposits | 57,149,816 | 0 | 1,060,816,873 | 8,200,485 | 267,364 | 10,214,625 |
| Deposit of Public Institutions and other | 100,434,545 | 0 | 386,020,036 | 8,361,461 | 337,862 | 3,390,058 |
| Foreign Currency Savings Deposits | 14,664,121 | 0 | 286,557,996 | 13,070,236 | 9,613,904 | 122,205,072 |
| Foreign Currency Deposit of Public Institutions and other | 10,901,143 | 0 | 50,859,506 | 3,770,958 | 2,513,473 | 11,979,904 |
| Residents in Abroad | | | | | | |
| Saving Deposits | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposit of Public Institutions and other | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign Currency Saving Deposits | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign Currency Deposit of Public Institutions and other | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank Deposits | | | | | | |
| Domestic Banks | 1,250,276 | 0 | 37,560,555 | 0 | 0 | 0 |
| Foreign Banks | 0 | 0 | 0 | 0 | 0 | 0 |
| Off-Shore Banks | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 184,399,901 | 0 | 1,821,814,966 | 33,403,140 | 12,732,603 | 147,789,659 |

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 | 57,607,046 | 0 | 988,039,606 | 9,883,584 | 390,765 | 11,915,141 |
| Deposit of Public Institutions and other | 86,983,502 | 0 | 352,882,602 | 7,884,413 | 470,004 | 2,395,781 |
| Foreign Currency Savings Deposits | 16,593,853 | 0 | 281,528,164 | 14,010,053 | 9,964,990 | 116,703,593 |
| Foreign Currency Deposit of Public Institutions and other | 11,105,705 | 0 | 42,770,411 | 3,429,982 | 2,179,883 | 15,595,694 |
| Residents in Abroad | | | | | | |
| Saving Deposits | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposit of Public Institutions and other | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign Currency Saving Deposits | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign Currency Deposit of Public Institutions and other | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank Deposits | | | | | | |
| Domestic Banks | 970,038 | 0 | 14,244,073 | 0 | 0 | 0 |
| Foreign Banks | 0 | 0 | 0 | 0 | 0 | 0 |
| Off-Shore Banks | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 173,260,144 | 0 | 1,679,464,856 | 35,208,032 | 13,005,642 | 146,610,209 |

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

| Saving Deposits | Current Period | | Previous Period | |
|---|----------------------|--------------------|----------------------|--------------------|
| | LC | FC | LC | FC |
| Saving Deposits | 1,136,246,045 | 446,111,286 | 1,067,655,140 | 438,778,534 |
| Other Deposits in the Form of Saving Deposits | 182,422,158 | 10,831,074 | 149,545,703 | 13,766,029 |
| Total | 1,318,668,203 | 456,942,360 | 1,217,200,843 | 452,544,563 |

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

| | Current Period | | Previous Period | |
|--|----------------|-----------|-----------------|-----------|
| | LC | FC | LC | FC |
| From Domestic Transactions | 0 | 0 | 0 | 0 |
| Financial Institutions and Organizations | 0 | 0 | 0 | 0 |
| Other Institutions and Organizations | 0 | 0 | 0 | 0 |
| Real Persons | 300,000 | 3,653,930 | 835,490 | 3,892,681 |
| From Foreign Transactions | 0 | 0 | 0 | 0 |
| Financial Institutions and Organizations | 0 | 0 | 0 | 0 |
| Other Institutions and Organizations | 0 | 0 | 0 | 0 |
| Real Persons | 0 | 0 | 0 | 0 |

(12)
a) Information on funds borrowed;

| | Current Period | | Previous Period | |
|----------------------|----------------|-----------|-----------------|------------|
| | LC | FC | LC | FC |
| Short-term | 54,000,000 | 8,910,800 | 20,800,000 | 10,507,100 |
| Medium and long-term | 0 | 8,800,000 | 0 | 9,375,000 |

b) Concentration of deposits by sectoral groups .

