



# Central Bank of the TRNC Annual Report - 2021

*According to the Law on the Central Bank of the TRNC No. 41/2001, the objective of the Bank is,*

*“To implement the monetary-credit policies, to regulate and supervise the banking system in accordance with the objectives, development plans and annual programs of the Central Bank, in order to support economic development,”*

*“To prevent all sorts of transactions and applications that might jeopardize the rights of the depositors and the regularly and secure operating of the banks, and that might create significant damages to the economy, also, to make and implement all the necessary decisions and measures designed to ensure the effective operating of the loan system,”*

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## ABBREVIATIONS

EU	European Union
USA	United States of America
ATM	Automated Teller Machine/Cash Dispenser
BoE	Bank of England
BRSA	Banking Regulation and Supervision Agency
IMM	Interbank Money Market
IT	Information Technologies
SPO	State Planning Organization
EPS	Electronic Payment Systems
e-signature	Electronic Signature
IEPS	Institutional Electronic Payment System
LISF	Loan Interest Support Fund
CGF	Credit Guarantee Fund
Bank	Central Bank of the Turkish Republic of Northern Cyprus
CB	Central Bank of the TRNC
SP	Securities Portfolio
RR	Reserve Ratio on Deposits
RTGS	Real Time Gross Settlement
CMBT	Capital Markets Board of Turkey
NPL	Non-Performing Loans
CCA	Common Chart of Accounts
TL/TRY	Turkish Lira
SDIFS/Fund	Savings Deposit Insurance and Financial Stability Fund
URP	Uniform Reporting Package
IBU	International Banking Units
FX	Foreign Exchange
\$/Dollar	US Dollar
€/EUR	Euro
£/GBP	Pound Sterling

## DEFINITIONS

Fixed Assets	:	Movables + Immovables
Central Bank of the TRNC - Cash and Cash Equivalents		Cash + Gold + Securities Portfolio + Bank Deposits + Foreign Correspondents
Reserve Requirements	:	Reserve Requirements

## **FOREWORD**

*In 2021, the Central Bank continued its efforts to harmonize the legislation on the TRNC banking sector with the international standards, use the policy instruments in a way to help our country's economic development and protect the rights and interests of depositors. In this framework, 9 amendment notifications have been issued by the Bank, based on the power given to the Bank by the Banking Law, Law on International Banking Units, Consumer Loans Law and Law on Financial Leasing, Factoring and Financing Companies and the Prevention of Usury.*

*To mitigate the negative effects of the Covid-19 pandemic on economic activity, the difficulties it caused loan borrowers, and the cash flow problems faced by businesses, the scope of the low-interest loan packages implemented in 2020 was expanded, and loans were restructured.*

*The number of positions that will perform the permanent and continuous duties required to be fulfilled by the Bank's personnel is specified as 205 in the Organization Law of the Central Bank of the TRNC. As of the end of 2021, the number of personnel working in permanent status is 123. 1 temporary janitor and 1 personnel employed under the law on employment of disabled personnel was added to the number mentioned above, and the total number of personnel of the Bank reached 125. In 2021, 38 persons took part in international online education programs.*

*Total assets of the Central Bank of the TRNC increased by 75.3 percent in 2021 and rose to 29,253.4 million TRY as of the end of the year. In 2021, total shareholders' equity reached 1,376.1 million TRY, reserve requirements reached 4,920.5 million TRY and the interbank money market transactions reached 9,956.3 million TRY. Profit of the Central Bank, which was 341.9 million TRY in 2020, increased to 506.5 million TRY.*

*The Central Bank of the TRNC - 2021 Annual Report, prepared as a requirement of transparency and accountability, one of the most fundamental elements of the Bank's management approach, is presented with the data and assessments of the year. I would like to take this opportunity to thank all of my colleagues for their devoted work.*

*Regards,*



**Rifat GÜNAY**  
**Governor**





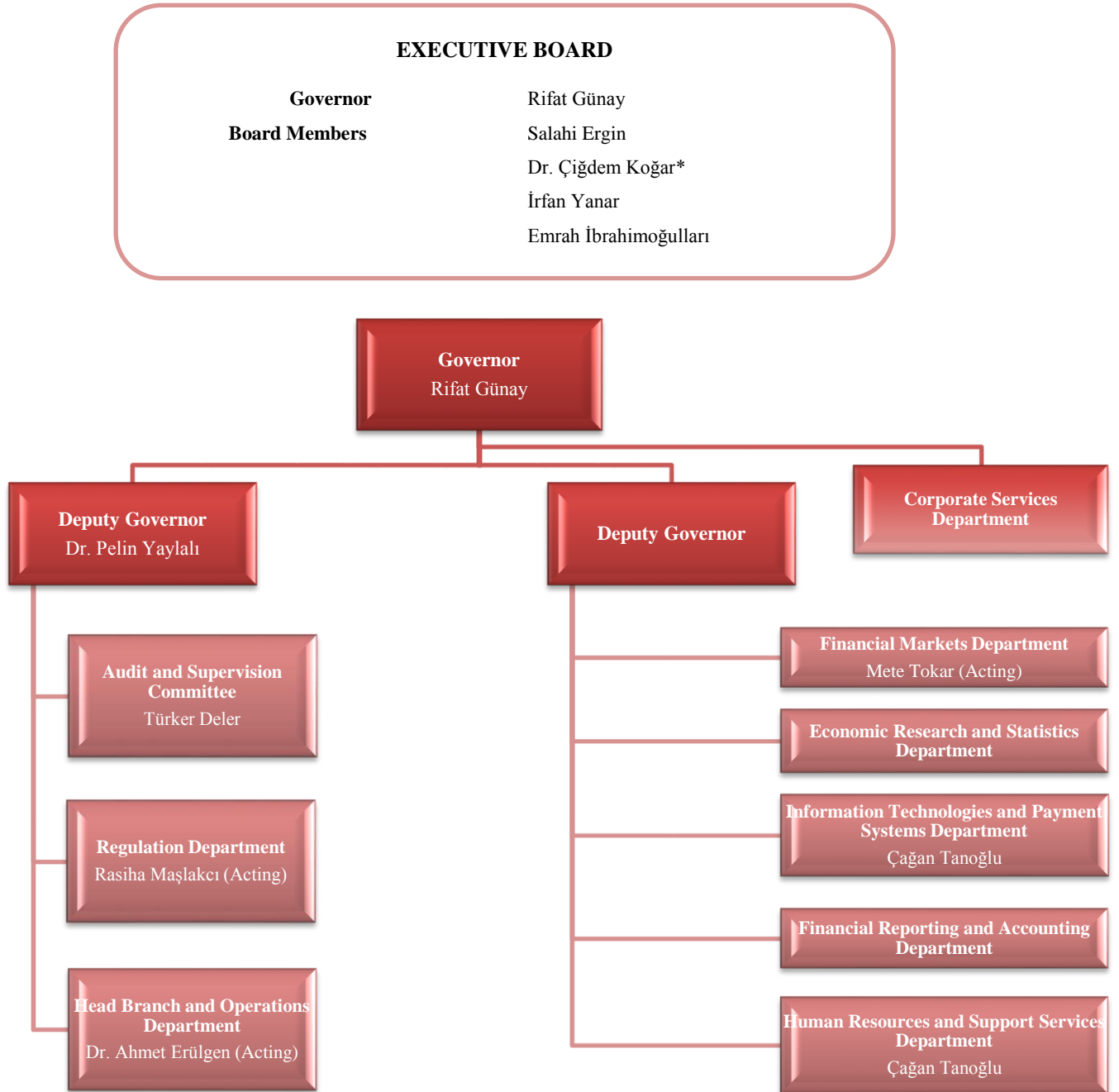
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# ORGANIZATION AND ADMINISTRATION

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# 1. ORGANIZATION AND ADMINISTRATION

## 1.1 Organization Chart



\* Resigned from the relevant position on September 1, 2021.

\*\* Appointed by proxy as of January 14, 2021 in accordance with Executive Board decision no. 1170.

The organization and management structure of the Central Bank of the TRNC is regulated by Central Bank of the TRNC Law No. 41/2001, Central Bank of the TRNC Organization Law No. 57/1987 and the legislation enacted pursuant to these laws. The formation of the Bank's Executive Board and the Office of the Governor is defined in Law no. 41/2001, and the personnel structure and positions are defined in the Law No. 57/1987. The Central Bank Administration, Organization and Services Notification issued under Article 51 (1) A of the Law No. 57/1987 distributed the duties of the Bank among the departments.

## **1.2 Corporate Governance**

According to Article 9 of the Central Bank of the TRNC Law No. 41/2001, the Bank's corporate governance structure consists of the Executive Board, Governor, Deputy Governor, Head Office and the Head Branch.

### **1.2.1 Executive Board**

The Executive Board is the highest decision making body of the Bank. The Central Bank independently exercises its duties and authorities assigned by the Law under its own responsibility. The Executive Board consist of a Governor and four members to be appointed as required by the Central Bank of the TRNC Law. The Board convenes at least once a month with the participation of at least three members and makes decisions by unanimous vote of at least three members. The Deputy Governors of the Central Bank can participate in the meetings of the Board without the right to vote.

The Governor is appointed by the Prime Minister for five years upon the approval of the Council of Ministers. The Governor may be reappointed at the end of this period. The appointment of the members of the Executive Board is carried out by the Council of Ministers for a period of four years. According to the Law, members whose duty terms have expired can be reappointed.

Governor and Chairman of the Executive Board of the Central Bank of the TRNC is Rifat Günay, Board Members are İrfan Yanar, Salahi Ergin and Emrah İbrahimogulları.

## BOARD MEMBERS



**Rifat Günay**  
Governor



**Salahi Ergin**  
Member



**İrfan Yanar**  
Member



**Emrah İbrahimogulları**  
Member

Article 5 of the Central Bank of the TRNC Law No. 41/2001 sets out the duties and authorities of the Bank's Executive Board and Article 11 of the relevant law sets out the duties and authorities of the Bank.

The main duty of the Bank is to carry out all the necessary procedures for the regulation and supervision of the monetary and banking system of the Turkish Republic of Northern Cyprus. To take regulatory measures regarding currency and foreign exchange markets in order to ensure stability in the financial system is also among the duties of the Central Bank.

Other authorities and duties of the Central Bank are as follows:

- ❖ To seek information and collect statistical data from the banks and other financial organizations, and other establishments and organizations that are in charge of regulating and supervising these, with the aim of monitoring the financial markets.
- ❖ To carry out the procedures required by the Central Banks by taking the economic conditions into consideration.
- ❖ To supervise the banks and other institutions established for granting loans.
- ❖ To take regulatory measures regarding currency and foreign exchange markets in order to ensure stability in the financial system.
- ❖ To monitor financial markets, establish payment settlement systems, make regulations to ensure the uninterrupted operation and control of the existing and future systems, and identify the methods and tools to be used, including the electronic media for payments.
- ❖ To regulate money and credit volume.
- ❖ To regulate and manage the international reserves of the TRNC.
- ❖ To act as the financial and economic advisor of the government by providing opinion on the matters to be examined by the Council of Ministers on monetary and credit policy.
- ❖ To act as the financial agent of the Government in international financial and economic relations.
- ❖ To act as the banker and the financial agency of the Government.
- ❖ To grant advance payments to the Savings Deposits Insurance Fund in accordance with the procedures and principles to be determined in case of extraordinary circumstances and in case the funds of the Savings Deposits Insurance Fund cannot meet the requirements.
- ❖ To prevent all sorts of transactions and applications that might jeopardize the rights of the depositors and the orderly and secure operating of the banks, and that might create significant damages to the economy, also, to make and implement all the necessary decisions and measures designed to ensure the effective operating of the loan system.
- ❖ To manage the gold and foreign exchange reserves of the country.
- ❖ To grant credits to the banks as the ultimate authority for credits.

Examining and deciding on the issues related to the Bank's balance sheet, profit and loss account, budget, annual report, real estate, personnel, loans and reserve requirements, identifying other banking services that may be provided by the Bank, doing necessary planning regarding the supervision of banks in accordance with the Banking Law of the TRNC, determining the principles and procedures that must be followed in order to prevent the weakening of their financial structure, and establishing the issues on the ratios to be applied and other rates are among the authorities and duties of the Executive Board.

The duties and authorities of the Executive Board of the Bank are detailed in the table below.

❖ To take the necessary measures for the supervision of the banks, to establish the principles and procedures to be followed in order to prevent the weakening of the financial institutions, and to identify and apply issues regarding the ratios to be applied and the other rates, in accordance with the Banking Law and to make decisions within the framework of the authorities determined by the Banking Law.
❖ To determine the rediscount, discount and interest rates as well as the fees and commissions to be applied by the Central Bank in its transactions.
❖ To take regulatory measures in terms of type and amount on the investments of Central Bank and to adjust the distribution of loan types in terms of sector and subject within the general loan volume.
❖ To determine the principles and conditions of the credits to be granted by the Central Bank, as well as the rediscount and advance limits.
❖ To determine the issues on reserve requirements and interest rates in Articles 23 and 24 of Law No. 41/2011.
❖ To examine the balance sheet, profit and loss account of the Central Bank and make a decision on them.
❖ To make regulations regarding the administration, organization and services of the Central Bank.
❖ To purchase or lease immovable property for the Central Bank's needs and to sell immovable property owned by the Central Bank when necessary.
❖ To decide on the issues of compromise and cancelation regarding the amounts and assets exceeding the agreed terms.
❖ To approve the annual budget and activity report of the Central Bank.
❖ To appoint the personnel of the Central Bank and determine the signing authority of the personnel who would put the bank under obligation.
❖ To determine other banking transactions and services that can be carried out by the Central Bank.
❖ To make decisions on the issues to be submitted to the examination and approval by the Governor.
❖ To determine the terms and conditions for the issuance and acceptance of the credit cards.
❖ To grant approval for the establishment and operation of International Banking Units, to conduct their audits, and to take the required steps to ensure their efficient and consistent operation.
❖ To establish the policies and procedures pertaining to the organizations covered by the Consumer Loans Law and the individuals signing consumer loan contracts.
❖ To issue licenses for the establishment and operation of the Leasing, Factoring, and Financing Companies and institutions subject to the Law on the Prevention of Usury, to make decisions regarding the internal systems and management structures of the companies, and to establish the policies and guidelines for the audit and supervision of the businesses.

## 1.2.2 Governance

The Governance consists of the Governor and Deputy Governors and forms the top executive authority of the Bank.

### *Governor*

As the highest executive chief, the Governor ensures the national and foreign representation of the Central Bank, compliance with the laws that the Central Bank is liable to conduct, the execution of the decisions made by the Executive Board, and the administration of the Bank.



***Rifat Günay***  
***Governor***



### *Deputy Governors*

Deputy Governors of the Central Bank are appointed by the Prime Minister with the approval of the Council of Ministers. Deputy Governors are obliged to execute the parts to be given to them in the distribution of duties to be made by the Governor. The Deputy Governor who is appointed as acting in the absence of the Governor, may exercise all powers of the Governor.



***Dr. Pelin Yaylalı***  
***Deputy Governor***

### 1.3 Head Office and Head Branch

'Notification on the Central Bank's Administration, Organization and Services' issued by the Bank's Executive Board pursuant to the authority granted by Article 51 (1) (A) of the Central Bank Law, aims to ensure the distribution of the duties assigned to the Bank between the Head Office and the Head Branch, and to ensure that the employees work effectively and efficiently in coordination. Central Bank of the TRNC fulfils the duties assigned to it through the following departments and branches, which was determined by the aforementioned Notification.

