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Issue: 2018 - IV

I: FOREWORD

In the Global Economic Outlook Report published by the IMF in January 2019, global growth rate for 2018 has been kept constant at 3.7 percent and the downside risks to the global economy have been highlighted. These downside risks have been listed as the tightening of financial conditions, the probable escalation of trade wars, a further slowdown in the economy of the People's Republic of China, and the possibility of unilateral Brexit in the United Kingdom. IMF announced the growth forecast for 2019 as 3.5 percent.

Central Bank of the Republic of Turkey Monetary Policy Committee kept the policy rate constant by 24 percent at its last meeting of 2018. It was also stated in the minutes that additional monetary tightening can be made if needed. In February 2019, the Turkish lira reserve requirement ratios were reduced in order to take steps to contribute to financial stability without affecting the tight monetary policy stance and to provide additional liquidity to the markets. In 2018, while consumer inflation (CPI) was measured at 20.3 percent, according to the CBRT's February expectation survey, this rate is expected to be 15.9 percent at the end of 2019.

Annual changes in CPI and exchange rates in the TRNC economy are parallel and this shows that the depreciation of the Turkish Lira against foreign currencies is very high as well as the pass through, which is caused by the depreciation of the Turkish Lira against CPI. CPI and foreign exchange rates have increased since January 2018; however, there has been a rapid decline since September. The annual inflation rate calculated by State Planning Organization (SPO) of TRNC Prime Ministry was 38.1 percent in October, 34.2 percent in November and 30 percent in December 2018. The sectors with the highest price increase at the end of December 2018 are furniture and home appliances, food and non-alcoholic beverages and transportation items. The increases in the related items were 43.9 percent, 40.4 percent and 34.9 percent, respectively.

In the fourth quarter of the 2018 fiscal year, TRNC budget revenues amounted to 1,684 million TRY and budget expenditures amounted to 1,804 million TRY. The budget deficit, which was 72 million TRY in the same quarter of the previous year, increased by 67 percent and amounted to 120 million TRY in the last quarter of 2018. When the budget revenues sub-items are analysed, it is seen that the tax revenues with the largest share are 1,124 million TRY. Non-tax revenues item with the second largest share was measured at 295 million TRY. Current transfers and personnel expenses, which have the highest shares in budget expenditures, were 784 million TRY and 594 million TRY, respectively. The share of the sum of two items in budget expenditures was 76 percent.

As of the end of December 2018, the ratio of the banking sector's balance sheet size to GDP decreased to 227.2 percent. Total assets of the sector decreased by 5.7 percent to 32,980 TRY million, compared to the previous quarter. The reason for this decrease is the reflection of the foreign exchange stabilization on the balance sheet items. Total assets of the sector increased by 26.3 percent during December 2017 - December 2018 period. When the concentration in the banking sector is analysed, it is seen that the share of the five largest banks in the sector in terms of asset size increased by 0.1 points to 55.1 percent,

compared to the previous quarter. In terms of the size of gross loans in the same period, the share of the first five banks in the sector has been 56.9 percent and 56.5 percent.

Banking sector's financial deepening figures for the fourth quarter of 2018 decreased compared to the previous quarter. Namely, total gross loans to GDP ratio decreased from 136.1 percent to 130.2 percent, total assets to GDP ratio from 240.8 percent to 227.2 percent and total deposits to GDP ratio from 194 percent to 182.1 percent. While the capital adequacy standard ratio (CASR) in the sector was 17.3 percent by the end of 2017, it increased to 17.9 percent by the end of 2018. Although gross loans decreased by 4.3 percent in the last quarter of 2018, NPL's share in gross loans increased to 5.5 percent compared to the previous quarter. Gross loans to deposits ratio also increased and resulted as 71.5 percent, compared to the previous quarter. The banking sector's profit has been 689.8 million TRY in 2018. In 2018, the pre-tax profit of the banking sector increased by 69.42 percent compared to 2017 and reached 874 million TRY. Exchange profits have an important role in this increase. When the foreign exchange profit item is subtracted from the pre-tax profit of the banking sector, the increase rate of the pre-tax profit of the banking sector is 34.5 percent between related periods.

I would like to thank all of our employees who have contributed to the preparation of this bulletin, in which current main indicators of the selected economies and TRNC economy are included and the overview of the TRNC banking sector is reflected in detail, as of the fourth quarter of 2018 and I hope that it will benefit those interested in the issue.

Regards,



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II: ABBREVIATIONS

EU	European Union
USA	United States of America
ECB	European Central Bank
IMM	Interbank Money Market
BoE	Bank of England
Brexit	Departure of the United Kingdom from the European Union
SPO	State Planning Organisation
WTO	World Trade Organisation
EA 19	Euro Zone
EUROSTAT	EUROSTAT
ESA	European System of Accounts
Fed	Central Banking System of the USA
FOMC	The Federal Open Market Committee
LON	Late Liquidity Window
GNP	Gross National Product
GDP	Gross Domestic Product
IMF	International Monetary Fund
CGF	Credit Guarantee Fund
Bank	Central Bank of the Turkish Republic of Northern Cyprus
SME	Small and Medium Enterprises
CB	Central Bank
SP	Securities Portfolio
RR	Reserve Requirements
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics
OPEC	Organisation of Petroleum Exporting Countries
MTP	Medium-Term Program
PMI	Purchasing Managers Index
MPC	Monetary Policy Committee
RWA	Risk-Weighted Assets
OG	Official Gazette
CASR	Capital Adequacy Standard Ratio
TR	Republic of Turkey
CBRT	Central Bank of the Republic of Turkey
TL/TRY	Turkish Lira
NPL	Non-Performing Loans
TURKSTAT	Turkish Statistical Institute
CPI	Consumer Price Index
IBU	International Banking Unit
IEA	International Energy Agency
FX	Foreign Exchange
NEP	New Economic Program
D-PPI	Domestic Producer Price Index
SCT	Special Consumption Tax
S&P	Standard and Poor's
\$/Dollar/USD	US Dollar
€/EUR	Euro
£/GBP	Sterling Pound

III: DEFINITIONS

Gross Loans: Loans + Non-Performing Loans

Cash and Cash Equivalents: Cash Assets + Receivables from the CB + Receivables from the Banks +
Receivables from IMM Transactions

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1 INTERNATIONAL DEVELOPMENTS

1.1 OVERVIEW AND CURRENT DEVELOPMENTS

The IMF's Global Economic Outlook report for January 2019 drew attention to the weakening global economy. Despite the weakening outlook in some economies such as Asia and Europe, the IMF kept the global growth rate forecast for 2018 constant at 3.7 percent, which was stated in the October 2018 report. Global growth rate forecasts for 2019 and 2020 were lowered by 0.2 and 0.1 percentage points, compared to the forecasts of October report and were estimated at 3.5 percent and 3.6 percent, respectively.

In the October update of the IMF report, the downward revision for 2019 and 2020 was influenced by the increased customs duties as a result of trade wars between the US and the People's Republic of China. In the revisions made after October, slowdown in economic growth started in the second half of 2018 was expected to continue in the coming years.

The report also stated that the downside risks to the global economy increased. These downside risks have been listed as the tightening of financial conditions, the probable escalation of trade wars, a further slowdown in the economy of the People's Republic of China, and the possibility of unilateral Brexit in the United Kingdom.

Global Economic Prospects report published by the World Bank in January 2019 predicts that the global economy will grow by 3 percent in 2018, and growth forecasts for 2019 and 2020 are 2.9 percent and 2.8 percent, respectively.

In the World Bank report, the previous forecasts for developed countries were kept constant and growth forecasts of 2.2 percent for 2019 and 2 percent for 2020 were repeated. Downward revisions have been made in the growth forecasts of developing economies. For developing economies, the growth forecast for 2018 was reduced by 0.3 percentage points to 4.2 percent, while the growth forecast for 2019 was reduced by 0.5 percentage points to 4.2 percent. The sharpest downward revision has been made for developing countries which export commodities. The downward revisions of 0.8 points for 2018 and 0.7 points for 2019

made and the growth expectations of the developing country group exporting commodities lowered.

The winter 2019 European Economic Forecast report prepared by the European Commission emphasized that uncertainties increased while global economic growth slowed down. The report stated that economic activity in the European Union (EU) and the Eurozone decelerated in 2018 due to both internal and external factors. Particularly, it was stated that the slowdown in the second half of 2018 was more drastic than envisaged and the economic growth rate of the Eurozone fell to 0.2 percent in the relevant period. According to the report, growth in the region is expected to continue at a slow pace over the next two years.

The European Commission report states that the slowdown in the EU and Eurozone in 2018 was due to the decline in foreign demand. In the statement, it was remarked that the increasing uncertainty in trade policies caused the trade wars between the US and the People's Republic of China and the global slowdown in industrial production had a negative impact on the global trade growth rate. The region's economy has been greatly affected by these trade wars, which are taking place due to the geographically oriented foreign trade.

Certain local factors were also influential in the economic slowdown experienced in the region in the second quarter of 2018. These local factors are the failures in the automotive sector in the third quarter, fiscal policy uncertainties in some member countries and social tensions. Overall, in the report, the Eurozone GDP growth rate was revised down to 1.1 percent in 2019 and it was 1.6 percent in 2020.

Table 1.1: GDP Forecasts and Results

	2016	2017	2018 ¹	2018 ²	2019 ¹	2019 ²
IMF	3,2	3,8	3,8	3,7	3,9	3,5
World Bank	2,4	3,1	2,9	3,0	3,0	2,9
OECD	3,0	3,6	3,1	3,7	3,9	3,5

Source: OECD, World Bank, IMF

¹The initial forecasts of the relevant year.

²The latest forecasts of the relevant year.

As mentioned in the “Recent Development in the World Economy Bulletin” published by Presidency of Strategy and Budget of Presidency of the Republic of Turkey, Bank of England (BoE) report predicts that in case of an unilateral Brexit, the United Kingdom may contract by 8 percent, and the country's economy may suffer a heavier recession than during the 2008 global financial crisis. In the United Kingdom, Parliament rejected the law amendment on the postponement of the Brexit agreement and the resolution on support the government's process of renegotiating the Brexit agreement. These developments have increased the likelihood that the United Kingdom will leave the European Union without an agreement.

International credit rating agency, Fitch announced that it has put the United Kingdom credit rating, which was AA, on negative watch due to increased uncertainty in the Brexit process and increased unilateral Brexit risk.

Another international credit rating agency Standard & Poor's (S&P), kept the Turkey's credit rating outlook stable on February 15, 2019, in line with the market expectations. Thus, Turkey's credit rating remained as B+ level, four steps below investable level and its rating outlook was determined as stable. Credit rating agency Moody's lowered Turkey's credit rating to "Ba2" from "Ba3" and identified the rating outlook as “negative”. Another international credit rating agency Fitch Ratings determined Turkey economy's credit rating level as BB and the rating outlook as negative.

1.2 ECONOMIC AND FINANCIAL OUTLOOK IN SELECTED COUNTRIES

1.2.1 GROWTH

The US economy grew by 2.2 percent in the first quarter and 4.2 percent in the second quarter. In November 2018, the US economy's third quarter growth data, which was 3.5 percent, revised as 3.4 percent.

The downward revision of the US GDP growth rate in the third quarter was due to the lowered private consumption expenditures from 3.6 percent to 3.5 percent and the revision of the decline in export rate as 4.9 percent.

Office for National Statistics (ONS) announced the third quarter 2018 growth rates of the UK economy on February 2019. The GDP growth rate based on the Chained Volume Index, increased by 0.6 percent compared to the previous quarter, and by 0.2 points compared to the second quarter. The UK's economic growth rate has become 1.5 percent compared to the same quarter of the previous year. The second quarter data of the related ratio, which was 1.2 percent, revised as 1.4 percent.

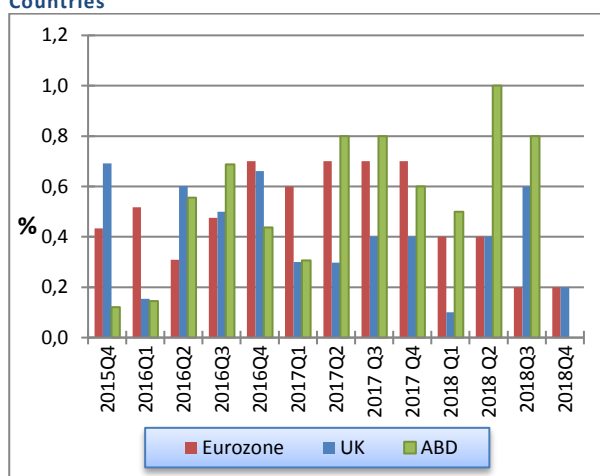
According to EUROSTAT data, Eurozone growth rate remained unchanged in the third quarter and fourth quarter of 2018 compared to their previous quarters and resulted as 0.2 percent. Looking at the Eurozone growth data compared to the same month of the previous year, it is observed that it was 1.6 percent in the third quarter and 1.4 percent in the fourth quarter of 2018. The slowdown in the Eurozone, which grew by more than 2 percent in the first two quarters of 2018, was mainly caused by weak trade.

Based on the chained volume index, Turkey's GDP grew by 1.6 percent in the third quarter of 2018, compared to the same period of the previous year, below the expectations. According to seasonally adjusted data, Turkey's economy contracted by 1.1 percent, compared to the previous quarter. The economic contraction occurred for the first time since the third quarter of 2016, when the coup attempt took place.

Turkey's economy contracted by 3 percent in the last quarter of 2018, compared to the same quarter of the previous year, and closed the year with a 2.6 percent growth. The calendar-adjusted GDP chained volume index decreased by 3.2 percent in the fourth quarter of 2018, compared to the same quarter of the previous year, while the seasonally adjusted GDP chained volume index decreased by 2.4 percent, compared to the previous quarter.

According to the expenditures method, net exports made the highest contribution to growth in the third quarter of 2018. The rise in exports due to the depreciation in TRY and the general decline in imports due to the decrease in gold imports caused net exports to make the highest contribution. When the GDP data based on economic activity are analysed, it is seen that the construction sector has contracted for the first time since 2015. The contraction in the related sector brought GDP down by 0.4 points. The agricultural sector, which had contracted in the previous quarter, made a positive contribution of 0.1 points to growth in the third quarter.

Chart 1.1: GDP Growth Rates of Selected Region and Countries



Source: OECD

1.2.2 INFLATION

Annual rate of increase in the CPI of the US economy has been 2.5 percent in October, 2.2 percent in November and 1.9 percent in December 2018. Thus, as of December, the inflation rate remained 0.1 percentage points below the Fed's long-term inflation target of 2 percent. The rate of increase in core CPI has been 2.1 percent in October and 2.2 percent in November and December 2018.

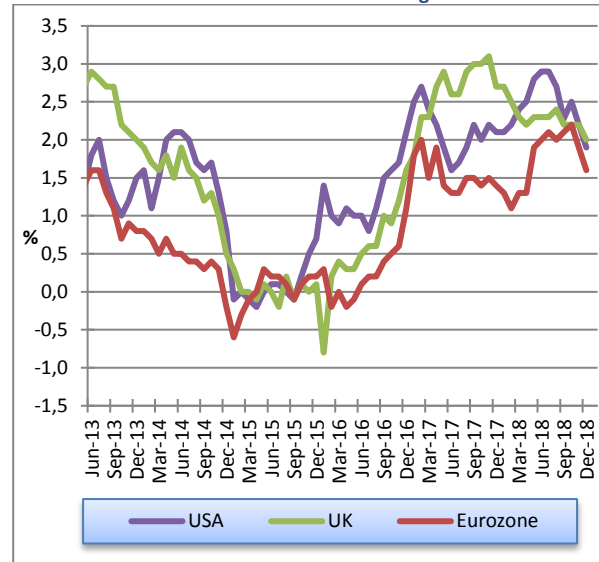
According to data published by EUROSTAT, in September 2018, CPI in the Eurozone changed accordance with the forecasts and increased by 0.2 percent, compared to the previous month. Monthly CPI was realized as -0.2 percent in November 2018, whereas it was announced as zero in December. In the Eurozone, October, November and December inflation figures were 2.2 percent, 1.9 percent and 1.6 percent, respectively, compared to the same month of the previous year.

According to ONS data, the CPI increased by 2.3 percent in the UK in 2018. Analysing annual inflation data for the last quarter of 2018, an increase of 2.2 percent was observed in October and November, while inflation declined to 2.0 percent in December.

In December 2018 the annual CPI increase was 20.30 percent and domestic PPI rate was 33.64 percent in Turkey. As a result of these figures, inflation rates declined in December 2018.

The decline in the monthly inflation rates was mainly driven by the decrease in the exchange rates and the declining prices of transport group due to SCT (special consumption tax) reductions. When the sub-items of the related group are examined, the decrease in motor vehicles and transportation costs played an important role.

Chart 1.2: Inflation Rates of Selected Region and Countries



Source: OECD

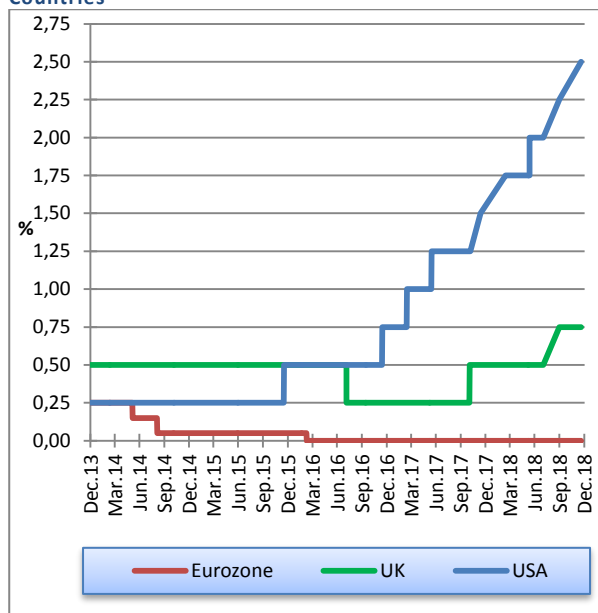
1.2.3 POLICY INTEREST RATES

In its meeting held on November 8, 2018, the Fed left the policy rate at 2.0 - 2.25 percent in line with the expectations. As a result of the meeting ended on December 19, which was the last meeting of 2018, the Fed again met the market expectations and increased the policy rate by 25 basis points to 2.25 - 2.50 percent. Hereby, interest rates have been raised four times in 2018 and increased to the highest level in 10 years. In the minutes of the Fed's 18-19 December meeting, it was highlighted that there were increasing concerns due to the sharp decline in financial markets and the slowing global economy, and the necessity not to rush the interest rate increase in the future was emphasized.

Bank of England (BoE) kept its policy rate at 0.75 percent at the December 2018 meeting, taking into account pre-Brexit uncertainties. The bond purchase program has also remained unchanged and have continued to be £435 billion a month.

At its October 2018 meeting, the European Central Bank (ECB) had reduced its asset purchases from 30 billion euros to 15 billion euros, in line with its previous statements. At the last meeting of 2018, the ECB had confirmed that it would terminate the asset purchase program as of the end of December and continued to keep the policy interest rate unchanged at zero level. In his speech after the meeting, ECB President Mario Draghi pointed out that the downside risks to the Eurozone became more apparent and that loose monetary policies supported the regional economy.

Chart 1.3: CB Interest Rates of Selected Developed Countries



Source: FED, ECB, BoE

In the latest meeting in 2018, CBRT Monetary Policy Committee (MPC) decided to keep the policy rate, namely the one-week repo auction rate at a level of 24 percent. In the decision notes, it was stated that the stabilization tendency in the economy became more evident and the slowdown in economic activity continued due to the tightening in financial conditions despite strong external demand. On the other hand, it was decided to maintain the tight monetary stance due to the persistence of price stability risks and it was noted that additional monetary tightening could be made if needed.

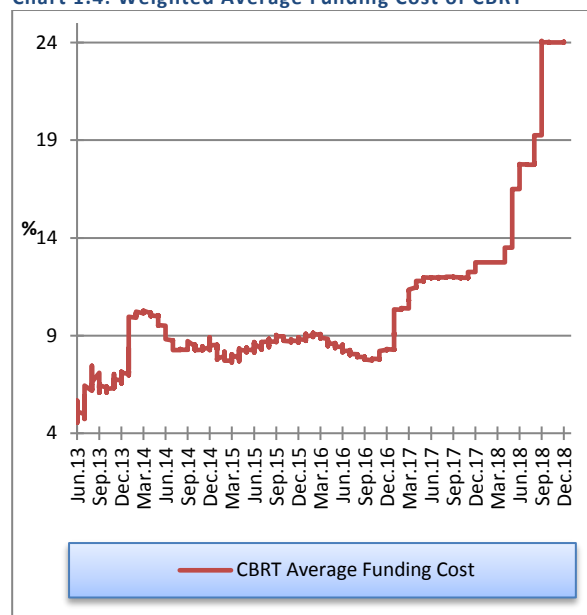
In its meeting held on January 16, 2019, the MPC did not change the policy interest rate and the same

statements were included in the notes. In addition, the expectation that the improvement in the current account balance will continue was also included in the notes.

Central Bank of the Republic of Turkey (CBRT) remarked in a statement on February 16, 2019 that a decision made regarding a decrease of 100 base points in the Turkish lira reserve requirements ratios for up to 1-year term deposits/participation funds and other up to 3-year other liabilities excluding 100 basis points, and a decrease of 50 basis points in other maturity groups. In addition, the upper limit for the establishment of TRY reserve requirements in gold from domestic residents have been increased from 5 percent to 10 percent.

CBRT Governor Murat Çetinkaya indicated the relevant liquidity steps in his statement on February 14th. He stated that the steps that would contribute to financial stability could be taken without affecting the tight monetary policy stance. In addition, he stated that the tight stance will be preserved until convincing improvements are observed in inflation dynamics and he also mentioned the necessity of the implementation of structural reforms after the local elections in Turkey.

Chart 1.4: Weighted Average Funding Cost of CBRT

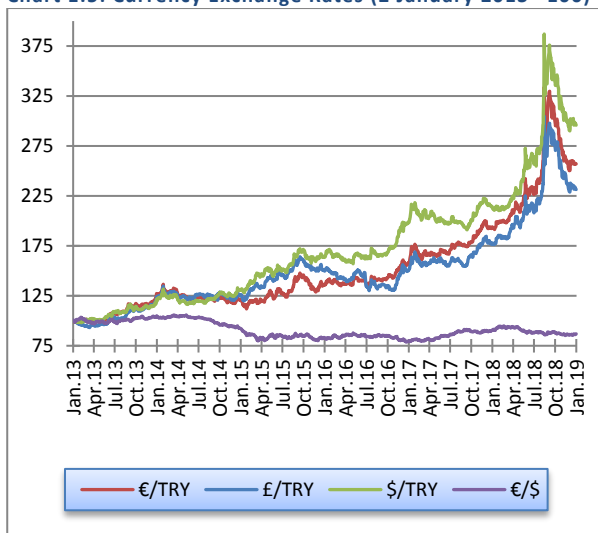


Source: CBRT

1.2.1 EXCHANGE RATES

As in the third quarter of 2018, the Turkish lira continued to experience a depreciation against other currencies in the fourth quarter of 2018, compared to the same period of the previous year. In the fourth quarter of 2017, while the average exchange rates for GBP/TRY, EUR/TRY, USD/TRY were 5.03, 4.47 and 3.80, respectively, the averages for the same period of 2018 have been 7.09, 6.30 and 5.52, respectively. When two periods are compared, it is observed that TRY depreciated by 45.26 percent against the US dollar, by 40.95 percent against the sterling pound, and by 40.93 percent against the euro.

Chart 1.5: Currency Exchange Rates (2 January 2013 =100)



Source: Central Bank of the TRNC

Impact of China's Economic Slowdown on Global Economy

Potential Reasons for the Slowdown in the Economic Growth of the People's Republic of China

The People's Republic of China, which introduced market reforms in the 1970s, shifted from the central government to the market economy and experienced a rapid economic and social improvement. In the wake of these improvements, GDP growth has become an average of 10 percent; the highest growth rate experienced by a large economy in history, and has helped 800 million people out of poverty.

With a population of 1.3 billion, the People's Republic of China is the second largest economy in the world and has played an important role in the development of the global economy. It is the only economy that has made a major contribution to the global growth after the 2008 financial crisis.

In the long run, the most important challenge facing Asian economies will be trade related. As can be seen in the graph below, the trade volume and GDP growth rate in the People's Republic of China are moving in parallel. This is due to the export-oriented growth of the People's Republic of China. Unless trade wars between the US and the People's Republic of China are terminated and customs duties are removed, it is inevitable for the international trade to be on decline. Maintaining a trade-oriented growth, Asian economies will also be affected by the slowdown in developed economies such as Europe, their trading partners.

In the Asian regions report prepared by the IMF, it is stated that increasing trade protectionism will have a negative effect on the economic growth of the People's Republic of China. As a result of the modeling, it is concluded that the customs duties imposed on the import goods of the People's Republic of China by the USA will decrease the GDP of the People's Republic of China by 1.6 percent in the first two years. On the other hand, there is an expectation that the downgrade in economic growth will be reduced with the effect of short-term policies. For example, the economy of the People's Republic of China is expected to accelerate its economic growth by investing in the service sector. It is suggested that trade should be liberalized, as well as the investments in the service sector, and the Asian countries should encourage free trade among themselves. Shortly, the IMF's proposed policy steps for Asian economies include trade liberalization and investment.

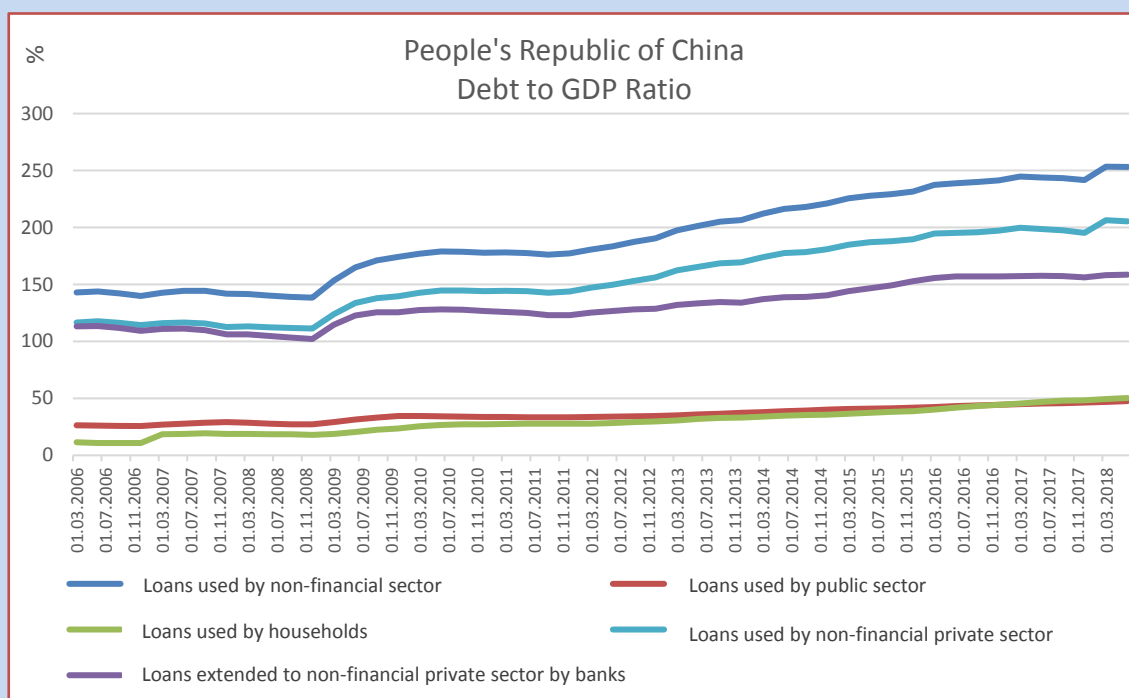


Source: World Bank, Data Bank – World Development Indicators

As can be seen in the graph above, the GDP growth, which was 10.64 percent in 2010, became 6.9 percent in 2017. In terms of the quarterly growth rate, the economy of the People's Republic of China has recorded the lowest growth rate since the global financial crisis and recorded 6.5 percent growth in the third quarter of 2018. This rate is below the second quarter 2018 growth rate of 6.7 percent and below the market expectations of 6.6 percent, based on the survey prepared by Reuters. The IMF predicts that the growth rate will continue to decelerate and end the year 2018 with a rate of 6.5 percent. This will be the lowest growth rate observed in the economy of the People's Republic of China in the last 25 years.