| | TRY Deposits | Foreign Currency Deposits | Total Deposits |
|---------------------------------|----------------------|---------------------------|----------------------|
| Real Persons and others | 1,187,218,670 | 474,625,931 | 1,661,844,601 |
| Cooperative Institutions | 200,469,226 | 37,406,650 | 237,875,876 |
| Government Corporations | 247,505,229 | 14,103,732 | 261,608,961 |
| Banks | 33,566,398 | 5,244,433 | 38,810,831 |

(13) Explanation on funds
a) Current Period

| Maturity Structure | | Interest Structure | | Type of Currency | | | |
|--------------------|----------------|--------------------|----------|------------------|-----|-----------|-------|
| Short | Medium or Long | Fixed | Variable | EURO | USD | TRY | Other |
| 0 | 1,496,658 | %5 | 0 | 0 | 0 | 1,496,658 | 0 |
| 0 | 463,512 | %12 | 0 | 0 | 0 | 463,512 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

b) Previous Period

| Maturity Structure | | Interest Structure | | Type of Currency | | | |
|--------------------|----------------|--------------------|----------|------------------|-----|-----------|-------|
| Short | Medium or Long | Fixed | Variable | EURO | USD | TRY | Other |
| 0 | 2,364,755 | %5 | 0 | 0 | 0 | 2,364,755 | 0 |
| 0 | 657,577 | %12 | 0 | 0 | 0 | 657,577 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

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

b) Previous Period

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

(15)

a) Explanations on miscellaneous payables

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

b) Information on cash collateral obtained.

None

(16) Other External Sources;

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

(17) Information on shareholders' equity:

a) Presentation of paid-in capital:

| | Current Period | Previous Period |
|-----------------|----------------|-----------------|
| Common Stock | 21,199,117 | 20,488,989 |
| Preferred Stock | 0 | 0 |

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

| Capital System | Paid-in Capital | Ceiling |
|------------------------------------|-----------------|------------|
| Registered Variable Capital System | 21,199,117 | 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 |
|---------------------|------------------|---------|----------|---|
| 1/1/2012-31/12/2012 | 710,128 | 710,128 | 0 | 0 |

The Cyprus Turkish Cooperative Central Bank is a cooperative bank formed under cap 114 of the Laws of Cyprus owned by registered Cooperative Societies. Each member society is entitled to representation at the general meeting of the Cyprus Turkish Cooperative Central Bank. Without

exception each member society has only one vote. Real and legal persons may also become members which is prerequisite for obtaining credit but do not have voting power at the general meeting. The new shares sold to new real and legal persons during the period 1.1.2012 – 31.12.2012 transferred to paid in capital.

d) Information on share capital increases from revaluation fund;

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

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

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

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

g) Information on shareholders equity and preferred stock.

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

(18) Explanations on marketable securities value increase fund;

| | Current Period | | Previous Period | |
|---|----------------|----|-----------------|----|
| | LC | FC | LC | FC |
| From participants and subsidiaries | 9,660,115 | 0 | 5,551,998 | 0 |
| From investment Securities Available for sale | 0 | 0 | 0 | 0 |

(19)