#### *Audit and Supervision Committee*



**Türker Deler**  
**Committee President**

Audit and Supervision Committee is responsible for conducting audits and inspections with banks and other institutions within the framework of periodic programs to be prepared regarding the duties assigned to the Bank by the Central Bank Law, Banking Law and other legislation, and/or when deemed necessary by the Governance. The committee is also responsible for gathering, supervising and analysing the data of institutions operating in the financial sector and within the scope of the Central Bank's jurisdiction, to monitor whether they are working in accordance with the legislation

and to report the detected findings; auditing, analysing, conducting research and investigations within the framework of the authorities and duties assigned by the relevant laws, notifications and other legislation.

## *Regulation Department*



**Rasiha Maşlakçı**  
**Acting Director**

Regulation Department is responsible for preparing the draft regulations on the legislation of the institutions that are under the authority of the Central Bank, determining the principles and procedures to be followed by these institutions, evaluating the findings as a result of these reports together with other information and documents held by the Central Bank, ensuring that the necessary measures are taken and following up the implementation. Additionally, taking necessary measures or making suggestions as a result of the audits, ensuring that the necessary actions are taken in case of the detection of applications which require administrative fines on the institutions and/or judicial punishment on the members of the institutions, ensuring the representation of the Central Bank when necessary in order to resolve all kinds of disputes related to the Central Bank, and carrying out the necessary works in order to ensure compliance with the regulations of the Central Bank and international rules and practices are among the duties of the department.

***Financial Markets Department***

**Mete Tokar**  
**Acting Director**

Financial Markets Department is responsible for carrying out transactions in open market operations and foreign exchange and effective markets and preparing regulations on these issues, announcing the loan limits, rediscount and advance interest rates and loan interest rates, receiving and evaluating loan applications made to the Central Bank, determining the principles and procedures for extension of loans, determining the principles and procedures related to cash and account payments, and deposits, money transfer and collection transactions, and controlling the sheets that are subject to the reserve requirements and liquidity requirements. Also, controlling the sheets organized in accordance with the “Notification on Collection Procedures and Principles of Savings Deposit Insurance Premiums”, carrying out transactions related to all kinds of expired deposits, trusts and receivables in banks, determining the maximum contractual and overdue interest rates to be applied in credit card transactions, managing the reserves of the Central Bank, determining and announcing the foreign exchange and effective exchange rates and other duties related to the treasury works, issuance of State Domestic Debt Securities on behalf of the Ministry and carrying out the repurchase and exchange transactions of these assets are also included in the department’s duties.

### *Economic Research and Statistics Department*

Monitoring domestic and foreign economic developments and preparing periodic reports, conducting research and evaluations on economic and financial issues, presenting these to the use of the Governance and other persons and organizations to be deemed appropriate by the Governance, establishing the balance of payments statistics in accordance with the international concept and standard registration system, and conducting surveys if necessary for this purpose, preparing tables and reports on the banking sector and making sectoral assessments are among the duties of Economic Research and Statistics Department. In addition this department is obliged to present information on financial sector developments to the Executive Board, to conduct studies and researches requested by the Governance, to prepare bulletin and annual report of the Central Bank, researching innovative ideas in central banking and economics and to research, examine and contribute to the literature in this area.

***Information Technologies and Payment Systems Department***

**Çağın Tanođlu**  
**Director**

Creating strategies related to informatics, following technological developments in this field, developing medium and long term plans, to determine the standards for the preparation and use of information systems and meeting the demands, to create and implement information security policies, and conducting works on informatics security are among the duties of Information Technologies and Payment Systems Department. In addition to these, establishing the Central Bank's payment and security settlement systems in an efficient manner and ensuring that these systems are developed within the framework of the determined policies, determining the procedures and principles that must be followed in order to develop and maintain the means of payment, preparing the annual report of interbank clearing house transactions, following the results of cheque clearing transactions, making arrangements for the use of UBAN (National Bank Account Number) and following its implementation, preparing a report by centralizing the risk information through the Risk Centre and conducting the transactions in order to provide feedback to these institutions are also among the duties of the department.

### ***Financial Reporting and Accounting Department***

Financial Reporting and Accounting Department is responsible for taking necessary measures and make arrangements for the regular functioning and development of the Central Bank's accounting system, keeping and maintaining the accounting records for the Head Office and Head Branch operations and the mandatory books to be kept by law, making the payment and collections regarding salary, wages and personal rights of the personnel. Following international practices such as International Financial Reporting System in accounting and financial reporting issues and conducting studies in this direction, preparing, implementing, monitoring and regulating the financial year budget of the Central Bank, and preparing daily/weekly balance sheets, financial statements and other reports and situations requested by the Governance are among the duties of this department.



### *Corporate Services Department*

Corporate Services Department is responsible for examining the reports and annexes prepared by the departments concerned with the decisions of the Executive Board and presenting them to the Governor for the purpose of determining the agenda, preparing the meeting agenda of the Executive Board, ensuring that decisions and other arrangements to be published in the Official Gazette are sent to the Prime Ministry, carrying out secretarial services of the Executive Board, and regulating the institutional relations of the Central Bank with international organizations. In addition, to ensure that the policies and practices of the Central Bank are announced to the public, promoted and publicly perceived, to ensure that all the legislation, which is within the scope of duty, authority and responsibility of the Central Bank, is published on the official website of the Central Bank, to organize conferences, seminars, workshops and similar meetings requested by the Central Bank, and to plan the cultural, artistic, environmental and social activities of the Central Bank are also among the duties of the department.

***Human Resources and Support Services Department*****Çağın Tanođlu****Acting Director**

Human Resources and Support Services Department is responsible for making arrangements for wages and other financial rights, developing and implementing performance evaluation methods, carrying out retirement-related works, carrying out the assignment, personnel, retirement and similar affairs of the Central Bank Governor, Deputy Governors, Members of the Executive Board and the personnel, establishing the criteria for evaluating the performance of the personnel and the determination of the professional principles in cooperation with other departments, and conducting Central Bank's purchase and sale of goods and services, tenders, communications, archives, security, internal services and making the necessary arrangements. In addition, to determine the training needs of the personnel of the Central Bank and to carry out activities to establish the general training policy, to prepare the organization chart of the bank, to organize the duties and responsibilities of the departments and to work to increase the work efficiency are also among the duties of the department.

***Head Branch and Operations Department***

**Dr. Ahmet Erülgen**  
**Acting Director**

Head Branch and Operations Department carries out credit, foreign exchange, current account, clearing, listing the people restrained from using cheque books, follow-up of expired deposits, money transfers, cashier and branch accounting operations and keeps the accounting records of such operations in accordance with the regulations of the Bank and the instructions given by the Governance and the departments.

In addition, to collect commission fees and expenses to be applied in all kinds of banking transactions to be made by the Central Bank, to make cash and account payments from the Turkish Lira and foreign currency deposit accounts of the Central Bank, to collect deposits, remittances and bills, to carry out instructions regarding rediscount credits, to carry out, organize and follow up transactions related to treasury accounts, to carry out transactions in line with the treasury's instructions, to carry out operations related to payment systems are also among the duties of the department.

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# RESOURCES

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## **2. RESOURCES**

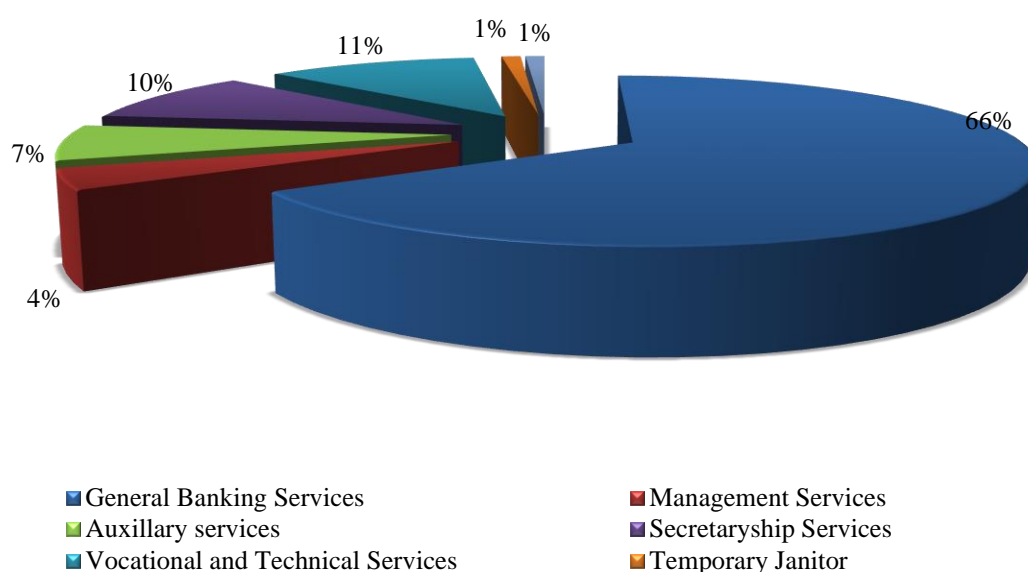
### **2.1 Human Resources**

The rights and obligations of the personnel of the Central Bank of the TRNC are regulated by the Central Bank of the TRNC Organization Law No. 57/1987 adopted on Convention of the TRNC Assembly of Republic dated July 16, 1987. As a result of the amendments made in the law no. 57/1987 with the amendment law no. 45/2016, which became effective on December 06, 2016, new positions were added to the Central Bank of the TRNC Organizational Law, and the current number of personnel increased from 101 to 205. Accordingly, the activities of the Central Bank of the Turkish Republic of Northern Cyprus are carried out by permanent personnel assigned to the management services, general banking services, vocational and technical services and auxiliary services class requiring physical services employed in the Head Office and the Head Branch.

#### **2.1.1 Positions and Personnel Status**

The number of positions of the Central Bank is specified as 205 in the Organization Law of the Central Bank of the TRNC. This number includes the Governor and Deputy Governors working under contract. As of the end of 2021, the number of personnel working in permanent status is 123. Adding 1 temporary janitor and 1 personnel employed under the law on employment of disabled personnel to the number of permanent personnel, the total number of personnel of the Bank reaches 125 at the end of 2021, while it was 131 at the end of 2020. In 2021, 7 of our employees retired, 1 employee resigned from their duty and 2 new personnel were employed.

Analysing the distribution of personnel of the Central Bank by service groups as of the end of 2021, 4 percent of the 125 personnel are working in the management services class, 66 percent in the general banking services class, 10 percent in the secretaryship services class, 11 percent in the vocational and technical services class, 7 percent in the auxiliary services class, 1 percent work as temporary janitor and 1 percent are working as the personnel employed under the Law on Protection, Rehabilitation and Employment of Persons with Disabilities No. 64/1993.

**Chart 2.1 Percentage Distribution of Personnel by Class of Service**

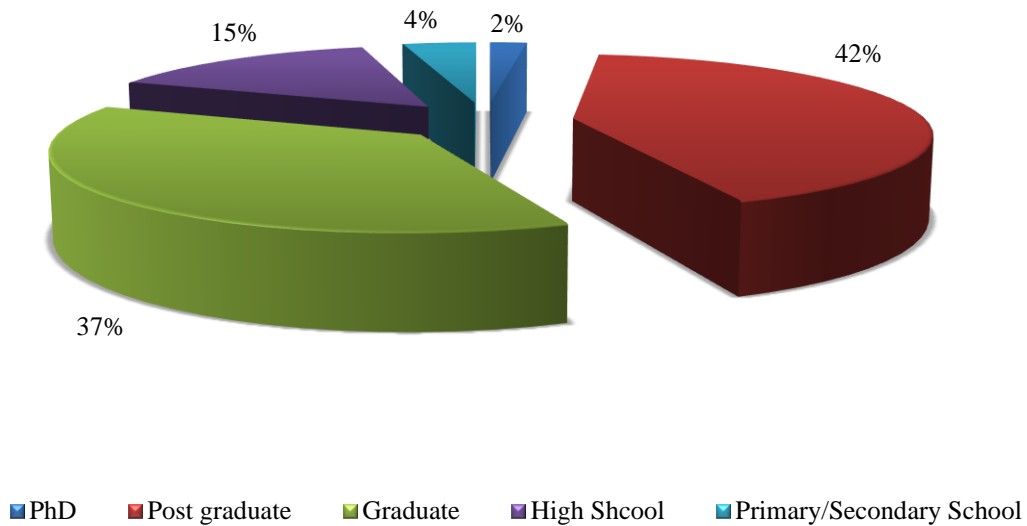
**Source:** Central Bank of the TRNC

As of the end of 2021, 3 out of 125 employees had a post-graduate degree, 53 had a graduate degree, 45 had an undergraduate degree, and 1 had an associate's degree, according to an analysis of the distribution of employees by educational level. 18 of the remaining personnel are high school and 5 are primary and secondary school graduates.

2 of the personnel with Ph.D. degree is in the management services class, and the other one is working as Second Class IT Officer. 53 employees have graduate degrees, of which 4 work in management, 5 in vocational and technical services, 41 in general banking, and 2 in the secretary services category. Out of 45 employees with undergraduate degrees, 1 works in management, 8 in technical and vocational services, 26 in general banking services, 9 in secretarial services, and 2 in the field of auxiliary services. 1 associate degree graduate personnel serve in the general banking services class. Of the 18 high school graduates, 14 work in general banking services, 1 in secretaryship services, and 3 in auxiliary services; 1 personnel is employed under the Law on Protection, Rehabilitation and Employment of Persons with Disabilities, No. 64/1993 and serves as disabled personnel. Out of 5 primary and secondary school graduate personnel, 4 are working in the auxiliary services class, 1 elementary school graduate personnel is working as a temporary janitor.

Examining the percentage share of the distribution of the personnel according to their level of education as of the end of 2021, the number of personnel with a post-graduate degree has a share of 2 percent, the number of personnel with graduate degree has a share of 42 percent, the personnel with undergraduate degree has a share of 37 percent, the number of high school graduates has a share of 15 percent and the primary and secondary school graduates has a share of 4 percent.

**Chart 2.2 Percentage Distribution of Personnel by Level of Education**



Source: Central Bank of the TRNC

### 2.1.2 Training Activities

In 2021, training activities were held online, due to the Covid-19 restrictions. In 2021, 38 personnel participated in 50 trainings organized by the Banks Association of Turkey.

As part of the training activities in 2021, 1 employee from the management services, 30 from the general banking services class, 1 from secretaryship services class and 6 from the vocational and technical services class participated in the international training programs.

**Table 2.1 Number of Personnel Participating in Training Programs**

	Local		International (Online)	
	2020	2021	2020	2021
Management Services Class	-	-	-	1
General Banking Services Class	-	-	22	30
Secretaryship Services Class	-	-	1	1
Auxiliary Services Class	-	-	-	-
Temporary Personnel	-	-	-	-
Vocational and Technical Services Class	-	-	5	6
<b>Total</b>	-	-	<b>28</b>	<b>38</b>

Source: Central Bank of the TRNC

The in-person training activities, which are considered highly important for the development of the Bank's personnel and the improvement of the Bank's practices to international standards, have been suspended since March 2020 due to the Covid-19 outbreak. No in-house training was provided to bank personnel in 2021.