Chinese economists stated that the most important factor that pulled down the growth rate in the third quarter was more than 10 percent of reduction of the production of automobile manufacturers due to low sales, except for the trade wars. Chinese economists expect the growth rate to fall to 6.0 - 6.2 percent in 2019.

Due to the concerns of trade war, dramatic sell-offs have happened in the stock markets of the People's Republic of China and the Chinese yuan has suffered significant depreciation against the US dollar. Following these losses, the Governor of the People's Bank of China Yi Gang made a commitment to solve the financing problems of the companies and to take measures to encourage the commercial banks to extend more loans to the companies. On the other hand, the increasing high levels of corporate indebtedness in the People's Republic of China and the issue of how to respond to this situation have recently gained importance. In the People's Republic of China, corporate indebtedness has reached 253 percent of the GDP. This ratio is quite high compared to other developing countries. The following graph shows the People's Republic of China's ratio of corporate and government debts to GDP:



Source: Bank of International Settlements

Global Financial Stability report published by the IMF in April 2016 examined the difficulties and fragilities arising from the high indebtedness of commercial banks in the People's Republic of China. In the analysis conducted in the relevant year, it was mentioned that the commercial banks are likely to have difficulty in collecting the loans extended to companies. It was mentioned that commercial banks should take precautions without causing serious problems in the future due to this rising risk. In the report, it was stated that managing these rising indebtedness rates is crucial for the world economy as well as the economy of the People's Republic of China. Officials have announced that they will deal with rising corporate indebtedness and the problems that this situation could potentially create on the banks and economy. Since high rates of indebtedness cause an economy that has lost its growth rate to become fragile, it is considered as a situation, which requires measures to be taken.

Another reason to believe that economic growth will gradually slow down can be explained as follows: Many economists believe that there will be a deceleration in the growth rate due to increased salaries to comply with the aging population and international standards in the People's Republic of China. In the past, because of the strong growth in the country's working-age population and the low wages, the GDP growth was recorded above 10 percent, especially under the leadership of the manufacturing industry. As the manufacturing industry developed, the services sector in the People's Republic of China was falling behind. With the advancing technology, less labor force is needed in the manufacturing industry and this labor force needs to be transferred to the services sector. Therefore, many economists believe that the economy of the People's Republic of China needs to shift from manufacturing industry to services sector in order to increase the GDP growth rate again. Exemplary processes have been experienced in developed countries such as USA and Europe in the past. The controlling idea is that a more balanced, slower growth rate of 8 percent on average is sufficient and effective to reduce unemployment and increase wages and private consumption expenditures.

Impact of the Slowdown on Global Economy

The slowdown in the economy of the People's Republic of China will affect different parts of the world in different ways. The decline in demand from the economy of the People's Republic of China will negatively affect the GDP growth rate of commodity exporting countries such as Australia, Brazil, Canada and Indonesia. On the other hand, the inevitable decline in commodity prices combined with the decrease in demand will be beneficial for the US and European countries, which are commodity consumers. In any case, the slowdown in the economy of the People's Republic of China will have its effects on the global economy and will require new policy implementations.

According to IMF calculations, the People's Republic of China is the only country that has made a significant contribution to global economic growth in recent years. It contributed an average of 31 percent to global growth between 2010 and 2013; therefore, it is inevitable that a slowdown will affect global economic growth. On the other hand, many economists think that the slowdown will be compensated by the rising growth rates in the US and European economies after the 2008 financial crisis.

Sources:

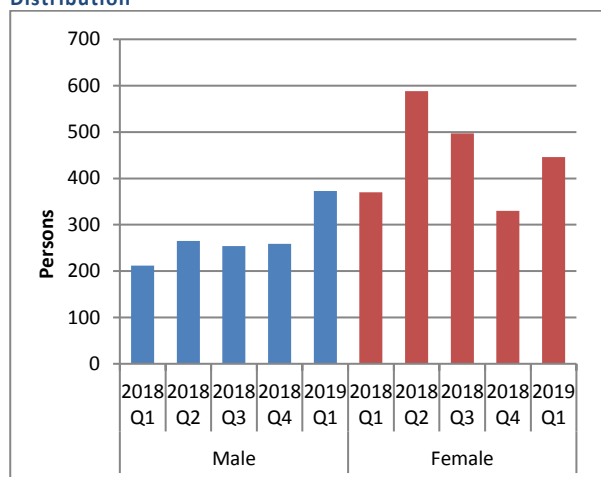
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4. World Economic Forum, 'China's economic growth is the weakest since the credit crunch', October 2018
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2 EMPLOYMENT AND PRICES

2.1 EMPLOYMENT

According to the unemployment data prepared by the TRNC Labour Office, by the end of the third quarter of 2018, the number of registered unemployed people, which was 750, decreased to 588 as of the end of December 2018. When the unemployment rate for December of this year is analysed by gender composition, it is seen that about 44% of the active registered unemployed people are composed of men and 56% of them are women.

Chart 2.1: Registered Active Unemployment - Periodic Distribution



Source: Labour Office

While the number of jobseekers in the third quarter of 2018 was 852, the number of new job seeking applicants at the end of December 2018 was 678. By the end of the third quarter of 2018, when 939 unregistered and employed people were taken into consideration, the number of jobseekers was 588 at the end of December.

Table 2.1: Registered Active Unemployment - Overview (persons)

	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Jobseekers by the end of the previous period	760	686	591	852	750
Applicants applying for employment during the period	1159	866	1048	837	678
Persons employed during the period	606	326	241	177	115
Persons unregistered during the period	627	635	546	762	725
Jobseekers by the end of the period	686	591	852	750	588

Source: Labour Office

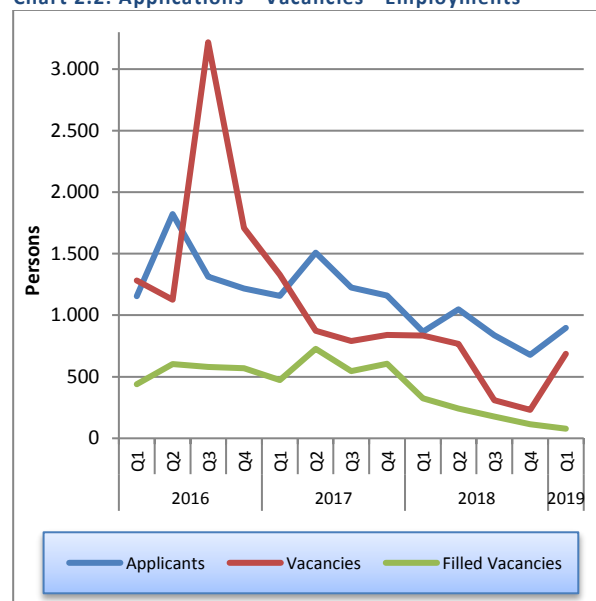
When the active vacancy listings are examined, it is seen that 1.506 vacancies were transferred to the fourth quarter of 2018 and a total of 231 new vacancies were opened in October, November and December. As of the end of December 2018, 603 vacancies were transferred to the next period as a result of 115 filled and 1.019 cancelled vacancies.

Table 2.2: Overview of Active Vacancy Listings (persons)

	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Vacancies transferred from the previous period	904	784	890	1.387	1.506
Vacancies received during the period	839	834	768	309	231
Vacancies filled during the period	606	326	231	177	115
Vacancies cancelled during the period	353	402	40	13	1.019
Vacancies transferred to the next period	784	890	1.387	1.506	603

Source: Labour Office

Chart 2.2: Applications - Vacancies - Employments



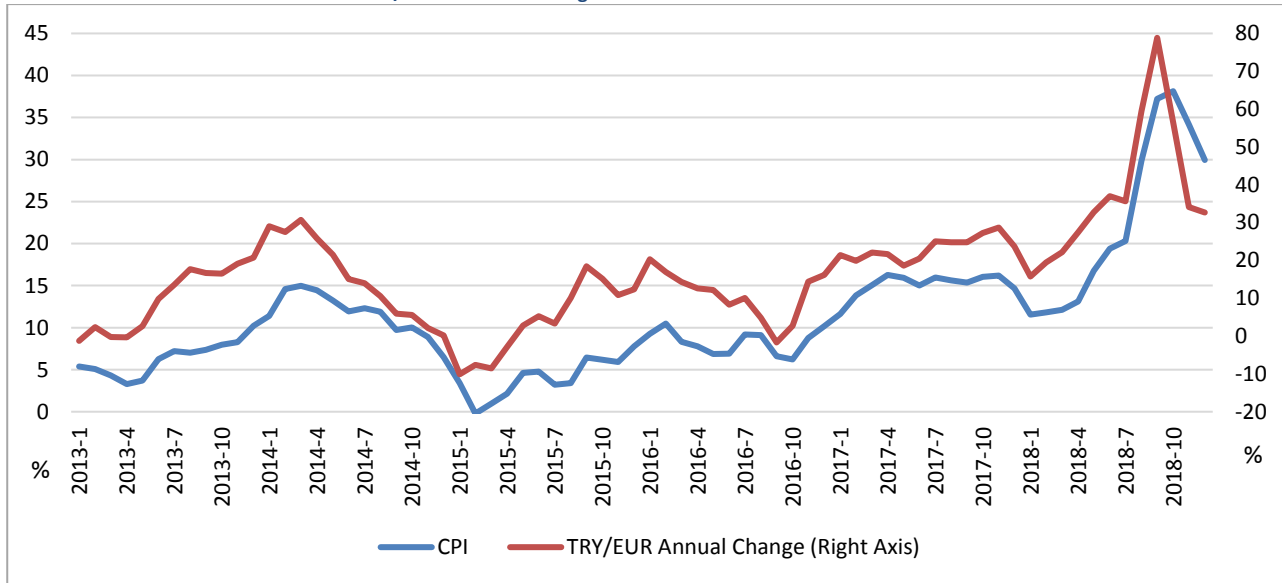
Source: Labour Office

2.2 INFLATION

Looking at the Graph 2.3, which shows the changes in CPI and TRY/EUR annual changes since March 2013, it is observed that both values are in parallel with each other in the related period. As can be understood from the graph, pass-through of the depreciation of the Turkish Lira against foreign currencies to the general level of consumer prices is very high. The two exchange

rates, which have continued in correlation since 2015, have started to increase as of January 2018 and continued until September. After the impact of exchange rate shock has gone down as of September 2018, it has been observed that the exchange rates have decreased rapidly.

Chart 2.3: Consumer Price Index – TRY/EUR Annual Change

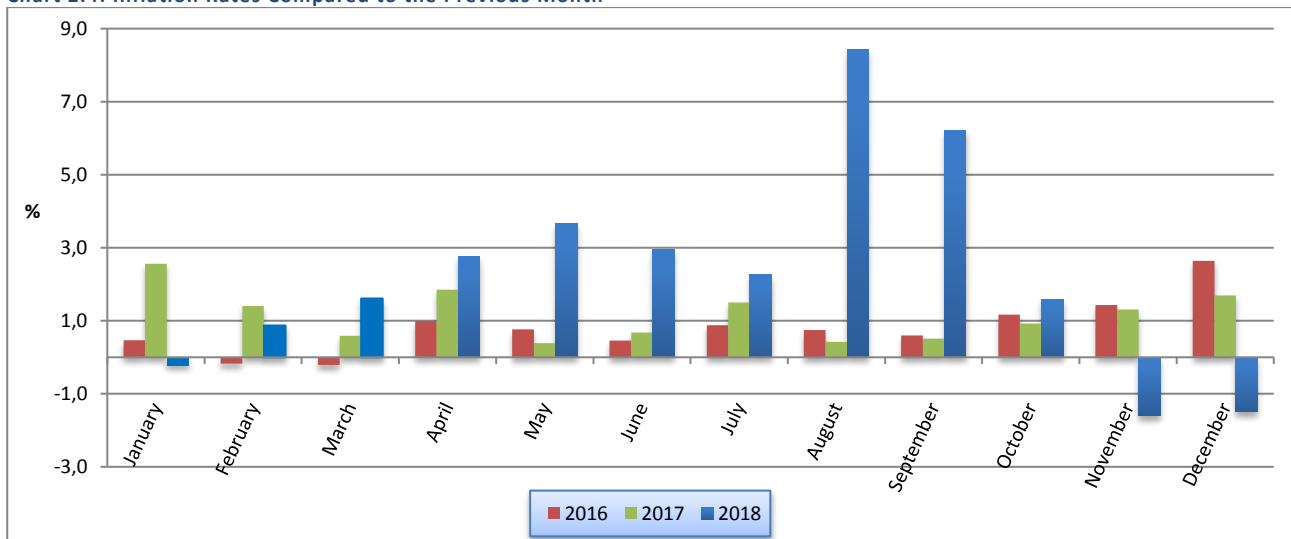


Source: SPO

When the inflation rates in the fourth quarter of 2018 with respect to the previous month are compared to the same periods of 2017, the rates of 0.92 percent, 1.31 percent and 1.69 percent in October, November

and December of 2017 reached 1.58 percent, -1.60 percent and -1.49 percent in the same months of 2018, respectively.

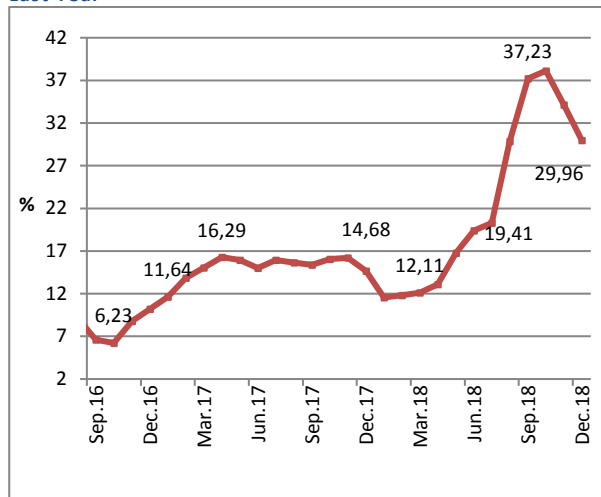
Chart 2.4: Inflation Rates Compared to the Previous Month



Source: SPO

The annual inflation rate, which was 16.05 percent in October, 16.19 percent in November and 14.68 percent in December 2017, reached 38.13 percent in October, 34.16 percent in November and 29.96 percent in December 2018.

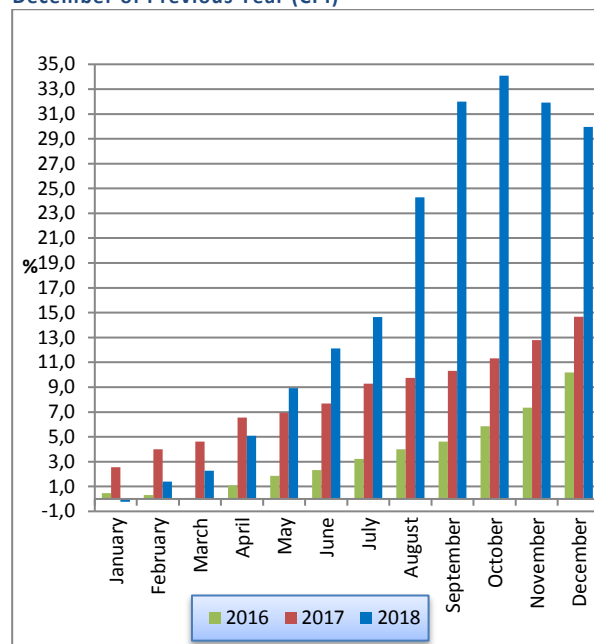
Chart 2.5: Inflation Rates Compared to the Same Month of Last Year



Source: SPO

In the fourth quarter of 2018, the rate of change was 34.08 percent in October, 31.93 percent in November and 29.96 percent in December, compared to December of previous year.

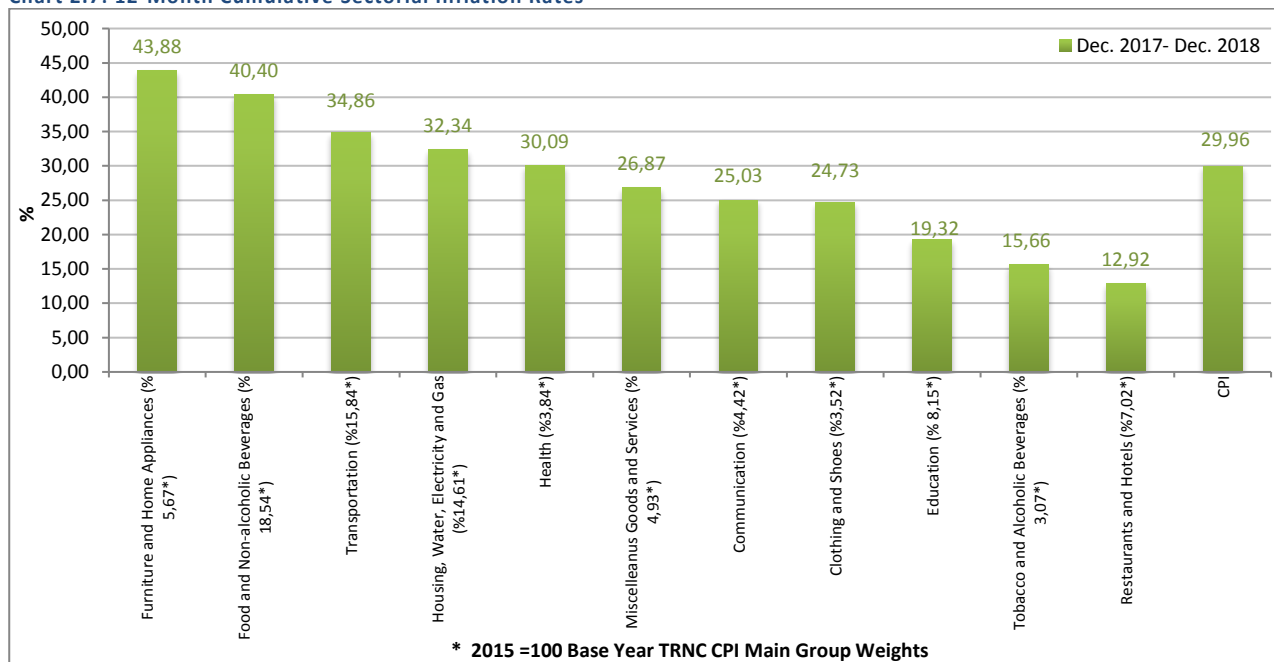
Chart 2.6: Cumulative Inflation Rates Compared to December of Previous Year (CPI)



Source: SPO

The sectors with the highest price increase at the end of December 2018 are furniture and home appliances with 43.88 percent, food and non-alcoholic beverages with 40.40 percent and, transportation item with 34.86 percent. By the end of December 2018, the lowest price increase occurred in restaurants and hotels item with 12.92 percent.

Chart 2.7: 12-Month Cumulative Sectorial Inflation Rates



Source: SPO

The change rates in the Consumer Price Index for the years 2016, 2017 and 2018 are presented in Table 2.3, monthly, annually and compared to the end of last year.

Table 2.3: Consumer Price Inflation (2015=100)

	Months	Monthly	Compared to the End of Last Year	Compared to the Same Period of Last Year
2016	January	0,47	0,47	9,25
	February	-0,17	0,31	10,48
	March	-0,21	0,09	8,33
	April	0,99	1,09	7,78
	May	0,76	1,86	6,87
	June	0,46	2,33	6,89
	July	0,88	3,23	9,18
	August	0,75	4,00	9,13
	September	0,60	4,63	6,60
	October	1,17	5,85	6,23
	November	1,43	7,36	8,77
	December	2,64	10,19	10,19
2017	January	2,56	2,56	11,64
	February	1,40	4,00	13,85
	March	0,59	4,61	15,05
	April	1,85	6,54	16,29
	May	0,39	6,95	15,94
	June	0,68	7,68	15,02
	July	1,50	9,29	15,95
	August	0,42	9,75	15,63
	September	0,51	10,31	15,37
	October	0,92	11,32	16,05
	November	1,31	12,78	16,19
	December	1,69	14,68	14,68
2018	January	-0,22	-0,22	11,57
	February	1,61	1,39	11,80
	March	0,87	2,26	12,11
	April	2,75	5,07	13,10
	May	3,65	8,91	16,78
	June	2,94	12,11	19,41
	July	2,26	14,64	20,30
	August	8,42	24,29	29,88
	September	6,20	31,99	37,23
	October	1,58	34,08	38,13
	November	-1,60	31,93	34,16
	December	-1,49	29,96	29,96

Source: SPO

3 FOREIGN TRADE AND TOURISM

(The exports and imports data of December prepared by the TRNC Department of Trade could not be obtained. Therefore, the existing data of the relevant period was not updated.)

3.1 RECENT DEVELOPMENTS ON EXPORTS AND IMPORTS

According to the exports and imports data announced by the Department of Trade, the total exports of the TRNC in October and November of 2017 were 10.7 million USD and this figure amounted to 9.2 million USD in the same period of 2018.

Total imports decreased by 13 percent in October and November of 2018, compared to the same months of 2017.

In January - November period, total exports decreased by 2.0 percent and total imports increased by 6.2 percent compared to the same period of 2017.

Table 3.1: Exports and Imports

	Exports (US Dollar)			Imports (US Dollar)		
	2017	2018	Percentage Change	2017	2018	Percentage Change
January	7.567.748	10.005.513	32,2	110.035.173	149.257.366	35,6
February	11.372.143	14.786.580	30,0	126.115.804	132.991.642	5,5
March	13.489.437	12.136.188	-10,0	132.316.926	168.628.515	27,4
Quarter I	32.429.328	36.928.281	13,87	368.467.903	450.877.523	22,4
April	10.928.228	11.138.772	1,92	130.362.215	161.723.493	24,1
May	9.359.597	9.388.841	0,31	129.614.563	163.330.750	26,0
June	7.184.406	6.285.919	-12,5	125.894.645	143.888.853	14,3
Quarter II	27.472.231	26.813.532	-2,39	385.871.423	468.943.096	21,5
July	8.483.460	7.259.446	-14,4	132.399.056	144.402.227	9,1
August	6.738.866	5.461.530	-18,9	142.747.769	118.239.111	-17,2
September	7.212.368	5.405.404	-25,0	127.157.322	108.084.595	-15,0
Quarter III	22.434.694	18.126.380	-19,2	402.304.147	370.725.933	-7,8
October	5.768.228	4.830.250	-16,2	163.486.230	129.139.330	-21,0
November	4.946.955	4.450.559	-10,0	159.363.299	150.943.972	-5,3
December						
Quarter IV	10.715.183	9.280.809	-13,3	322.849.529	280.083.302	-13,2
Year Total (January – November)	93.051.436	91.149.002	-2,0	1.479.493.002	1.570.629.854	6,2

Source: Department of Trade

Note: 1) Exports to the Southern Cyprus are not included.

2) Hydrocarbon imports are not included.

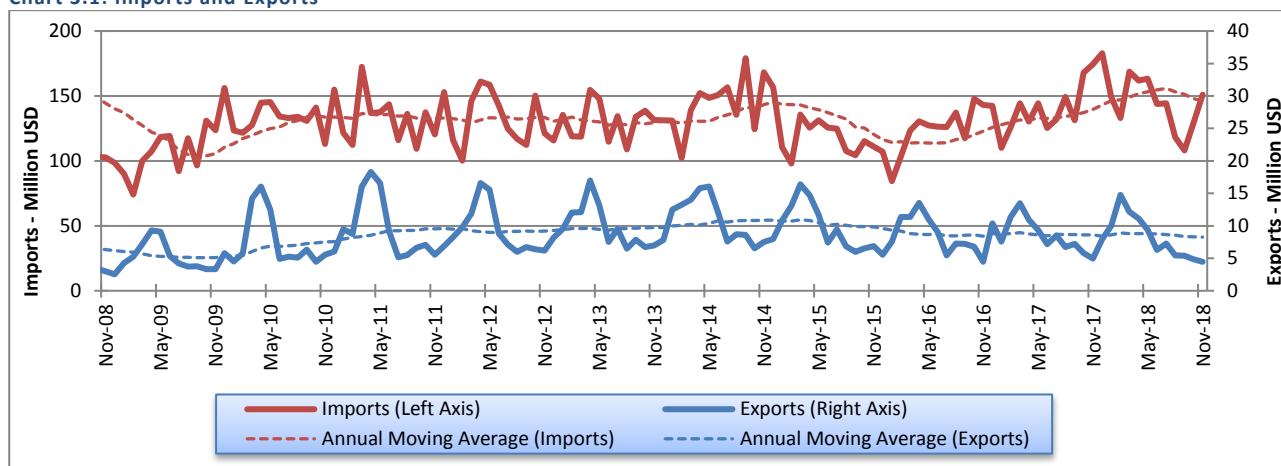
3) Import and export figures for 2018 are temporary figures.

When exports and imports of the TRNC for 10 years between the period November 2008 and November 2018 are analysed, it is observed that the exports volume increased in the first half of each year and dropped in the second half of each year. On the other hand, the annual moving average of total exports displayed a steady upward trend in the period between 2010 and 2014.

Then it started to decrease and displayed a steady downward trend in the period after May 2015.

While the exports to imports ratio has been 5 percent on average between 2006 and 2010, it has reached 7.3 percent in 2011-2014 period. In 2015 and 2017, this rate was 7.1 percent and the average of June - November 2018 period was 5.8 percent.

Chart 3.1: Imports and Exports

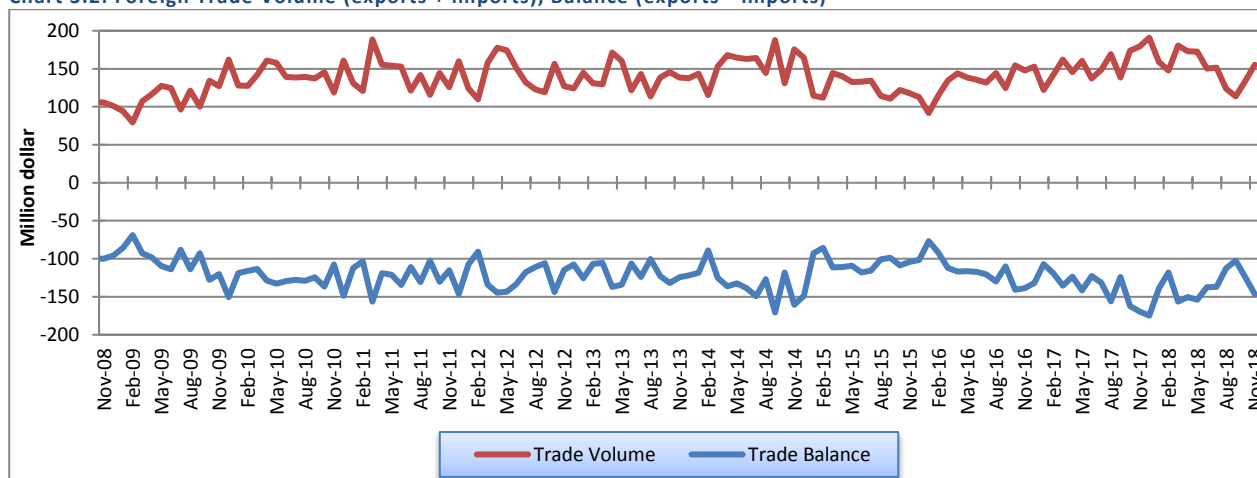


Source: Department of Trade

Due to the low imports to exports ratio, the increase in the foreign trade of the TRNC implies an increase in the foreign trade deficit and indicates the external dependency of the country's economy. Trade volume in the period between November 2017 and November 2018 decreased from 179.4 million USD to 155.4 million USD while foreign trade deficit was 169.6 million USD and 146.5 million USD, respectively.