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

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

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

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

| Current Period | Demand | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Longer | Total |
|--|----------------------|-----------------------|--------------------|--------------------|--------------------------|----------------------|
| Assets | | | | | | |
| Cash (Cash in Vault, Foreign Currency, Money in Transit, Cheques Purchased) and Balances with the Central Bank of TRNC | 368,768,458 | 0 | 0 | 0 | 0 | 368,768,458 |
| Due from Banks | 42,159,177 | 29,937,277 | 0 | 0 | 0 | 72,096,454 |
| Investment Securities | 41,072,634 | 1,000,000 | 0 | 2,823,710 | 0 | 44,896,344 |
| Loans | 1,727,595,397 | 4,302,137 | 13,947,946 | 8,615,994 | 114,193,934 | 1,868,655,408 |
| Investment Securities Held to Maturity | 3,202 | 0 | 0 | 300,000 | 19,329,018 | 19,632,220 |
| Other Assets | 3,851,066 | 0 | 0 | 0 | 0 | 214,292,783 |
| Total Assets | 2,183,449,934 | 35,239,414 | 13,947,946 | 11,739,704 | 133,522,952 | 2,588,341,667 |
| Liabilities | | | | | | |
| Banks Deposits | 1,250,276 | 37,560,555 | 0 | 0 | 0 | 38,810,831 |
| Other Deposits | 604,681,013 | 1,411,136,338 | 44,080,484 | 84,624,503 | 16,807,100 | 2,161,329,438 |
| Funds Provided from Other Financial Institutions | 54,000,000 | 8,910,800 | 0 | 8,800,000 | 0 | 71,710,800 |
| Marketable Securities Issued | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Payables | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Liabilities | 101,568,192 | 0 | 0 | 300,000 | 3,653,930 | 316,490,598 |
| Total Liabilities | 761,499,481 | 1,457,607,693 | 44,080,484 | 93,724,503 | 20,461,030 | 2,588,341,667 |
| Net Liquidity Gap | 1,421,950,453 | -1,422,368,279 | -30,132,538 | -81,984,799 | 113,061,922 | 0 |
| Previous Period | | | | | | |
| Total Assets | 1,949,459,004 | 50,309,933 | 32,283,670 | 22,915,889 | 128,321,051 | 2,382,244,629 |
| Total Liabilities | 772,054,102 | 1,260,980,868 | 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 |

e) Other disclosures on Bank's activities.

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

(1) Concentration of off-balance sheet liabilities.

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

(2)

a) Total amount of non-cash loans:

| | Current Period | Previous Period |
|---|-------------------|-------------------|
| Guarantees given against cash loans | 0 | 0 |
| With maturity of 1 year or less than 1 year | 0 | 0 |
| With maturity of more than 1 year | 0 | 0 |
| Other non-cash loans | 27,725,801 | 31,484,644 |
| Total | 27,725,801 | 31,484,644 |

b) Information about non-cash loans:

| | Current Period | | Previous Period | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| | LC | FC | LC | FC |
| Non-Cash Loans | | | | |
| Letters of Guarantee | 15,479,089 | 9,401,986 | 17,376,282 | 11,552,682 |
| Bank Acceptances | 154,286 | 310,424 | 98,634 | 563,876 |
| Letters of Credit | 0 | 2,380,016 | 34,994 | 1,858,176 |
| Endorsements | 0 | 0 | 0 | 0 |
| Underwriting Commitments | 0 | 0 | 0 | 0 |
| Factoring Guarantees | 0 | 0 | 0 | 0 |
| Other Guarantees and Warranties | 0 | 0 | 0 | 0 |
| Total | 15,633,375 | 12,092,426 | 17,509,910 | 13,974,734 |

(3) Information on commitments;

| | Current Period | Previous Period |
|---------------------------|-------------------|-------------------|
| Irrecoverable Commitments | 56,505,204 | 56,439,814 |
| Recoverable Commitments | 0 | 0 |
| Total | 56,505,204 | 56,439,814 |

(4) Information related to financial derivative instruments;

| | Current Period | Previous Period |
|-------------------------------------|----------------|-----------------|
| Forward FC Transactions | 0 | 0 |
| FC and Interest Swap Transactions | 0 | 0 |
| FC and Interest Option Transactions | 0 | 0 |
| FC Future Transactions | 0 | 0 |
| Future Interest Rate Transactions | 0 | 0 |
| Other | 0 | 0 |
| Total | 0 | 0 |

IV. INFORMATION AND DISCLOSURES RELATED TO INCOME STATEMENT

(1)

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

| | Current Period | Previous Period |
|--|----------------|-----------------|
| Interest received from participations and subsidiaries | 2,194,722 | 1,849,760 |
| Commissions and fees received from participations and subsidiaries | 5,301 | 7,114 |

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

| | Current Period | Previous Period |
|--|----------------|-----------------|
| Interest paid to participations and subsidiaries | 751,793 | 560,404 |
| Commissions and fees paid to participations and subsidiaries | 0 | 0 |

c) Interest received from reverse repurchase agreement transactions;