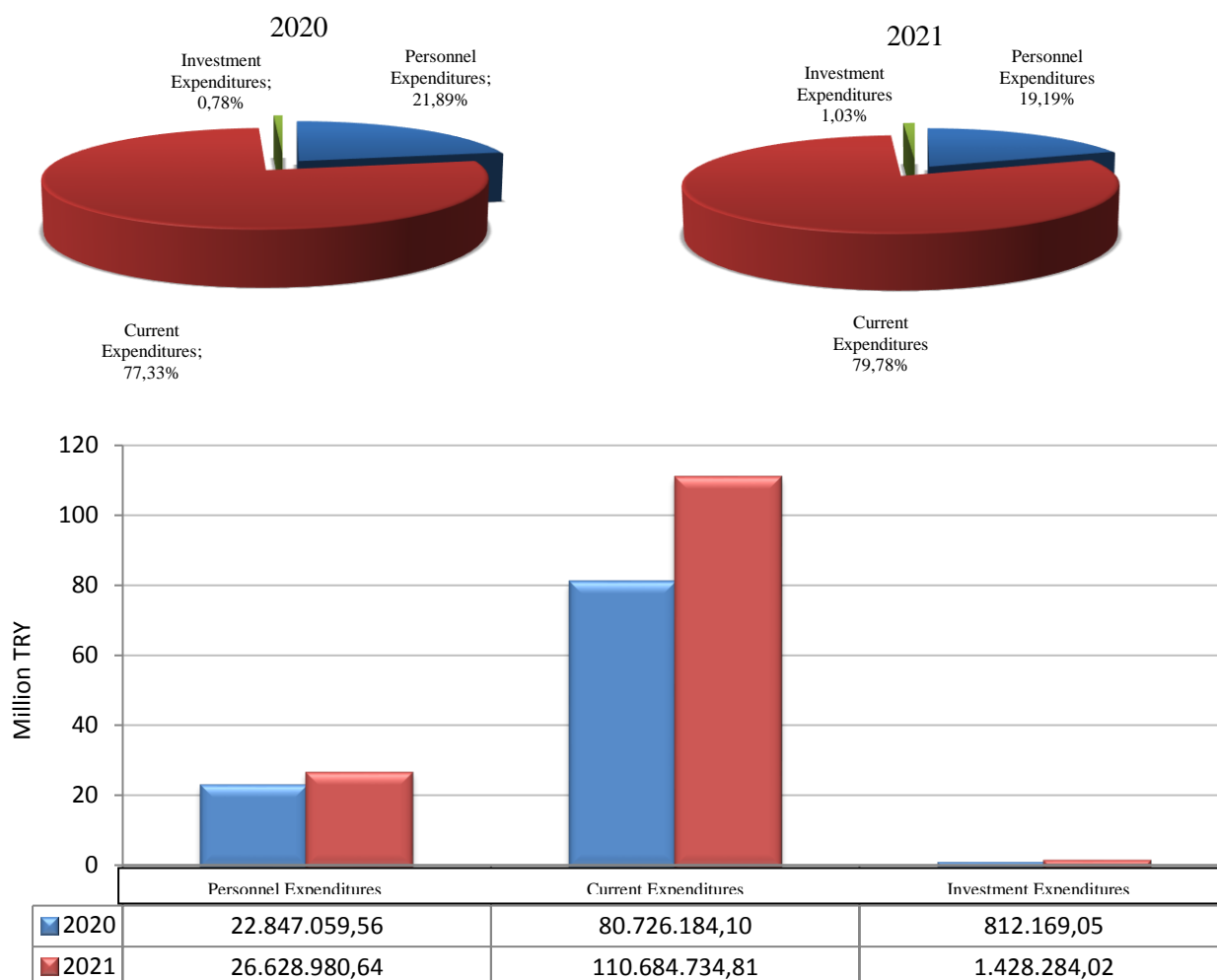
## 2.2 Financial Resources

The Executive Board of the Central Bank of the TRNC approved the 2021 Fiscal Year Budget with the decision No. 1165 dated December 18, 2020, in order to carry out the determined services and activities. The bank's consolidated budget expenditures are classified under three separate titles: current expenditures, employee personal rights and investment expenditures.

While the total budget expenditures of the Bank in 2020 was 104.4 million TRY, this figure increased by 32.9 percent and reached 138.7 million TRY in 2021. In 2021, 80 percent of the Bank's budget (110.7 million TRY) was used for current expenditures and 19 percent (26.6 million TRY) for personnel expenditures. In 2020, current expenditures of 80.7 million TRY, which is 77 percent of the budget expenditures, and 22.8 million TRY, which is 22 percent, were allocated for employee personal rights.



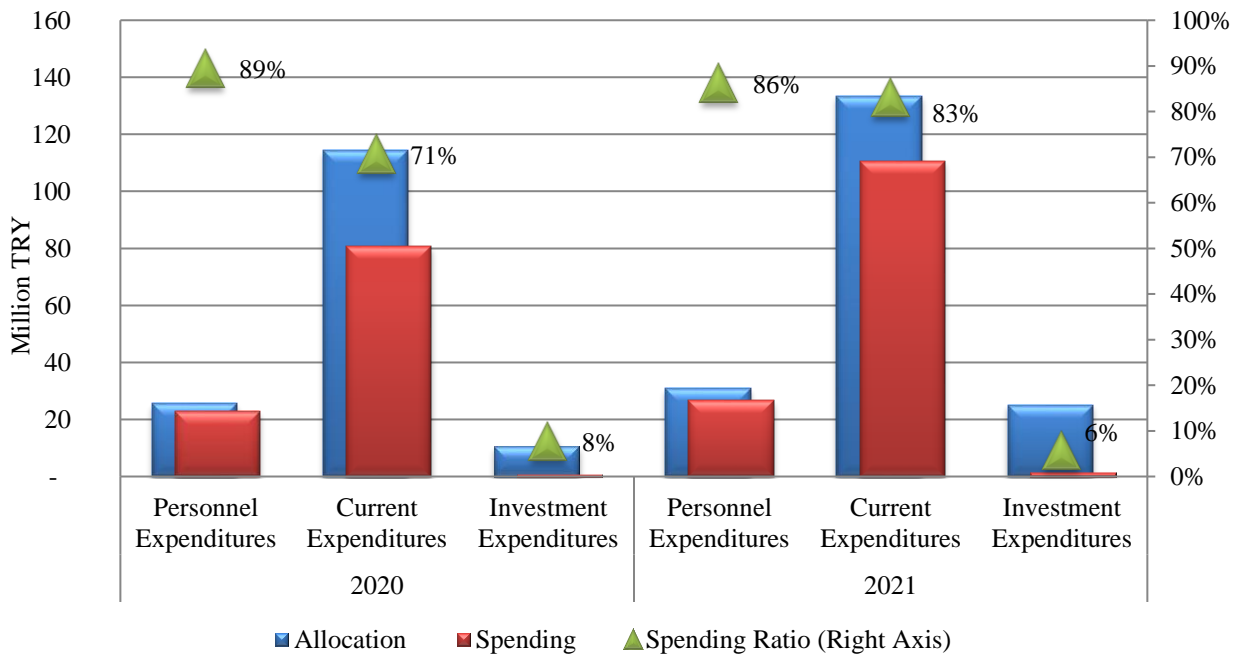
**Chart 2.3 Consolidated Budget Expenditures**



**Source:** Central Bank of the TRNC

According to the Bank’s budget implementation results for 2020, while the ratio of the allocations used for employee personal rights was 89 percent, this ratio was 71 percent in current expenditures and 8 percent in investment expenditures. In 2021 budget, the expenditure ratio of the allocations was 86 percent in employee personal rights, 83 percent in current expenditures and 6 percent in investment expenditures. Total expenditure rate of allocations in the 2021 Fiscal Year Budget was 73 percent.

**Chart 2.4 Budget Implementation Results**



Source: Central Bank of the TRNC

**2.3 Technical Resources**

In 2021, within the scope of Project and Software development and maintenance services, new administrative and operational applications were introduced in the Bank and the Bank's technical competence was improved.

The security of the system and applications was increased in 2021 through the implementation of planned system updates and related software updates.

The necessary equipment for the System Management field was fully procured, and the installation work was done in the appropriate units. Business continuity during pandemic conditions was ensured by building a remote working infrastructure.

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# ACTIVITIES

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### 3. ACTIVITIES

The 2021 activities of the Central Bank of the TRNC are outlined in this section of the report.

#### 3.1 Policy Instruments

As stated in the Article 4 of the Central Bank of the TRNC Law, the objective of the Central Banks is to implement the monetary-credit policies, to regulate and supervise the banking system in accordance with the objective, development plans and annual programs of the Central Bank, in order to help economic development.

In line with this main objective, the powers and duties of the Bank regarding money-credit policies are regulated in article 5 of the law and the powers and duties of the bank's Executive Board are regulated in article 11. Policies regarding these issues are explicitly stated in Articles 22, 23 and 24, while procedures and practices in Articles 31, 32, 33, 34, 35 and in provisional Articles 2, 3, 4, 5 and 7. Based on the duties and authorities given by the legislation referring to the articles of the Central Bank of the TRNC Law, the Bank makes necessary arrangements and takes the necessary measures regarding loans, reserve requirements, interest rates, rediscount transactions, Central Bank securities, payment systems, interbank money market.

#### *Monetary Policy Instruments*

Monetary policy instruments are divided into two parts as direct and indirect. As a monetary policy instrument, the Central Bank of the TRNC generally utilizes indirect instruments consisting of rediscount window (loan) transactions, reserve requirements ratios and liquidity requirements. In addition, Interbank Money Market (IMM) was created in 2009, allowing the banking sector to reach daily liquidity and to deposit excess liquidity in four currencies. Issued as of 2014, the Central Bank securities, provided a monetary policy instrument to the sector in which it can utilise its liquid resources.

## Indirect Policy Instruments:

### a. Rediscount Window (Loan) Transactions

Article 31 of the Central Bank of the TRNC Law regulates the authorities of the Central Bank on the acceptance of short term securities and certificates for rediscount and advance. Accordingly, the bank may accept the following securities and certificates for rediscount:

- ❖ Commercial notes of natural or legal persons dealing with tourism, education, industry, mining and agriculture, provided that there are maximum nine months until their term expires,
- ❖ Others' commercial notes and certificates to be deposited by the banks, provided that there are maximum four months until their term expires,
- ❖ The bills to be deposited by the banks in order to meet the loan requirements of craftsman and cooperatives, provided that there are maximum nine months until their term expires.

In this context, the Bank's Turkish Lira and foreign currency rediscount loan interest rates are shown in the table below. At the end of 2021, Turkish Lira rediscount interest rates are between 15.25 - 19 percent. These rates became effective on October 28, 2021. Accordingly, the interest rate on Turkish Lira commercial rediscount loan is 19 percent, and the interest rate on rediscount credits extended to industry, export, tourism, education and agriculture sectors is 16.25 percent. The interest rate of rediscount credits extended to small business owners is 15.25 percent. The interest rate applied to foreign currency rediscount loans (trade, industry, export, tourism, education) since March 2, 2009 is 4 percent. The interest rate on advances against foreign exchange is 16 percent in Turkish Lira and 4 percent in foreign exchange.

**Table 3.1 Rediscount Interest Rates**

#### Rediscount Interest Rates

	TRY	USD	EURO	GBP
<b>Commercial</b>	19.00	4.0	4.0	4.0
<b>Industry</b>	16.25	4.0	4.0	4.0
<b>Exports</b>	16.25	4.0	4.0	4.0
<b>Tourism</b>	16.25	4.0	4.0	4.0
<b>Education</b>	16.25	4.0	4.0	4.0
<b>Agriculture</b>	16.25	-	-	-
<b>Small Business Owners</b>	15.25	-	-	-
<b>Advances Against Foreign Exchange</b>	16.00	4.0	4.0	4.0

Source: Central Bank of the TRNC (as of 31.12.2021)

In 2021, there is one education rediscount loan provided by the Bank within the scope of rediscount and advance transactions.

***b. Bank Liquidity Requirement and Reserve Requirement Implementations***

Pursuant to Article 23 (1) of the Central Bank of the TRNC Law No. 41/2001, principles and procedures related to bank liquidity requirements of banks, and the lowest rate of general liquidity requirement that banks should have in line with their liabilities is determined by the notification issued by the Bank.

According to the Notification of the General Bank Liquidity Requirement published in the Official Gazette on February 26, 2013, the minimum rate required by banks for their liabilities is 10%. However, banks are obliged to maintain a gradual liquidity requirements in different ratios if the total amount of the money they hold in foreign banks and the securities purchased from abroad exceed their own funds.

**Table 3.2 Bank Liquidity Requirement Ratios**

	> 1 x shareholders' equity	12%
<b>Total amount of funds in</b>	> 2 x shareholders' equity	14%
<b>foreign banks + total amount</b>	> 3 x shareholders' equity	16%
<b>of securities purchased</b>	> 4 x shareholders' equity	18%
<b>abroad,</b>	> 5 x shareholders' equity	20%

Source: Central Bank of the TRNC

According to the average liquidity requirement ratios as of the end of 2021, publicly banks hold a liquidity value of 6.69 points, private banks 7.7 points, and branch banks 9.26 points above the minimum average requirement rate. The average liquidity ratio of the banking sector is 7.58 points above the average minimum liquidity requirement.

In accordance with Article 23 of the Law no. 41/2001, the Bank determine the principles and conditions of implementation, including the liabilities subject to reserve requirement and the time to deposit the reserve requirements and the interest to be paid when necessary. The following table lists the current reserve requirement ratio as established by the Bank's Executive Board Decision No. 1072, dated December 27, 2019.

**Table 3.3 Reserve Requirement Ratios**

	TRY	FX	Precious Metal
<b>Deposits up to 3-month maturity</b>	8.00	8.00	0
<b>Deposits with a maturity of 3-month to 6-month</b>	7.00	7.00	0
<b>Deposits with a maturity of 6-month to 1-year</b>	6.00	6.00	0
<b>Deposits with over 1-year maturity</b>	5.00	5.00	0
<b>Other liabilities excluding deposits</b>	8.00	8.00	0

Source: Central Bank of the TRNC

The total reserve requirement balances of the banks operating in the TRNC with the Central Bank of the TRNC as of the end of 2020 and 2021 are shown in Table 3.4.

**Table 3.4 Reserve Requirement Balances**

	December 2020	December 2021
<b>TRY</b>	768,773	846,263
<b>USD</b>	60,571	65,223
<b>EURO</b>	63,282	67,300
<b>GBP</b>	123,242	131,553
<b>Total TRY Reserves</b>	<b>3,025,586</b>	<b>5,203,972</b>

Source: Central Bank of the TRNC

The application of deducting the loans extended from the reserve requirement liabilities within the scope of the Loan Interest Support Fund (LISF) and Credit Guarantee Fund (CGF) guaranteed loan programs, which were introduced in 2020, continued in 2021 as part of the measures taken to counteract the effects of Covid-19.

With the amendment made in the reserve requirements legislation with the Bank's Executive Board decision No. 1179 dated February 17, 2021, a total of 104.6 million TRY for the loans extended by the banks within the scope of the CGF-guaranteed "Tourism Transportation Loan Portfolio" and the "II. Small Craftsman, Agriculture and Livestock Loan Portfolio" was refunded to the banks. With the amendment made in the reserve requirements legislation the Bank's Executive Board decision No. 1244 dated November 25, 2021, a total of 9.5 million TRY was refunded to the banks for the loans extended by the banks within the scope of the CGF-guaranteed "Small Enterprises Loan Portfolio".