While the exports to imports ratio has been 5 percent on average between 2006 and 2010, it has reached 7.3 percent in 2011-2014 period. In 2015 and 2017, this rate was 7.1 percent and the average of June - November 2018 period was 5.8 percent.

Chart 3.2: Foreign Trade Volume (exports + imports), Balance (exports - imports)



Source: Department of Trade

In 2017, the share of other European countries and other countries groups in total exports increased compared to the previous year, while the share of Turkey, EU countries and Middle East and Arab countries groups decreased.

Compared to 2017, in the January - November 2018, exports to Other EU Countries, Middle East and Arab Countries and Other Countries increased and exports to Turkey and EU Countries decreased.

Table 3.2: Exports of TRNC by Country Groups (percentage share)

Years	Turkey	EU	Other EU Countries	Middle East and Arab Countries	Other Countries
2006	47,6	15,0	15,1	17,8	4,5
2007	58,4	15,8	8,8	11,6	5,4
2008	49,9	20,5	5,9	17,0	6,7
2009	54,2	18,5	1,7	19,5	6,1
2010	46,4	12,2	3,6	32,3	5,5
2011	53,3	8,3	1,3	32,0	5,1
2012	51,0	7,7	1,0	35,7	4,6
2013	52,2	7,6	2,3	31,9	6,0
2014	60,1	3,7	0,6	31,1	4,5
2015	56,1	5,2	3,2	30,2	5,3
2016	62,5	10,2	0,9	22,7	3,7
2017	60,4	7,9	1,6	21,1	9,0
2018 (January - November)	55,3	5,1	2,7	26,5	10,4

Source: Department of Trade

The share of Turkey, which has the largest share in total imports of TRNC, is 58.9 percent by the end of 2017. On the other hand, the share of imports from the EU countries increased by 0.4 points and reached 21.3 percent at the end of 2017. There was a decrease in the share of imports from Turkey and Far East countries in 2017 compared to the previous year and there was an increase in the share of imports from other European countries and the Middle East and Arab countries.

Referring to the January-November period of 2018, the share of imports from Turkey was 62.3 percent, while the share of imports from the EU countries was 16.1 percent. Compared to the same period of 2017, imports from Turkey, Far East Countries, Other European Countries and Middle East and Arab Countries increased, while imports from EU countries and Other Countries decreased.

Table 3.3: Imports of TRNC by Country Groups (percentage share)

Years	Turkey	EU	Far Eastern Countries	Other EU Countries	Middle East and Arab Countries	Other Countries
2006	68,8	18,0	6,0	1,2	4,8	1,2
2007	67,9	16,1	7,3	2,6	4,3	1,8
2008	69,8	14,0	6,5	4,7	3,4	1,6
2009	69,6	15,5	6,6	2,3	4,0	2,0
2010	70,9	15,6	5,7	1,9	4,3	1,6
2011	68,6	16,8	4,9	2,5	5,2	2,0
2012	72,4	14,5	4,8	1,7	4,8	1,8
2013	66,7	15,8	6,6	3,8	5,4	1,7
2014	64,7	15,5	8,1	4,6	4,9	2,2
2015	64,5	18,1	7,7	3,0	4,7	2,0
2016	60,4	20,9	8,7	3,3	4,5	2,2
2017	58,9	21,3	8,0	3,5	5,0	3,3
2018 (January - November)	62,3	16,1	8,5	4,1	5,9	3,1

Source: Department of Trade

3.2 TOURISM

In the fourth quarter of 2017, the total number of arriving passengers, which was 439,653, decreased by 4.4 percent and become 419,928 in the same period of 2018. In the last quarter of 2018, the number of arriving Turkish Citizen Passengers decreased by 4.3 percent, compared to the same period of the previous year and the number of passengers from third countries decreased by 5.0 percent.

Examining the year total, the number of arriving Turkish Citizen Passengers increased by 2.7 percent and the total number of arriving passengers increased by 1.5 percent, compared to the total of 2017.

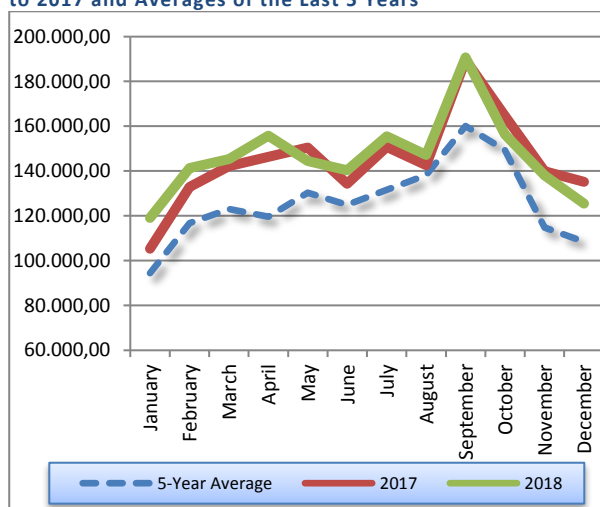
Table 3.4: The Number of Passengers Arriving to TRNC by Air and Sea

Period	Turkish Citizen			3. Third Country Citizen			Total		
	2017	2018	Percentage Change	2017	2018	Percentage Change	2017	2018	Percentage Change
January	85.102	97.305	14,3	20.242	21.783	7,6	105.344	119.088	13,0
February	101.113	108.195	7,0	31.737	33.105	4,3	132.850	141.300	6,4
March	101.949	108.825	6,7	40.252	36.534	-9,2	142.201	145.359	2,2
Quarter I	288.164	314.325	9,0	92.231	91.422	-0,9	380.395	405.747	6,7
April	111.236	121.905	9,6	35.119	33.919	-3,4	146.355	155.824	6,5
May	121.019	113.104	-6,5	29.421	31.320	6,5	150.440	144.424	-4,0
June	102.804	110.425	7,4	31.575	29.852	-5,5	134.379	140.277	4,4
Quarter II	335.059	345.434	3,0	96.115	95.091	-1,1	431.174	440.525	2,2
July	113.045	119.565	5,8	37.736	35.983	-4,6	150.781	155.548	3,2
August	105.107	111.635	6,2	37.593	35.512	-5,5	142.700	147.147	3,1
September	145.894	146.028	0,1	43.733	44.702	2,2	189.627	190.730	0,6
Quarter III	364.046	377.228	3,6	119.062	116.197	-2,4	483.108	493.425	2,1
October	117.996	115.111	-2,4	46.645	41.235	-1,3	164.641	156.346	-5,0
November	105.986	104.610	-1,3	33.892	33.436	3,1	139.878	138.046	-1,3
December	112.997	102.712	-9,1	22.137	22.824	-2,4	135.134	125.536	-7,1
Quarter IV	336.979	322.433	-4,3	102.674	97.495	-5,0	439.653	419.928	-4,4
Year Total	1.324.248	1.359.420	2,7	410.082	400.205	-2,4	1.734.330	1.759.625	1,5

Source: Tourism Planning Department

When the number of arriving passengers in the fourth quarter of 2018 is compared to the previous year and the average of the last five years, it is observed that the total number of arriving passengers in the last period of 2018 is above the figures of 2017 and the average of the last 5 years.

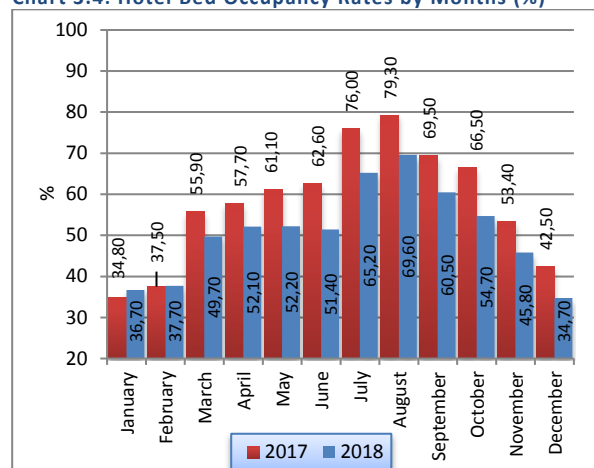
Chart 3.3: Number of Arriving Passengers in 2018 Compared to 2017 and Averages of the Last 5 Years



Source: Tourism Planning Department

When the occupancy rates of the touristic facilities in our country in the years 2017 and 2018 are examined, it is observed that the occupancy rate of April, May and July 2018 is lower than the same period of the previous year. The occupancy rate, which was 58.5 percent in 2017, declined in 2018 and became 51.3 percent. The new facilities opened after April 2018 had an impact on this decline.

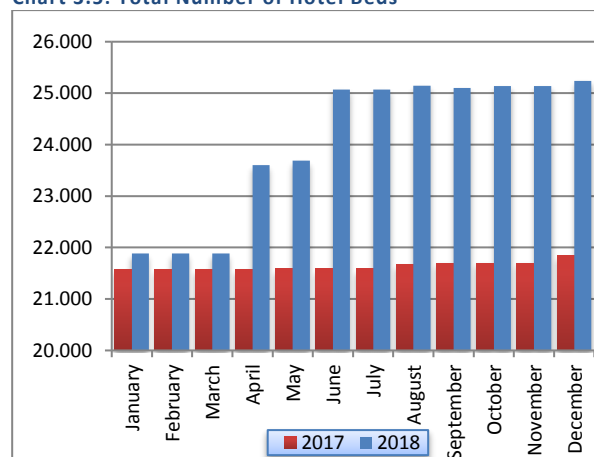
Chart 3.4: Hotel Bed Occupancy Rates by Months (%)



Source: Tourism Planning Department

When the development of the total hotel bed capacity of the sector in the years 2017 and 2018 is compared, it is observed that the bed capacity of 21,845 in the fourth quarter of 2017 reached 25,241 by the end of 2018.

Chart 3.5: Total Number of Hotel Beds



Source: Tourism Planning Department

When border gate entries into the TRNC between December 2017 and December 2018 are examined, it is observed that the entries from Southern Cyprus started to increase as of the second quarter of 2018.

In the last 12 months, it is observed that total entries increased steadily, however it has been decreasing since October 2018.

Table 3.5: Border Gate Entries to TRNC by Nationalities and Months

Nationality	TRNC		Southern Cyprus		Other Countries		Total	
	2017	2018	2017	2018	2017	2018	2017	2018
January	129.118	142.730	80.377	93.241	72.680	82.017	282.175	317.988
February	138.795	149.291	73.454	83.267	79.881	88.643	292.130	321.201
March	138.767	152.981	83.589	97.704	108.142	120.484	330.498	371.169
April	139.860	139.336	96.135	106.602	131.646	137.044	367.641	382.982
May	155.035	146.289	91.321	110.945	137.291	151.169	383.647	408.403
June	168.077	156.475	93.088	123.941	136.067	151.981	397.232	432.397
July	155.398	153.821	94.096	133.585	148.958	162.629	398.452	450.035
August	158.436	135.096	110.566	180.729	168.191	191.970	437.193	507.795
September	173.445	140.318	88.392	186.477	149.585	192.924	411.422	519.719
October	155.237	146.145	88.610	183.490	154.650	195.681	398.497	525.316
November	141.249	148.467	91.536	178.571	115.170	156.019	347.955	483.057
December	154.671	164.720	106.561	188.539	92.128	130.285	353.360	483.544
Total	1.808.088	1.775.669	1.097.725	1.667.091	1.494.389	1.760.846	4.400.202	5.203.606

Source: Tourism Planning Department

4 BUDGET DEVELOPMENTS

4.1 FOURTH QUARTER 2018 RESULTS

In the fourth quarter of fiscal year 2018, TRNC total budget revenues decreased by 1.1 percent and total expenditures increased by 1.7 percent, compared to the same period of the previous year. Following these changes, budget revenues and budget expenditures were 1,683.7 and 1,804.0 million TRY in the fourth quarter of 2018. In the fourth quarter of 2017, public finance, which had a deficit of 71.9 million TRY, had a deficit of 120.3 million TRY in the same period of 2018. The budget deficit grew by 67.3 percent in this quarter, compared to the same period of the previous year.

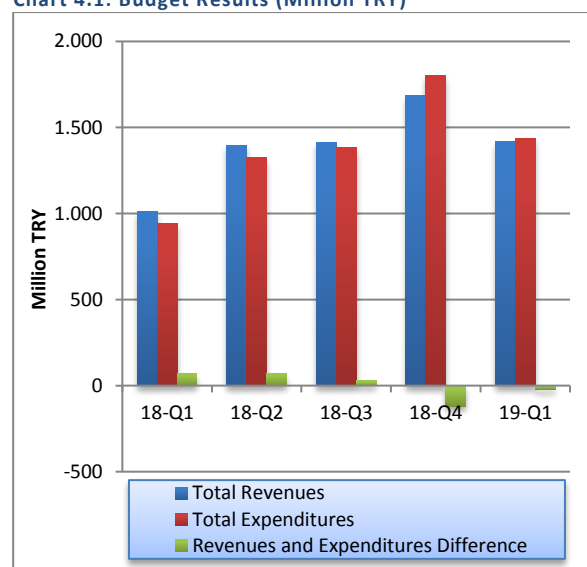
Table 4.1: Budget Balance (Million TRY)

	2017		2018		% Change
	Annual Results	October - December Results	Annual Results	October - December Results	
Budget Revenues	5.102,1	1.702,3	5.502,4	1.683,7	-1,1
Budget Expenditures	5.023,6	1.774,2	5.452,3	1.804,0	1,7
Budget Balance	78,5	-71,9	50,1	-120,3	67,3

Source: Ministry of Finance

33.4 percent of the total budget revenues of 5,102.1 million TRY obtained in 2017 were collected in the fourth quarter. In 2018, 30.6 percent of total budget revenues were collected in the fourth quarter. In 2018, 33.1 percent of 5,452.3 million TRY, being used in the execution of services and activities had been used within the fourth quarter. This rate was 35.3 percent in the same period of the previous year.

Chart 4.1: Budget Results (Million TRY)



Source: Ministry of Finance

4.2 REVENUES

As of the fourth quarter of fiscal year 2018, budget revenues decreased by 18.6 million TRY compared to the same period of the previous year and amounted to 1,683.7 million TRY. Tax revenues item with the largest share in budget revenues totalled 1,123.7 million TRY in the fourth quarter of 2018. Total tax revenues were 906.2 million TRY in the same period of 2017. Non-tax revenues item, which has the second highest share in budget revenues, increased by 11.1 percent compared to the same period of the previous year and reached 295.3 million TRY in the fourth quarter of 2018. Donations, grants and loans item decreased by 55.1 percent and amounted to 224.3 million TRY in the fourth quarter of 2018.

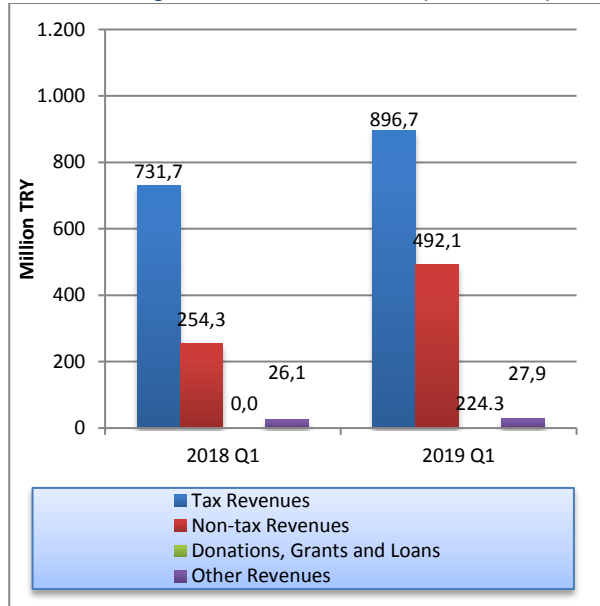
Table 4.2: Budget Revenues (Million TRY)

	2017 October-December	2018 October-December	% Change
Tax Revenues	906,2	1.123,7	24,0
Non-Tax Revenues	265,9	295,3	11,1
Donations, Grants and Loans	499,3	224,3	-55,1
Other Revenues	30,9	40,4	30,7
Total	1.702,3	1.683,7	-1,1

Source: Ministry of Finance

While the share of donations, grants and loans item in total budget revenues had been 29.3 percent in the fourth quarter of 2017, it was 13.3 percent in the same period of 2018. In the same periods, while the share of tax revenues item had been 53.2 percent, it rose to 66.7 percent, and the share of non-tax revenues had been 1.8 percent and it increased to 2.4 percent.

Chart 4.2: Budget Revenues Distribution (Million TRY)



Source: Ministry of Finance

4.3 EXPENDITURES

As of the fourth quarter of 2018, total budget expenditures increased by 1.7 percent compared to the same period of the previous year and reached from 1,774.2 million TRY to 1.804 million TRY. In the mentioned periods, current transfers, goods and service purchase and personnel expenditures items changed by -1.4, 42.4 and 2.8 percent, respectively.

Current transfers expenditure item of the TRNC budget reached 784.2 million TRY in the fourth quarter of 2018. In this period, personnel expenditures item, which increased by 2.8 percent compared to the same period of previous year, reached to 593.6 million TRY. Capital expenditures and transfers item decreased by 9.8 percent during the same periods and amounted to 214.1 million TRY in the fourth quarter of 2018.

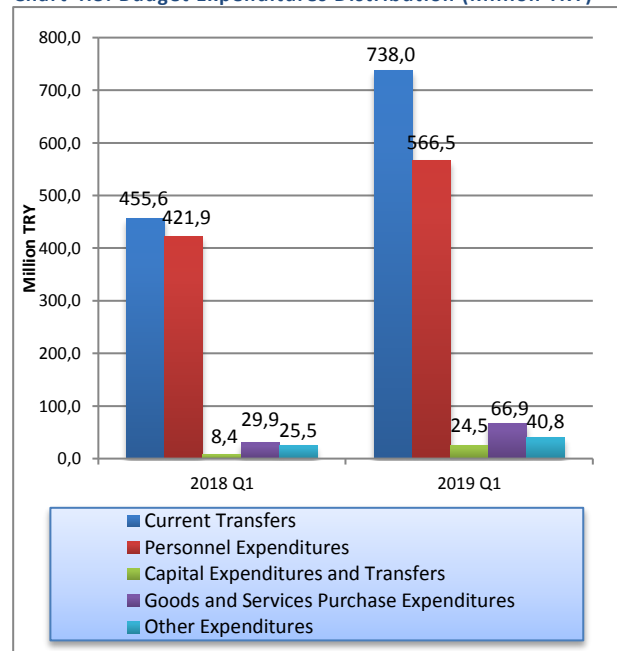
Table 4.3: Budget Expenditures (Million TRY)

	2017 October - December	2018 October - December	% Change
Current Transfers	795,6	784,2	-1,4
Personnel Expenditures	577,5	593,6	2,8
Capital Expenditures and Transfers	237,3	214,1	-9,8
Goods and Service Purchase Expenditures	127,0	180,9	42,4
Other Expenditures	36,8	31,2	-15,2
Total	1.774,2	1.804,0	1,7

Source: Ministry of Finance

The share of personnel expenditures item in total expenditures was 32.5 percent in the fourth quarter of 2017, and it became 32.9 percent in the fourth quarter of 2018. In the fourth quarter of 2017, the share of the current transfers constituting 44.8 percent of the total budget expenditures, decreased to 43.5 percent in the fourth quarter of 2018. The share of personnel expenditures and current transfers in budget expenditures was 77.4 percent in the fourth quarter of 2017 and it became 76.4 percent in the same period of 2018.

Chart 4.3: Budget Expenditures Distribution (Million TRY)



Source: Ministry of Finance

4.4 BUDGET IMPLEMENTATION RESULTS

Total budget expenditures and budget revenues amounted to 5,452.3 million TRY and 5,502.4 million TRY in 2018, respectively. As a result of these figures, budget revenues increased by 7.85 percent and budget expenditures increased by 8.53 percent between the years 2017 and 2018. Tax revenues item, which has the highest share in budget revenues, increased by 23.90 percent in 2018 and reached 3,775.4 million TRY, compared to 2017. Non-tax revenues item, which has the second highest share in budget revenues, increased by 5.67 percent in 2018 and reached 1,107.5 million TRY, compared to 2017.

While the total donations, grants and loans item was 930.8 million TRY in 2017, it has decreased by 47.63 percent in 2018 and amounted to 487.5 million TRY, compared to the previous year. Current transfers item, which had the highest share in budget expenditures during 2017, increased by 9.21 percent and reached 2,577.3 million TRY in 2018. The highest increase in budget expenditures was recorded in the goods and services purchase expenditures item with an increase of 13.53 percent.

Table 4.4: Budget Implementation Results (Million TRY)

	2017 Results	2018 Results	2017 – 2018 Change (%)	
Revenues	Tax Revenues	3.047,1	3.775,4	23,90
	Non-Tax Revenues	1.048,1	1.107,5	5,67
	Donations, Grants and Loans	930,8	487,5	-47,63
	Other Revenues	76,1	132,0	73,46
	Grand Total	5.102,1	5.502,4	7,85
Expenditures	Current Transfers	2.360,0	2.577,3	9,21
	Personnel Expenditures	1.768,8	1.995,0	12,79
	Capital Expenditures and Transfers	406,5	339,5	-16,48
	Goods and Service Purchase Expenditures	371,1	421,3	13,53
	Other Expenditures	117,2	119,2	1,71
	Grand Total	5.023,6	5.452,3	8,53

Source: Ministry of Finance

4.5 FINANCING BALANCE

The financing balance, which is equal to the difference between the total revenues figure (obtained by subtracting the loans extended by Turkey and domestic borrowing items from the budget revenues) and budget expenditures, decreased by 21.7 million TRY in the fourth quarter of 2018 compared to the same period of the previous year and reached -151.5 million TRY. Total loans extended by Turkey, which have been used as a source of funding to close the deficit in this quarter, decreased by 74.3 percent compared to the same quarter of the previous year and declined from 121.6 million TRY to 31.2 million TRY.

In the fourth quarter of 2018, tax revenues item increased by 217.5 million TRY and non-tax revenues item increased by 29.4 million TRY. As a result of these changes, domestic income item increased by 21.3 percent and reached 1,459.4 million TRY.

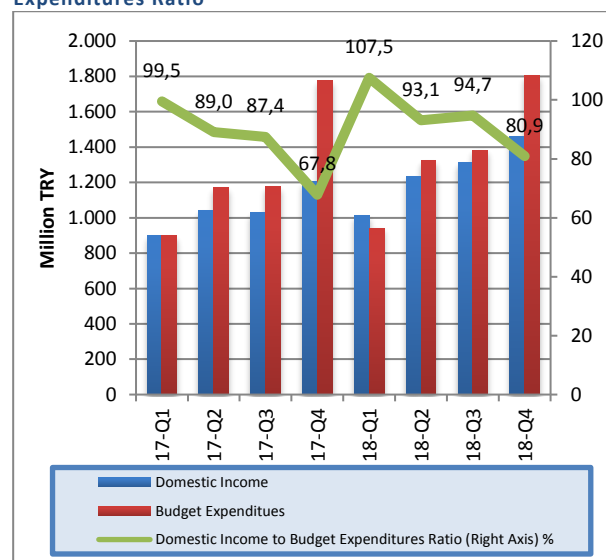
Table 4.5: Financing Balance (Million TRY)

	2017 October- December	2018 October- December
Budget Revenues	1.580,7	1.652,5
1. Domestic Income	1.203,0	1.459,4
Tax Revenues	906,2	1.123,7
Non-Tax Revenues	265,9	295,3
Other Revenues	30,9	40,4
2. Foreign Aids	377,7	193,1
Grants Extended by Turkey	377,7	193,1
Budget Expenditures	1.774,2	1.804,0
Personnel Expenditures	577,5	593,6
Current Transfers	795,6	784,2
Capital Expenditures	237,3	214,1
Other Expenditures	163,8	212,1
Financing Balance	-193,5	-151,5
Financing	121,6	31,2
Loans Extended by Turkey	121,6	31,2
Domestic Borrowing	0,0	0,0

Source: Ministry of Finance

According to the budget figures of the fourth quarter of 2018, the domestic income to budget expenditures ratio has been 80.9 percent. The same ratio was 67.8 percent in the fourth quarter of 2017.

Chart 4.4: Quarterly Domestic Income to Budget Expenditures Ratio



Source: Ministry of Finance

It is observed that the domestic income (calculated by subtracting the grants and loans extended by Turkey from the budget revenues) to budget expenditures ratio has reached to 83 percent from 69 percent in the last 10 years. This ratio has become 92 percent in 2018 budget. The share of the grants and loans extended by Turkey in the budget expenditures, which is the most important resource for financing the gap between the domestic income and the budget expenditures, had decreased from 30 percent to 20 percent in the last 10-year period and reached 8.9 percent in 2018. Though a positive outlook has emerged over the last 10 years in the sense of covering the budget expenditures with our domestic income, revenues are still unable to cover all of the budget expenditures and the budget deficit problem still continues to arise.

Chart 4.5: Domestic Income to Budget Expenditures Ratio by Years



Source: Ministry of Finance

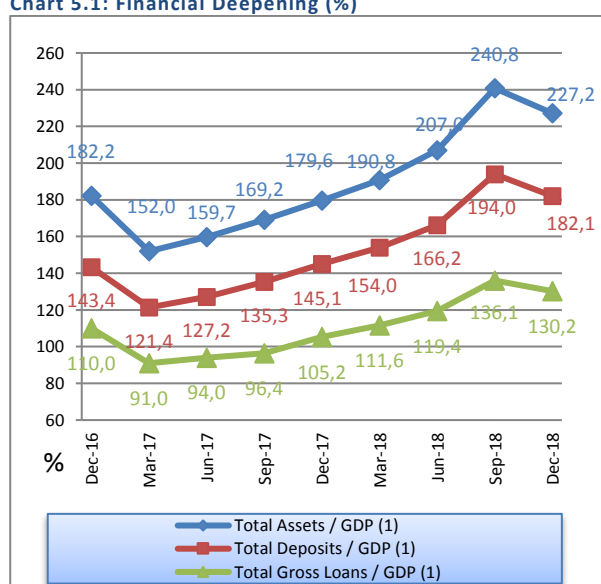
5 MONETARY AND FINANCIAL DEVELOPMENTS

5.1 OVERVIEW OF THE BANKING SECTOR

5.1.1 FINANCIAL DEEPENING

Financial deepening figures for the fourth quarter of 2018 decreased, compared to the previous quarter. Total gross loans to GDP ratio decreased from 136.1 percent to 130.2 percent, total assets to GDP ratio from 240.8 percent to 227.2 percent and total deposits to GDP ratio from 194 percent to 182.1 percent.