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

d) Interest paid to repurchase agreement transactions:

| | Current Period | | Previous Period | |
|--|----------------|---------|-----------------|---------|
| | LC | FC | LC | FC |
| Interest paid to repurchase agreement transactions | 116,283 | 340,294 | 61,635 | 362,697 |

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

| | Current Period | Previous Period |
|---|----------------|-----------------|
| Specific Provisions for Loans and Other Receivables | 8,941,738 | 25,224,828 |
| General Provision Expenses | 851,140 | 1,645,277 |
| Marketable Securities Impairment Expense | 0 | 0 |
| Impairment Provision Expense * | 0 | 113,535 |
| Other | 0 | 3,455,939 |

* Full provision has been made for loss of subsidiaries for the year 2012.

(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

| | 2012 | 2011 |
|---------------------------------------|--------------|--------------|
| | (TRY) | (TRY) |
| Income on provision for loans | 1,413,202 | 1,326,973 |
| Income on general provision for loans | 1,265,678 | 208,717 |
| Rental Income | 0 | 94,061 |

3.2 Other Expenses

| | 2012 | 2011 |
|--------------------------------|--------------|--------------|
| | (TRY) | (TRY) |
| Saving Deposits Insurance Fund | 14,991,830 | 14,434,256 |

4. Notes on Other Significant Matters

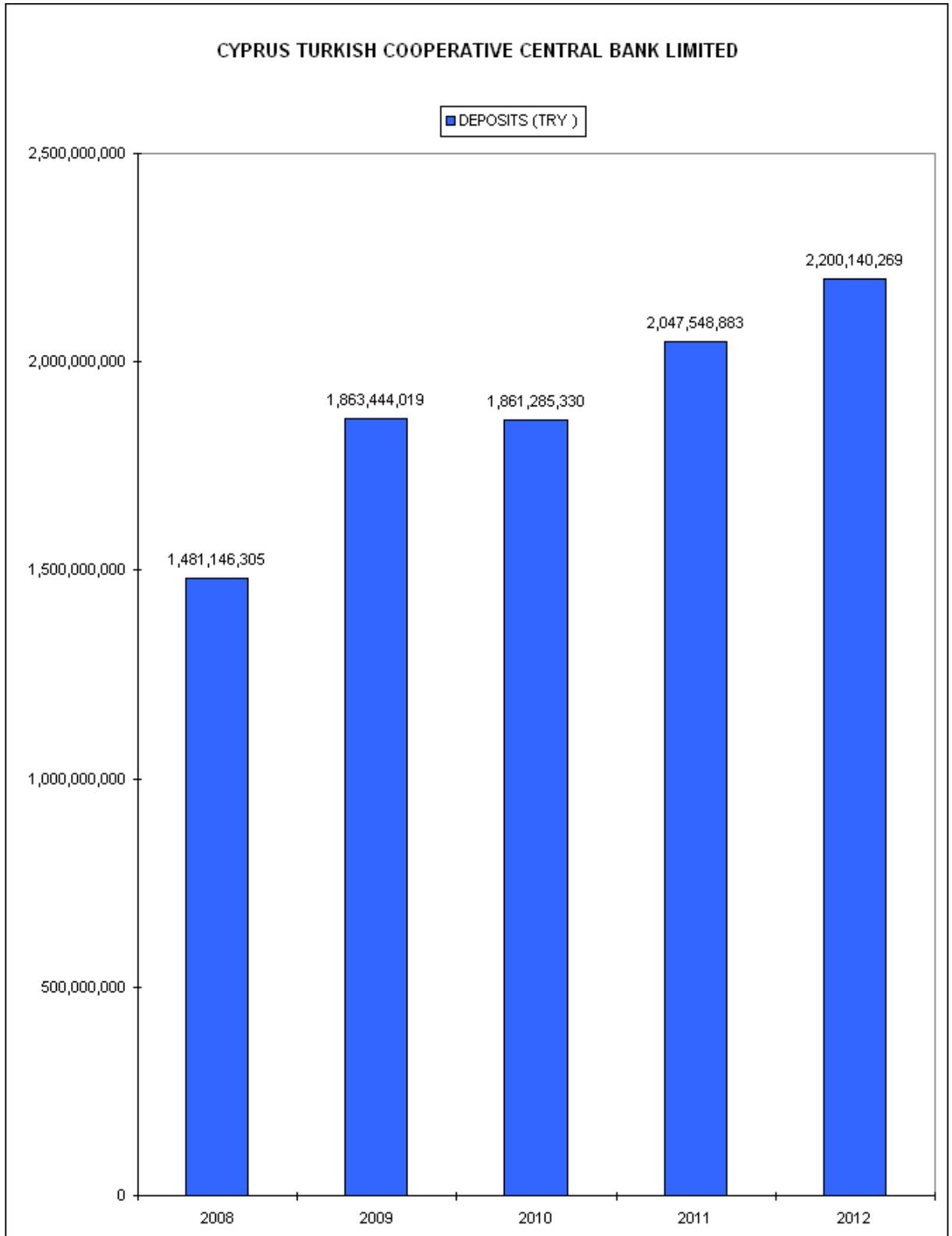
4.1 Net Profit / Loss Before Taxation

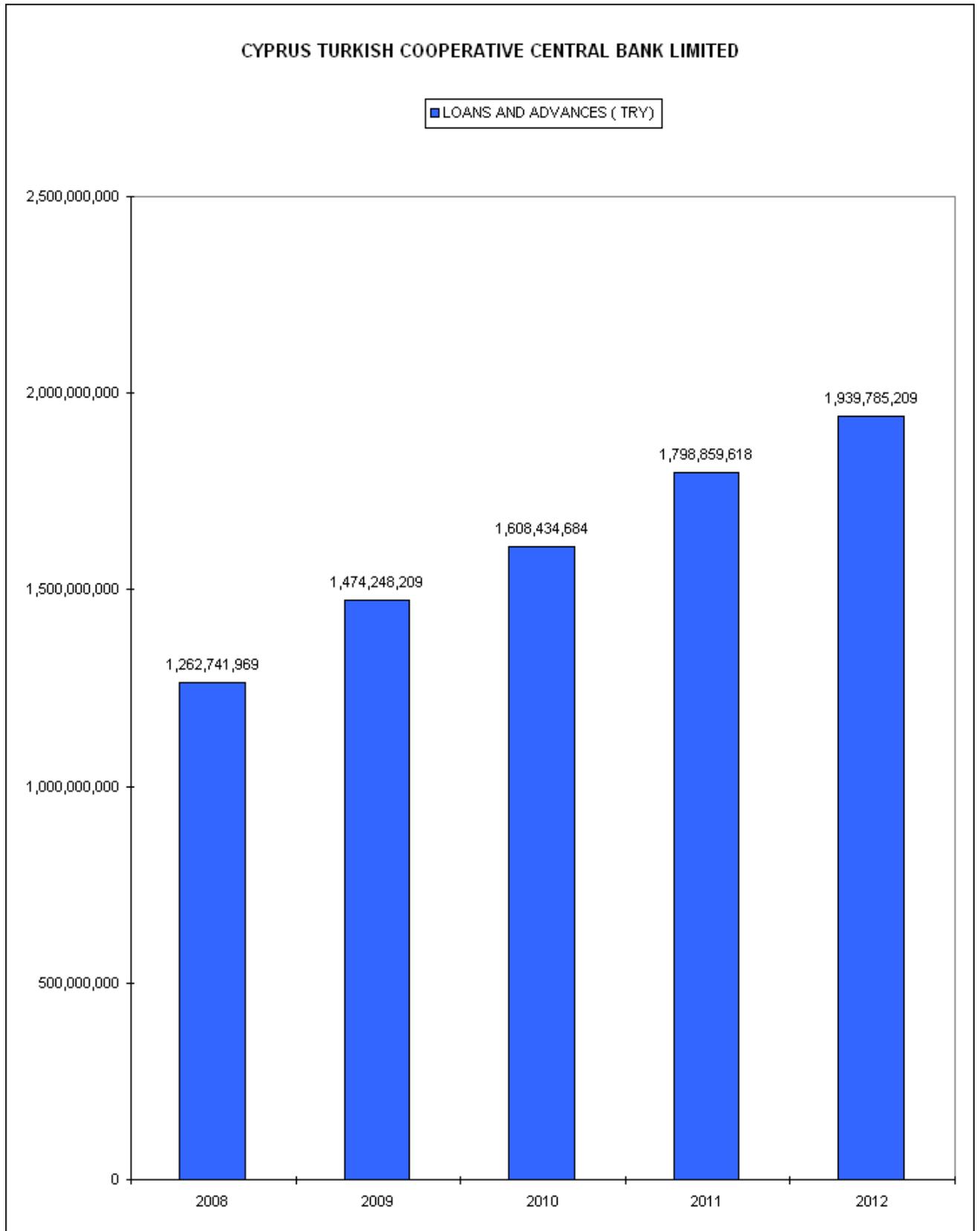
Net profit/ (loss) before taxation was shown after reduction of provision for doubtful debts, depreciation, personnel expenses, rental expenses and the expenses in the following table.