**Table 3.5 TRY Reserve Requirements (31/12/2021)**

TRY Amounts to be Established	Refunds for Loan Extended within the Scope of LISF and CGF	Reserve Option Mechanism (ROM)	Established TRY Amounts
1,393,389,641	479,863,547	69,535,235	843,990,859

**c. Reserve Option Mechanism (ROM)**

Upon the Executive Board decision No. 990 dated March 15, 2018, the Central Bank of the TRNC provided the banks with the opportunity to maintain 10 percent of the Turkish lira reserve amount required to be kept at the Central Bank of the TRNC as foreign currency (US dollar, euro, and sterling) within the scope of the ROM. As of December 2020, while the number of banks benefiting from the ROM was 12, it has increased to 13 as of December 2021. The amount, which was around 58 million TRY in 2020, reached 67 million TRY in 2021. At the end of 2020, the rate of foreign currency maintained was 7.04 percent, then it has increased to 7.37 percent in 2021.

**d. Reserve Requirement Interest Rates**

The Executive Board of the Bank has changed the interest rates applied to the reserve requirement of the banks three times in 2021, and these changes are presented in the table below.

**Table 3.6 Interest Rates Applied to Reserve Requirements for Turkish Lira and Foreign Currency Deposits**

Effective Date	Currency			
	TRY	\$	€	£
19.02.2021	8.00	0.20	0.05	0.10
02.04.2021	9.00	0.20	0.05	0.10
28.10.2021	6.00	0.20	0.05	0.10

Source: Central Bank of the TRNC

**e. Deposit Interest Rates**

The Executive Board has changed the interest rates for the deposits within the Central Bank three times in 2021, and these changes are presented in the table below.



**Table 3.7 Interest Rates Applied to Turkish Lira and Foreign Currency Deposits**

Effective Date	Currency			
	TRY	\$	€	£
19.02.2021	13.75	0.40	0.15	0.20
02.04.2021	15.25	0.40	0.15	0.20
28.10.2021	12.75	0.40	0.15	0.20

Source: Central Bank of the TRNC

### Direct Policy Instruments:

In order to meet the short-term liquidity needs of the banks, to sterilize excess liquidity and increase the return on assets, our bank uses the instruments;

- ❖ Central Bank security issue
- ❖ Interbank Money Market

#### *a. Central Bank Securities*

In accordance with the authorities granted to the Central Bank within the framework of the Central Bank Law No. 41/2001, the Central Bank issues securities in order to contribute to the sterilization of periodic liquidity surpluses in the banking sector, to contribute to the effective regulation of the general liquidity of the economy and to increase the depth of financial markets. In 2021, a total of 12 security issue auctions were made; 4 in Turkish Lira, 4 in USD, 4 in Euro and 4 in GBP. As of December 31, 2021, the distribution of unexpired securities by currency types is as follows:

**Table 3.8 Unexpired Central Bank Securities as of 31.12.2021**

Term	USD	EURO	GBP
3-Month	39,000,000	27,500,000	177,500,000

Source: Central Bank of the TRNC

#### *b. Interbank Money Market*

Central Bank of the TRNC has been carrying out Interbank Money Market (IMM) transactions since September 2009 in order to regulate the money supply and liquidity of the economy. Banks can borrow from the market by providing the necessary guarantees within the global limit set by the Central Bank of the TRNC and within the limits of borrowing allocated in accordance with their asset size. Upon the decision No. 1038 and dated April 18, 2019, the Executive Board raised the overall limit for IMM transactions to 1 billion TRY or its equivalent in other currencies.

As of December 31, 2021, the sums of IMM transactions that are not due yet are as follows:

**Table 3.9 Interbank Money Market Transactions**

<b>Term</b>	<b>TRY</b>	<b>USD</b>	<b>EURO</b>	<b>GBP</b>
<b>Overnight</b>	1,584,100,000,-	84,150,000,-	120,025,000,-	146,525,000,-
<b>1-Week</b>	-	2,000,000,-	-	-
<b>2-Week</b>	-	-	-	-
<b>1-Month</b>	62,000,000,-	2,000,000,-	-	-
<b>3-Month</b>	-	-	-	-
<b>6-Month</b>	-	-	-	-

Source: Central Bank of the TRNC

*c. Bonds and Bills Market (BBM)*

The Bonds and Bills Market (BBM) was established by the Bank's Executive Board Decision No. 164 dated December 10, 2020. In this context, no transaction was made in 2021.

### **3.2 Regulatory Activities**

Taking into account international practices, the bank makes regulations in line with the powers given to it by the Banking Law No. 62/2017, Central Bank of the TRNC No. 41/2001, Law on International Banking Units No. 41/2008, Consumer Loans Law No. 31/2020, Law on Financial Leasing, Factoring and Financing Companies and Prevention of Usury No. 43/2020 and the Law on Bank Cards and Credit Cards No. 58/2014.

The activities carried out in 2021 within the scope of the regulatory duties of the Central Bank of the TRNC are presented in detail in the following titles.

## ***Regulations***

### ***a. Notifications on the Risks Undertaken (Amendment)***

In the “Notification on Risks Undertaken” issued based on the power given to the Bank by Articles 38, 39, 40, 41 and 44 of the Banking Law No. 62/2017, three amendments were made in 2021 within the scope of the measures taken against the impact of the Covid-19 pandemic. These amendments were published in the Official Gazettes No. 54, dated March 3, 2021, No. 146 dated July 1, 2021, and No. 261 dated November 29, 2021, respectively.

### ***b. Notification on Accounting Systems and Document Storage (Amendment)***

“Notification on Accounting Systems and Document Storage (Amendment)”, which was issued based on the power given to the Bank by Articles 26, 31, 50, 53 and 60 of the Banking Law No. 62/2017, was published in the Official Gazette No. 94 on April 26, 2021. With this amendment, a transitional article was added to the main Notification in order to give additional time (due to Covid-19 pandemic) for the signing, presentation and announcement of the financial reports to be announced to the public for the 2020 fiscal year.

### ***c. Notification on the Consumer Loans (Amendment)***

In the “Notification on Consumer Loans” issued based on the power given to the Bank by Article 22 of the Consumer Loans Law No. 31/2020, three amendments were made in 2021 within the scope of the measures taken against the impact of the Covid-19 pandemic. These amendments were published in the Official Gazettes No. 54 dated March 3, 2021, No. 146 dated July 1, 2021, and No. 261 dated November 29, 2021, respectively.

### ***d. Notification on Leasing, Factoring and Financing Companies***

“Notification on Leasing, Factoring and Financing Companies” issued based on the power given to the Bank by Articles 5, 6, 7, 8, 9, 10, 11, 14, 16, 17, 18, 19, 25, 30, 33, 37, 38 and 39 of the Law on Leasing, Factoring and Financing Companies and the Prevention of Usury No. 43/2020, was published on the Official Gazette No. 1 dated January 4, 2021. The objective of the Notification is to regulate the principles and procedures regarding the operations of the companies subject to permission including the establishment and operating license of companies, their corporate management, accounting system and financial reports, provisions and customer rights.

***e. Notification on International Banking Units (Amendment)***

“Notification on International Banking Units (Amendment)” issued based on the power given to the Bank by Article 23 of the Law on International Banking Units No. 41/2008, was published in the Official Gazette No. 110 dated May 21, 2021. With the amendment of the Notification, two new subparagraph and a temporary article 5 were added to the main Notification in order to make an assessment that the members of the Board of Directors of IBUs have the financial strength, reputation and competence required by the job.

***f. Uniform Chart of Accounts Prospectus to be Implemented by Leasing, Factoring and Financing Companies, Details of Uniform Chart of Accounts and Financial Statements to be Announced to the Public***

The Uniform Chart of Accounts Prospectus and the Details of the Uniform Chart of Accounts, which are mandatory for leasing, factoring and financing companies, were published on the Bank's website on November 29, 2021, and the Financial Statements to be Announced to the Public was published on December 17, 2021.

***g. Real Person Shareholder Evaluation Form and Explicit Consent Statement***

In accordance with the Banking Law No. 62/2017, the Real Person Shareholder Evaluation Form and Explicit Consent Statement, prepared to analyse the suitability and expediency of real persons who want to become direct or indirect shareholders in a bank, were published on the Bank's website on May 18, 2021.

***Statutory Decrees***

In 2021, the opinion of the Central Bank of the TRNC on the Statutory Decrees, which are detailed below, was presented to the relevant Authorities and the Bank contributed to the processes.

***a. Statutory Decree on Policies Law***

Based on the power given to the TRNC Council of Ministers by Article 112 of the Constitution, “Statutory Decree on Policies Law” was issued for two times in 2021. Published in the Official Gazettes No. 29 dated February 2, 2021, and No. 36 dated February 14, 2021, the purpose of the decrees is to regulate the submission and payment dates of checks drawn by businesses whose cash flows were negatively affected because of Covid-19.

***b. Statutory Decree on TRNC Public Finance and Debt Management Law***

Issued based on the power given to the TRNC Council of Ministers by Article 112 of the Constitution, “Statutory Decree on TRNC Public Finance and Debt Management Law” was published in the Official Gazette No. 34 dated February 13, 2021. The purpose of this decree is to ensure the continuity of the debt management committee and to maintain coordination.

***c. Statutory Decree on Debt Restructuring***

Based on the authority given to the TRNC Council of Ministers by Article 112 of the Constitution, “Statutory Decree on Debt Restructuring” was issued three times in 2021. The purpose of the decrees published in the Official Gazettes No. 52, dated March 1, 2021, No. 145, dated June 30, 2021 and No. 281 dated December 27, 2021 is to regulate the rules to be applied in case of improvement and/or restructuring of the conditions of loans classified in the first and second groups, belonging to debtors who have suffered financial difficulties and/or loss of liquidity due to the Covid-19 pandemic in accordance with the “Notification on the Qualifications of Banks' Loans and Other Receivables, and Provisions”.

***d. Statutory Decree on the Amendment of the Statutory Decree on Loan Interest Support Fund***

Issued based on the power given to the TRNC Council of Ministers by Article 112 of the Constitution, “Statutory Decree on the Amendment of the Statutory Decree on Loan Interest Support Fund” was published in the Official Gazette No. 34 dated February 13, 2021. The purpose of this decree is to ensure that the Fund may continue to support interest payments without being constrained by its available resources in order to continue making low-interest loans to businesses affected by the Covid-19 epidemic.

***e. Statutory Decree on Credit Guarantee Fund***

Issued based on the power given to the TRNC Council of Ministers by Article 112 of the Constitution, “Statutory Decree on Credit Guarantee Fund” was published in the Official Gazette No. 39 dated February 18, 2021. This decree aims to make it possible for the assets of the Fund to be assessed in various forms for more effective utilization.

### **3.3 Permissions and Implementation Activities**

#### ***a. Monitoring of Capital, Shares and Shareholder Changes***

The database of banks, IBUs and Factoring companies including the data regarding their shareholders and their shares is regularly updated. On the other hand, shareholder changes and transactions subject to permission within the framework of the thresholds established in the Law are permitted after the approval of the Bank's Executive Board.

#### ***b. Control of the Board Members, General Manager and Assistant General Managers***

Reports were prepared on the compliance of all board members, general managers and assistant general managers appointed to banks, IBUs and Factoring companies with the relevant articles of the Law, and the results of the reports were notified to the banks, IBUs and Factoring companies.

#### ***c. Follow-up of the Appointments Carried Out in Accordance with the "Notification on Internal Audit, Risk Management, Internal Control and Management Systems in Banks"***

The compliance of the managers appointed within the scope of the "Notification on Internal Audit, Risk Management, Internal Control and Management Systems in Banks" was evaluated and the results were reported to the banks.

#### ***d. Assessment of Principal Agreements and Statues***

In accordance with the Banking Law No. 62/2017 and Law on Leasing, Factoring and Financing Companies and the Prevention of Usury No. 43/2020 banks and leasing, factoring and financing companies are required to obtain approval from the Central Bank of the TRNC for the amendments to be made in their principal agreements and statues. Pursuant to the provisions of this article, requests for amendments to the principal agreements and statues were assessed in 2021 and those deemed appropriate were approved.

#### ***e. Executive Board Decisions Regarding Banks, Factoring Companies, IBUs and Other Authorised Institutions***

The matters related to all institutions authorized or revoked by the Central Bank of the TRNC were evaluated by the Bank's Executive Board and the decisions taken were notified to the relevant institutions.

***f. Banking License and Operating License Issuance***

The license fees that are required to be paid by the banks, companies and IBUs by the end of January of each year were followed up and license certificates were provided to banks that deposit license fee.

***g. Revocation of Operating License***

In 2021, the operating license of an IBU operating in the sector was revoked due to the violations of the International Banking Units Law No. 41/2008 and the Prevention of Laundering of Crime Revenues No. 4/2008.

***h. Decisions of the Bank's Executive Board Regarding Warnings and Administrative Fines***

In 2021, two banks and one IBU each received administrative fines, and two of the banks whose defence was requested received written warnings. In addition, two of the Independent Audit Firms authorized by the Bank were given written warnings.

***i. Complaints***

Bank or IBU customer complaints reported to the Bank were communicated to the banks and IBUs and feedback was given to the customers within the framework of customer rights. In this framework, deficiencies observed in practice are monitored and necessary measures are taken.

### **3.4 Audit Activities**

Audit activities, which are one of the main functions of the Bank, are carried out for the purpose of determining the elements that threaten the financial stability, developing the appropriate policies, and thus maintaining a healthy finance system and these audits include the analysis of various indicators related to the financial performance of financial institutions and the preparation of periodical reports.

#### **3.4.1 Surveillance – Remote Supervision**

The Central Bank of the TRNC carries out remote supervision activities of banks and international banking units based on the power given to it by the relevant articles of the TRNC Banking Law No. 62/2017, Law on Central Bank of the TRNC No. 41/2001 and the International Banking Units Law No. 41/2008.

The banking sector is monitored monthly based on sector and banks through the Uniform Reporting Package which includes forms prepared by the Bank within the scope of the TRNC Banks Surveillance System. Within the scope of surveillance activities, there are quarterly and annual reports as well as monthly forms. Additionally, there are daily and weekly reports, which are also received within the scope of Uniform Reporting Package. Reports prepared based on sectors and banks are evaluated by the Executive Board. In addition, year-end financial reports and annual reports produced within the scope of internal systems of the banks are monitored and analysed within the scope of the surveillance activities.

International Banking Units (IBU) operating in our country are monitored on an IBU and sectoral basis using the IBU Reporting Kit consisting of forms taken quarterly. In addition, year-end financial reports of the IBUs are monitored and analysed.

The bank's practices in 2021 within the scope of its supervision duties are presented in detail below.

***a. Updates Made in Compliance with Executive Board Decisions and the Legislation's Framework***

- SY401A form was prepared in addition to the existing 'Capital Adequacy Analysis Form' (SY400A form) in order to monitor the effect of the increase in exchange rates on risk weighted assets, and it was started to be collected from banks as of December 2021.
- Necessary updates were made in the forms within the scope of URP in accordance with the decisions taken by the Bank's Board of Directors and changes in legislation.

***b. Reporting by Leasing, Factoring and Financing Companies***

Pursuant to the second paragraph of the Transitional Article 3 of the Law on Financial Leasing, Factoring and Financing Companies and the Prevention of Usury No. 43/2020i which became effective on January 1, 2021, KR100S "Loans - Based on Customers" and MB100S "Miscellaneous Information" forms were created in order to inform the Central Bank of the information regarding the current transactions of the companies that did not apply to the Central Bank of the TRNC to continue their activities. As of the end of June and December, the reports prepared by the companies were followed up and analysed.