Chart 5.1: Financial Deepening (%)



Source: Central Bank of the TRNC, SPO

Note: (1) SPO's 2018 GDP forecast figures were used.

5.1.2 PERFORMANCE RATIOS OF THE BANKING SECTOR

In the sector, the share of cash and cash equivalents in total assets increased to 30.14 percent in the fourth quarter of 2018. This rate was 27.42 percent in the same period of the previous year.

The CASR (Capital Adequacy Standard Ratio), which was 17.3 percent at the end of December 2017, increased by 0.56 points to 17.86 percent in the fourth quarter of 2018.

The share of NPL in gross loans increased from 4.97 to 5.53 percent at the end of December 2018, compared to the previous quarter.

Gross loans to deposits ratio increased by 1.36 percentage points to 71.5 percent in the fourth quarter of 2018, compared to the previous period.

The share of gross loans in total assets, which was 58.61 percent in December 2017, declined to 57.33 percent in the fourth quarter of 2018. It increased by 0.82 points, compared to the previous quarter.

Gross loans decreased by 4.28 percent in the fourth quarter of 2018, compared to the previous quarter. Gross loans had an increase of 9.11 percent in the same period of the previous year.

Deposits increased by 16.71 percent in the third quarter and decreased by 6.17 percent in the fourth quarter of 2018.

The financial leverage ratio, which was 10.62 at the end of September 2018, reached 9.66 in the fourth quarter of 2018.

Table 5.1: Performance Ratios

	2017		2018	
	Dec.	Mar.	Jun.	Sept. Dec.
Cash and Cash Equivalents / Total Assets (%)	27,42	26,37	26,69	27,64 30,14
CASR (%)	17,30	17,40	17,57	18,19 17,86
NPL / Gross Loans (%)	5,72	5,72	5,46	4,97 5,53
Gross Loans / Total Deposits (%)	72,55	72,45	71,82	70,14 71,50
Gross Loans / Total Assets (%)	58,61	58,47	57,67	56,51 57,33
Quarterly Growth Rate on Gross Loans (%)	9,11	5,81	7,01	13,98 -4,28
Quarterly Growth Rate on Gross Loans (%)	7,24	5,95	7,96	16,71 -6,11
Financial Leverage ¹	9,99	10,01	10,18	10,62 9,66

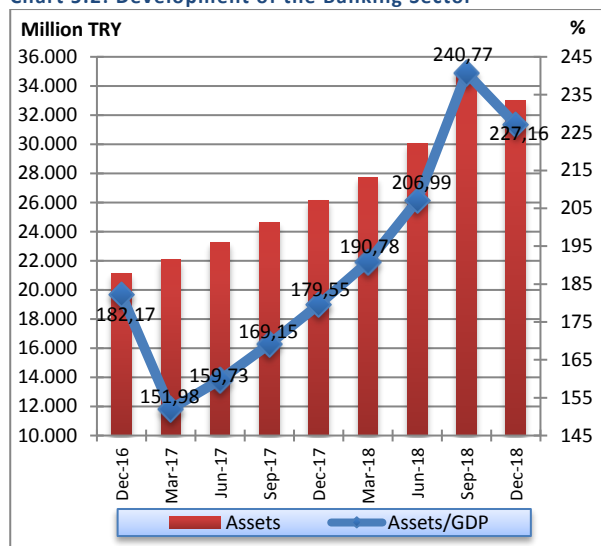
Source: Central Bank of the TRNC

Note: (1) Foreign Resources / Total Shareholders' Equity

5.1.3 DEVELOPMENT OF THE BANKING SECTOR

By the end of December 2018, the ratio of the banking sector balance sheet size to GDP declined to 227.16 percent. The reason for this is the exchange rate stabilisation in the fourth quarter of 2018. As a result of this, there has been a decrease in banking sector assets originating from foreign currency items.

Chart 5.2: Development of the Banking Sector



Source: Central Bank of the TRNC, SPO

Note: (1) SPO's 2018 GDP forecast figures were used.

5.1.4 CONCENTRATION IN THE BANKING SECTOR

Analysing the concentration in the banking sector, the share of the largest five banks in the sector in terms of asset size is 55.07 percent, and the share of the top ten banks in total assets is 78.54 percent in the fourth quarter of 2018.

In terms of the size of gross loans in the same period, the share of the first five banks in the sector is 56.9 percent and the share of the top ten banks is 81.58 percent.

In terms of deposit size, the share of the five largest banks in total deposits is 56.5 percent and the share of the top ten banks is 79.8 percent.

In terms of the size of shareholders' equity in the period, the share of the first five banks in total shareholders' equity is 51.9 percent, while the share of the top ten banks is 79.8 percent.

The share of the first five banks in the sector is 63.07 percent and the share of the top ten banks is 91.84 percent, in terms of the size of the debts to the banks item.

Table 5.2: Concentration in the Banking Sector (%)

Shares of the First Five Banks in the Sector	2017		2018		
	December	March	June	September	December
Assets	55,15	55,23	54,62	54,96	55,07
Gross Loans	57,01	56,22	55,44	55,57	56,90
Deposits	56,80	56,87	56,49	56,51	56,54
Debts to Banks	58,42	61,62	63,73	63,37	63,07
Shareholders' Equity	50,38	49,75	50,52	52,35	51,90
Shares of the First Ten Banks in the Sector					
Assets	78,47	78,56	78,02	78,34	78,54
Gross Loans	81,11	80,64	80,11	80,40	81,58
Deposits	80,07	79,91	79,40	79,55	79,80
Debts to Banks	90,64	92,81	91,47	92,39	91,84
Shareholders' Equity	78,36	78,27	78,58	79,63	79,80

Source: Central Bank of the TRNC

5.1.5 NUMBER OF BANKS, BRANCHES AND PERSONNEL

The number of banks operating in the banking sector is 21 at the end of December 2018. Among the 21 banks

in the sector, 2 are public banks, 14 are private banks and 5 are branch banks.

Table 5.3: Number of Banks

	Dec.16	Mar.17	Jun.17	Sept.17	Dec.17	Mar.18	Jun.18	Sept.18	Dec.18
Public Banks	2	2	2	2	2	2	2	2	2
Private Banks	14	14	14	14	14	14	14	14	14
Branch Banks	6	6	6	6	5	5	5	5	5
Total	22	22	22	22	21	21	21	21	21

Source: Central Bank of the TRNC

The number of bank branches in the sector is 229 in the last quarter of 2018. When the distribution of branch numbers based bank groups is examined, it is seen that

68.56 of the total number of branches are private banks, 17.03 are branch banks and 14.41 are public banks.

Table 5.4: Number of Branches and Personnel

Number of Branches										
	Dec.16	Mar.17	Jun.17	Sept.17	Dec.17	Mar.18	Jun.18	Sept.18	Dec.18	
Public Banks	36	36	36	34	33	32	33	33	33	
Private Banks	151	152	153	156	161	161	160	159	157	
Branch Banks	45	44	45	43	39	39	39	39	39	
Total	232	232	234	233	233	232	232	231	229	
Number of Personnel										
	Dec.16	Mar.17	Jun.17	Sept.17	Dec.17	Mar.18	Jun.18	Sept.18	Dec.18	
Public Banks	548	564	559	565	558	554	550	547	546	
Private Banks	1.934	1.924	1.927	1.965	2.024	2.038	2.042	2.062	2.075	
Branch Banks	562	564	564	570	524	519	528	531	527	
Total	3.044	3.052	3.050	3.100	3.106	3.111	3.120	3.140	3.148	

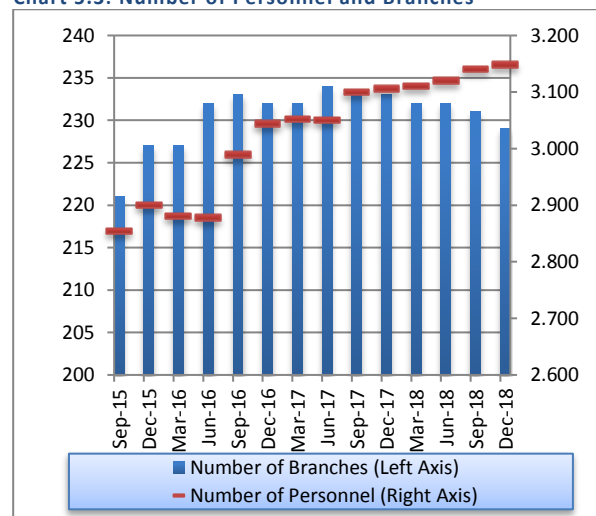
Source: Central Bank of the TRNC

The number of personnel employed in the sector increased by 8 persons and reached to 3,148 from 3,140 during September 2018 - December 2018 period. 546 of these personnel are working in public banks, 2,075 in private banks and 527 in branch banks. In this period, the number of personnel in private banks increased from 2,062 to 2,075, the number of personnel in branch banks decreased from 531 to 527, and the number of personnel in public banks decreased from 547 to 546.

During December 2017 - December 2018 period, the number of personnel working in the banking sector increased by 42 persons to reach 3,148 from 3,106. In the mentioned period, when the change in the number of personnel is analysed based on bank groups, there was an increase of 51 persons in private banks and 3 persons in branch banks, while there was a decrease of 12 persons in public banks.

In the fourth quarter of 2018, it is observed that 17.34 percent of the personnel working in the sector belongs to the public banks, 65.92 percent belongs to the private banks and 16.74 percent belongs to the branch banks.

Chart 5.3: Number of Personnel and Branches



Source: Central Bank of the TRNC

5.2 BANKING SECTOR CONSOLIDATED BALANCE SHEET

Total assets of the banking sector, which was 34,956.5 million TRY at the end of September 2018, decreased by 5.65 percent in the fourth quarter of 2018 and reached 32,980.2 million TRY. In the aforementioned period, cash and cash equivalents increased by 2.89 percent, gross loans decreased by 4.28 percent, securities portfolio by 21.76 percent and other assets by 28.69 percent. The reason for this decrease is the reflection of the foreign exchange stabilization on the balance sheet items.

Total assets of the sector increased by 26.29 percent in December 2017 - December 2018 period. In the same period, cash and cash equivalents increased by 38.8 percent, gross loans by 23.52 percent, securities portfolio by 19.88 percent, while deposits increased by 25.33 percent and shareholders' equity by 30.22 percent.

Deposits, which is the most important funding source of the sector decreased by 6.11 percent and the shareholders' equity increased by 2.89 percent in September 2018 - December 2018 period.

Table 5.5: Banking Sector Consolidated Balance Sheet (Million TRY)

	2017		2018		Percentage Change		
	December	March	June	September	December	09/2018 - 12/2018	12/2017 - 12/2018
Cash and Cash Equivalents	7.161,8	7.303,9	8.021,5	9.661,8	9.940,9	2,89	38,80
Securities Portfolio	1.704,6	1.980,8	2.140,2	2.611,7	2.043,4	-21,76	19,88
Total Gross Loans	15.306,2	16.195,6	17.330,4	19.752,4	18.906,1	-4,28	23,52
Other Assets	1.942,7	2.218,3	2.559,8	2.930,6	2.089,8	-28,69	7,57
Total Assets-Liabilities	26.115,3	27.698,6	30.051,9	34.956,5	32.980,2	-5,65	26,29
Deposits	21.098,1	22.352,7	24.131,2	28.163,1	26.441,8	-6,11	25,33
Debts to Banks	1.637,5	1.638,0	2.004,8	2.328,1	2.028,6	-12,86	23,88
Other Liabilities	1.002,9	1.192,2	1.228,7	1.457,2	1.414,7	-2,92	41,06
Shareholders' Equity	2.376,8	2.515,7	2.687,2	3.008,1	3.095,1	2,89	30,22

Source: Central Bank of the TRNC

5.2.1 ASSETS AND LIABILITIES STRUCTURE

In the fourth quarter of 2018, the largest share in the sector's total assets is gross loans with 57.33 percent. Gross loans are followed by cash and cash equivalents with a share of 30.14 percent, other assets with a share of 6.34 percent and securities portfolio with 6.19 percent.

When the banking sector is evaluated in terms of the share of the items constituting the asset structure of December 2017 - December 2018 period, a decrease in cash and cash equivalents, securities portfolio, gross loans and other assets is observed.

As of December 2018, 80.17 percent of the total liabilities is deposits, 9.39 percent is shareholders' equity, 6.15 percent is debts to banks and 4.29 percent is other liabilities.

When the items constituting the liability structure of the banking sector are evaluated in terms of their shares in December 2017 - December 2018 period, it is seen that there is a decrease in the deposits and debts to banks, while there is an increase in other liabilities and shareholders' equity items.

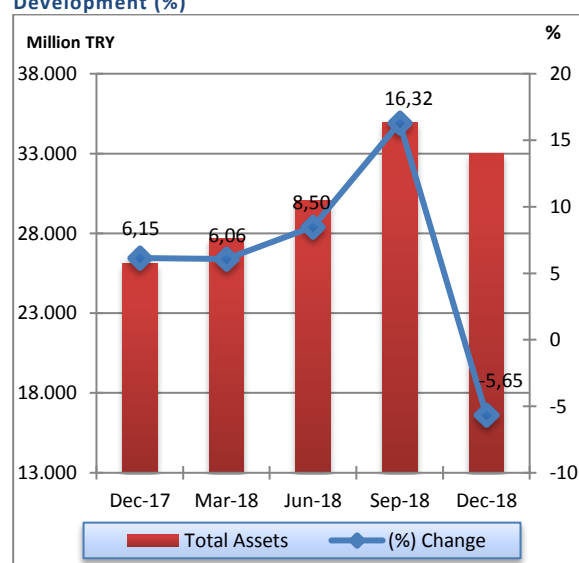
Table 5.6: Structural Percentage Distribution of Banking Sector Assets / Liabilities (%)

Assets	2017		2018		
	December	March	June	September	December
Cash and Cash Equivalents	27,42	26,37	26,69	27,64	30,14
Securities Portfolio	6,53	7,15	7,12	7,47	6,19
Total Gross Loans	58,61	58,47	57,67	56,51	57,33
Other Assets	7,44	8,01	8,52	8,38	6,34
Total	100,00	100,00	100,00	100,00	100,00
Liabilities					
Total Deposits	80,79	80,70	80,30	80,57	80,17
Debts to Banks	6,27	5,91	6,67	6,66	6,15
Other Liabilities	3,84	4,31	4,09	4,16	4,29
Shareholders' Equity	9,10	9,08	8,94	8,61	9,39
Total	100,00	100,00	100,00	100,00	100,00

Source: Central Bank of the TRNC

The banking sector's total assets, which grew during all periods from December 2017 to September 2018, decreased by 5.65 percent in the last quarter of 2018. This decrease was caused by the foreign exchange rate stabilization in foreign currency items. Total assets increased by 6.15 percent in the last quarter of 2017 and by 6.06, 8.5 and 16.32 percent in the first, second and third quarters of 2018, respectively.

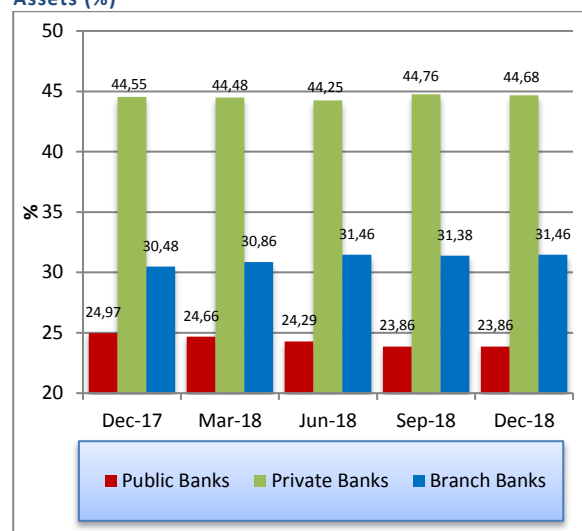
Chart 5.4: Assets of the Banking Sector and Quarterly Development (%)



Source: Central Bank of the TRNC

In the fourth quarter of 2018, sector's total assets decreased from 44.76 to 44.68 percent in the private banks group, remained unchanged as 23.86 percent in the public banks group, while it increased from 31.38 percent to 31.46 percent in the branch banks group. In December 2017 - December 2018 period, there was a downsizing in the group of public banks and a growth in the groups of private banks and branch banks.

Chart 5.5: Shares of Bank Groups in the Sector's Total Assets (%)



Source: Central Bank of the TRNC

In the fourth quarter of 2018, compared to the previous quarter, public banks' total assets decreased by 5.65 percent, private banks' total assets by 5.83 percent and branch banks' total assets by 5.41 percent. Compared

to the same period of the previous year, total assets increased by 20.63 percent in public banks, 26.66 percent in private banks and 30.39 percent in branch banks.

Table 5.7: Development of Total Assets on the Basis of Bank Groups (Million TRY)

	2017		2018			Percentage Change	
	December	March	June	September	December	09/2018-12/2018	12/2017-12/2018
Public Banks	6.523,2	6.834,2	7.299,1	8.339,9	7.868,9	-5,65	20,63
Private Banks	11.633,4	12.316,3	13.297,4	15.646,4	14.734,3	-5,83	26,66
Branch Banks	7.958,7	8.548,1	9.455,4	10.970,2	10.377,0	-5,41	30,39
Total	26.115,3	27.698,6	30.051,9	34.956,5	32.980,2	-5,65	26,29

Source: Central Bank of the TRNC

Analysing the TRY and FX distribution of gross loans as of December 2018, the share of TRY loans increased from 43.39 percent to 48.39 percent, while the share of FX loans decreased from 56.61 percent to 51.61 percent, compared to the previous quarter. The share of TRY deposits increased from 36.16 percent to 40.1 percent as of December 2018, while the share of FX deposits decreased from 63.84 percent to 59.9 percent, compared to the previous quarter.

The share of TRY deposits and loans increased, while the share of FX deposits and loans decreased. The reason for this is the fall in the exchange rate in the last quarter. Thus, the increase in FX deposits and loans driven by foreign exchange rate has entered into a recovery process and the TRY-FX distribution has approached June 2018 values.

Table 5.8: TRY and FX Distribution of Gross Loans and Deposits (%)

	2017				2018					
	December		March		June		September		December	
	TRY	FX	TRY	FX	TRY	FX	TRY	FX	TRY	FX
Loans (Net)	54,65	45,35	52,55	47,45	50,31	49,69	43,39	56,61	48,39	51,61
Deposits	45,42	54,58	43,54	56,46	40,79	59,21	36,16	63,84	40,10	59,90

Source: Central Bank of the TRNC

5.2.2 CASH AND CASH EQUIVALENTS

Total of cash assets, receivables from the banks, receivables from the Central Bank and receivables from the interbank money market transactions, which constitute the cash and cash equivalents of the banking sector, increased by 2.89 percent in the fourth quarter of 2018 and reached from 9,661.8 million TRY to 9,940.9 million TRY, compared to the previous quarter.

In this period, an increase of 307.2 million TRY in the receivables from the Central Bank item, 96.6 million TRY in receivables from the IMM (Interbank Money Market) transactions item, 58.9 million TRY in the cash

values item, and a decrease of 65.8 million TRY in the receivables from the banks item was recorded.

Cash and cash equivalents amounting to 7,161.8 million TRY at the end of December 2017 increased to 9,940.9 million TRY at the end of June 2018. In the period, cash assets increased by 81.2 million TRY, receivables from the Central Bank increased by 1,242.2 million TRY, receivables from IMM transactions increased by 636.3 million TRY and receivables from banks increased by 819,4 million TRY.

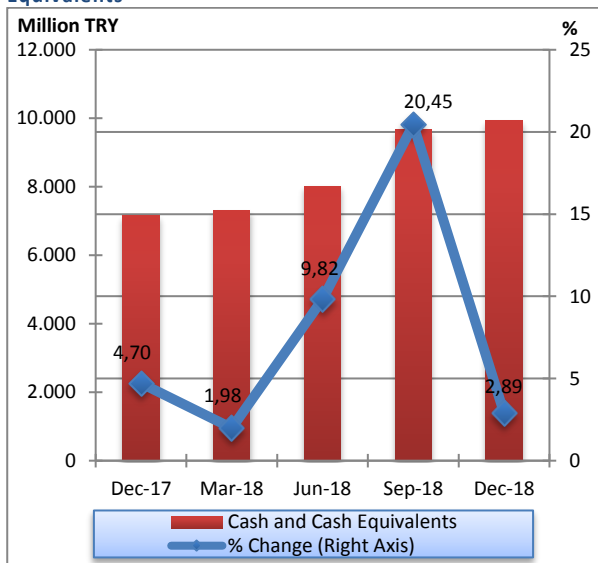
Table 5.9: Development of the Cash and Cash Equivalents (Million TRY)

	2017		2018			Percentage Change
	December	March	June	September	December	09/2018 - 12/2018
Cash Assets	216,4	217,4	239,3	356,5	297,6	-16,52
Receivables from the Central Bank	2.562,1	2.687,4	2.959,3	3.497,1	3.804,3	8,78
Receivables from Interbank Money Market Transactions	1.499,1	1.495,6	1.686,5	2.038,8	2.135,4	4,74
Receivables from Banks	2.884,2	2.903,5	3.136,4	3.769,4	3.703,6	-1,75
Total	7.161,8	7.303,9	8.021,5	9.661,8	9.940,9	2,89

Source: Central Bank of the TRNC

Cash and cash equivalents had increased by 4.7 percent in the fourth quarter of 2017. In 2018, cash and cash equivalents increased by 1.98 percent in the first quarter, by 9.82 percent in the second quarter, by 20.45 percent in the third quarter and by 2.89 percent in the fourth quarter.

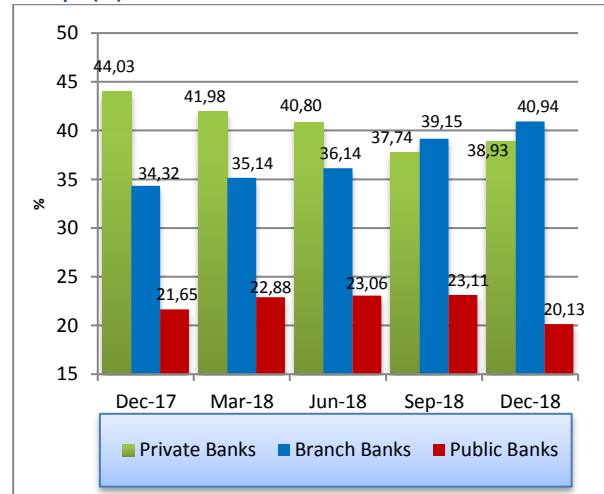
Chart 5.6: Quarterly Percentage Change of Cash and Cash Equivalents



Source: Central Bank of the TRNC

In the fourth quarter of 2018, the share of cash and cash equivalents of private banks and branch banks increased, while the shares of cash and cash equivalents of public banks decreased. In December 2017 - December 2018 period, there has been a growth in branch banks group, while there has been a downsizing in the groups of private banks and public banks.

Chart 5.7: Shares of Cash and Cash Equivalents by Bank Groups (%)



Source: Central Bank of the TRNC

5.2.3 LOANS

Business loans, which amounted to 11,285.8 million TRY as of December 2018, are in the first rank as in the previous periods. They are followed by consumer loans with 4,524.6 million TRY.

During the period from December 2017 to December 2018, business loans increased from 8,406.5 million TRY to 11,285.8 million TRY while consumer loans increased from 4,152.9 million TRY to 4,524.6 million TRY.

Table 5.10: Distribution of Loans by Type (Million TRY)

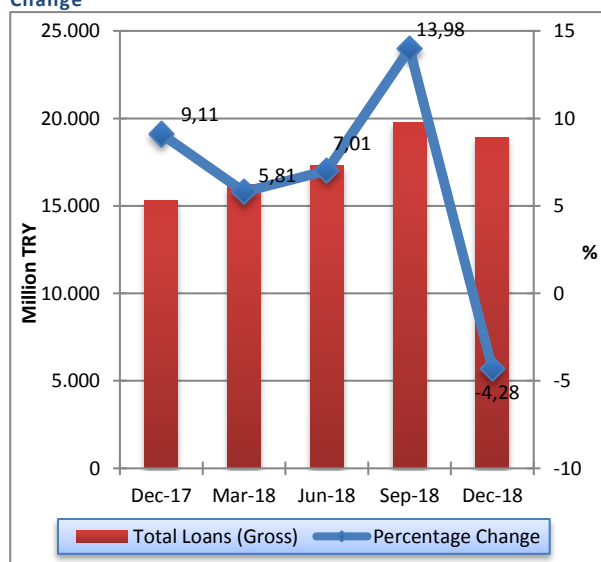
	2017		2018		
	December	March	June	September	December
Business Loans	8.406,5	8.907,5	9.710,9	11.604,1	11.285,8
Consumer Loans	4.152,9	4.255,4	4.462,5	4.946,8	4.524,6
Credit Cards	394,7	392,4	421,6	444,7	457,3
Discount Loans	195,0	206,2	220,3	248,1	236,6
Other Investment Loans	112,0	102,9	104,1	109,5	98,0
Import Loans	3,7	4,2	4,2	4,7	3,8
Loans of Funds Originated	17,1	17,0	18,4	22,4	19,2
Directed Loans	21,2	22,1	16,3	15,1	32,7
Export Loans	6,1	5,2	6,9	4,9	2,9
Loans Extended by Central Bank of the TRNC	5,7	0,0	6,9	9,1	7,9
Loans Extended Through Central Bank of the TRNC	0,0	0,0	0,0	0,0	0,0
Loans to Purchase Security for Customers	0,1	0,2	0,5	0,7	0,5
Export Guaranteed Investment Loans	0,0	0,0	0,0	0,0	0,0
Other Loans	1.116,3	1.356,4	1.411,3	1.359,7	1.192,2
Total Loans	14.431,3	15.269,5	16.383,9	18.769,8	17.861,5

Source: Central Bank of the TRNC

Note: Non-performing loans are not included.

Gross loans of the sector increased by 9.11 at the end of December 2017. Gross loans increased by 5.81 percent as of March, by 7.01 as of June, by 13.98 as of September 2018 and by 4.28 percent as of the last quarter.

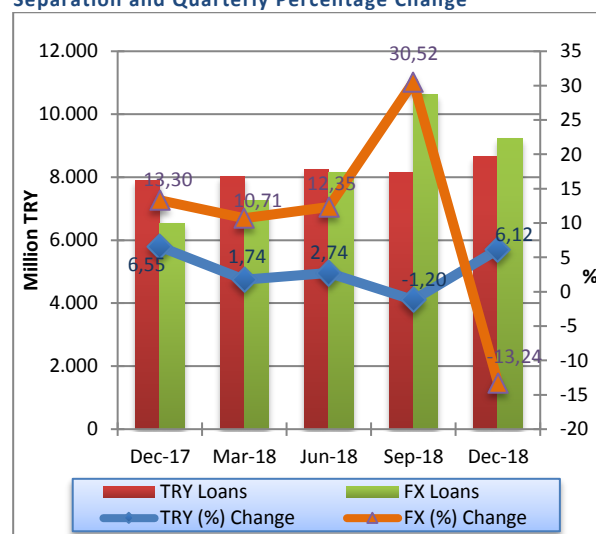
Chart 5.8: Development of Gross Loans and Percentage Change



Source: Central Bank of the TRNC

In the fourth quarter of 2018, 8,643.2 million TRY of the loans are in TRY currency and 9,218.3 million TRY are in foreign currency. In the period, there was an increase of 6.12 percent in TRY loans and a decrease of 13.24 percent in FX loans, compared to the previous quarter. This decrease was due to the exchange rate stabilization.