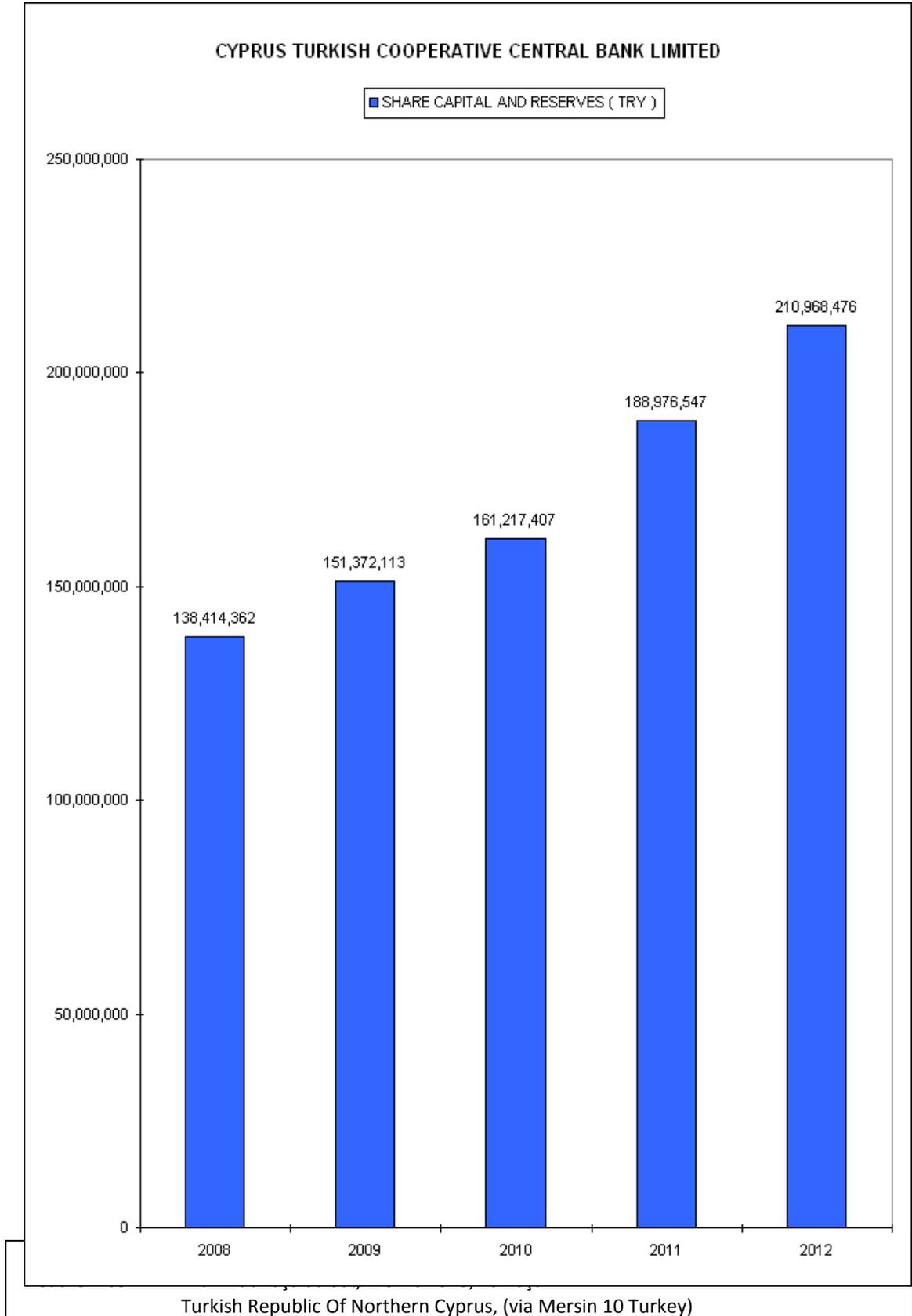
| | 2012 | 2011 |
|-----------------|----------------|----------------|
| | (TRY) | (TRY) |
| Directors’ Fees | 0 | 0 |
| Auditors’ Fees | 52,200 | 52,200 |
| Legal Advisor | 60,568 | 49,764 |
| Total | 112,768 | 101,964 |