***c. Review of Audit Contracts Made with Independent Audit Firms***

In 2021, within the framework of the “Notification on Independent Audit Firms”, an evaluation guide has been updated in order to evaluate the compliance of the audit contracts with the Notification, which are drawn up between banks and IBUs with audit firms. The most recent version of the evaluation guide was used to review the contracts that six banks and two IBUs signed with independent audit institutions in 2021. Corrections were requested regarding the contracts that were found to be incomplete, and meetings were held to discuss matters deemed necessary.

***d. Information Requested by Banks/Independent Auditors***

For year-end reconciliation transactions, the information requested by banks and independent auditors regarding the accounts of banks within the Central Bank’s Head Branch was submitted to the relevant institutions. In addition, the aforementioned information was checked and compared with the data in the reports submitted to the Bank's audit department.

***e. Review and Publishing of Year-End Financial Statements***

The year-end financial reports submitted by banks and IBUs to the Bank were examined and, if necessary, these reports were corrected. In addition, year-end financial reports sent by banks were published on the official website of the bank.

***f. Follow-Up of the Appointments Carried Out in Accordance with the “Notification on Internal Audit, Risk Management, Internal Control and Management Systems in Banks.”***

In accordance with the Notification, the reports submitted by the banks to the Central Bank were evaluated within the framework of the review guide.

***g. Penetration Tests, Information Security Policy and PCI-DSS Compliance Audit***

The banks' penetration test results and action plans sent under the purview of "Penetration Tests Circular" No. 01/2015 and the policies established under "Information Security Policy Circular" No. 02/2015 were both followed. The Bank also adhered to the procedures for the PCI-DSS Compliance Audit.

### 3.4.2 Auditing – On-site Supervision

The purpose of the on-site supervision activities is to form an opinion on the financial soundness and risk profile of the bank, to identify areas where corrective action is required and to make recommendations regarding the measures to be taken. The Central Bank audits all kinds of banking transactions by using the authority given by the Banking Law No. 62/2017. Central Bank auditors carry out the determination and analysis of the relations and balances between banks' assets, receivables, shareholders' equity, liabilities, profit and loss accounts and all other factors affecting the financial structure, as well as the supervision of banks' information systems issues directly on behalf of the Central Bank. In addition, the activities of leasing, factoring and finance companies are supervised by the Bank.

On-site Supervision activities are carried out within the framework of risk-oriented supervision plans prepared annually. The annual supervision plan starts with a preliminary assessment covering all of the activities of the banks to be supervised, and this assessment is carried out in a way that includes all the banks each year, with a significant portion of activities to be carried out separately.

#### *a. Audits in Banks*

During the bank and company audits completed in 2021, a total of 60 audit reports were prepared. These reports include 8 general audit reports, 8 legislative reports, 6 capital audit reports, 4 information system audit reports, and 34 special audit reports. In addition, 3 reports were prepared for the international banking units and 1 reports were prepared for the Savings Deposit Insurance and Financial Stability Fund.

The share of banks which has been subject to audit in 2021 in the total assets of the sector is 77 percent.

#### *b. Audits Performed in Accordance with the “Cooperation, Audit and Information Sharing Protocol” Signed by the Central Bank of the TRNC and the Registrar of Cooperative Companies of the TRNC*

Within the framework of the "Cooperation, Audit and Information Sharing Protocol" signed by the Bank and the Registrar of Cooperative Companies on October 4, 2019, 5 cooperatives were audited by the Bank's auditors in 2021, and the reports prepared as a result of the audits were submitted to the Registrar of Cooperative Companies.

### 3.5 Payment Systems

The Bank obtains its authorization related to payment and settlement systems from Article 5 (1) (E) of the Central Bank of the TRNC Law No. 41/2001. The national electronic payment system (EPS) was put into service on June 26, 2015 and the system was officially launched on November 19, 2015. The system provides real-time reconciliation in four different currencies: Turkish Lira, Euro, US Dollar and GBP, without limitation in domestic money transfers in electronic environment, directly, fast and safely.

The participating banks can integrate their own banking systems with EPS and offer their customers the opportunity to transfer money from ATM, Internet Banking and Mobile Banking channels. Due to the system offered by the Bank, bank customers were provided with the opportunity to make money transfers in a practical and fast way without having to go to the branches. The system helps to prevent unrecorded transactions as well as providing convenience to customers and provides savings in bank costs.

The number of Turkish Lira, US dollar, and GBP and Euro currency messages processed since 2016 is shown in Table 3.9 based on the payment channel of banks. Accordingly, a total of 431,314 transactions were completed in 2021; 197,448 were branch based, 222,619 were via internet banking, and 11,247 via other methods. Compared to 2020, there was a 19 percent increase in the total number of payments in 2021.

**Table 3.10 Electronic Payment System Transactions**

Years	Branch Based	Internet Banking	Other	Total
2016	60,932	12,612	2	73,546
2017	79,412	24,197	44	103,653
2018	104,399	42,857	28	147,284
2019	129,505	73,151	777	203,433
2020	221,193	137,533	4,443	363,169
2021	197,448	222,619	11,247	431,314

Source: Central Bank of the TRNC

### 3.6 Cash Flows

Both the banknote and coin needs of the banks are covered by the Central Bank. The Bank continues to share information and cooperate with the competent authorities on counterfeit or discontinued banknotes in 2021.

Banks' cash transfers to abroad above the limits are regulated by the “Notification under the Law on Money and Foreign Exchange Article 7” entered into force by being published in the Official Gazette No. 97 dated 18.06.2010. Accordingly, taking into account the international practices, the limit on passenger cash outside the country is determined as 10,000 Euro or equivalent amount. Banks may carry out cash transactions exceeding the limits for abroad by reporting to the Central Bank.

### 3.7 Tariffs

Based on the authority given to it by Article 11(1) of the Law on the Central Bank of the TRNC, the Executive Board of the Bank reconstructed the Tariffs Table, which is an annex to the Instruction on Tariffs, which became effective upon the decision No. 746 dated October 21, 2009. According to the regulation, which is also valid in 2021, the commission rate taken from sent foreign currency transfers has been increased from 0.0005 to 0.001 with a minimum fee of 250 TRY or its equivalent.

According to the Tariffs Table, the commission rate for received Turkish Lira and foreign currency transfer transactions is zero, and the minimum fee for sent Turkish Lira transfer transactions is determined as 250 TRY or its equivalent 0.0005. In addition, no communication costs are charged for sent Turkish Lira and foreign currency transfers. The Bank does not charge any fees for its transactions carried out on behalf of the Treasury.

### 3.8 Money Transfers

In 2021, the TRY equivalent of money transfers received from abroad on behalf of banks was 12.9 billion TRY, with an increase of 47.43 percent compared to the previous year. The amount of Turkish Lira transfers in received money transfers on behalf of banks have reached 7,1 billion TRY as a result of an increase of 2.2 billion TRY in 2021, compared to the previous year. Analysing the received money transfers by currencies, TRY and GBP transfers increased by 44.48, 16.27, while EUR and USD transfers decreased 44.92 and 9.17 percent, respectively. Received Turkish Lira money transfers constitute 55.36 percent of the total received transfers.

In 2021, the total of sent money transfers in all currencies on behalf of banks was 13 billion TRY, and this amount reached a higher level than the amount in the previous two years. The amount of Turkish Lira transfers in sent transfers increased by 1.9 billion TRY and reached 7.6 billion TRY in 2021. Analysing the change rates of sent money transfers compared to the previous year, it is observed that there was an increase of 34.11 percent in TRY, 29.68 percent in USD and 10.55 percent in GBP, while there was a decrease of 36.49 percent in EUR. Sent Turkish Lira money transfers constitute 58 percent of the total sent transfers.

**Table 3.11 Sent and Received Money Transfers on Behalf of Banks**  
Sent and Received Money Transfers on Behalf of Banks

YEAR	TRY		FX (TRY Equivalent)		TOTAL (TRY+FX)	
	RECEIVED	SENT	RECEIVED	SENT	RECEIVED	SENT
2016	1,389,149,249	1,210,420,000	1,381,036,656	1,035,806,579	2,770,185,905	2,246,226,579
2017	2,141,763,761	2,272,415,350	2,097,542,534	1,549,004,068	4,239,306,295	3,821,419,418
2018	2,605,774,892	2,721,235,000	2,997,037,426	3,688,037,344	5,602,812,318	6,409,272,344
2019	4,044,054,064	4,057,105,000	2,343,903,152	4,229,425,454	6,387,957,216	8,286,530,454
2020	4,938,790,454	5,633,079,942	3,802,882,259	3,680,059,765	8,741,672,713	9,313,139,707
2021	7,135,430,428	7,554,804,000	5,752,710,133	5,445,188,659	12,888,140,561	12,999,992,659

Source: Central Bank of the TRNC

### 3.9 Reserve Management

The reserves of the Central Bank of the TRNC are carried out within the framework of the established reserve management procedures and principles and reserve management policy. Central Bank of the TRNC holds necessary amount of reserves to meet the payments of the banking sector and the Treasury, to give confidence to the financial sector and to provide protection against international uncertainties and risks. While achieving this goal, the most important points are safe investment, liquidity and return. Safe investment is the preservation of existing reserves and prevention of loss of value despite internal and external impacts.

Within the scope of the Reserve Management Policy, the reserves of the Bank are managed by forming two basic portfolios: liquid portfolio and investment portfolio. The liquid portfolio includes financial instruments with a maturity of less than 32 days that meet all operational needs of the bank. The investment portfolio consists of financial instruments with a maturity of 32 days or longer and is used to evaluate funds other than the resources allocated for the liquid portfolio.

Within the framework of reserve management, the following operations are carried out, including liquidity and investment portfolio.

- All kinds of deposit transactions
- Current / forward foreign exchange transactions
- Foreign exchange transactions / trading of gold
- Purchase / sale of government treasures, securities issued or guaranteed by central banks
- Purchase / sale of debt instruments issued by banks,
- Reverse Repurchase Transactions (Reverse Repo) / Repurchase transactions (Repo)
- Purchase / sale of derivative instruments based on the above types of transactions.

### ***Development of the Manageable Reserves***

At the end of 2021, manageable reserves in TRY increased by 11.84 percent compared to the end of the previous year and increased from 3,876 million TRY to 4,335 million TRY. Manageable reserves in USD increased by 7.20 percent to 326 million USD, manageable reserves in EUR increased by 11.30 percent to 460 million EUR and manageable reserves in GBP increased by 14.84 percent to 735 million GBP.

### **3.10 Public Treasurership and Debt Management**

The relationship between the Central Bank of the TRNC and the Government is set out in Article 5 (3) and 25 of the Central Bank of the TRNC Law No. 41/2001. According to Article 5 (3) of the Law, *“The Central Bank shall be the financial and economic advisor, financial agent and treasurer of the government. The relation of the Central Bank with the government shall be maintained through the Minister of Treasury Affairs.”*

Paragraph 1 of Article 25 of the Law states that the Bank carries out all kinds of domestic and international collections and payments of the Government, all Treasury transactions and all kinds of domestic and international money transfers and money orders. Paragraph 2 states that the Council of Ministers may decide that the funds of specific organizations it determines must be deposited to the Central Bank and the interest to be applied to the accounts to be opened in this way will be determined by the Central Bank.

The Central Bank is assigned to carry out the secretariat works of the Debt Management Committee pursuant to the Article 5 (2) of the Public Finance and Debt Management Law of the Turkish Republic of Northern Cyprus. The Bank made 34 decisions after evaluating the debt requests made to the Debt Management Committee in 2021. Twenty of these decisions concern public institutions, five concern cooperatives, and nine concern municipalities.

Debt Management Committee consists of one Chairman and three members:

- Ministry Undersecretary and/or Ministry General Coordinator (Chairman)
- Central Bank Governor (Member)
- Central Bank Deputy Governor (Affiliated to the Markets Department) (Member)
- Manager of the Department in Charge of Treasury Affairs (Member)

In order to meet the financing needs of the TRNC Ministry of Finance, 12 Government Domestic Borrowing Bond tenders were held through the Bank in 2021, 670 million TRY was borrowed in these tenders and 515 million TRY repayments were made during the year.

### **3.11 Risk Centre**

Pursuant to the Notification on the Risk Centre Operations, which entered into force on 01.04.2013, the notifications received by the institutions as of the end of the month are consolidated by the Risk Centre.

The credit limit and risk information combined on the basis of the customer are periodically communicated to the participating institutions without providing the institution name. In addition, institutions can access the credit risk information of real or legal persons who are not their customers through the “E-Operation” platform in real time by obtaining consent, in accordance with the Prospectus of Operating Rules.

Risk Centre publishes monthly consolidated risk data on the Bank’s website globally, based on maturities and financing subjects.

**Table 3.12 Risk Inquiries by Types**

Company Type	2019	2020	2021	Percentage Change	Percentage Change
				2020-2019	2021-2020
Foreign Company	16	16	8	0.00	-50.00
Local Company	3,378	4,286	3,617	26.88	-15.61
Cooperatives	0	0	4	0.00	0.00
Natural Persons	54,093	53,354	43,474	-1.37	-18.52
Public Institutions and Organizations	26	14	9	-46.15	-35.71
Unlimited and Limited Partnership	69	92	63	33.33	31.52
International Company	0	1	5	0.00	400.00
Free Port Company	28	43	34	53.57	-20.93
Overseas Company	0	1	1	0.00	0.00
<b>Total</b>	<b>57,610</b>	<b>57,807</b>	<b>47,215</b>	<b>0.34</b>	<b>-18.32</b>

Source: Central Bank of the TRNC

### 3.12 Accountability and Communication

#### *Relations with the Government*

In order to fight the impact of the Covid-19 pandemic, which began in 2020 and persisted in both our nation and the rest of the world in 2021, the Bank made the necessary contribution.

#### *Reporting*

Articles 42 and 43 of the Central Bank Law determine the Bank's principles and procedures for submitting a report and preparing a bulletin. Article 42 of the Law consists the provision, "The Governor of the Central Bank, shall report to the Council of Ministers in April and October of each year on the activities of the Central Bank and the monetary and credit policy implemented and to be implemented." The Central Bank shall inform the Turkish Republic of Northern Cyprus Assembly, Economy, Finance, Budget and Planning Committee twice a year regarding its activities." Article 43 is about the Central Bank's task to issue a bulletin at the end of quarterly periods.

#### *Communication*

The public is informed regularly about the activities of the Bank through the press and the Bank's own official website. Press releases, announcements, regulations and statistical data are published on the Bank's website. In addition, the Bank analyses national and international economic developments and informs the public with its annual report, quarterly bulletin, and other special purpose reports.



**Table 3.13 Central Bank of the TRNC - Publications**  
**Central Bank of the TRNC - Publications**

Publication Name	Publication Period
	2020 - I, II, III (English Version)
	2020 - IV
	2020 - IV (English Version)
	2021 - I
<b>1) Central Bank of the TRNC Quarterly Bulletins</b>	2021 - I (English Version)
	2021 - II
	2021 - II (English Version)
	2021 - III
	2020 Annual Report
<b>2) Central Bank of the TRNC Annual Report</b>	2020 Annual Report (English Version)

**Source:** Central Bank of the TRNC

In order to inform the public and to provide data to those who are interested in the subject, the Bank regularly publishes money – banking, money supply, risk centre, Central Bank of the TRNC balance sheet data and GDBB statistics on its website. Money - Banking Data gave the user the option to run dynamic queries and retrieve the necessary period's data in the Excel setting.