Chart 5.9: Banking Sector Loans (Net) TRY and FX Separation and Quarterly Percentage Change



Source: Central Bank of the TRNC

Note: Non-performing loans are not included.

In the fourth quarter of 2018, public banks' gross loans increased by 16.06 percent in TRY currency and decreased by 8.51 percent in FX currency, compared to the previous quarter. Gross loans of private banks increased by 1.87 percent in TRY currency and

decreased by 11.96 percent in FX currency. Gross loans of branch banks increased by 2.9 per mille in TRY and decreased by 17.99 percent in FX currency, in the mentioned period.

Table 5.11: Development of Gross Loans on the Basis of Bank Groups (Million TRY)

	September 2018			December 2018			Percentage Change 09/2018 - 12/2018		
	TRY	FX	Total	TRY	FX	Total	TRY	FX	Total
Public Banks	2.935,6	1.691,6	4.627,2	3.407,1	1.547,6	4.954,7	16,06	-8,51	7,08
Private Banks	3.093,5	6.870,0	9.963,5	3.151,2	6.048,2	9.199,4	1,87	-11,96	-7,67
Branch Banks	2.839,8	2.321,9	5.161,7	2.847,9	1.904,1	4.752,0	0,29	-17,99	-7,94
Total Loans (Gross)	8.868,9	10.883,5	19.752,4	9.406,2	9.499,9	18.906,1	6,06	-12,71	-4,28

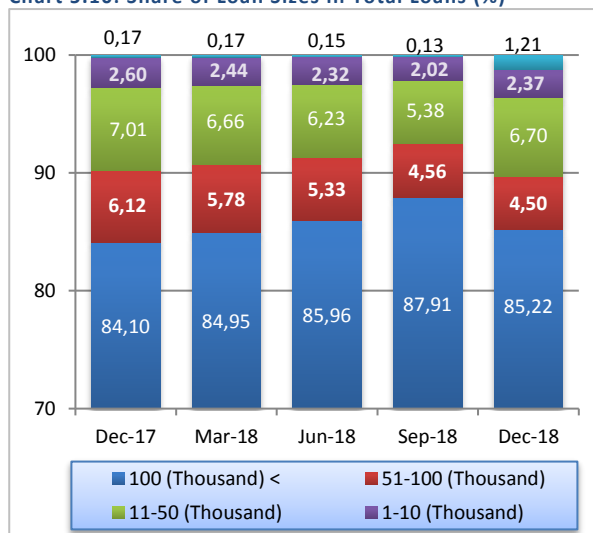
Source: Central Bank of the TRNC

At the end of the fourth quarter of 2018, the share of loans over 100 thousand TRY in total loans was 85.22 percent.

In this period, 11-50 thousand TRY loans take the second place in loan sizes with a share of 6.7 percent. Loans amounting to 51-100 thousand TRY and 1-10 thousand TRY constitute 4.5 and 2.37 percent of the total loans, respectively. The lowest loan use in the sector was in loans up to 1 thousand TRY with a share of 1.21 percent.

In the period December 2017 - December 2018, loans more than 100 thousand TRY increased and 0-1 thousand TRY increased, while 51-100 thousand TRY, 11-50 thousand TRY and 1-10 thousand TRY loans decreased in terms of loan size shares in the total loans.

Chart 5.10: Share of Loan Sizes in Total Loans (%)

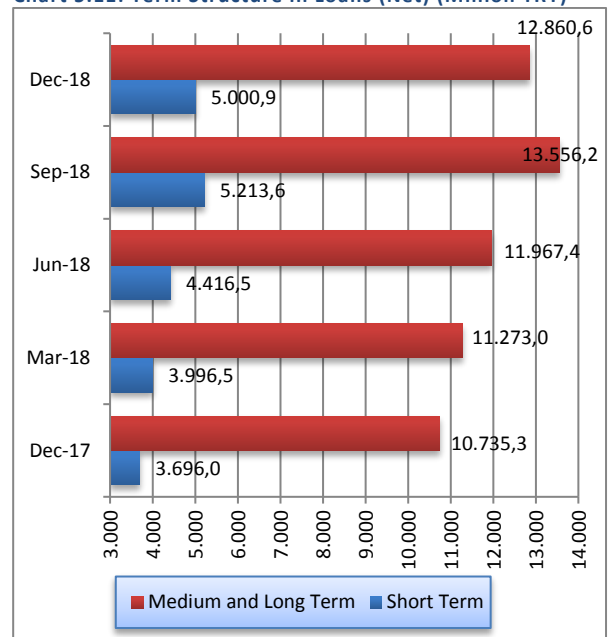


Source: Central Bank of the TRNC

Note: Non-performing loans are not included.

In the fourth quarter of 2018, short-term loans decreased from 5,213.6 million TRY to 5,000.9 million TRY, and medium and long-term loans decreased from 13,556.2 million TRY to 12,860.6 million TRY. In the period of December 2017 - December 2018, short-term loans increased by 35.31 percent and medium and long-term loans increased by 19.8 percent.

Chart 5.11: Term Structure in Loans (Net) (Million TRY)

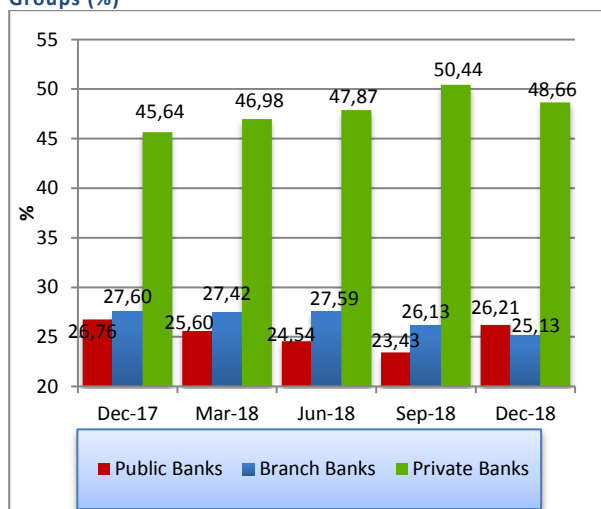


Source: Central Bank of the TRNC

Note: Loans with up to 1-year term are classified as short-term.

When the shares of gross loans by bank groups are analysed, the share of public banks increased from 23.43 percent to 26.21 percent in the fourth quarter of 2018, compared to the previous quarter. The share of the loans extended by private banks group in the total loans decreased to 48.66 percent from 50.44 percent and the share of loans extended by branch banks decreased from 26.13 to 25.13 percent. During December 2017 - December 2018 period, the share of the loans extended by branch banks and public banks in total loans decreased while the share of private banks increased.

Chart 5.12: Share of Gross Loans on the Basis of Bank Groups (%)

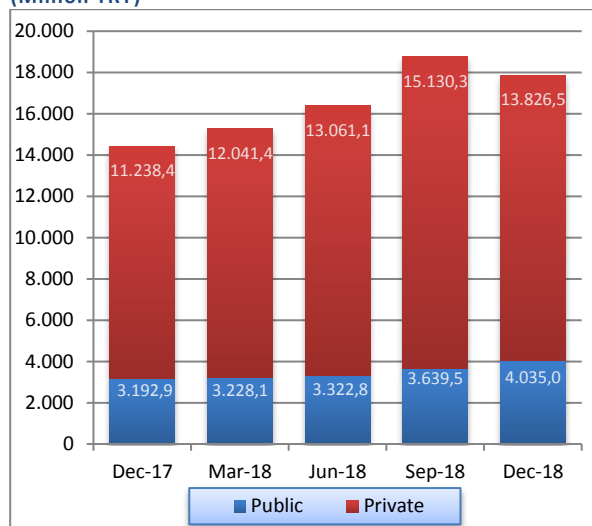


Source: Central Bank of the TRNC

As of December 2018, 77.41 percent of the banking sector's total loans were extended to the private sector and 22.59 percent to the public sector. Compared to the previous quarter, the loans used by the public sector increased from 3,639.5 million TRY to 4,035 million TRY and private sector loans decreased from 15,130.3 million TRY to 13,826.5 million TRY.

In December 2017 - December 2018 period, the increase rate of the loans used by the public was 26.37 percent and the increase rate of the loans used by the private sector was 23.03 percent.

Chart 5.13: Public and Private Sector Distribution of Loans (Million TRY)

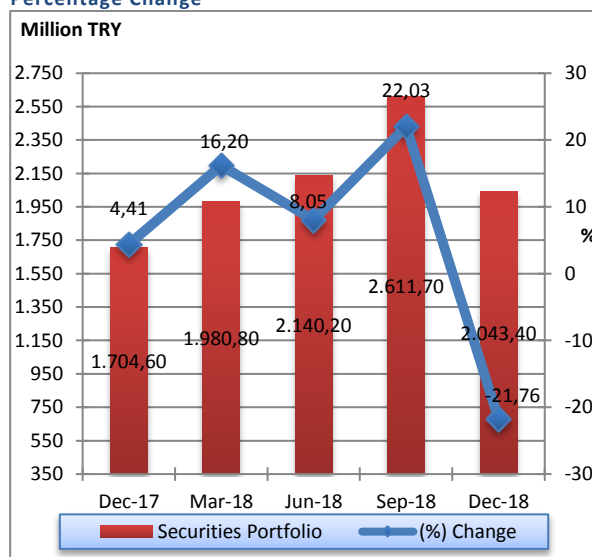


Source: Central Bank of the TRNC

5.2.4 SECURITIES PORTFOLIO

Securities portfolio decreased by 21.76 percent as of December 2018, compared to the previous quarter. As of December 2017 SP increased by 4.41 percent and by 1.95 percent, 8.05 percent and 22.03 percent as of March, June and September 2018, respectively.

Chart 5.14: Securities Portfolio Totals and Quarterly Percentage Change

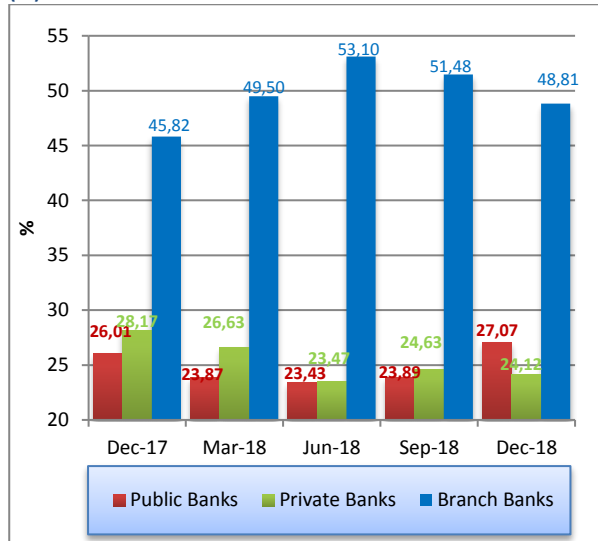


Source: Central Bank of the TRNC

5.2.5 DEPOSITS

In the fourth quarter of 2018, the share of public banks in total SP increased from 23.89 percent to 27.07 percent, while the share of branch banks decreased from 51.48 percent to 48.81 percent and the share of private banks from 24.63 percent to 24.12 percent, compared to the previous quarter. Between December 2017 - December 2018 period, there has been a downsizing in the group of public banks and an increase in the private banks and branch banks groups.

Chart 5.15: Shares of Securities Portfolio by Bank Groups (%)



Source: Central Bank of the TRNC

Deposits, which is the most important funding source of the sector decreased by 6.11 percent, compared to the previous quarter. Deposits increased by 25.33 percent in one-year period and amounted to 26,441.8 million TRY at the end of December 2018.

As of the end of December 2018, it is observed that the largest share belongs to savings deposits with 19,010.8 million TRY, as in the previous periods. This is followed by commercial deposits with 4,922.5 million TRY and official deposits with 1,917.8 million TRY. In December 2017 - December 2018 period, savings deposits increased by 23.6 percent, commercial deposits by 24.86 percent and official deposits by 27.94 percent.

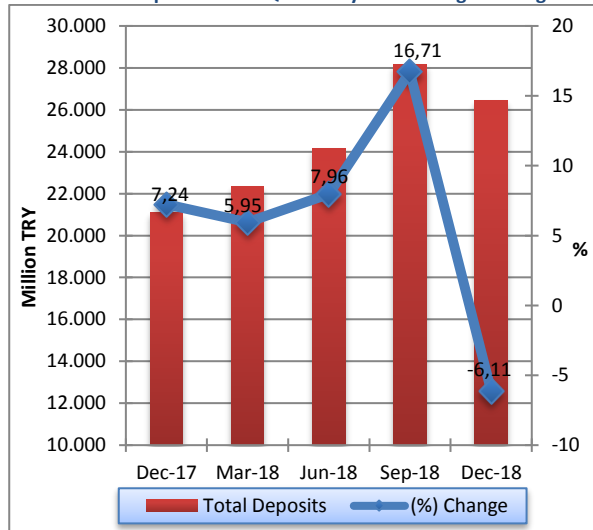
Table 5.12: Development of Deposits by Type (Million TRY)

	2017		2018		
	December	March	June	September	December
Savings	15.380,3	16.210,0	17.357,3	20.093,4	19.010,8
Trading	3.942,5	4.270,9	4.686,0	5.620,5	4.922,5
Official	1.499,0	1.504,5	1.730,4	1.990,1	1.917,8
Other	276,3	367,3	357,5	459,1	590,7
Total Deposits	21.098,1	22.352,7	24.131,2	28.163,1	26.441,8
Debts to Banks	1.637,5	1.638,0	2.004,8	2.328,1	2.028,6
Total Deposits Including Debts to Banks	22.735,6	23.990,7	26.136,0	30.491,2	28.470,4

Source: Central Bank of the TRNC

In the fourth quarter of 2017, total deposits increased by 7.24 percent. In 2018, total deposits increased by 5.95 percent in the first quarter, 7.96 percent in the second quarter and 16.71 percent in the third quarter, while it decreased by 6.11 percent in the last quarter.

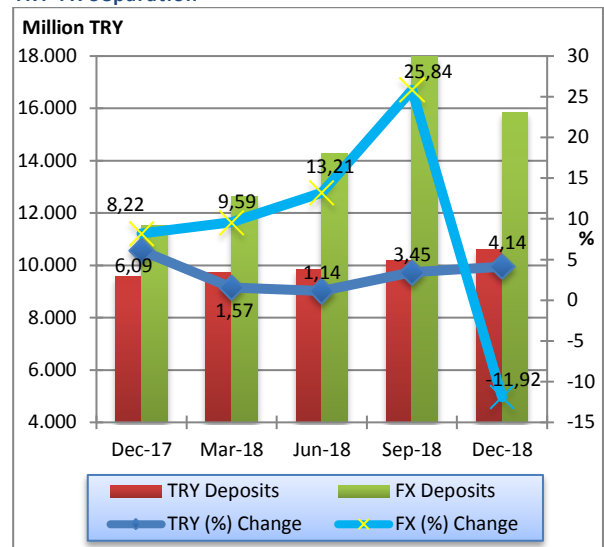
Chart 5.16: Deposits and Quarterly Percentage Change



Source: Central Bank of the TRNC

In the fourth quarter of 2018, it is observed that deposits amounted to 10,604.5 million TRY in Turkish Lira currency and 15,837.3 million TRY in foreign currency. In the period, TRY deposits increased by 4.14 percent, while FX deposits decreased by 11.92 percent, compared to the previous quarter.

Chart 5.17: Quarterly Percentage Change of Deposits and TRY-FX Separation



Source: Central Bank of the TRNC

At the end of December 2018, compared to the previous quarter, TRY deposits of public banks increased by 6.52 percent, while FX deposits decreased by 14.07 percent, private banks' TRY deposits increased by 5.04 percent, while FX deposits decreased by 10.9 percent. In the same period, branch banks' TRY deposits increased by 0.69 percent, while their FX deposits decreased by 12.24 percent. The decrease in foreign currency deposits led to a decline in the exchange rate in the fourth quarter of 2018.

Table 5.13: Development of Deposits on the Basis of Bank Groups (Million TRY)

	September 2018			December 2018			Percentage Change 09/2018-12/2018		
	TRY	FX	Total	TRY	FX	Total	TRY	FX	Total
Public Banks	3.358,3	3.769,9	7.128,2	3.577,4	3.239,6	6.817,0	6,52	-14,07	-4,37
Private Banks	3.556,2	9.491,0	13.047,2	3.735,5	8.456,4	12.191,9	5,04	-10,90	-6,56
Branch Banks	3.268,9	4.718,8	7.987,7	3.291,6	4.141,3	7.432,9	0,69	-12,24	-6,95
Total Deposits	10.183,4	17.979,7	28.163,1	10.604,5	15.837,3	26.441,8	4,14	-11,92	-6,11

Source: Central Bank of the TRNC

As in previous periods, maturity concentration of the sector deposits belongs to 1-month deposits with a ratio of 51.97 percent. 1-month deposits are followed by, 3-month deposits with a share of 18.72 percent, demand deposits with a share of 13.99 percent, 1-year deposits with a share of 10.47 percent and 6-month deposits with a share of 4.85 percent.

When the maturity distribution of deposits is compared to the previous quarter, there was an increase of 3.62

points in 1-month deposits, 0.71 points in 6-month deposits, while demand, 3-month and 1-year deposits decreased by 0.93, 2.61 and 0.79 points, respectively.

During December 2017 - December 2018 period, 1-month, 6-month and 1-year deposits increased by 0.74, 0.49 and 1.03 points respectively, while demand deposits and 3-month deposits decreased by 0.79, and 1.47 points, respectively.

Table 5.14: Maturity Distribution of Deposits (%)

	2017		2018			Change (Points)	
	December	March	June	September	December	09/2018-12/2018	12/2017-12/2018
Demand	14,78	13,86	14,84	14,92	13,99	-0,93	-0,79
1-Month	51,23	52,97	49,65	48,35	51,97	3,62	0,74
3-Month	20,19	18,96	21,06	21,33	18,72	-2,61	-1,47
6-Month	4,36	4,08	3,98	4,14	4,85	0,71	0,49
1-Year	9,44	10,13	10,47	11,26	10,47	-0,79	1,03
Total	100,00	100,00	100,00	100,00	100,00		

Source: Central Bank of the TRNC

When the distribution of deposits in the banking sector is analysed by the size of deposits, as of the end of December 2018, deposits between 0-5 thousand TRY increased from 314.5 million TRY to 319.3 million TRY, deposits between 5-10 thousand TRY from 358.9 million TRY to 375.2 million TRY, deposits between 10-50 thousand TRY deposits from 2,396.3 million TRY to

2,453.7 million TRY, deposits between 50-100 thousand TRY from 3,666.1 million TRY to 3,885.2 million TRY, while deposits over 100 thousand TRY decreased from 21,427.3 million TRY to 19,408.4 million TRY. In the fourth quarter of 2018, the share of deposits over 100 thousand TRY was 73.4 percent, and deposits of 50-100 thousand TRY had a share of 14.69 percent.

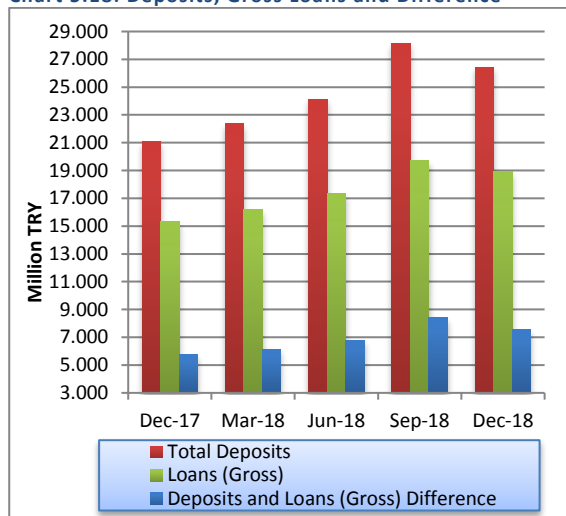
Table 5.15: Distribution of Deposits by Size (Million TRY)

	2017		2018		
	December	March	June	September	December
0-5 Thousand TRY	329,4	318,2	312,2	314,5	319,3
5-10 Thousand TRY	338,9	332,2	351,1	358,9	375,2
10-50 Thousand TRY	2.476,8	2.439,5	2.445,8	2.396,3	2.453,7
50-100 Thousand TRY	3.837,2	3.993,0	4.028,1	3.666,1	3.885,2
Over 100 Thousand TRY	14.115,8	15.269,8	16.994,0	21.427,3	19.408,4
Total Deposits	21.098,1	22.352,7	24.131,2	28.163,1	26.441,8

Source: Central Bank of the TRNC

The difference between total deposits and gross loans, which was 8,410.7 million TRY at the end of September 2018, increased by 875 million TRY and reached to 7,535.7 million TRY in December 2018.

Chart 5.18: Deposits, Gross Loans and Difference

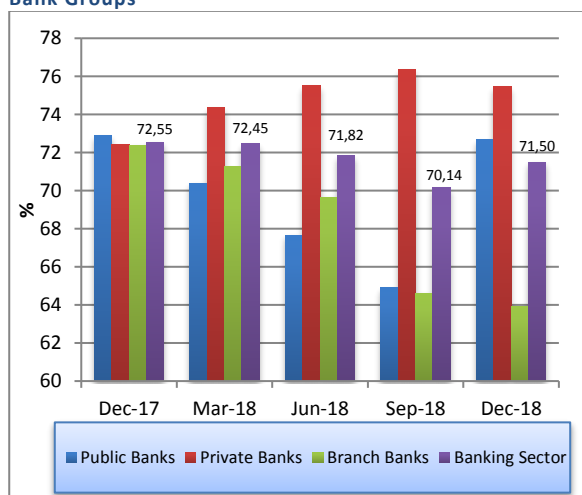


Source: Central Bank of the TRNC

Loans to total deposits ratio, which is one of the indicators of the banking sector's depth and intermediary function, was 70.14 percent at the end of September 2018 and increased to 71.5 percent at the end of December 2018. Loans to total deposits ratio decreased by 1.05 point in one-year period.

When loans to deposits ratio at the end of December 2018 is examined on the basis of bank groups, private banks take the first rank with 75.45 percent. Private banks are followed by public banks with a rate of 72.68 percent. Branch banks have a conversion rate of 63.93 percent.

Chart 5.19: Deposits to Loans (Gross) Ratio on the Basis of Bank Groups



Source: Central Bank of the TRNC

5.2.6 SHAREHOLDERS' EQUITY

Shareholders' equity, which is of great importance in terms of stability and healthy development of the sector, increased by 2.89 percent, compared to the previous quarter and reached to 3,095.1 million TRY at the end of the fourth quarter of 2018.

Shareholders' equity increased by 30.22 percent in December 2017 - December 2018 period. In one-year period, paid-in capital of the sector increased by 162.8 million TRY and reserve requirements increased by 184.3 million TRY.

Table 5.16: Development of Shareholders' Equity (Million TRY)

	2017		2018		
	Dec.	Mar.	Jun.	September	December
Paid-in Capital	1.099,6	1.153,7	1.180,3	1.181,6	1.262,4
Reserve Requirements	409,6	572,8	616,8	618,7	593,9
Fixed Asset Revaluation Fund	0,9	0,9	0,9	0,9	0,9
Securities Value Increment Fund	101,1	110,0	124,0	163,6	140,7
Period Profit (Loss)	407,5	123,1	316,1	596,1	689,8
Accumulated Profit (Loss)	358,1	555,2	449,1	447,2	407,4
Total	2.376,8	2.515,7	2.687,2	3.008,1	3.095,1

Source: Central Bank of the TRNC

5.3 MONEY SUPPLY

The narrow defined money supply M1 decreased by 8.58 percent at the end of December 2018, compared to September 2018 and declined to 5.520,8 million TRY from 6,038.8 million TRY. M1 money supply has increased by 25.38 percent in one-year period.

At the end of September 2018, M2 money supply, which amounted to 28,359.8 million TRY decreased by 6.06 percent in the fourth quarter of 2018 and reached 26,641.1 million TRY. M2 money supply has increased by 25.78 percent in one-year period.

The broad defined money supply M3, which is found by adding official deposits and other deposits within Central Bank of the TRNC to the M2 money supply, decreased by 6 percent in the fourth quarter of 2018, compared to the previous quarter and fell from 30,493.1 million TRY to 28,662.5 million TRY. The increase rate in M3 compared to the same period of the previous year is 25.77 percent.

Table 5.17: Money Supply (Million TRY)

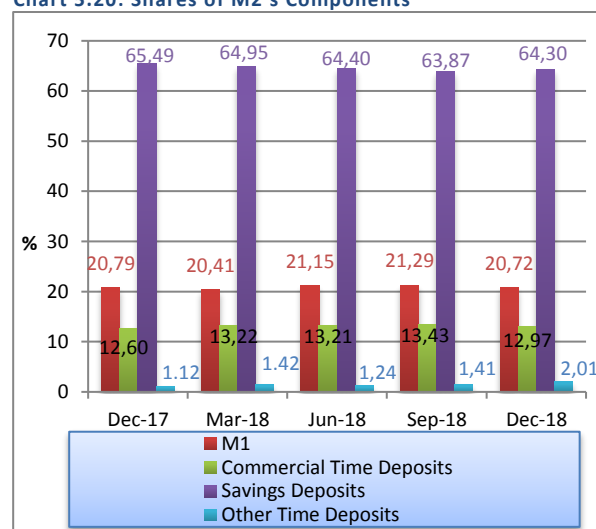
Years	Period	M1	Quarterly Percentage Change	M2	Quarterly Percentage Change	M3	Quarterly Percentage Change
2015	I	2.338,5	5,77	12.470,8	4,97	13.249,2	4,65
	II	2.532,7	8,30	13.211,3	5,94	14.056,5	6,09
	III	2.829,9	11,73	14.279,2	8,08	15.106,4	7,47
	IV	2.841,2	0,40	14.215,8	-0,45	15.109,8	0,02
2016	I	2.797,9	-1,53	14.340,3	0,88	15.181,6	0,48
	II	2.976,9	6,40	14.620,3	1,95	15.593,1	2,71
	III	3.158,0	6,08	15.285,2	4,55	16.319,0	4,66
	IV	3.544,1	12,23	16.946,4	10,87	17.996,6	10,28
2017	I	3.754,8	5,95	18.019,6	6,33	19.209,2	6,74
	II	3.906,7	4,05	18.670,5	3,61	20.066,2	4,46
	III	4.126,2	5,62	19.847,4	6,30	21.240,3	5,85
	IV	4.403,3	6,71	21.181,5	6,72	22.789,8	7,29
2018	I	4.620,3	4,93	22.638,7	6,88	24.286,7	6,57
	II	5.136,5	11,17	24.283,6	7,27	26.135,3	7,61
	III	6.038,8	17,57	28.359,8	16,79	30.493,1	16,67
	IV	5.520,8	-8,58	26.641,1	-6,06	28.662,5	-6,00

Source: Central Bank of the TRNC

As in previous periods, the largest share in M2 is 64.3 percent with the savings deposits as of December 2018. This is followed by M1 with a share of 20.72 percent, commercial time deposits with 12.97 percent and other time deposits with a ratio of 2.01 percent.