4.2 As of the Balance Sheet date, Total debt amounts to TRY 1,939,785,209. The amount of TRY 1,537,409,810 is guaranteed by the government. From the remaining amount of TRY 402,375,399 the amount of TRY 71,129,801 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 66,791,298 and is 93,90% of the total provision.

4.3 The Banks’ Net Profit before taxation is TRY 19,115,928.







**CYPRUS TURKISH COOPERATIVE CENTRAL BANK LTD.**

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Internet : www.koopbank.com **E-mail** : info@koopbank.com

DEPARTMENTS

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

BANKING BRANCHES

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|--------------------------------|-------------------------|-------------------|
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| Vadili, Nicosia | +90 392 377 7691 | +90 392 377 7693 |
| Akdoğan, Nicosia | +90 392 377 8321 | +90 392 377 8257 |
| Famagusta | +90 392 366 5304 | +90 392 366 6304 |
| Maraş, Famagusta | +90 392 367 0230 | +90 392 3670233 |
| Eastern Med. Univ. , Famagusta | +90 392 365 3682 | +90 392 365 3416 |
| Sanayi, Famagusta | +90 392 365 6090 | +90 392 365 6092 |
| İskele | +90 392 371 2523 | +90 392 371 2095 |
| Geçitkale, İskele | +90 392 373 3139 | +90 392 373 3139 |
| Yenierenköy , İskele | +90 392 374 5067 | +90 392 374 5069 |
| Kyrenia | +90 392 815 2469 | +90 392 815 3770 |
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| Karaoğlanoğlu, Kyrenia | +90 392 822 4445 | +90 392 822 4447 |
| Güzelyurt | +90 392 714 2197 | +90 392 714 3527 |
| Gemikonağı, Güzelyurt | +90 392 727 8162 | +90 392 721 8165 |

SUBSIDIARIES & PARTICIPATIONS

| | <u>TELEPHONE</u> | <u>FAX</u> |
|--|-------------------------|-------------------|
| Dairy and Oil Production and Marketing Cooperative Ltd. | +90 392 227 1748 | +90 392 228 4216 |
| Animal Fodder, Carobs Kibbling and LP Gas Production and Marketing Cooperative Ltd | +90 392 223 1314 | +90 392 223 2766 |
| Agricultural Requisites, Machinery Equipment and Foodstuffs Marketing Cooperative Ltd. | +90 392 228 3123 | +90 392 228 2764 |
| Şeker Sigorta (Kıbrıs) Ltd. | +90 392 4440404 | +90 392 227 4074 |