### 3.13 Corporate Services

#### *a. Executive Board Meetings*

The Central Bank of the TRNC Board meetings are held at least once a month as many as times required for the execution of the duties, in accordance with the Law no. 41/2001. Accordingly, 43 board meetings were held in 2021.

#### *b. Research and Presentations*

In order to research and analyse innovative ideas in the field of central banking and economy of the Bank and to contribute to the literature in this field, four academic drafts prepared within the scope of the protocol signed with Eastern Mediterranean University were presented by the Bank staff at the 5th International Conference on Banking and Finance Perspectives held on 20-22 April 2021.

**c. Corporate Relations**

Despite the fact that relations with domestic and foreign banking and financial institutions were largely interrupted due to the Covid-19 pandemic, the relationship with the Central Bank of the Republic of Turkey (CBRT) and the Banking Regulation and Supervision Agency (BRSA) continued in this period, and communication and information exchange between institutions was ensured. The internship applications of students could not be evaluated due to the Covid-19 outbreak.

**d. President's Visit to the Bank**

TRNC President Mr. Resin Tatar visited the Bank on October 14, 2021. During the visit, the President was given a presentation on the state of the economy in general, and discussions on expectations for 2022 took place. The President made mention of the Bank's crucial efforts during his visit, particularly in light of the pandemic conditions, in paving the way for the sectors with opportunities provided by the banking sector.



**e. New Building Project**

Upon the decision of the Executive Board No. 1025 dated December 13, 2018, it was decided to determine the new building project by competition. A contract was signed with the Chamber of Architects in January 2019 and the parties began working on the preparations. "Central Bank of the TRNC National Architectural Project Competition" was announced on October 22, 2019. The projects participating in the competition were evaluated by the members of the jury on January 23, 2020, and the winning projects and competitors were announced. A contract was signed between the winning team of the Central Bank of the TRNC National Architectural Project Competition and the Bank in

October 2020, and the project, which included four phases, was initiated in 2020. After the essential preparations have been made and the pertinent phases have been finished, a tender will be issued for the construction of the new service building.

***f. Elementary School Building Project as a Corporate Social Responsibility***

After financing the construction of a primary school in Cyrenaic in 2020, the Bank contributed to the financing required for the secondary school planned to be built in the Karakum, Cyrenaic region in 2021, at the request of the Ministry of National Education and Culture, and the school was completed and put into service in 2021.



Named after Osman Nejat Konuk, the first Prime Minister of the Turkish Federated State of Cyprus, the school consists of 11 classrooms, an information technology room, design rooms, a science laboratory, branch rooms, a library and a cafeteria. The secondary school building is project is designed for approximately 350 students.





***g. Tree Planting Event in Central Bank of the TRNC Forest***

In addition to the 4,500 saplings planted in the "Central Bank of the TRNC Forest" in the Hamitköy region in 2019, 650 more saplings were planted as part of the event held on December 11, 2021 with the participation of Bank personnel.



### **3.14 Other**

***a. Savings Deposit Insurance and Financial Stability Fund (SDIFSF) Premiums***

Based on the authority given by the paragraphs (2) and (3) of Article 11 of the Savings Deposit Insurance and Financial Stability Fund Law No. 32/2009, the Bank collects premiums on savings deposits subject to insurance premiums every three months, based on premium rates determined within the framework of the "Notification on Collection Procedures and Principles for the Savings Deposit Insurance Premiums". With the "Amendment Notification" published in the Official Gazette No. 140 dated 26.09.2018, the savings deposit insurance premium rate for all banks was changed to 0.125 percent of the total of the deposits subject to insurance. In 2021, the total amount of TRY - FX investments made by banks to the SDIFSF was 197,483,608 TRY. While the total of these investments in TRY currency was 57,141,605 and the total in FX was 140,342,003 TRY.

**b. All Kinds of Prescribed Deposits, Trusts and Receivables**

According to the Article 36 of Banking Law No. 62/2017, the following amounts of the prescribed deposits, participation funds, trust and receivables are required to be notified to the Central Bank of the TRNC:

In 2021, necessary actions have been taken regarding the amounts notified to the Bank regarding all kinds of prescribed deposits, trusts and receivables. The table below shows the distribution of the prescribed deposits between 2018 and 2021. Prescribed deposits decreased by 65.37 percent in Turkish Lira, 46.96 percent in USD, 16.96 percent in EUR and 21.68 percent in GBP in 2021 compared to the previous year. The total decreased by 0.38 percent in Turkish Lira currency.

**Table 3.14 Prescribed Deposits**

	TRY	\$	€	£	Total TRY Reserves
2018	1,521,650	126,593	57,196	327,225	4,709,384
2019	2,450,947	70,353	60,473	193,116	4,772,806
2020	3,213,230	359,065	133,227	482,034	11,842,303
2021	1,112,592	190,435	110,631	377,546	11,797,586

Source: Central Bank of the TRNC

**c. Credit Card Interest Rates**

Within the scope of Article 12 of the Bank Cards and Credit Cards Law (58/2014), the Bank has the authority to announce the monthly maximum contractual interest rates and default interest rates to be applied to credit cards. In this regard, credit card interest rates, which are calculated in line with the principles effective since January 2015, are published quarterly on our website and in the Official Gazette.

**Table 3.15 Credit Card Interest Rates (%)**

Effective Date	TRY		FX	
	Monthly Max. Contract	Monthly Max. Overdue Interest	Monthly Max. Contract	Monthly Max. Overdue Interest
01.12.2021	1.50	2.00	1.09	1.59
01.10.2021	2.60	3.10	1.09	1.59
01.07.2021	2.54	3.04	1.09	1.59
01.04.2021	2.29	2.79	1.09	1.59
01.01.2021	1.95	2.45	1.13	1.63

Source: Central Bank of the TRNC

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# FINANCIAL TABLES

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## 4. FINANCIAL TABLES

### 4.1 Balance Sheet

#### *Asset Accounts*

As of the end of 2021, total assets of the Central Bank of the TRNC increased by 75.3 percent compared to the previous year and reached 29,253.4 million TRY. Cash assets, receivables from banks and securities portfolio accounts constituting 98 percent of the total assets in 2020 Balance Sheet of the Central Bank, declined to 97.2 percent as of the end of 2021.

**Table 4.1 Central Bank of the TRNC– Balance Sheet**

ASSETS	2020	2021	Percentage Share		Percentage Change
			2020	2021	
<b>Cash Assets and Receivables from Banks</b>	11,984,741,969	20,083,545,014	71.83	68.65	67.58
<b>Securities Portfolio</b>	4,368,263,103	8,363,351,089	26.18	28.59	91.46
<b>Loans</b>	51,791,967	507,900,695	0.31	1.74	880.66
<b>Market Operations</b>	3,000,000	25,955,000	0.02	0.09	765.17
<b>Fixed Assets (Net)</b>	2,260,516	2,751,266	0.02	0.01	21.71
<b>Other Assets</b>	274,226,074	269,908,030	1.64	0.92	-1.57
<b>Total</b>	<b>16,684,283,629</b>	<b>29,253,411,094</b>	<b>100.00</b>	<b>100.00</b>	<b>75.34</b>
<b>LIABILITIES</b>					
<b>Public Deposits</b>	282,793,530	567,666,040	1.70	1.94	100.74
<b>Bank Deposits</b>	5,179,570,139	9,146,780,675	31.04	31.27	76.59
<b>Other Deposits</b>	6,532,481	6,834,767	0.04	0.02	4.63
<b>Reserve Requirements</b>	2,930,655,027	4,920,454,350	17.57	16.82	67.90
<b>Funds</b>	1,987,731,921	3,245,947,248	11.91	11.10	63.30
<b>Market Operations</b>	5,223,787,060	9,956,313,758	31.31	34.03	90.60
<b>Other Liabilities</b>	12,005,949	33,304,497	0.07	0.12	177.40
<b>Shareholders' Equity</b>	1,061,207,522	1,376,109,759	6.36	4.70	29.67
<b>Total</b>	<b>16,684,283,629</b>	<b>29,253,411,094</b>	<b>100.00</b>	<b>100.00</b>	<b>75.34</b>

Source: Central Bank of the TRNC

### *Cash Assets and Receivables from Banks*

Cash assets with the largest share in total assets and receivables from banks increased by 67.6 percent compared to the end of the previous year. Cash assets and receivables from banks items amounting to 11,984.7 million TRY as of the end of 2020, reached 20,083.5 million TRY as of the end of 2021 and its share in total assets became 68.7 percent. Bank deposits item increased by 72.6 percent compared to the previous year and reached from 10,768.2 million TRY to 18,586 million TRY in 2021.

**Table 4.2 Central Bank of the TRNC - Cash and Cash Equivalents**

	2020	2021
<b>Cash Assets and Receivables from Banks</b>	<b>11,984,741,969</b>	<b>20,083,545,014</b>
<b>Cash</b>	1,202,513,929	1,476,626,283
<b>Gold</b>	11,245,022	19,164,666
<b>Bank Deposits</b>	10,768,208,311	18,585,994,457
<b>Foreign Correspondents</b>	2,774,707	1,759,608

Source: Central Bank of the TRNC

### *Securities Portfolio*

The securities portfolio item with a share of 26.2 percent in total assets in 2020 increased by 91.5 percent in 2021 and rose from 4,368.3 million TRY to 8,363.4 million TRY.

### *Loans*

In 2021, loans item in the Central Bank of the TRNC balance sheet increased by 880.7 percent and amounted to 507.9 million TRY, compared to the previous year. As of the end of 2021, short-term advances to the treasury amounted to 503.4 million TRY, while loans extended to the banking sector amounted to 4.5 million TRY.

**Table 4.3 Central Bank of the TRNC– Loans**

	2020	2021
<b>Loans</b>	<b>51,791,967</b>	<b>507,900,695</b>
<b>Short-Term Advances to the Treasury</b>	46,763,724	503,423,458
<b>Banking</b>	<b>5,028,243</b>	<b>4,477,237</b>

Source: Central Bank of the TRNC



***Non-Performing Loans (Net)***

Pursuant to the Executive Board decision No. 700 dated February 26, 2009, the foreign currency receivables monitored in the non-performing receivables are started to be monitored in TRY accounts based on the exchange rate on 31.12.2008. Total balance of 0.1 million TRY belonging to K. Yatirim Bank, 0.4 million TRY belonging to K. Hür Bank, 2.6 million TRY belonging to K. Kredi Bank and 9.4 million TRY belonging to Everest Bank monitored under non-performing loans. While the NPL of the Central Bank is 12.5 million TRY, it does not have a net balance at the end of 2021, as it was at the end of 2020, due to the fact that a 100% provision has been provided for these receivables.

***Fixed Assets (Net)***

The net fixed assets consisting of immovable and fixtures increased by 21.7 percent at the end of 2021 compared to the end of 2020 and reached 2.8 million TRY.

**Table 4.4 Central Bank of the TRNC– Fixed Assets**

	2020	2021
<b>Fixed Assets</b>	<b>2,260,515</b>	<b>2,751,266</b>
<b>Immovables</b>	1,181,278	1,157,280
<b>Fixtures</b>	1,079,238	1,593,986

Source: Central Bank of the TRNC

***Other Assets***

The total of the other assets item, which was 274.2 million TRY in 2020, decreased by 1.6 percent compared to the previous year reached 269.9 million TRY in 2021.

**Table 4.5 Central Bank of the TRNC– Other Assets**

	2020	2021
<b>Other Assets</b>	<b>274,226,074</b>	<b>269,908,030</b>
<b>Temporary Receivables</b>	255,879	281,655
<b>Transitory Account</b>	273,970,195	269,626,375

Source: Central Bank of the TRNC

### *Liability Accounts*

Market operations, which have the largest share in total liabilities, increased by 90.6 percent, while bank deposits, which have the second largest share increased by 76.6 percent as of the end of 2021.

### *Bank Deposits*

Bank deposits item showing the deposits in the Central Bank of the Turkish Republic of Northern Cyprus increased by 76.6 percent compared to the end of 2020 and reached 9,146.8 million TRY as of the end of 2021. Bank deposits also include the amounts blocked as collateral by banks for IMM transactions.

**Table 4.6 Central Bank of the TRNC– Bank Deposits**

	2020	2021
<b>Bank Deposits</b>	<b>5,179,570,139</b>	<b>9,146,780,675</b>
<b>Bank Deposits</b>	4,947,025,615	8,825,121,885
<b>Blocked Accounts</b>	232,544,524	321,658,790

Source: Central Bank of the TRNC

### *Money Market Operations*

While the sum of the Central Bank securities included in the market transactions amounted to 2,960.6 million TRY as of the end of 2021, the sum of the IMM transaction debts under the same item was 6,995.7 million TRY. Accordingly, in the one-year period, the sum of the Central Bank securities increased by 94.7 percent and the IMM transaction debts by 88.9 percent.

**Table 4.7 Central Bank of the TRNC – Market Operations**

	2020	2021
<b>Market Operations</b>	<b>5,223,787,060</b>	<b>9,956,313,758</b>
<b>Central Bank Securities</b>	1,520,258,100	2,960,613,250
<b>Money Market Operations</b>	3,703,528,960	6,995,700,508
<b>Open Market Operations</b>	-	-

Source: Central Bank of the TRNC

### ***Reserve Requirements***

As of the end of 2021, reserve requirements held at the Central Bank increased by 67.9 percent compared to the previous year and reached 4,920.5 million TRY.

### ***Public Deposits***

As of the end of 2021, public deposits increased by 284.9 million TRY, compared to the previous year. Total public deposits increased by 100.7 percent compared to the end of 2020 and reached 567.7 million TRY as of the end of 2021.

### ***Other Deposits***

As of the end of 2021, other deposits item increased by 4.6 percent and reached 6.8 thousand TRY, compared to the end of 2020.

### ***Funds***

As of the end of 2021, funds item increased by 63.3 percent from 1,987.7 million TRY to 3,245.9 million TRY due to the increase in other funds sub-item.

**Table 4.8 Central Bank of the TRNC – Funds**

	2020	2021
<b>Funds</b>	<b>1,987,731,921</b>	<b>3,245,947,248</b>
<b>Central Bank Funds</b>	17,826,909	21,277,260
<b>Treasury Funds</b>	2,385,704	1,479,489
<b>Other Funds</b>	1,967,519,308	3,223,190,499

Source: Central Bank of the TRNC

### ***Shareholders' Equity***

As a result of the increases in reserves and provisions accounts, which are among the sub-items constituting shareholders' equity, of 20 percent and 23.9 percent in 2021, respectively, the total shareholders' equity reached 1,376.1 million TRY. As of the end of 2021, reserves, provisions and profit items amounted to 513.7 million TRY, 335.9 million TRY and 506.5 million TRY, respectively.

As stated in Article 8 of the Central Bank of the TRNC Law No. 41/2001, the Bank has a paid-in capital of 20 million TRY owned by the Turkish Republic of Northern Cyprus.

**Table 4.9 Central Bank of the TRNC – Shareholders’ Equity**

	2020	2021
<b>Shareholders’ Equity (Including Profit)</b>	<b>1,061,207,522</b>	<b>1,376,109,759</b>
<b>Shareholders’ Equity (Excluding Profit)</b>	<b>719,302,337</b>	<b>869,658,488</b>
<b>Capital</b>	20,000,000	20,000,000
<b>Reserves</b>	428,264,696	513,740,992
<b>Provisions</b>	271,037,641	335,917,496
<b>Profit</b>	341,905,185	506,451,271

Source: Central Bank of the TRNC

## 4.2 Profit and Loss Statement

Profit of the Central Bank increased by 48.1 percent compared to the previous year and reached 506.4 million TRY in 2021. In 2021, total revenues item increased by 72 percent and total expenditures item increased by 98.8 percent compared to the previous year.