Savings time deposits, which constitutes the largest share of the structure of M2, decreased by 1.19 points to 64.3 percent in December 2017 - December 2018 period. In the mentioned period, M1, one of the other subcomponents of M2, decreased from 20.79 percent to 20.72 percent, while other time deposits increased from 1.12 percent to 2.01 percent and commercial time deposits from 12.6 percent to 12.97 percent.

Chart 5.20: Shares of M2's Components



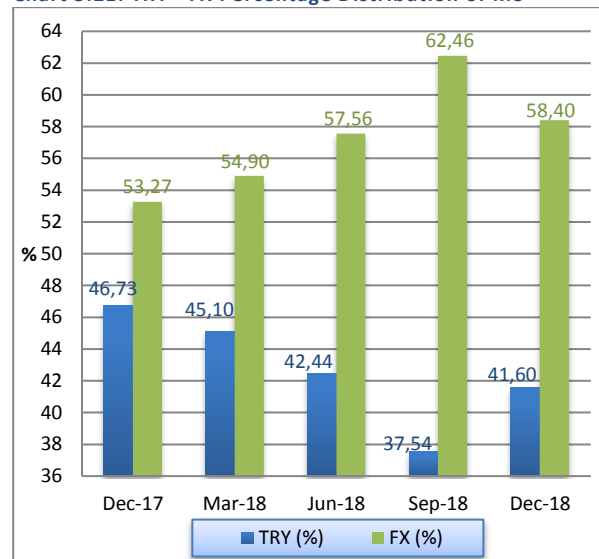
Source: Central Bank of the TRNC

Analysing the TRY-FX percentage distribution of M3 defined money supply as of December 2018, it is observed that the share of TRY deposits in M3 is 41.6 percent and the share of FX deposits is 58.4 percent. At the end of December 2017, these shares were 46.73 percent in the TRY and 53.27 percent in the FX.

5.4 OVERVIEW OF INTERBANK MONEY MARKET

As of the fourth quarter of 2018, there were 820 transactions in TRY, 384 transactions in USD, 163 transactions in EUR and 566 transactions in GBP currency. In this period, transactions of 31,095 million TRY in Turkish Lira currency and, 598 million USD in US Dollar currency, 7,398 million EUR in Euro currency and 5,544 million GBP in Sterling Pound currency were made.

Chart 5.21: TRY - FX Percentage Distribution of M3



Source: Central Bank of the TRNC

Table 5.18: Transaction Volume (x 1.000) and Amount

	TRY		\$		€		£	
	Number	Volume	Number	Volume	Number	Volume	Number	Volume
2017 - Q3	633	9.554.550	167	177.450	220	5.263.225	716	5.715.425
2018 - Q4	708	15.421.800	197	314.050	251	7.011.600	574	5.731.125
2018 - Q1	948	16.733.550	163	409.500	272	7.738.650	579	5.729.025
2018 - Q2	779	16.336.150	121	241.600	366	8.451.450	540	5.447.950
2018 - Q3	639	20.611.650	202	292.500	223	6.730.700	527	5.171.325
2018 - Q4	820	31.094.550	384	598.325	163	7.398.150	566	5.544.400

Source: Central Bank of the TRNC

Looking at the volume distributions of overnight transactions made in the fourth quarter of 2018, it is observed that the shares were 95.53 percent in TRY, 98.04 percent in USD, 99.99 in EUR and 99.63 percent in GBP. 1-week transactions were realized as 4.4 percent in TRY and 6.8 per mille in USD. 2-week

transactions were preferred as 3 per mille in USD and 3-week transactions as 2.5 per mille in USD. 1-month transactions had a rate of 0.7 per mille in TRY, 7.3 per mille in USD, 0.1 per mille in EUR and 3.7 per mille in GBP.

Table 5.19: Transaction Volume (x 1.000)

	TRY		\$		€		£	
	Volume	Share (%)	Volume	Share (%)	Volume	Share (%)	Volume	Share (%)
2017 Q4	15.421.800		314.050		7.011.600		5.731.125	
G	14.986.600	97,18	273.950	87,23	7.009.200	99,97	5.731.125	100,00
1W	404.700	2,62						
1M	22.500	0,14	39.100	12,45	2.400	0,03		
3M	4.000	0,03	1.000	0,32				
6M	4.000	0,03						
2018 Q1	16.733.550		409.500		7.738.650		5.729.025	
G	16.000.450	95,62	372.900	91,06	7.732.850	99,93	5.722.025	99,88
1W	653.000	3,90			600	0,01		
1M	71.000	0,42	36.100	8,82	5.200	0,06	5.000	0,09
3M	9.100	0,06					2.000	0,03
6M			500	0,12				
2018 Q2	16.336.150		241.600		8.451.450		5.447.950	
G	15.303.650	93,68	227.550	94,18	8.449.950	99,98	5.429.600	99,66
1W	928.000	5,68						
1M	91.500	0,56	14.050	5,82	1.500	0,02	18.350	0,34
3M	13.000	0,08						
6M								
2018 Q3	20.611.650		292.500		6.730.700		5.171.325	
G	19.981.650	96,94	281.800	96,34	6.728.400	99,97	5.158.975	99,76
1W	540.000	2,62	4.900	1,68			500	0,01
2W	84.000	0,41	3.600	1,23				
3W							500	0,01
1M	6.000	0,03	2.200	0,75	2.300	0,03	11.350	0,22
2018 Q4	31.094.550		598.325		7.398.150		5.544.400	
G	29.705.550	95,53	586.575	98,04	7.397.150	99,99	5.523.800	99,63
1W	1.369.000	4,40	4.100	0,68				
2W			1.800	0,30				
3W			1.500	0,25				
1M	20.000	0,07	4.350	0,73	1.000	0,01	20.600	0,37

Source: Central Bank of the TRNC

Note: ON: Overnight

W: Weekly

M: Monthly

Average interest rates for overnight transactions made in the fourth quarter of 2018 were 18.25 percent in TRY, 1.25 percent in USD, 0.5 percent in EUR, and 0.75 percent in GBP. Interest rates of weekly transactions were 19.75 percent in TRY and 3.25 percent in USD. The average interest rates for 2-week transactions were

3.33 percent in TRY, and the interest rates for 3-week transactions were 3.67 percent in USD. Average interest rates of 1-month transactions were 22.14 percent in TRY, 3.75 percent in USD, 2.38 percent in EUR and 2.95 percent in GBP.

Table 5.20: Average Interest Rates (%)

	TRY						\$						€			£						
	G	1W	2W	1M	3M	6M	G	1W	2W	3W	1M	3M	6M	ON	1W	1M	G	1W	3W	1M	3M	
2017 Q4	7,75	9,75		10,02	10,06	10,63	0,50				1,61	2,00		0,50	1,38		0,76					
2018 Q1	7,75	9,75		10,00	10,33		0,50				1,72		2,25	0,50	0,75	0,86	0,75				1,25	1,25
Q2	8,99	10,88		10,24	10,50		0,55				1,72			0,50	0,75		0,75					1,34
Q3	12,59	14,67	13,50	16,75			1,04	3,11	3,06		2,45			0,50	1,90		0,75	2,00	1,75	2,14		
Q4	18,25	19,75		22,14			1,25	3,25	3,33	3,67	3,75			0,50	2,38		0,75					2,95

Source: Central Bank of the TRNC

Note: ON: Overnight

W: Weekly

M: Monthly

5.5 CREDIT CARDS MAXIMUM INTEREST RATES

"Law on Bank Cards and Credit Cards" numbered 58/2014, which was enacted and published in the Official Gazette dated November 20, 2014, delegated the duty and authority of determining the monthly maximum contractual and default interest rates to be applied in credit card transactions to Central Bank of the TRNC.

Central Bank of the TRNC issued monthly maximum contractual and default interest rates of credit cards in this framework for the first time on January 2, 2015.

The information regarding the monthly maximum contractual and default interest rates of credit cards determined and published by Central Bank of the TRNC is presented in the table below.

(OG 102)				
01/10/201				
8	2,54	3,04	1,18	1,68
(OG 143)				
02/01/201				
9	3,40	3,90	1,18	1,68
(OG 1)				

Source: Central Bank of the TRNC

Table 5.21: Credit Cards Maximum Interest Rates (%)

Effective Date	TRY		FX	
	Monthly Maximum Contract	Monthly Maximum Overdue Interest	Monthly Maximum Contract	Monthly Maximum Overdue Interest
02/10/2015 (OG 144)	1,89	2,39	1,30	1,80
04/01/2016 (OG 1)	1,96	2,46	1,29	1,79
01/04/2016 (OG 41)	2,09	2,59	1,27	1,77
01/07/2016 (OG 85)	2,14	2,64	1,26	1,76
01/10/2016 (OG 123)	2,12	2,62	1,24	1,74
02/01/2017 (OG 2)	2,06	2,56	1,23	1,73
03/04/2017 (OG 61)	2,00	2,50	1,21	1,71
03/07/2017 (OG 113)	1,97	2,47	1,20	1,70
02/10/2017 (OG 161)	2,00	2,50	1,18	1,68
02/01/2018 (OG 1)	2,06	2,56	1,17	1,67
02/04/2018 (OG 303)	2,16	2,66	1,16	1,66
02/07/2018	2,26	2,76	1,15	1,65

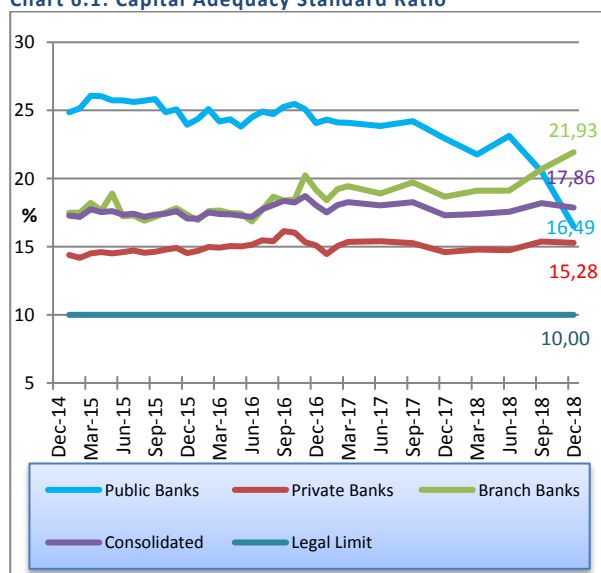
6 FINANCIAL STABILITY ANALYSIS

6.1 CAPITAL ADEQUACY

In the fourth quarter of 2018, the sector's capital adequacy standard ratio decreased by 0.33 points compared to the previous quarter and declined to 17.86 percent, above the legal limit of 10 percent.

As of December 2018, CASR based on bank groups was 16.49 percent in public banks, 15.28 percent in private banks and 21.93 percent in branch banks. As of September 2018, these ratios were 20.51, 15.38 and 20.68 percent, respectively. Compared to the same period of the previous year, CASR decreased by 6.46 points in public banks, and increased by 0.67 points in private banks and by 3.26 points in branch banks.

Chart 6.1: Capital Adequacy Standard Ratio



Source: Central Bank of the TRNC

When the risk-weighted assets of the sector are compared to September 2018 at the end of December 2018, assets with 0 percent risk weight increased by 4.31 percent, assets with 20 percent risk weight increased by 20.05 percent, those with 50 percent risk weight increased by 5.43 percent, while assets with 100 percent risk weight decreased by 1.02 percent. In the period concerned, the total of market risk and operational risk increased by 546.5 million TRY and reached to 3,661.3 million TRY, compared to the previous period. The total of market risk and operational risk of the sector increased by 1,033.3 million TRY in one-year period (December 2017 - December 2018). The major change in 0 percent and 20

percent risk weighted assets of the sector is due to the change made in the Notification on the Measurement and Assessment of Capital Adequacy Ratios of Banks, as of 1 July 2018.

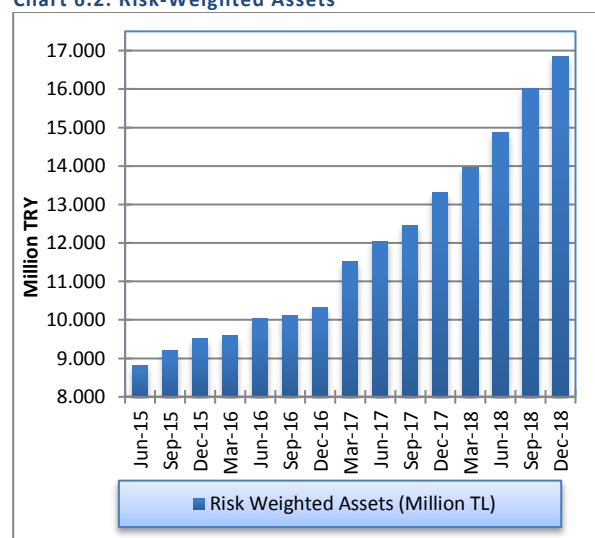
Table 6.1: Risk-Weighted Assets

	Dec. 2017	Mar. 2018	Jun. 2018	Sept. 2018	Dec. 2018	Percentage Change (09/18-12/18)
% 0	11.589,1	12.190,3	13.303,1	11.422,1	11.915,1	4,31
20 %	2.544,7	2.783,8	2.910,2	4.988,2	5.988,4	20,05
50 %	5.569,0	6.084,1	6.860,4	6.900,4	7.275,3	5,43
100 %	7.390,3	7.672,3	8.050,8	8.443,5	8.357,1	-1,02
Market Risk + Operational Risk	2.628,0	2.677,6	2.800,5	3.114,8	3.661,3	17,54

Source: Central Bank of the TRNC

In the fourth quarter of 2018, risk-weighted assets increased by 17.86 percent, compared to the previous quarter. The weighted sum of risk-weighted assets, which amounted to 16,006.1 million TRY as of September 2018, increased by 847.5 million TRY at the end of December 2018 and reached 16,853.6 million TRY. Risk-weighted assets of the sector increased by 26.61 percent in December 2017 - December 2018 period.

Chart 6.2: Risk-Weighted Assets

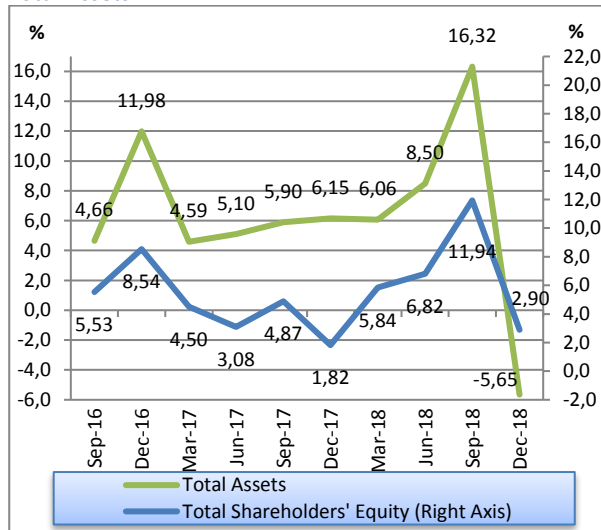


Source: Central Bank of the TRNC

As of the end of December 2018, total assets decreased by 5.65 percent, while total shareholders' equity increased by 2.9 percent, compared to September 2018. Total assets and shareholders' equity increased by 26.29 percent and 30.22 percent, respectively, compared to the same period of the previous year.

As a result of the decrease in the exchange rate, total assets declined between September 2018 and December 2018 period.

Chart 6.3: Increase Rates in Total Shareholders' Equity and Total Assets

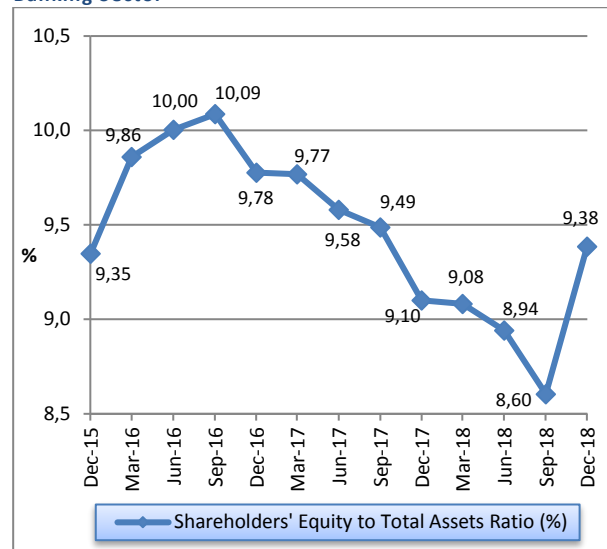


Source: Central Bank of the TRNC

The ratio of total shareholders' equity in the banking sector to total assets was 9.77 percent in the first quarter of 2017, 9.58 percent in the second quarter to 2017, 9.49 percent in the third quarter of 2017 and 9.1 percent in the last quarter of 2017. In 2018, this ratio decreased in the first three quarters and became 9.08 percent in the first quarter, 8.94 in the second quarter, 8.6 in the third quarter. It increased and resulted as 9.38 percent in the fourth quarter.

The decline in the exchange rate caused a decrease in the shareholders' equity to total assets ratio of banking sector between September 2018 and December 2018.

Chart 6.4: Shareholders' Equity to Total Assets Ratio of Banking Sector

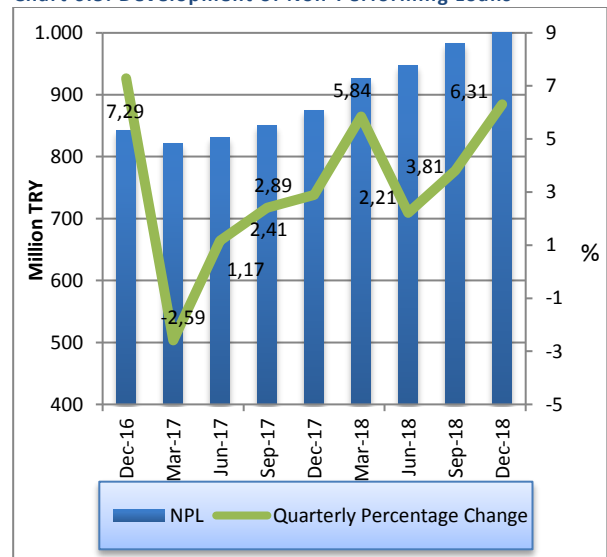


Source: Central Bank of the TRNC

6.2 NON-PERFORMING LOANS

Sector's non-performing loans, which amounted to 982.6 million TRY as of the end of September 2018, increased by 6.31 percent and reached 1,044.6 million TRY as of the end of December 2018. Non-performing loans increased by 19.4 percent, compared to the same period of the previous year.

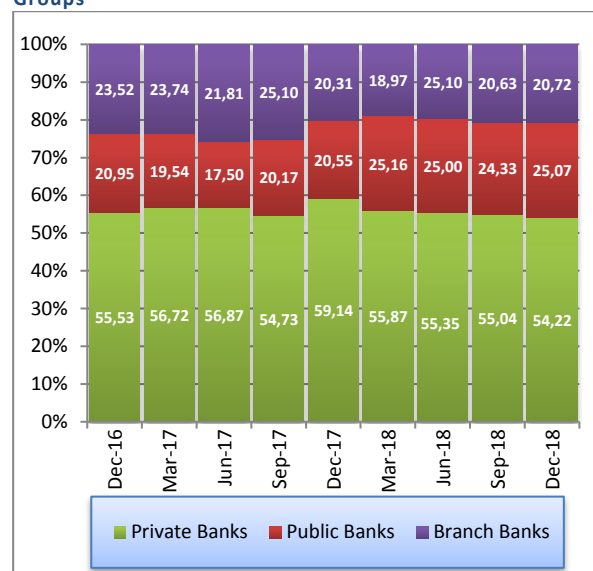
Chart 6.5: Development of Non-Performing Loans



Source: Central Bank of the TRNC

As of the end of the fourth quarter of 2018, it is seen that the share of private banks in total NPL decreased and the share of public banks and branch banks increased, compared to the previous quarter. Accordingly, in September 2018 - December 2018 period, the share of private banks in total NPL decreased from 55.04 percent to 54.22 percent, while the share of public banks increased from 24.33 percent to 25.07 percent and the share of branch banks in the total NPL increased from 20.63 percent to 20.72 percent. In December 2017 - December 2018 period, the share of private banks in total NPL decreased from 59.14 percent to 54.22 percent. In the same period, the share of public banks increased from 20.55 percent to 25.07 percent, and the share of branch banks increased from 20.31 percent to 20.72 percent.

Chart 6.6: Distribution of Non-Performing Loans by Bank Groups



Source: Central Bank of the TRNC

In the fourth quarter of 2018, total assets amounted to 32,980.2 million TRY, total gross loans amounted to 18,906.1 million TRY, non-performing loans amounted to 1,044.7 million TRY and provisions for non-performing loans amounted to 713.6 million TRY. When analysed by bank groups, as of December 2018, total assets in public banks are 7,868.9 million TRY, total gross loans are 4,954.7 million TRY, non-performing loans are 261.8 million TRY and provisions for non-performing loans are 226.3 million TRY.

In the private banks, total assets amounted to 14,734.3 million TRY, total gross loans amounted to 9,199.4 million TRY, non-performing loans amounted to 566.4 million TRY and provisions for non-performing loans amounted to 313.2 million TRY. Branch banks have total assets of 10,377 million TRY, total gross loans of 4,752 million TRY, non-performing loans of 216.4 million TRY and provisions for non-performing loans of 174.1 million TRY.

Table 6.2: Development of Various Selected Items by Bank Groups (Million TRY)

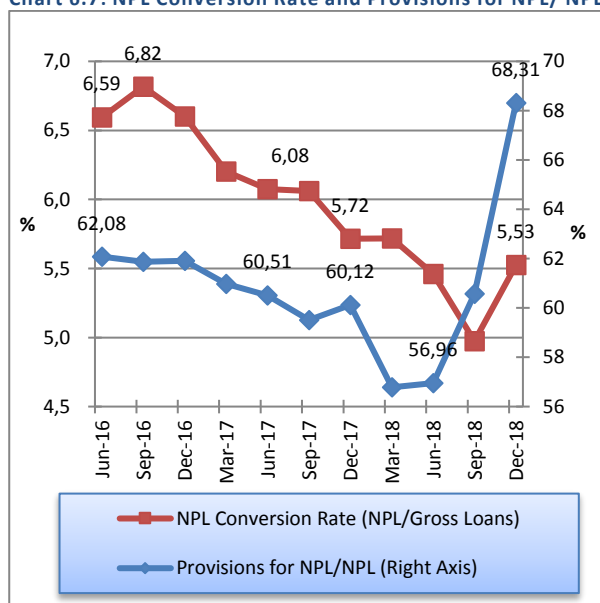
	Total Assets			Total Gross Loans			NPL			Provisions for NPL		
	Jun.18	Sept.18	Dec.18	Jun.18	Sept.18	Dec.18	Jun.18	Sept.18	Dec.18	Jun.18	Sept.18	Dec.18
Public Banks	7.299,1	8.339,9	7.868,9	4.253,7	4.627,2	4.954,7	236,7	239,1	261,8	103,9	140,2	226,3
Private Banks	13.297,3	15.646,4	14.734,3	8.295,7	9.963,5	9.199,4	523,9	540,8	566,4	282,3	292,9	313,2
Branch Banks	9.455,4	10.970,2	10.377,0	4.780,9	5.161,7	4.752,0	185,9	202,7	216,4	152,9	162,1	174,1
Total	30.051,8	34.956,5	32.980,2	17.330,3	19.752,4	18.906,1	946,5	982,6	1.044,6	539,1	595,2	713,6

Source: Central Bank of the TRNC

NPL conversion rate, which was 6.82 percent as of September 2016, started to fall and decreased to 4.97 percent by September 2018. As of the end of December 2018, the NPL ratio increased again and reached 5.53 percent. It has experienced a decrease of 0.19 points during the one-year period (December 2017 - December 2018).

While the ratio of provisions for NPL to total NPL was 60.57 percent by the end of September 2018, it increased by 7.74 points to 68.31 percent in December 2018. During December 2017 - December 2018 period, the ratio of provisions for NPL to total NPL increased by 8.19 points.

Chart 6.7: NPL Conversion Rate and Provisions for NPL/ NPL



Source: Central Bank of the TRNC

6.3 RETURN ON ASSETS AND RETURN ON EQUITY

The sector's return on assets, which was 2.42 percent at the end of September 2018, decreased to 2.23 percent in the fourth quarter of 2018, the return on equity, which was 27.31 percent, decreased to 24.96 percent and the net interest margin increased from 3.28 percent to 3.51 percent. In the period of December 2017 - December 2018, the return on assets of the sector increased from 1.72 percent to 2.23 percent, the return on equity from 18.1 percent to 24.96 percent, and the net interest margin from 3.16 percent to 3.82 percent.

Table 6.3: Return on Assets and Return on Equity and Net Interest Income Ratios

Description	2017		2018		
	Dec.	Mar.	Jun.	Sept.	Dec.
Return on Assets ¹	1,72	1,71	2,02	2,42	2,23
Return on Equity ²	18,10	18,25	22,06	27,31	24,96
Net Interest Margin ³	3,16	3,20	3,28	3,51	3,82

Source: Central Bank of the TRNC

Note: 1. Return on Assets: Net Profit / Total Assets

2. Return on Equity: Net Profit / Total Shareholders' Equity

3. (Net Interest Margin after Provision + Provisions for NPL) / Total Assets

- Net Profit: 12-month cumulative total
- Total Assets: 12-month total
- Total Shareholders' Equity: 12-month total
- Net Interest Margin after Provision + Provisions for NPL: 12-month cumulative total

ANNEX A. ECONOMIC DECISIONS

Table A.1: Economic Decisions - Central Bank of the TRNC

Subject	Notifications, Notices and Board of Directors Decisions Published in the Official Gazette		Official Gazette	
	Date	Number	Date	Number
Determining the new term's monthly maximum contractual and overdue interest rates			01.10.2018	143
Notification on the Ratio of Foreign Exchange Net General Position	14.12.2018	1026	27.12.2018	194
Central Bank of the TRNC - Determining the Monthly Maximum Contractual and Default Interest Rates to be Applied on Credit Cards			03.01.2019	1
Notification on the Risks Undertaken (Amendment)	24.01.2019	1028	05.02.2019	15

Table A.2: Economic Decisions - Legal Regulations

Subject	Law/Draft Law		Official Gazette	
	Date	Number	Date	Number
Laws				
Income Tax Law (Amendment)			04.10.2018	145
Draft Laws				
Draft Law on Refunds of Retail Goods and Services Purchased by Credit and Debit Cards			14.02.2019	19

ANNEX B. STATISTICAL DATA

Table B.1: Central Bank of the TRNC Selected Balance Items (TRY)

Date	Liquid Assets	Loans	Other Assets	Total Assets	Shareholders' Equity	Deposits	Reserve Requirements	Other Liabilities	Total Liabilities
31 Mar. 2014	3.079.515.185	147.484.184	1.728.249	3.228.727.618	245.971.070	1.675.102.982	876.948.620	430.704.946	3.228.727.618
30 Jun. 2014	3.270.433.195	121.218.064	1.804.149	3.393.455.408	247.254.958	1.792.772.785	890.156.351	463.271.314	3.393.455.408
30 Sept. 2014	3.511.228.059	119.312.114	1.752.480	3.632.292.653	248.132.449	1.917.060.863	938.524.944	528.574.397	3.632.292.653
31 Dec. 2014	3.645.697.257	171.220.524	25.331.106	3.842.248.887	258.929.182	1.493.119.701	954.982.558	1.135.217.446	3.842.248.887
31 Mar. 2015	3.739.517.315	115.254.133	2.248.301	3.857.019.749	276.152.356	1.408.442.288	1.006.554.132	1.165.870.973	3.857.019.749
30 Jun. 2015	4.297.312.709	132.031.767	18.942.188	4.448.286.664	276.996.548	1.482.713.730	1.062.691.010	1.625.885.376	4.448.286.664
30 Sept. 2015	4.883.071.770	133.138.667	2.280.396	5.018.490.833	278.408.386	1.554.299.105	1.159.694.120	2.026.089.222	5.018.490.833
31 Dec. 2015	4.820.323.929	184.465.057	20.635.529	5.025.424.515	400.156.276	1.597.089.925	1.143.470.037	1.884.708.277	5.025.424.515
31 Mar. 2016	4.759.331.238	177.928.840	2.511.781	4.939.771.859	317.637.476	1.368.093.189	1.158.875.053	2.095.166.141	4.939.771.859
30 Jun. 2016	4.743.182.458	213.175.830	2.640.121	4.958.998.409	318.658.983	1.476.230.465	1.172.163.993	1.991.944.968	4.958.998.409
30 Sept. 2016	5.466.386.701	186.416.180	2.729.886	5.655.532.767	319.829.286	1.706.384.976	1.233.282.326	2.396.036.179	5.655.532.767
31 Dec. 2016	6.362.944.796	67.051.670	22.187.719	6.452.184.185	465.169.093	2.083.019.935	1.359.700.420	2.544.294.737	6.452.184.185
31 Mar. 2017	6.764.573.400	101.158.224	3.401.183	6.869.132.807	365.686.916	2.121.997.651	1.448.684.018	2.932.764.222	6.869.132.807
30 Jun. 2017	6.981.906.564	134.992.949	2.841.955	7.119.741.468	367.060.935	2.317.720.970	1.512.813.049	2.922.146.514	7.119.741.468
30 Sept. 2017	7.630.043.970	191.469.924	2.907.269	7.824.421.163	368.577.947	2.505.097.829	1.615.196.100	3.335.549.287	7.824.421.163
31 Dec. 2017	8.118.080.496	114.227.729	3.260.499	8.235.568.724	384.891.701	2.681.914.710	1.729.000.717	3.574.231.898	8.370.039.032
31 Mar. 2018	8.545.422.968	219.540.337	4.339.065	8.769.302.370	436.642.697	2.870.588.126	1.851.557.638	3.610.513.909	8.769.302.370
30 Jun. 2018	9.341.542.297	155.660.857	2.673.006	9.499.876.160	439.621.419	3.105.622.819	1.993.912.015	3.960.719.907	9.499.876.160
30 Sept. 2018	11.073.132.669	172.557.057	2.684.160	11.248.373.886	445.771.689	3.717.146.751	2.052.867.163	5.032.588.283	11.248.373.886
31 Dec. 2018	10.499.595.834	61.335.607	294.637.228	10.855.568.669	480.942.598	3.917.979.147	1.885.311.620	4.571.335.304	10.855.568.669

Source: Central Bank of the TRNC

Note: Debts to banks item is included in the total deposits.