In 2021, the share of Turkish Lira transactions profit in the revenues item, increased by 51.5 percent compared to the previous year and reached 642.9 million TRY. In the same period, foreign currency exchange profits increased by 111.5 percent and reached 467.5 million TRY.

Total expenditures, which amounted to 304 million TRY in 2020, increased by 98.8 percent in 2021 and reached 604.4 million TRY. Total TRY transaction expenses, which had the highest share in expenditure items, increased by 132 percent compared to the previous year and reached 369.3 million TRY as of the end of 2021. Foreign exchange losses item, which has the second highest share in expenditures with 16.1 percent in 2021, increased by 138.8 percent compared to the previous year. While the share of personnel expenditures, which had the third highest share in total expenditures with 8.5 percent, increased by 17.5 percent compared to the previous year, while the share of TRY cash and foreign exchange insurance premiums in total expenditures decreased to 8.3 percent. Banknote and foreign exchange insurance premiums increased to 14.9 million TRY.

**Table 4.10 Central Bank of the TRNC – Profit/Loss**

	2020	2021	Percentage Share		Percentage Change
			2020	2021	
<b>REVENUES</b>					
<b>Profit on Foreign Currency Exchange</b>	221,064,546	467,497,041	34.22	42.09	111.48
<b>Profit on Turkish Lira Transactions</b>	424,437,835	642,913,239	65.71	57.88	51.47
<b>Miscellaneous Profits</b>	442,570	412,285	0.07	0.03	-6.84
<b>Total Revenues</b>	<b>645,944,951</b>	<b>1,110,722,565</b>	<b>100.00</b>	<b>100.00</b>	<b>71.95</b>
<b>EXPENDITURES</b>					
<b>Personnel Expenditures</b>	43,628,841	51,259,270	14.35	8.48	17.49
<b>Administrative Expenditures</b>	2,134,896	2,574,958	0.70	0.43	20.61
<b>Insurance Premiums for Banknotes and Foreign Exchange Banknotes</b>	8,569,322	14,879,855	2.82	2.46	73.64
<b>Insurance Premiums for TRY Cash and Foreign Exchange Banknotes</b>	35,000,000	50,000,000	11.51	8.27	42.86
<b>Loss on Foreign Currency Exchange</b>	40,671,337	97,103,916	13.38	16.07	138.75
<b>TRY Transaction Expenditures</b>	159,159,509	369,277,673	52.35	61.10	132.02
<b>Depreciation Charges</b>	626,522	672,626	0.20	0.11	7.36
<b>Other Expenditures and Losses</b>	14,249,339	18,602,996	4.69	3.08	30.55
<b>Total Expenditures</b>	<b>304,039,766</b>	<b>604,371,294</b>	<b>100.00</b>	<b>100.00</b>	<b>98.78</b>
<b>Profit</b>	341,905,185	506,451,271			48.13

Source: Central Bank of the TRNC

### 4.3 Profit Distribution - 2021

Article 44 of the Central Bank of the TRNC Law No. 41/2001 regulates the use of profits. According to the aforementioned article, 25 percent of the profit is transferred to the reserves and the remaining to the Treasury. 506.5 million TRY, which is the profit for 2021 is distributed as shown in the table below.

**Table 4.11 Central Bank of the TRNC - Profit Distribution**

	Retained Profit	Percentage Share
<b>Retained Reserve</b>	126,612,818	25.00
<b>Received on Treasury Debt Account</b>	299,124,069	59.06
<b>Transferred to the Treasury</b>	80,714,384	15.94
<b>2021 Profit</b>	<b>506,451,271</b>	<b>100.00</b>

Source: Central Bank of the TRNC

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# TABLES

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## 5. TABLES

### Central Bank of the TRNC Balance Sheet - 31.12.2021 (TRY)

Assets	TRY	FX	TRY Total	FX Total	Grand Total
<b>I- Current Assets</b>			4,335,109,968	24,111,786,135	<b>28,446,896,103</b>
Cash	1,403,634	1,475,222,650			
Gold		19,164,666			
Securities Portfolio		8,363,351,089			
Bank Deposits	4,333,706,334	14,252,288,123			
Foreign Correspondents		1,759,607			
<b>II- Fixed Assets</b>			2,751,266		<b>2,751,266</b>
Immovables	1577090				
Depreciation Charges (-)	419,810				
Fixtures	7389556				
Depreciation Charges (-)	5,795,569				
<b>III- Loans</b>			503423458	4,477,237	507,900,695
Advance Accounts			503423458	4,477,237	
a- Short Term Advances to the Treasury	503423458				
b- Advance Under Treasury Guaranteed Bills					
c- Commercial Bank Securities		4477237			
<b>IV- Market Operations</b>				25955000	<b>25,955,000</b>
a- IMM Transactions		25955000			
b- Open Market Operations					
<b>V- Other Assets</b>			269908029		<b>269,908,029</b>
A- Temporary Receivables	281,654				
B- Non-Performing Loans (Net)					
a- Non-Performing loans	12,511,964				
b- Provisions for Non-Performing Loans (-)	12,511,964				
C- Transitory Account	269626375				
<b>TOTAL</b>					<b>29,253,411,094</b>

Source: Central Bank of the TRNC



## Central Bank of the TRNC Balance Sheet - 31.12.2021 (TRY)

Liabilities	TRY	FX	TRY Total	FX Total	Grand Total
<b>I - Shareholders' Equity</b>			869,658,488		<b>869,658,488</b>
Capital	20,000,000				
Reserves	513,740,993				
Provisions	335,917,496				
<b>II - Foreign Sources</b>			4,083,870,851	23,760,125,987	<b>27,843,996,838</b>
A- Deposits			977,839,911	8,743,441,571	
a- Public Deposits	437,260,828	130,405,212			
b- Bank Deposits	538,918,736	8,286,203,149			
c- Blocked Accounts		321,658,790			
d- Personal Deposits	1,659,174	5,174,420			
e- Other Deposits	1,173	130,405,212			
B- Reserve Requirements			843,990,800	4,076,463,550	
C- Market Operations			1,584,100,000	8,372,213,758	
a- Central Bank Securities		2,960,613,250			
b- Money Market Operations	1,584,100,000	5,411,600,508			
c- Open Market Operations					
D- Funds			677,940,140	2,568,007,109	
a- Central Bank Funds	21,277,260				
b- Treasury Funds	1,318,911	160,578			
c- Other Funds	655,343,969	2,567,846,531			
<b>III - Other Liabilities</b>			5,010,051	28,294,446	<b>33,304,497</b>
a- Temporary Debts	32,025	-			
b- Transitory Account	4,978,027	28,294,446			
<b>IV - Profit</b>			<b>506,451,271</b>		<b>506,451,271</b>
<b>TOTAL</b>					<b>29,253,411,094</b>

Source: Central Bank of the TRNC

## Central Bank of the TRNC Balance Sheet- 31.12.2020 (TRY)

Assets	TRY	FX	TRY Total	FX Total	Grand Total
<b>I- Current Assets</b>			3,876,225,389	12,476,779,683	<b>16,353,005,072</b>
Cash	850,445	1,201,663,484			
Gold		11,245,022			
Securities Portfolio		4,368,263,103			
Bank Deposits	3,875,374,944	6,892,833,367			
Foreign Correspondents		2,774,707			
<b>II- Fixed Assets</b>					
Immovables	1,512,532		2,260,516		<b>2,260,516</b>
Depreciation Charges (-)	331,254				
Fixtures	6,314,571				
Depreciation Charges (-)	5,235,333				
<b>III- Loans</b>			46,763,724	5,028,243	<b>51,791,967</b>
Advance Accounts			46,763,724	5,028,243	
a- Short Term Advance to the Treasury	46,763,724				
b- Advance Under Treasury Guaranteed Bills					
c- Commercial Bank Securities		5,028,243			
<b>IV- Market Operations</b>					
a- IMM Transactions	3,000,000		3,000,000		<b>3,000,000</b>
b- Open Market Operations					
<b>V- Other Assets</b>			271,310,480	2,915,594	<b>274,226,074</b>
A- Temporary Receivables	255,879				
B- Non-Performing Loans (Net)					
a- Non-Performing loans	12,511,964				
b- Provisions for Non-Performing Loans (-)	12,511,964				
C- Transitory Account					
a- Other	271,054,601	2,915,594			
<b>TOTAL</b>					<b>16,684,283,629</b>

Source: Central Bank of the TRNC

**Central Bank of the TRNC Balance Sheet- 31.12.2020 (TRY)**

<b>Liabilities</b>	<b>TRY</b>	<b>FX</b>	<b>TRY Total</b>	<b>FX Total</b>	<b>Grand Total</b>
<b>I - Shareholders' Equity</b>			719,302,337		<b>719,302,337</b>
Capital	20,000,000				
Reserves	428,264,696				
Provisions	271,037,641				
<b>II - Foreign Sources</b>			3,345,319,546	12,265,750,612	<b>15,611,070,158</b>
<b>A- Deposits</b>			695,906,552	4,772,989,598	
a- Public Deposits	163,030,306	119,763,224			
b- Bank Deposits	531,265,922	4,415,759,693			
c- Blocked Accounts		232,544,524			
d- Personal Deposits	1,609,240	4,922,157			
e- Other Deposits	1,084				
<b>B- Reserve Requirements</b>			719,232,331	2,211,422,696	
<b>D- Money Market Operations</b>			1,309,500,000	3,914,287,060	
a- Central Bank Securities		1,520,258,100			
b- Money Market Operations	1,309,500,000	2,394,028,960			
c- Open Market Operations					
<b>E- Funds</b>			620,680,663	1,367,051,258	
a- Central Bank Funds	17,826,909				
b- Treasury Funds	2,287,233	98,471			
c- Other Funds	600,566,521	1,366,952,787			
<b>III - Other Liabilities</b>			4,801,168	7,204,781	<b>12,005,949</b>
a- Temporary Debts	11,149				
b- Transitory Account	4,790,019	7,204,781			
<b>IV - Profit</b>			<b>341,905,185</b>		<b>341,905,185</b>
<b>TOTAL</b>					<b>16,684,283,629</b>

Source: Central Bank of the TRNC

### Central Bank of the TRNC Profit and Loss Table by Years (TRY)

Date	Profit (Loss)	Date	Profit (Loss)
1999	9,422,197	2010	38,706,980
2000	2,806,998	2011	60,793,021
2001	12,022,535	2012	59,185,678
2002	11,837,476	2013	61,100,258
2003	14,100,468	2014	66,522,923
2004	27,718,821	2015	110,530,354
2005	48,415,266	2016	133,906,573
2006	23,817,485	2017	203,235,577
2007	32,953,888	2018	329,374,409
2008	34,397,584	2019	343,621,837
2009	53,879,493	2020	341,905,185

Source: Central Bank of the TRNC

### Central Bank of the TRNC Selected Asset Items (TRY)

Date	Liquid Assets	Loans	Other Assets	Total Assets
31.Dec. 17	8,081,160,634	180,259,439	108,618,959	8,370,039,032
31 Dec. 18	10,499,595,834	61,335,607	294,637,228	10,855,568,669
31 Dec. 19	12,816,365,963	50,103,991	612,537,467	13,479,007,421
31 Dec. 20	16,353,005,072	51,791,967	279,486,590	16,684,283,629
31 Dec. 21	28,446,896,103	507,900,695	298,614,296	29,253,411,094

Source: Central Bank of the TRNC

### Central Bank of the TRNC Selected Liability Items (TRY)

Date	Shareholders' Equity (Excluding Profit)	Deposits	Reserve Requirements	Other Liabilities	Total Liabilities
31. Dec. 17	384,891,701	2,681,914,710	1,729,000,716	3,574,231,905	8,370,039,032
31. Dec. 18	480,942,598	3,917,979,147	1,885,311,620	4,571,335,304	10,855,568,669
31. Dec. 19	589,827,556	4,568,214,697	2,350,769,024	5,970,196,144	13,479,007,421
31 Dec. 20	719,302,337	5,468,896,150	2,930,655,027	7,565,430,115	16,684,283,629
31 Dec. 21	869,658,488	9,721,281,482	4,920,454,350	13,742,016,774	29,253,411,094

Source: Central Bank of the TRNC

**Central Bank of the TRNC Liquid Assets (TRY)**

Date	Cash Assets		Gold Deposit	Bank Deposits (TRY)	Bank Deposits (FX)	Foreign Banks	SP		Total
	TRY	FX					TRY	FX	
31. Dec. 17	257,360,230		3,997,999	1,728,967,292	5,187,178,813	-	903,656,300		8,081,160,634
31 Dec. 18	596,636,956		5,503,526	2,886,583,754	6,838,280,699	-	172,590,899		10,499,595,834
31 Dec. 19	604,203,296		7,318,980	3,647,687,308	7,510,965,029	332,867,787	713,323,563		12,816,365,963
31 Dec. 20	1,202,513,929		11,245,022	3,875,374,944	6,892,833,367	2,774,707	4,368,263,103		16,353,005,072
31 Dec. 21	1,476,626,284		19,164,666	4,333,706,334	14,252,288,123	1,759,608	8,363,351,089		28,446,896,103

Source: Central Bank of the TRNC

**Loans Extended to the Banking Sector by the Central Bank of the TRNC (TRY)**

31. Dec. 17	5.807.899	5.807.899
31 Dec. 18	7.933.350	7.933.350
31 Dec. 19	-	-
31 Dec. 20	5.028.243	5.028.243
31 Dec. 21	4.477.238	4.477.238

Source: Central Bank of the TRNC

Note: Interest revenue rediscounts are included in the figures.

**Deposits in Central Bank of the TRNC (TRY)**

Date	Public Deposits		Banks				Other		Total
	TRY	FX	A - Deposits		B - Reserve Requirements		TRY	FX	
			TRY	FX	TRY	FX			
31. Dec. 17	42,219,684	73,593,138	490,652,950	1,955,533,333	781,455,275	947,545,441	1,072,860	118,842,745	4,410,915,426
31. Dec. 18	51,246,900	52,306,160	706,945,906	2,976,986,010	707,399,584	1,177,912,036	1,128,634	129,365,537	5,803,290,767
31 Dec. 19	61,510,327	60,554,852	766,047,422	3,522,339,747	853,421,489	1,497,347,535	1,737,248	156,025,101	6,918,983,721
31 Dec. 20	163,030,306	119,763,224	531,265,922	4,415,759,693	719,232,331	2,211,422,696	1,610,324	237,466,681	8,399,551,177
31 Dec. 21	437,260,828	130,405,212	538,918,736	8,286,203,149	843,990,800	4,076,463,550	1,660,347	326,833,210	14,641,735,832

Source: Central Bank of the TRNC

## Central Bank of the TRNC Exchange Rates

Years	Months	USD		EURO		GBP	
		Buying	Selling	Buying	Selling	Buying	Selling
2013		2.1343	2.1381	2.9365	2.9418	3.5114	3.5297
2014		2.3189	2.3230	2.8207	2.8258	3.5961	3.6149
2015		2.9076	2.9128	3.1776	3.1833	4.3007	4.3231
2016		3.5192	3.5255	3.7099	3.7166	4.3189	4.3414
2017		3.7719	3.7787	4.5155	4.5237	5.0803	5.1068
2018		5.2609	5.2704	6.0280	6.0388	6.6528	6.6875
2019		5.9402	5.9509	6.6506	6.6625	7.7765	7.8171
2020		7.3405	7.3537	9.0079	9.0241	9.9438	9.9957
2021	1	7.3216	7.3348	8.8718	8.8878	10.0100	10.0622
	2	7.3708	7.3841	8.9420	8.9581	10.2477	10.3012
	3	8.3260	8.3410	9.7741	9.7917	11.4324	11.4920
	4	8.1753	8.1900	9.9090	9.9269	11.3852	11.4445
	5	8.5496	8.5651	10.4147	10.4334	12.1068	12.1699
	6	8.7052	8.7208	10.3645	10.3832	12.0343	12.0971
	7	8.4139	8.4290	10.0084	10.0264	11.7308	11.7920
	8	8.3753	8.3903	9.8494	9.8671	11.4631	11.5228
	9	8.8433	8.8592	10.3135	10.3321	11.9292	11.9914
	10	9.4813	9.4984	10.9980	11.0179	13.0023	13.0701
	11	12.6595	12.6823	14.2793	14.3050	16.8587	16.9466
	12	12.9775	13.0009	14.6823	14.7088	17.4530	17.5440

Source: Central Bank of the TRNC

Note: End of month and end of year rates.

## Cross Rates

Foreign Currency / USD				
Years	Months	£	€	
2012		1.6111	1.3192	
2013		1.6480	1.3759	
2014		1.5535	1.2164	
2015		1.4817	1.0929	
2016		1.2293	1.0542	
2017		1.3492	1.1972	
2018		1.2667	1.1458	
2019		1.3114	1.1196	
2020		1.3570	1.2272	
2021	1	1.3695	1.2117	
	2	1.3927	1.2132	
	3	1.3754	1.1739	
	4	1.3950	1.2121	
	5	1.4185	1.2181	
	6	1.3848	1.1906	
	7	1.3966	1.1895	
	8	1.3710	1.1760	
	9	1.3513	1.1663	
	10	1.3737	1.1600	
	11	1.3340	1.1280	
	12	1.3472	1.1314	

Source: Central Bank of the TRNC

Note: End of month and end of year cross rates.

### Interest Rates Applied to Turkish Lira and Foreign Currency Deposits by the Central Bank of the TRNC (%)

Effective Date	Currency				Executive Board Decision		Official Gazette	
	TRY	\$	€	£	Date	Number	Date	Number
	Demand	Demand	Demand	Demand				
01.01.2013	4.00	0.05	0.75	0.50	20.12.2012	835	21.12.2012	212
01.06.2013	3.50	0.05	0.75	0.50	09.05.2013	847	16.05.2013	85
01.09.2013	4.00	0.05	0.75	0.50	22.08.2013	853	29.08.2013	138
03.02.2014	5.00	0.25	0.75	0.50	30.01.2014	872	04.02.2014	26
01.04.2014	7.00	0.25	0.75	0.50	20.03.2014	876	27.03.2014	70
01.03.2015	6.50	0.25	0.25	0.50	10.02.2015	900	17.02.2015	25
03.04.2017	7.00	0.40	0.25	0.50	23.03.2017	947	03.04.2017	61
05.06.2018	11.00	0.40	0.25	0.50	04.06.2018	998	11.06.2018	89
25.06.2018	11.00	0.75	0.25	0.50	21.06.2018	1001	02.07.2018	102
24.09.2018	17.25	1.00	0.25	0.50	20.09.2018	1014	26.09.2018	140
29.07.2019	13.25	1.00	0.125	0.25	26.07.2019	1046	29.07.2019	107
16.09.2019	10.00	1.00	0.125	0.25	12.09.2019	1054	16.09.2019	128
28.10.2019	8.50	1.00	0.125	0.25	25.10.2019	1059	28.10.2019	153
16.12.2019	7.25	0.75	0.05	0.125	13.12.2019	1069	16.12.2019	178
20.01.2020	6.75	0.50	0.05	0.125	17.01.2020	1076	20.01.2020	12
24.02.2020	6.50	0.50	0.05	0.125	20.02.2020	1081	24.02.2020	29
11.03.2020	6.50	0.25	0.05	0.125	10.03.2020	1087	11.03.2020	37
04.05.2020	5.00	0.25	0.05	0.125	30.04.2020	1099	04.05.2020	77
24.08.2020	6.75	0.40	0.15	0.25	20.08.2020	1125	24.08.2020	158
01.10.2020	8.25	0.60	0.25	0.30	30.09.2020	1143	01.10.2020	188
20.11.2020	11.50	0.60	0.25	0.30	19.11.2020	1158	20.11.2020	214
25.12.2020	13.75	0.60	0.25	0.30	24.12.2020	1168	25.12.2020	235
19.02.2021	13.75	0.40	0.15	0.20	17.02.2021	1178	19.02.2021	40
02.04.2021	15.25	0.40	0.15	0.20	01.04.2021	1190	02.04.2021	75
28.10.2021	12.75	0.40	0.15	0.20	27.10.2021	1233	27.10.2021	237

Source: Central Bank of the TRNC

Note: Interest rates applied to Turkish Lira and foreign currency demand deposits also applied to time deposits.



### Interest Rates Applied to Reserve Requirements for Turkish Lira and Foreign Currency Deposits by the Central Bank of the TRNC

Effective		Currency			Executive Board Decision		Official Gazette	
Date	TRY	\$	€	£	Date	Number	Date	Number
17.07.2009	6.00	0.00	0.50	0.25	17.07.2009	730	03.08.2009	133
19.08.2009	5.50	0.00	0.50	0.25	19.08.2009	735	15.09.2009	157
16.10.2009	5.25	0.00	0.50	0.25	16.10.2009	742	22.10.2009	182
07.12.2009	5.00	0.00	0.50	0.25	04.12.2009	750	15.12.2009	211
01.01.2013	4.00	0.00	0.50	0.25	20.12.2012	836	21.12.2012	212
01.06.2013	3.50	0.00	0.50	0.25	09.05.2013	849	16.05.2013	85
01.03.2015	3.50	0.00	0.00	0.00	10.02.2015	899	17.02.2015	25
01.02.2018	5.00	0.20	0.125	0.25	25.01.2018	979	31.01.2018	9
05.06.2018	7.50	0.20	0.125	0.25	04.06.2018	998	11.06.2018	89
25.06.2018	7.50	0.40	0.125	0.25	21.06.2018	1001	02.07.2018	102
15.08.2018	9.00	0.40	0.125	0.25	14.08.2018	1004	31.08.2018	127
24.09.2018	13.00	0.65	0.125	0.25	20.09.2018	1014	26.09.2018	140
29.07.2019	9.00	0.65	0.00	0.125	26.07.2019	1046	29.07.2019	107
16.09.2019	5.75	0.50	0.00	0.125	12.09.2019	1054	16.09.2019	128
28.10.2019	3.25	0.50	0.00	0.125	25.10.2019	1059	28.10.2019	153
16.12.2019	2.50	0.25	0.00	0.05	13.12.2019	1069	16.12.2019	178
24.02.2020	2.25	0.25	0.00	0.05	20.02.2020	1081	24.02.2020	29
11.03.2020	2.25	0.125	0.00	0.05	10.03.2020	1087	11.03.2020	37
04.05.2020	1.00	0.125	0.00	0.05	30.04.2020	1099	04.05.2020	77
24.08.2020	2.75	0.20	0.05	0.10	20.08.2020	1125	24.08.2020	158
01.10.2020	3.50	0.25	0.10	0.15	30.09.2020	1143	01.10.2020	188
20.11.2020	6.00	0.25	0.10	0.15	19.11.2020	1158	20.11.2020	214
25.12.2020	8.00	0.25	0.10	0.15	24.12.2020	1168	25.12.2020	235
19.02.2021	8.0	0.20	0.05	0.10	17.02.2021	1178	19.02.2021	40
02.04.2021	9.0	0.20	0.05	0.10	01.04.2021	1190	02.04.2021	75
28.10.2021	6.0	0.20	0.05	0.10	27.10.2021	1233	27.10.2021	237

Source: Central Bank of the TRNC

## Rediscount Interest Rates

Effective Date	Currency													
	TRY					\$					€			
	Trade	Ind. Tourism	Exp.	Small Business	Advances Against FX	Trade	Ind. Tourism	Exp.	Advances Against FX	Trade	Ind. Tourism	Exp.	Advances Against FX	Trade
29.12.08	22	19	19	18	19	5	5	5	5	5	5	5	5	5
02.03.09	20	17	17	16	16	4	4	4	4	4	4	4	4	4
25.06.09	17	15	15	14	14	4	4	4	4	4	4	4	4	4
27.12.10	14	12	12	11	11	4	4	4	4	4	4	4	4	4
01.01.13	11	8	8	8	8	4	4	4	4	4	4	4	4	4
01.06.13	11	7	7	7	7	4	4	4	4	4	4	4	4	4
05.06.18	17.5	14.5	14.5	13.5	13.5	4	4	4	4	4	4	4	4	4
24.09.18	23.75	20.75	20.75	19.75	19.75	4	4	4	4	4	4	4	4	4
29.07.19	19.50	16.50	16.50	15.50	15.50	4	4	4	4	4	4	4	4	4
16.09.19	16.50	13.50	13.50	12.50	12.50	4	4	4	4	4	4	4	4	4
28.10.19	15.00	12.00	12.00	11.00	11.00	4	4	4	4	4	4	4	4	4
16.12.19	13.00	10.00	10.00	9.00	10.50	4	4	4	4	4	4	4	4	4
20.01.20	12.50	9.50	9.50	8.50	10.00	4	4	4	4	4	4	4	4	4
24.02.20	12.25	9.25	9.25	8.25	9.75	4	4	4	4	4	4	4	4	4
04.05.20	10.75	8.00	8.00	7.00	8.25	4	4	4	4	4	4	4	4	4
24.08.20	12.75	10.00	10.00	9.00	10.50	4	4	4	4	4	4	4	4	4
20.11.20	17.75	15.00	15.00	14.00	14.00	4	4	4	4	4	4	4	4	4
25.12.20	20.00	17.25	17.25	16.25	16.50	4	4	4	4	4	4	4	4	4
02.04.21	21.50	18.75	18.75	17.75	18.00	4	4	4	4	4	4	4	4	4
28.10.21	19.00	16.25	16.25	15.25	16.00	4	4	4	4	4	4	4	4	4

Source: Central Bank of the TRNC

Abbreviations: Trad.: Trading, Ind.: Industry, Tour.: Tourism, Agri.: Agriculture, Edu.: Education, Exp.: Exports,

### Bank Liquidity Requirement Ratios (%)

The lowest rate of the liabilities to the liquidity requirements that banks have to keep	10
Banks, total amount of funds they have in foreign banks and total amount of securities purchased abroad;	
> 1 x shareholders' equity	12
> 2 x shareholders' equity	14
> 3 x shareholders' equity	16
> 4 x shareholders' equity	18
> 5 x shareholders' equity	20

**Source:** Central Bank of the TRNC

**Note:**

**Bank Liquidity Requirement Ratios:** Central Bank of the TRNC Executive Board Decision No. 841 dated February 07, 2013, published in the Official Gazette No. 32 on February 26, 2013 and became effective on March 1, 2013.

**Reserve Requirements Ratios**

Effective Date	Description	TRY	FX
31.03.2020	Deposits up to 3-month maturity	8.00	8.00
	Deposits with a maturity of 3-month to 6-month	7.00	7.00
	Deposits with a maturity of 6-month to 1-year	6.00	6.00
	Deposits longer than 1-year maturity	5.00	5.00
	Other liabilities excluding deposits	8.00	8.00
	Precious metal liabilities	0	0

Source: Central Bank of the TRNC

**Tariffs**

A	Turkish Lira Transactions	Commissions, Fees and Costs
1	Received transfers in TRY	-
2	Sent transfers in TRY	0.0005 commission
3	Sent transfers in TRY	Minimum fee: 250.00 TRY
4	Communication costs charged from sent transfers in TRY	-
B	Foreign Currency Exchange Transactions	Commissions, Fees and Costs
1	Received transfers in FX	-
2	Sent transfers in FX	0.001 commission
3	Sent transfers in FX	Minimum fee: 250.00 TRY

Source: Central Bank of the TRNC

### Dishonoured Cheques

Years	Months	People Restrained from Using Cheque Books (Number of persons)	
		Monthly Total	Cumulative Total
2012			3,842
2013			2,910
2014			3,366
2015			3,699
2016			2,977
2017			2,499
2018			2,374
2019			2,166
2020			1,633
2021	1	123	123
	2	70	193
	3	124	317
	4	138	455
	5	108	563
	6	110	673
	7	102	775
	8	129	904
	9	133	1,037
	10	107	1,144
	11	115	1,259
	12	97	1,356

Source: Central Bank of the TRNC

**Money Supply (Million TRY)**

Year	Term	M1	Percentage Change	M2	Percentage Change	M3	Percentage Change
<b>2016</b>	<b>I</b>	2,797.9	-1.53	14,340.3	0.88	15,181.6	0.48
	<b>II</b>	2,976.9	6.40	14,620.3	1.95	15,593.1	2.71
	<b>III</b>	3,158.0	6.08	15,285.2	4.55	16,319.0	4.66
	<b>IV</b>	3,544.1	12.23	16,946.4	10.87	17,996.6	10.28
<b>2017</b>	<b>I</b>	3,754.8	5.95	18,019.6	6.33	19,209.2	6.74
	<b>II</b>	3,906.7	4.05	18,670.5	3.61	20,066.2	4.46
	<b>III</b>	4,126.2	5.62	19,847.4	6.30	21,240.3	5.85
	<b>IV</b>	4,403.3	6.72	21,181.5	6.72	22,789.8	7.30
<b>2018</b>	<b>I</b>	4,620.3	4.93	22,638.7	6.88	24,286.7	6.57
	<b>II</b>	5,136.5	11.17	24,283.6	7.27	26,135.3	7.61
	<b>III</b>	6,038.8	17.57	28,359.8	16.79	30,493.1	16.67
	<b>IV</b>	5,520.7	-8.58	26,641.1	-6.06	28,662.5	-6.00
<b>2019</b>	<b>I</b>	6,297.8	14.08	29,051.7	9.05	31,227.0	8.95
	<b>II</b>	6,581.7	4.51	30,066.1	3.49	32,390.9	3.73
	<b>III</b>	6,775.1	2.94	30,109.1	0.14	33,243.7	2.63
	<b>IV</b>	7,386.0	9.02	33,164.4	10.15	35,890.3	7.96
<b>2020</b>	<b>I</b>	7,872.2	6.58	34,635.5	4.44	37,612.4	4.80
	<b>II</b>	8,529.4	8.35	35,839.0	3.47	38,294.3	1.81
	<b>III</b>	9,724.8	14.02	40,684.0	13.52	43,787.2	14.34
	<b>IV</b>	10,077.1	3.62	41,842.8	2.85	45,299.2	3.45
<b>2021</b>	<b>I</b>	10,461.4	3.81	45,118.5	7.83	48,624.9	7.34
	<b>II</b>	11,257.1	7.61	47,658.2	5.63	50,639.9	4.14
	<b>III</b>	12,381.7	9.99	49,727.0	4.34	52,622.7	3.92
	<b>IV</b>	17,349.1	40.12	67,053.5	34.84	71,396.0	35.68

Source: Central Bank of the TRNC









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*For information and suggestions: [www.mb.gov.ct.tr](http://www.mb.gov.ct.tr)*