Table B.2: Central Bank of the TRNC Liquid Assets (TRY)

Date	Cash Assets	Gold Deposit	Bank Deposits (TRY)	Bank Deposits (FX)	Foreign Banks	Securities Portfolio	Total
31 Mar. 2014	57.681.769	2.146.362	1.068.596.270	1.717.402.462	35.043.690	198.644.632	3.079.515.185
30 Jun. 2014	37.813.934	2.146.362	1.173.711.609	1.837.164.805	51.540.117	168.056.368	3.270.433.195
30 Sept. 2014	63.855.297	2.146.362	1.167.075.364	1.915.670.506	63.391.520	299.089.010	3.511.228.059
31 Dec. 2014	59.575.201	2.341.331	1.307.875.937	1.925.886.634	60.933.484	289.084.670	3.645.697.257
31 Mar. 2015	93.270.862	2.341.331	1.456.217.149	1.979.335.666	48.438.307	159.914.000	3.739.517.315
30 Jun. 2015	82.385.984	2.341.331	1.467.167.127	2.411.582.643	113.843.324	219.992.300	4.297.312.709
30 Sept. 2015	140.974.336	2.341.331	1.467.337.337	2.899.368.703	114.480.913	258.569.150	4.883.071.770
31 Dec. 2015	87.625.194	2.611.239	1.402.006.529	2.945.775.755	55.692.162	326.613.050	4.820.323.929
31 Mar. 2016	117.668.364	2.611.239	1.499.576.679	2.952.607.384	77.638.972	109.228.600	4.759.331.238
30 Jun. 2016	90.757.864	2.611.239	1.614.592.023	2.855.674.301	33.822.031	145.725.000	4.743.182.458
30 Sept. 2016	238.570.625	2.611.239	2.029.877.829	3.097.871.008	0	97.456.000	5.466.386.701
31 Dec. 2016	216.724.660	3.440.019	2.260.530.677	3.687.779.940	0	194.469.500	6.362.944.796
31 Mar. 2017	165.588.687	3.440.019	2.101.326.259	4.030.683.635	0	463.534.800	6.869.132.807
30 Jun. 2017	171.906.834	3.440.019	1.823.606.608	4.299.854.053	0	683.099.050	6.981.906.564
30 Sept. 2017	275.459.595	3.440.019	1.842.387.496	4.739.760.510	0	768.996.350	7.630.043.970
31 Dec. 2017	257.360.230	3.997.999	1.728.967.292	5.187.178.813	0	903.656.300	8.081.160.634
31 Mar. 2018	382.362.841	3.997.999	1.705.665.243	5.630.492.210	0	822.904.675	8.545.422.968
30 Jun. 2018	281.516.845	3.997.999	1.845.209.663	6.467.950.290	0	742.867.500	9.341.542.297
30 Sept. 2018	701.495.845	3.997.999	2.827.946.391	7.539.692.434	0	0	11.073.132.669
31 Dec. 2018	596.636.956	5.503.526	2.886.583.754	6.838.280.699	0	172.590.899	10.499.595.834

Source: Central Bank of the TRNC

Table B.3: Loans Extended to the Banking Sector by Central Bank of the TRNC (TRY)

Date	Agriculture	Trading	Industry	Exports	Small Business Owners	Tourism	Education	Total
31 Mar. 2014							2.431.745	2.431.745
30 Jun. 2014							2.381.303	2.381.303
30 Sept. 2014							2.580.963	2.580.963
31 Dec. 2014								-
31 Mar. 2015							4.466.517	4.466.517
30 Jun. 2015							4.642.279	4.642.279
30 Sept. 2015							5.311.384	5.311.384
31 Dec. 2015								-
31 Mar. 2016								-
30 Jun. 2016							4.083.448	4.083.448
30 Sept. 2016							4.270.101	4.270.101
31 Dec. 2016							5.065.643	5.065.643
31 Mar. 2017								-
30 Jun. 2017							4.943.377	4.943.377
30 Sept. 2017							5.415.736	5.415.736
31 Dec. 2017							5.807.899	5.807.899
31 Mar. 2018							5.789.550	5.789.550
30 Jun. 2018							6.912.450	6.912.450
30 Sept. 2018							9.112.800	9.112.800
31 Dec. 2018							7.933.350	7.933.350

Source: Central Bank of the TRNC

Note: Interest revenue rediscounts are included in the figures.

Table B.4: Deposits in Central Bank of the TRNC (TRY)

Date	Public Deposits		Banks				Other		Total
			A-Deposits		B-Reserve Requirements				
	TRY	FX	TRY	FX	TRY	FX	TRY	FX	
31 Mar. 2014	38.950.361	43.565.188	472.182.955	1.094.180.494	491.575.544	385.373.076	438.945	25.785.039	2.552.051.602
30 Jun. 2014	53.919.830	11.982.605	466.591.523	1.122.184.360	499.327.153	390.829.198	17.474.716	120.619.751	2.682.929.136
30 Sept. 2014	69.233.058	18.698.887	502.033.797	1.136.473.300	526.918.645	411.606.299	27.425.327	163.196.494	2.855.585.807
31 Dec. 2014	17.094.271	9.256.228	567.445.436	868.076.651	532.525.648	422.456.910	629.724	30.617.391	2.448.102.259
31 Mar. 2015	10.753.910	21.354.653	497.415.629	849.731.141	555.437.616	451.116.516	441.602	28.745.353	2.414.996.420
30 Jun. 2015	18.278.584	34.669.328	421.856.540	988.595.032	565.747.200	496.943.810	428.189	18.886.057	2.545.404.740
30 Sept. 2015	14.819.534	30.301.580	346.773.076	1.141.287.770	578.364.670	581.329.450	396.168	20.720.977	2.713.993.225
31 Dec. 2015	57.528.409	19.608.857	377.112.293	1.111.941.851	583.627.835	559.842.202	751.281	30.147.234	2.740.559.962
31 Mar. 2016	6.022.339	9.748.736	300.772.726	1.024.849.739	596.821.843	562.053.210	529.628	26.170.021	2.526.968.242
30 Jun. 2016	78.931.631	12.662.410	294.047.768	975.886.690	606.507.229	565.656.764	479.769	114.222.197	2.648.394.458
30 Sept. 2016	51.544.433	68.733.216	389.781.881	1.098.732.181	622.344.234	610.938.092	527.417	97.065.848	2.939.667.302
31 Dec. 2016	29.069.115	35.483.804	459.264.539	1.442.174.000	652.163.031	707.537.389	794.582	116.233.895	3.442.720.355
31 Mar. 2017	58.041.406	24.242.055	461.185.477	1.467.785.063	691.268.617	757.415.401	624.885	110.118.765	3.570.681.669
30 Jun. 2017	78.704.320	22.436.407	374.581.174	1.734.713.467	710.390.248	802.422.801	573.332	106.712.270	3.830.534.019
30 Sept. 2017	15.915.165	32.448.413	425.277.954	1.918.976.979	734.899.763	880.296.337	760.406	111.718.912	4.120.293.929
31 Dec. 2017	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 Mar. 2018	76.501.751	66.921.045	471.340.988	2.111.203.615	804.457.502	1.047.100.136	1.011.021	143.609.706	4.722.145.764
30 Jun. 2018	91.040.695	30.311.907	417.186.670	2.414.035.090	768.010.729	1.225.901.286	985.662	152.062.795	5.099.534.834
30 Sept. 2018	62.415.658	80.786.260	405.694.465	3.028.839.065	704.301.812	1.348.565.351	843.643	138.567.660	5.770.013.914
31 Dec. 2018	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

Source: Central Bank of the TRNC

Table B.5: Central Bank of the TRNC Exchange Rates (End of Month)

Years	Months	USD		EURO		GBP	
		Buying	Selling	Buying	Selling	Buying	Selling
2012		1,7826	1,7912	2,3517	2,3630	2,8708	2,8858
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	1	3,7795	3,7863	4,6824	4,6908	5,3025	5,3301
	2	3,7833	3,7901	4,6646	4,6730	5,2749	5,3024
	3	3,9489	3,9560	4,8673	4,8761	5,5385	5,5674
	4	4,0535	4,0608	4,8961	4,9049	5,5937	5,6229
	5	4,4834	4,4914	5,2064	5,2158	5,9433	5,9743
	6	4,5607	4,5690	5,3092	5,3188	5,9810	6,0122
	7	4,8850	4,8938	5,7034	5,7137	6,3977	6,4310
	8	6,4063	6,4178	7,4735	7,4869	8,2341	8,2770
	9	5,9902	6,0010	6,9505	6,9631	7,8079	7,8486
	10	5,5203	5,5303	6,2734	6,2847	7,0360	7,0727
	11	5,1649	5,1742	5,8737	5,8843	6,5977	6,6321
	12	5,2609	5,2704	6,0280	6,0388	6,6528	6,6875

Source: Central Bank of the TRNC

Table B.6: Cross Rates

Years	Months	Foreign Currency / USD	
		£	€
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	1,4054	1,2389
	2	1,3967	1,2330
	3	1,4049	1,2326
	4	1,3823	1,2079
	5	1,3279	1,1613
	6	1,3137	1,1641
	7	1,3119	1,1675
	8	1,2875	1,1666
	9	1,3057	1,1603
	10	1,2767	1,1364
	11	1,2796	1,1372
	12	1,2667	1,1458

Source: Central Bank of the TRNC

Table B.7: Interest Rates Applied to Turkish Lira and Foreign Currency Deposits by Central Bank of the TRNC (%)

Effective Date	Currency				Board Decision		Official Gazette	
	TRY	\$	€	£	Date	Number	Date	Number
	Demand	Demand	Demand	Demand				
05.02.2008	15,00	3,00	2,25	4,25	05.02.2008	635	19.02.2008	32
29.02.2008	14,75	2,10	2,25	4,00	29.02.2008	640	13.03.2008	50
25.03.2008	14,75	1,50	2,25	4,00	25.03.2008	646	03.04.2008	59
22.05.2008	15,25	1,25	2,25	3,75	22.05.2008	652	16.06.2008	113
26.06.2008	15,75	1,25	2,25	3,75	26.06.2008	662	02.07.2008	124
30.07.2008	16,25	1,25	2,25	3,75	30.07.2008	666	15.08.2008	153
17.10.2008	16,25	0,75	2,00	3,25	16.10.2008	673	22.10.2008	187
14.11.2008	16,25	0,25	1,75	2,25	13.11.2008	676	26.11.2008	207
28.11.2008	15,75	0,25	1,75	2,25	27.11.2008	679	16.12.2008	217
22.12.2008	14,50	0,05	1,25	1,00	19.12.2008	682	25.12.2008	223
19.01.2009	12,60	0,05	1,25	0,75	16.01.2009	691	23.01.2009	18
20.02.2009	11,25	0,05	1,25	0,50	20.02.2009	698	04.03.2009	47
20.03.2009	10,25	0,05	1,25	0,50	20.03.2009	708	27.03.2009	58
17.04.2009	9,50	0,05	1,00	0,50	17.04.2009	712	27.04.2009	78
08.05.2009	9,50	0,05	0,75	0,50	08.05.2009	718	18.05.2009	85
15.05.2009	9,00	0,05	0,75	0,50	15.05.2009	720	28.05.2009	92
17.06.2009	8,50	0,05	0,75	0,50	17.06.2009	725	22.06.2009	107
17.07.2009	8,00	0,05	0,75	0,50	17.07.2009	729	03.08.2009	133
19.08.2009	7,50	0,05	0,75	0,50	19.08.2009	734	03.09.2009	152
18.09.2009	7,00	0,05	0,75	0,50	18.09.2009	738	06.10.2009	170
16.10.2009	6,50	0,05	0,75	0,50	16.10.2009	741	22.10.2009	182
07.12.2009	6,25	0,05	0,75	0,50	04.12.2009	749	15.12.2009	211
17.09.2010	6,00	0,05	0,75	0,50	17.09.2010	786	29.09.2010	167
15.10.2010	5,50	0,05	0,75	0,50	15.10.2010	788	25.10.2010	183
27.12.2010	5,00	0,05	0,75	0,50	24.12.2010	796	31.12.2010	220
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	869	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

Source: Central Bank of the TRNC

Note: The interest rates applied to Turkish Lira and foreign currency deposits are also valid for time deposits.

Table B.8: Interest Rates Applied to Reserve Requirements by Central Bank of the TRNC (%)

Effective Date	Currency				Board Decision		Official Gazette	
	TRY	\$	€	£	Date	Number	Date	Number
09.07.2003	12,00	0,25	0,50	1,25	02.07.2003	498	09.07.2003	79
01.09.2004	12,00	0,50	0,50	1,75	25.08.2004	531	01.09.2004	127
01.04.2005	10,00	0,75	0,50	1,75	29.03.2005	549	31.03.2005	47
01.11.2005	10,00	1,25	0,75	2,00	27.10.2005	567	08.11.2005	197
01.02.2006	10,00	2,00	1,00	2,00	31.01.2006	577	10.02.2006	27
03.07.2006	12,00	2,00	1,00	2,00	29.06.2006	587	14.07.2006	119
26.10.2007	11,75	2,00	1,00	2,00	26.10.2007	620	06.11.2007	197
22.11.2007	11,25	2,00	1,00	2,00	22.11.2007	622	04.12.2007	214
14.12.2007	10,75	2,00	1,00	2,00	14.12.2007	627	19.12.2007	224
18.01.2008	10,50	1,50	1,00	2,00	18.01.2008	632	24.01.2008	17
05.02.2008	10,50	1,00	1,00	2,00	05.02.2008	636	19.02.2008	32
29.02.2008	10,25	1,00	1,00	2,00	29.02.2008	638	13.03.2008	50
25.03.2008	10,25	0,50	1,00	2,00	25.03.2008	647	03.04.2008	59
22.05.2008	10,75	0,50	1,00	2,00	22.05.2008	653	16.06.2008	113
30.07.2008	11,00	0,50	1,00	2,00	30.07.2008	665	15.08.2008	153
17.10.2008	11,00	0,25	1,00	1,75	16.10.2008	674	22.10.2008	187
14.11.2008	11,00	0,10	1,00	1,25	13.11.2008	675	26.11.2008	207
28.11.2008	10,75	0,10	1,00	1,25	27.11.2008	680	16.12.2008	217
22.12.2008	9,75	0,00	0,75	0,50	19.12.2008	683	25.12.2008	223
19.01.2009	8,00	0,00	0,75	0,25	16.01.2009	692	23.01.2009	18
20.02.2009	6,50	0,00	0,75	0,25	20.02.2009	699	04.03.2009	47
08.05.2009	6,50	0,00	0,50	0,25	08.05.2009	719	18.05.2009	85
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

Source: Central Bank of the TRNC

Table B.9: Rediscount Interest Rates (%)

Currency																	
Effective Date	TRY					\$				€				£			
	Trade	Ind. Tourism Agri. Edu.	Exp.	Small Business	Advances Against Foreign Exchange	Trade	Ind. Tourism Edu.	Exp.	Advances Against Foreign Exchange	Trade	Ind. Tourism Edu.	Exp.	Advances Against Foreign Exchange	Trade	Ind. Tourism Edu.	Exp.	Advances Against Foreign Exchange
06.02.04	55	42	40	35	35	10	6	6	8	10	6	6	8	11	7	7	9
10.12.04	42	32	30	28	28	10	6	6	8	10	6	6	8	11	7	7	9
04.02.05	35	30	28	26	26	10	6	6	6	10	6	6	6	11	7	7	7
01.04.05	33	28	26	24	24	10	6	6	6	10	6	6	6	11	7	7	7
03.06.05	30	26	24	22	22	10	6	6	6	10	6	6	6	11	7	7	7
01.11.05	26	24	22	20	20	10	6	6	6	10	6	6	6	11	7	7	7
01.06.06	26	24	22	20	20	12	8	8	8	10	6	6	6	11	7	7	7
03.07.06	33	28	26	24	24	12	8	8	8	10	6	6	6	11	7	7	7
21.09.07	30	26	24	22	22	12	8	8	8	10	6	6	6	11	7	7	7
26.10.07	30	26	24	22	22	10,5	6,5	6,5	6,5	10	6	6	6	11	7	7	7
29.02.08	28	24	22	20	20	9	6	6	6	9	6	6	6	11	7	7	7
25.03.08	28	24	22	20	20	9	6	6	6	9	6	6	6	11	7	7	7
29.12.08	22	19	19	18	19	5	5	5	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	4	4	4
25.06.09	17	15	15	14	14	4	4	4	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	4	4	4
01.01.13	11	8	8	8	8	4	4	4	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	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	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	4	4	4

Source: Central Bank of the TRNC

Table B.10: Reserve Requirements Ratios (%)

Effective Date	Description	TRY Liabilities	FX Liabilities
30.06.2002		15	16
30.11.2002		14	15
30.04.2003		13	14
30.10.2003		12	13
31.01.2004		11	12
31.07.2004		10	11
31.12.2005		10	11
30.06.2006		9	10
30.09.2007		9	9
31.12.2008		8	8
31.07.2012	Deposits up to 3-month maturity	8	8
	Deposits between 3 to 6-month maturity	7	8
	Deposits between 6-month to 1-year maturity	6	8
	Deposits longer than 1-year maturity	5	8
	Other liabilities excluding deposits	8	8
	Precious Metal Liabilities	0	0
28.02.2014	Deposits up to 3-month maturity	8	8
	Deposits between 3 to 6-month maturity	7	7
	Deposits between 6-month to 1-year maturity	6	6
	Deposits longer than 1-year maturity	5	5
	Other liabilities excluding deposits	8	8
	Precious Metal Liabilities	0	0
15.08.2018	Deposits up to 3-month maturity	7	7
	Deposits between 3 to 6-month maturity	6	6
	Deposits between 6-month to 1-year maturity	5	5
	Deposits longer than 1-year maturity	4	4
	Other liabilities excluding deposits	7	7
	Precious Metal Liabilities	0	0

Source: Central Bank of the TRNC

Table B.11: Overdraft Checks

Years	Months	People Restrained from Using Checks (Number of Persons)	
		Monthly Total	Cumulative Total
2012			3.842
2013			2.910
2014			3,366
2015			3.699
2016			2.977
2017	1	347	347
	2	197	544
	3	182	726
	4	174	900
	5	341	1.241
	6	182	1.423
	7	155	1.578
	8	173	1.751
	9	170	1.921
	10	196	2.117
	11	171	2.288
	12	181	2.469
2018	1	153	153
	2	125	278
	3	164	442
	4	162	604
	5	152	756
	6	105	861
	7	150	1.011
	8	107	1.118
	9	237	1.355
	10	255	1.610
	11	310	1.920
	12	454	2.374

Source: Central Bank of the TRNC

Table B.12: Assets / Liabilities Sum of Banking Sector (Million TRY)

Date	Cash and Cash Equivalents	Securities Portfolio	Reserve Requirements	Gross Loans	Provisions for Non-Performing Loans	Other	Total Assets	Deposits	Other	Shareholders' Equity	Total Liabilities
31 Mar. 2015	3.380,1	768,2	1.002,9	9.969,9	-381,5	610,2	15.349,8	12.258,1	1.527,7	1.564,0	15.349,8
30 Jun. 2015	3.364,5	1.039,2	1.059,3	10.349,0	-396,4	1.335,3	16.075,9	13.000,0	1.543,7	1.532,2	16.075,9
30 Sept. 2015	3.879,7	1.033,9	1.151,8	10.891,5	-429,1	770,1	17.297,9	14.007,8	1.699,5	1.590,6	17.297,9
31 Dec. 2015	3.953,2	1.031,3	1.141,5	11.168,1	-475,4	490,9	17.309,6	13.950,5	1.741,1	1.618,0	17.309,6
31 Mar. 2016	3.872,0	1.223,0	1.152,5	11.115,4	-485,4	630,1	17.507,6	14.024,1	1.757,3	1.726,2	17.507,6
30 Jun. 2016	3.871,0	1.314,7	1.166,8	11.420,4	-467,5	727,1	18.032,5	14.300,5	1.928,1	1.803,9	18.032,5
30 Sept. 2016	4.360,1	1.408,8	1.229,1	11.521,2	-485,9	839,7	18.873,0	14.969,8	1.999,6	1.903,6	18.873,0
31 Dec. 2016	5.275,8	1.587,8	1.358,4	12.763,1	-521,6	670,7	21.134,2	16.635,2	2.432,8	2.066,2	21.134,2
31 Mar. 2017	5.589,2	1.596,6	1.445,4	13.231,5	-500,4	742,7	22.105,0	17.652,4	2.293,4	2.159,2	22.105,0
30 Jun. 2017	6.103,5	1.601,3	1.511,6	13.666,3	-502,4	851,8	23.232,1	18.494,1	2.512,2	2.225,8	23.232,1
30 Sept. 2017	6.840,0	1.632,6	1.606,9	14.028,2	-506,1	1.001,1	24.602,7	19.672,9	2.595,6	2.334,3	24.602,7
31 Dec. 2017	7.161,7	1.704,7	1.729,3	15.306,2	-526,0	739,3	26.115,3	21.098,1	2.640,4	2.376,8	26.115,3
31 Mar. 2018	7.303,9	1.980,8	1.835,4	16.195,6	-525,9	908,8	27.698,6	22.352,7	2.830,2	2.515,7	27.698,6
30 Jun. 2018	8.021,5	2.140,2	1.983,5	17.330,4	-539,1	1.115,4	30.051,9	24.131,2	3.233,5	2.687,2	30.051,9
30 Sept. 2018	9.661,8	2.611,7	2.019,9	19.752,4	-595,3	1.506	34.956,5	28.163,1	3.785,3	3.008,1	34.956,5
31 Dec. 2018	9.940,9	2.043,4	1.886,4	18.906,1	-713,5	916,9	32.980,2	26.441,8	3.443,3	3.095,1	32,980,2

Source: Central Bank of the TRNC

Table B.13: Loans (Total) - By Types (Million TRY)

Date	Discount Loans	Exports Loans	Import Loans	Export Guaranteed Investment Loans	Other Investment Loans	Business Loans	Directed Loans	Loans of Funds Originated	Consumer Loans	Credit Cards	Loans to Purchase Security for Customers	Loans Extended by Central Bank of the TRNC	Loans Extended Through Central Bank of the TRNC	Other Loans	Total
31 Mar. 2015	98,5	7,4	3,1	0,0	83,1	4.990,4	30,5	14,7	2.936,2	251,4	0,1	4,4	0,0	904,3	9.324,1
30 Jun. 2015	117,1	10,1	3,4	0,0	92,1	5.195,8	15,0	14,5	3.033,7	257,8	0,1	4,6	0,0	929,8	9.674,0
30 Sept. 2015	133,1	11,8	3,8	0,0	86,1	5.532,5	10,4	15,8	3.152,2	259,9	0,1	5,2	0,0	963,7	10.174,6
31 Dec. 2015	138,5	11,0	3,6	0,0	96,4	5.740,9	15,9	14,8	3.073,4	265,1	0,1	0,0	0,0	1.039,7	10.399,4
31 Mar. 2016	146,2	7,0	3,7	0,0	90,7	5.731,3	17,8	14,2	3.085,4	251,0	0,1	0,0	0,0	999,0	10.346,4
30 Jun. 2016	161,7	2,1	3,0	0,0	96,6	5.987,6	13,5	13,8	3.130,1	279,9	0,1	4,1	0,0	974,9	10.667,4
30 Sept. 2016	161,0	4,5	2,3	0,0	93,5	6.022,0	12,2	13,5	3.222,1	289,8	0,1	4,2	0,0	910,7	10.735,9
31 Dec. 2016	165,8	3,8	3,7	0,0	102,4	6.910,7	16,5	14,9	3.411,8	324,8	0,1	4,9	0,0	961,2	11.920,6
31 Mar. 2017	179,5	5,6	3,8	0,0	112,6	7.206,5	22,8	14,4	3.514,1	358,9	0,1	0,0	0,0	992,5	12.410,8
30 Jun. 2017	180,0	6,0	3,2	0,0	91,3	7.475,2	20,3	14,2	3.642,2	379,2	0,1	5,3	0,0	1.019,0	12.836,0
30 Sept. 2017	178,0	6,9	3,5	0,0	111,2	7.598,6	16,7	15,9	3.815,2	391,6	0,1	5,4	0,0	1.034,9	13.178,0
31 Dec. 2017	195,0	6,1	3,6	0,0	111,9	8.406,5	21,2	17,1	4.152,0	394,7	0,1	5,7	0,0	1.116,3	14.431,3
31 Mar. 2018	206,2	5,2	4,2	0,0	102,9	8.907,5	22,1	17,0	4.255,4	392,4	0,2	0,0	0,0	1.356,4	15.269,5
30 Jun. 2018	220,3	6,9	4,2	0,0	104,1	9.710,9	16,3	18,4	4.462,5	421,6	0,5	6,9	0,0	1.411,3	16.383,9
30 Sept. 2018	248,1	4,9	4,7	0,0	109,5	11.604,2	15,1	22,4	4.946,8	444,7	0,7	9,1	0,0	1.359,6	18.769,8
31 Dec. 2018	236,6	2,9	3,8	0,0	98,0	11.285,8	32,7	19,2	4.524,6	457,3	0,5	7,9	0,0	1.192,2	17.861,5

Source: Central Bank of the TRNC

Table B.14: Loans (TRY) - By Types (Million TRY)

Date	Discount Loans	Export Loans	Import Loans	Export Guaranteed Investment Loans	Other Investment Loans	Business Loans	Directed Loans	Loans of Funds Originated	Consumer Loans	Credit Cards	Loans to Purchase Security for Customers	Loans Extended by Central Bank of the TRNC	Loans Extended Through Central Bank of the TRNC	Other Loans	Total
31 Mar. 2015	72,0	0	0,1	0	63,7	2.898,1	30,5	5,8	2.036,9	250,6	0,1	0	0	592,5	5.950,3
30 Jun. 2015	90,2	0	0,1	0	68,0	2.897,1	15,0	5,4	2.084,3	257,0	0,1	0	0	613,4	6.030,6
30 Sept. 2015	101,5	0	0,1	0	59,1	2.926,8	10,4	5,4	2.135,7	257,9	0,1	0	0	6.11,7	6.108,7
31 Dec. 2015	107,3	0	0,1	0	64,9	3.161,8	16,0	5,4	2.139,0	264,3	0,1	0	0	695,5	6.454,4
31 Mar. 2016	114,4	0	0,4	0	62,1	3.238,7	17,9	5,1	2.166,9	250,1	0	0	0	691,6	6.547,2
30 Jun. 2016	126,0	2,1	0,1	0	57,6	3.311,3	13,5	4,5	2.212,4	278,9	0	0	0	678,0	6.684,4
30 Sept. 2016	123,0	4,4	0,1	0	52,9	3.296,1	12,1	4,0	2.243,5	288,2	0,1	0	0	644,8	6.669,2
31 Dec. 2016	117,6	3,8	0,3	0	53,2	3.575,9	16,5	3,8	2.270,9	323,1	0,1	0	0	644,9	7.010,1
31 Mar. 2017	127,2	5,6	0,5	0	61,7	3.637,1	22,8	3,5	2.310,6	356,9	0,1	0	0	675,1	7.201,1
30 Jun. 2017	131,8	6,1	0,1	0	60,2	3.664,0	20,3	3,8	2.401,9	376,9	0,1	0	0	698,8	7.364,0
30 Sept. 2017	135,3	6,9	0,2	0	74,4	3.631,2	16,7	5,3	2.457,6	389,1	0,1	0	0	684,7	7.401,6
31 Dec. 2017	140,4	6,1	0,1	0	75,9	3.918,0	21,2	5,9	2.627,5	392,6	0,1	0	0	698,4	7.886,4
31 Mar. 2018	149,1	5,2	0,5	0	69,3	3.973,9	22,1	5,8	2.566,2	390,3	0,2	0	0	840,8	8.023,4
30 Jun. 2018	156,9	6,9	0,1	0	68,3	4.053,6	16,3	5,5	2.640,4	419,1	0,5	0	0	875,4	8.243,1
30 Sept. 2018	166,2	4,9	0,1	0	62,5	4.130,1	15,1	5,7	2.617,2	441,9	0,7	0	0	700,0	8.144,4
31 Dec. 2018	170,5	2,9	0,1	0	58,5	4.700,1	32,7	4,3	2.548,2	454,4	0,4	0	0	670,9	8.643,1

Source: Central Bank of the TRNC

Table B.15: Loans (FX) - By Types (Million TRY)

Date	Discount Loans	Export Loans	Import Loans	Export Guaranteed Investment Loans	Other Investment Loans	Business Loans	Directed Loans	Loans of Funds Originated	Consumer Loans	Credit Cards	Loans to Purchase Security for Customers	Loans Extended by Central Bank of the TRNC	Loans Extended Through Central Bank of the TRNC	Other Loans	Total
31 Mar. 2015	26,6	7,5	3,1	0	19,4	2.092,3	0	9,0	899,5	0,1	0	4,5	0	311,8	3.373,8
30 Jun. 2015	26,9	10,1	3,4	0	24,2	2.298,8	0	9,0	949,4	0,7	0	4,5	0	316,4	3.643,4
30 Sept. 2015	31,7	11,7	3,5	0	27,1	2.605,7	0	10,3	1.016,7	2,0	0	5,1	0	352,1	4.065,9
31 Dec. 2015	31,2	11,0	3,2	0	31,5	2.579,1	0	9,4	934,4	1,0	0	0	0	344,2	3.945,0
31 Mar. 2016	31,8	7,0	3,3	0	28,6	2.492,6	0	9,1	918,5	1,0	0	0	0	307,3	3.799,2
30 Jun. 2016	35,6	0	2,9	0	39,0	2.676,3	0	9,3	917,7	1,0	0	4,1	0	297,1	3.983,0
30 Sept. 2016	38	0	2,7	0	40,6	2.725,8	0	9,5	978,5	1,5	0	4,2	0	265,9	4.066,7
31 Dec. 2016	48,2	0	3,3	0	49,1	3.334,8	0	11,1	1.141	1,7	0	5,0	0	316,3	4.910,5
31 Mar. 2017	52,3	0	3,3	0	51,0	3.569,4	0	11,0	1.203,5	1,9	0	0	0	317,3	5.209,7
30 Jun. 2017	48,2	0	3,1	0	31,1	3.811,2	0	10,4	1.240,3	2,2	0	5,3	0	320,2	5.472,0
30 Sept. 2017	42,7	0	3,3	0	36,8	3.967,3	0	10,6	1.357,6	2,5	0	5,4	0	350,2	5.776,4
31 Dec. 2017	54,5	0	3,6	0	36,0	4.488,4	0	11,1	1.525,4	2,1	0	5,7	0	417,8	6.544,8
31 Mar. 2018	57,1	0	3,7	0	33,6	4.933,6	0	11,2	1.689,3	2,1	0	0	0	515,5	7.246,1
30 Jun. 2018	63,4	0	4,1	0	35,7	5.657,2	0	12,9	1.822,1	2,5	0	6,9	0	535,9	8.140,8
30 Sept. 2018	81,9	0	4,6	0	47,0	7.474,0	0	16,8	2.329,6	2,8	0	9,1	0	659,6	10.625,4
31 Dec. 2018	66,1	0	3,7	0	39,5	6.585,7	0	14,9	1.976,4	2,9	0	7,9	0	521,2	9.218,3

Source: Central Bank of the TRNC

Table B.16: Loans - By Terms (Million TRY)

Date	Short-Term Loans	Percentage Change Compared to Previous Quarter	Medium and Long-Term Loans	Percentage Change Compared to Previous Quarter	Total	Percentage Change Compared to Previous Quarter
31 Mar. 2015	4.163,4	2,12	5.160,7	6,11	9.324,1	4,29
30 Jun. 2015	4.240,8	1,86	5.433,2	5,28	9.674,0	3,75
30 Sept. 2015	4.384,3	3,38	5.790,3	6,6	10.174,6	5,17
31 Dec. 2015	4.602,5	4,98	5.796,8	0,11	10.399,4	2,21
31 Mar. 2016	4.535,0	-1,47	5.811,4	0,25	10.346,4	-0,51
30 Jun. 2016	5.034,6	11,02	5.632,8	-3,08	10.667,4	3,11
30 Sept. 2016	5.012,0	-0,45	5.723,9	1,62	10.735,9	0,64
31 Dec. 2016	5.660,9	12,95	6.259,7	9,36	11.920,6	11,03
31 Mar. 2017	5.889,9	4,05	6.520,9	4,17	12.410,8	4,11
30 Jun. 2017	3.331,8	-43,43	9.504,2	45,75	12.836,0	3,43
30 Sept. 2017	3.414,7	2,49	9.763,3	2,73	13.178,0	2,66
31 Dec. 2017	3.696,0	8,24	10.735,3	9,95	14.431,3	9,51
31 Mar. 2018	3.996,5	8,13	11.273,0	5,00	15.269,5	5,81
30 Jun. 2018	4.416,5	10,51	11.967,4	6,16	16.383,9	7,30
30 Sept. 2018	5.213,6	18,05	13.556,2	13,28	18.769,8	14,56
31 Dec. 2018	5.000,9	-4,08	12.860,6	-5,13	17.861,5	-4,84

Source: Central Bank of the TRNC

Table B.17: Loans - Public and Private (Million TRY)

Date	Public Loans	Percentage Change Compared to Previous Quarter	Private Loans	Percentage Change Compared to Previous Quarter	Total	Percentage Change Compared to Previous Quarter
31 Mar. 2015	2.442,9	1,07	6.881,2	5,48	9.324,1	4,29
30 Jun. 2015	2.411,2	-1,29	7.262,8	5,55	9.674,0	3,75
30 Sept. 2015	2.484,0	3,02	7.690,6	5,89	10.174,6	5,17
31 Dec. 2015	2.692,1	8,38	7.707,3	0,22	10.399,4	2,21
31 Mar. 2016	2.679,4	-0,47	7.667,0	-0,52	10.346,4	-0,51
30 Jun. 2016	2.662,4	-0,63	8.005,0	4,41	10.667,4	3,10
30 Sept. 2016	2.656,7	-0,21	8.079,2	0,93	10.735,9	0,64
31 Dec. 2016	2.995,6	12,76	8.925,0	10,47	11.920,6	11,03
31 Mar. 2017	3.005,0	0,31	9.405,8	5,39	12.410,8	4,11
30 Jun. 2017	2.948,7	-1,87	9.887,3	5,12	12.836,0	3,43
30 Sept. 2017	2.874,9	-2,50	10.303,1	4,21	13.178,0	2,66
31 Dec. 2017	3.192,9	11,06	11.238,4	9,08	14.431,3	9,51
31 Mar. 2018	3.228,1	1,10	12.041,4	7,15	15.269,5	5,81
30 Jun. 2018	3.322,8	2,93	13.061,1	8,47	16.383,9	7,30
30 Sept. 2018	3.639,5	9,53	15.130,3	15,84	18.769,8	14,56
31 Dec. 2018	4.035,0	10,87	13.826,5	-8,62	17.861,5	-4,84

Source: Central Bank of the TRNC

Table B.18: Distribution of Total Loans by Size (Million TRY)

Date	Over 100 Thousand TRY	51-100 Thousand TRY	11-50 Thousand TRY	1 - 10 Thousand TRY	Fewer Than 1 Thousand TRY	Grand Total
31 Mar. 2015	7.074,3	787,4	1.017,0	429,6	15,8	9.324,1
30 Jun. 2015	7.428,9	768,4	1.023,5	437,4	15,8	9.674,0
30 Sept. 2015	7.912,1	780,3	1.024,0	443,8	14,4	10.174,6
31 Dec. 2015	8.154,1	780,1	1.017,5	432,5	15,2	10.399,4
31 Mar. 2016	8.137,3	776,4	1.025,0	392,7	15,0	10.346,4
30 Jun. 2016	8.422,4	772,3	1.038,8	408,5	25,4	10.667,4
30 Sept. 2016	8.520,5	797,2	1.002,0	395,1	21,4	10.735,9
31 Dec. 2016	9.711,1	801,8	998,2	388,2	21,3	11.920,6
31 Mar. 2017	10.156,3	817,8	984,8	400,1	51,8	12.410,8
30 Jun. 2017	10.547,2	847,3	993,7	423,9	23,9	12.836,0
30 Sept. 2017	10.861,7	879,5	996,5	416,4	23,9	13.178,0
31 Dec. 2017	12.136,8	882,5	1.011,7	375,0	25,2	14.431,3
31 Mar. 2018	12.971,9	883,1	1.016,5	372,6	25,5	15.269,6
30 Jun. 2018	14.083,6	874,0	1.020,5	380,7	25,1	16.383,9
30 Sept. 2018	16.499,8	855,7	1.010,4	379,5	24,4	18.769,8
31 Dec. 2018	15.221,9	803,4	1.195,9	423,3	217,0	17.861,5

Source: Central Bank of the TRNC

Table B.19: Development of Shareholders' Equity (Million TRY)

Date	Paid-in Capital	Reserve Requirements	Fixed Asset Rev. Fund	Securities Value Increment Fund	Period Profit (Loss)	Accumulated Profit (Loss)	Total
31 Mar. 2015	802,4	307,6	1,6	13,5	79,9	359,1	1.564,1
30 Jun. 2015	771,9	353,8	1,4	14,7	128,4	262,0	1.532,2
30 Sept. 2015	778,9	355,0	1,4	12,6	185,4	257,3	1.590,6
31 Dec. 2015	791,4	367,3	0,2	12,6	201,8	244,7	1.618,0
31 Mar. 2016	791,8	426,1	0,2	78,7	56,2	373,2	1.726,2
30 Jun. 2016	848,5	425,3	0,3	72,3	156,3	301,2	1.803,9
30 Sept. 2016	878,5	423,7	0,2	72,7	227,5	301,0	1.903,6
31 Dec. 2016	976,7	426,4	0,3	82,1	306,8	273,9	2.066,2
31 Mar. 2017	992,4	520,0	0,3	86,0	104,7	455,8	2.159,2
30 Jun. 2017	1.011,7	558,0	0,9	88,8	185,4	381,0	2.225,8
30 Sept. 2017	1.021,4	558,0	0,9	92,6	297,4	364,0	2.334,3
31 Dec. 2017	1.099,6	409,5	0,9	101,1	407,5	358,1	2.376,8
31 Mar. 2018	1.153,7	572,8	0,9	110,0	123,1	555,2	2.515,7
30 Jun. 2018	1.180,3	616,8	0,9	124,0	316,1	449,1	2.687,2
30 Sept. 2018	1.181,6	618,7	0,9	163,5	596,2	447,2	3.008,1
31 Dec. 2018	1.262,4	593,9	0,9	140,7	689,8	407,4	3.095,1

Source: Central Bank of the TRNC

Table B.20: Capital Adequacy Ratio (%)

Date	Public Banks	Private Banks	Branch Banks	Banking Sector	Legal Limit
31 Mar. 2015	26,08	14,51	18,23	17,75	10,00
30 Jun. 2015	25,74	14,61	17,24	17,36	10,00
30 Sept. 2015	25,83	14,62	17,18	17,33	10,00
31 Dec. 2015	23,95	14,53	17,35	17,06	10,00
31 Mar. 2016	24,19	14,94	17,66	17,39	10,00
30 Jun. 2016	24,48	15,14	16,85	17,18	10,00
30 Sept. 2016	25,26	16,14	18,38	18,36	10,00
31 Dec. 2016	24,06	15,09	19,15	18,24	10,00
31 Mar. 2017	24,09	15,35	19,45	18,26	10,00
30 Jun. 2017	23,85	15,40	19,00	18,04	10,00
30 Sept. 2017	24,20	15,26	19,72	18,27	10,00
31 Dec. 2017	22,95	14,61	18,67	17,29	10,00
31 Mar. 2018	21,76	14,80	19,12	17,40	10,00
30 Jun. 2018	23,14	14,74	19,11	17,57	10,00
30 Sept. 2018	20,51	15,38	20,68	18,19	10,00
31 Dec. 2018	16,49	15,28	21,93	17,86	10,00

Source: Central Bank of the TRNC

Table B.21: Profit / Loss Table (Million TRY)

Date	Interest Revenues	Interest Expenditures	Non-Interest Revenues	Non-Interest Expenditures	Net Profit / Loss
31 Mar. 2015	330,9	109,3	68,5	110,6	79,9
30 Jun. 2015	672,2	215,3	132,6	228,3	128,4
30 Sept. 2015	1.028,1	308,5	191,3	354,2	185,4
31 Dec. 2015	1.391,1	378,4	272,9	485,6	201,8
31 Mar. 2016	375,6	118,3	77,8	125,5	56,1
30 Jun. 2016	758,1	252,3	173,5	251,6	156,3
30 Sept. 2016	1.150,1	373,9	242,0	373,9	227,5
31 Dec. 2016	1.558,7	465,1	334,8	519,3	306,7
31 Mar. 2017	433,5	156,3	92,1	141,5	104,7
30 Jun. 2017	885,7	308,4	195,5	295,1	185,4
30 Sept. 2017	1.383,6	802,7	298,9	456,9	297,4
31 Dec. 2017	1.891,8	1.101,7	396,9	630,9	407,5
31 Mar. 2018	562,5	329,5	108,4	179,9	123,1
30 Jun. 2018	1.191,7	689,8	226,4	373,1	316,1
30 Sept. 2018	2.048,5	1.165,0	353,3	580,3	596,2
31 Dec. 2018	2.999,4	1.762,5	500,3	823,5	689,8

Source: Central Bank of the TRNC

Table B.22: Deposits (Total) - By Maturity Groups (Million TRY)

Date	Demand	1-Month	3-Month	6-Month	1-Year	Total
31 Mar. 2015	1.480,3	7.034,4	2.043,0	466,5	1.233,8	12.258,0
30 Jun. 2015	1.651,8	7.323,3	2.202,8	526,6	1.295,5	13.000,0
30 Sept. 2015	1.864,3	7.773,2	2.394,4	598,2	1.377,7	14.007,8
31 Dec. 2015	1.859,2	7.689,2	2.516,1	566,5	1.319,5	13.950,5
31 Mar. 2016	1.750,4	7.918,7	2.488,7	591,5	1.274,8	14.024,1
30 Jun. 2016	1.912,7	7.930,3	2.584,2	603,7	1.269,6	14.300,5
30 Sept. 2016	2.064,9	8.206,5	2.751,7	608,2	1.338,5	14.969,8
31 Dec. 2016	2.394,0	8.623,1	3.360,7	689,5	1.567,9	16.635,2
31 Mar. 2017	2.480,3	9.674,2	3.161,1	723,8	1.613,0	17.652,4
30 Jun. 2017	2.771,0	9.919,8	3.407,0	736,9	1.659,4	18.494,1
30 Sept. 2017	2.916,9	10.069,4	4.041,3	862,7	1.782,6	19.672,9
31 Dec. 2017	3.118,5	10.808,9	4.257,6	920,4	1.992,7	21.098,1
31 Mar. 2018	3.098,2	11.840,3	4.238,1	912,5	2.263,6	22.352,7
30 Jun. 2018	3.580,7	11.979,8	5.082,1	961,5	2.527,1	24.131,2
30 Sept. 2018	4.201,9	13.615,9	6.006,3	1.166,1	3.172,9	28.163,1
31 Dec. 2018	3.698,4	13.742,5	4.950,1	1.282,7	2.768,1	26.441,8

Source: Central Bank of the TRNC

Table B.23: Deposits (TRY) - By Maturity Groups (Million TRY)

Date	Demand	1-Month	3-Month	6-Month	1-Year	Total
31 Mar. 2015	769,5	4.328,5	1.068,6	213,9	285,6	6.666,1
30 Jun. 2015	821,1	4.403,3	1.137,2	207,8	285,3	6.854,7
30 Sept. 2015	837,2	4.427,9	1.171,5	202,1	266,5	6.905,2
31 Dec. 2015	865,0	4.452,8	1.259,1	201,5	283,0	7.061,4
31 Mar. 2016	797,1	4.557,7	1.280,1	225,0	261,6	7.121,5
30 Jun. 2016	898,2	4.618,9	1.341,7	221,6	263,3	7.343,7
30 Sept. 2016	968,4	4.690,1	1.463,3	203,2	258,9	7.583,9
31 Dec. 2016	1.122,6	4.796,3	1.611,5	231,0	297,1	8.058,5
31 Mar. 2017	1.083,7	5.157,3	1.503,4	283,7	274,1	8.302,2
30 Jun. 2017	1.276,2	5.173,5	1.636,5	273,9	282,2	8.642,3
30 Sept. 2017	1.318,5	5.221,5	1.831,2	358,1	302,8	9.032,1
31 Dec. 2017	1.412,7	5.481,0	1.993,8	381,3	313,4	9.582,3
31 Mar. 2018	1.275,9	5.724,4	2.037,6	385,5	309,1	9.732,5
30 Jun. 2018	1.409,7	5.495,6	2.261,4	383,8	292,9	9.843,4
30 Sept. 2018	1.418,0	5.669,1	2.512,3	314,7	269,3	10.183,4
31 Dec. 2018	1.427,2	6.123,7	2.315,6	449,6	288,4	10.604,5

Source: Central Bank of the TRNC

Table B.24: Deposits (FX) - By Maturity Groups (Million TRY)

Date	Demand	1-Month	3-Month	6-Month	1-Year	Total
31 Mar. 2015	710,8	2.705,9	974,5	252,5	948,2	5.591,9
30 Jun. 2015	830,8	2.919,9	1.065,5	318,8	1.010,3	6.145,3
30 Sept. 2015	1.027,1	3.345,3	1.222,9	396,1	1.111,2	7.102,6
31 Dec. 2015	994,3	3.236,4	1.256,9	365,0	1.036,5	6.889,1
31 Mar. 2016	953,3	3.361,1	1.208,6	366,5	1.013,0	6.902,5
30 Jun. 2016	1.014,5	3.311,4	1.242,5	382,1	1.006,3	6.956,8
30 Sept. 2016	1.096,5	3.516,5	1.288,3	405,0	1.079,6	7.385,9
31 Dec. 2016	1.271,4	3.826,8	1.749,2	458,5	1.270,7	8.576,7
31 Mar. 2017	1.396,6	4.516,9	1.657,7	440,1	1.338,9	9.350,2
30 Jun. 2017	1.494,9	4.746,3	1.770,5	463,0	1.377,2	9.851,9
30 Sept. 2017	1.598,4	4.847,8	2.210,1	504,7	1.479,7	10.640,8
31 Dec. 2017	1.705,8	5.327,8	2.263,8	539,1	1.679,3	11.515,8
31 Mar. 2018	1.822,4	6.115,9	2.200,5	526,9	1.954,5	12.620,2
30 Jun. 2018	2.171,0	6.484,2	2.820,7	577,7	2.234,2	14.287,8
30 Sept. 2018	2.783,9	7.946,8	3.494,0	851,4	2.903,6	17.979,7
31 Dec. 2018	2.271,3	7.618,8	2.634,6	833,0	2.479,7	15.837,4

Source: Central Bank of the TRNC

Table B.25: Deposits (Total) - By Types (Million TRY)

Date	Official	Trading	Savings	Other	Banks	Total
31 Mar. 2015	746,3	1.854,6	9.366,2	291,0	750,8	13.008,9
30 Jun. 2015	792,2	2.063,5	9.858,0	286,3	805,0	13.805,0
30 Sept. 2015	787,1	2.408,0	10.576,4	236,3	867,4	14.875,2
31 Dec. 2015	822,7	2.350,4	10.537,9	239,5	961,3	14.911,8
31 Mar. 2016	825,4	2.380,7	10.581,1	236,9	1.024,2	15.048,3
30 Jun. 2016	881,2	2.442,5	10.745,4	231,4	1.025,7	15.326,2
30 Sept. 2016	913,5	2.744,1	11.022,3	289,9	1.148,4	16.118,2
31 Dec. 2016	991,7	3.040,5	12.287,2	315,8	1.597,8	18.233,0
31 Mar. 2017	1.107,4	3.310,6	12.895,4	339,0	1.460,1	19.112,5
30 Jun. 2017	1.294,5	3.512,2	13.373,9	313,5	1.551,4	20.045,5
30 Sept. 2017	1.344,5	3.914,2	14.146,6	267,5	1.600,8	21.273,5
31 Dec. 2017	1.499,0	3.942,5	15.380,3	276,3	1.637,5	22.735,6
31 Mar. 2018	1.504,5	4.270,9	16.210,0	367,3	1.638,0	23.990,7
30 Jun. 2018	1.730,4	4.686,0	17.357,3	357,5	2.004,8	26.136,0
30 Sept. 2018	1.990,1	5.620,5	20.093,4	459,1	2.328,1	30.491,2
31 Dec. 2018	1.917,8	4.922,5	19.010,8	590,7	2.028,6	28.470,4

Source: Central Bank of the TRNC

Table B.26: Deposits (TRY) - By Types (Million TRY)

Date	Official	Trading	Savings	Other	Banks	Total
31 Mar. 2015	552,5	965,0	5.006,1	142,5	331,0	6.997,1
30 Jun. 2015	588,9	1.015,5	5.120,9	129,4	276,2	7.130,9
30 Sept. 2015	571,4	1.076,5	5.130,1	127,3	237,6	7.142,9
31 Dec. 2015	614,6	1.110,6	5.193,0	143,2	254,6	7.316,0
31 Mar. 2016	615,7	1.101,8	5.286,0	118,1	285,5	7.407,1
30 Jun. 2016	669,7	1.107,3	5.441,0	125,7	208,8	7.552,5
30 Sept. 2016	708,4	1.216,8	5.492,2	166,5	227,8	7.811,7
31 Dec. 2016	756,3	1.319,0	5.823,8	159,4	331,8	8.390,3
31 Mar. 2017	809,7	1.352,5	5.963,4	176,8	351,3	8.653,7
30 Jun. 2017	1.022,5	1.368,4	6.116,2	135,1	313,2	8.955,4
30 Sept. 2017	1.029,4	1.516,0	6.387,8	98,9	319,0	9.351,2
31 Dec. 2017	1.150,6	1.522,5	6.802,0	107,2	279,1	9.861,4
31 Mar. 2018	1.144,2	1.558,4	6.912,0	117,9	302,7	10.035,2
30 Jun. 2018	1.298,4	1.506,7	6.909,0	129,2	404,0	10.247,3
30 Sept. 2018	1.394,1	1.622,1	7.021,3	145,9	420,4	10.603,8
31 Dec. 2018	1.421,0	1.577,0	7.382,8	223,6	390,5	10.994,9

Source: Central Bank of the TRNC

Table B.27: Deposits (FX) - By Types (Million TRY)

Date	Official	Trading	Savings	Other	Banks	Total
31 Mar. 2015	193,8	889,5	4.360,2	148,5	419,8	6.011,8
30 Jun. 2015	203,3	1.048,0	4.737,1	156,9	528,8	6.674,1
30 Sept. 2015	215,8	1.331,5	5.446,3	108,9	629,8	7.732,3
31 Dec. 2015	208,1	1.239,8	5.345,0	96,3	706,6	7.595,8
31 Mar. 2016	209,7	1.279,0	5.295,1	118,8	738,6	7.641,2
30 Jun. 2016	211,6	1.335,2	5.304,3	105,6	817,0	7.773,7
30 Sept. 2016	205,1	1.527,4	5.530,0	123,4	920,6	8.306,5
31 Dec. 2016	235,4	1.721,5	6.463,4	156,4	1.266,0	9.842,7
31 Mar. 2017	297,7	1.958,2	6.932,1	162,2	1.108,7	10.458,9
30 Jun. 2017	272,0	2.143,8	7.257,6	178,4	1.238,2	11.090,0
30 Sept. 2017	315,1	2.398,3	7.758,8	168,6	1.281,6	11.922,3
31 Dec. 2017	348,5	2.420,0	8.578,2	169,1	1.358,3	12.874,1
31 Mar. 2018	360,3	2.712,6	9.298,0	249,3	1.335,3	13.955,5
30 Jun. 2018	432,0	3.179,4	10.448,2	228,2	1.600,9	15.888,7
30 Sept. 2018	596,0	3.998,4	13.072,1	313,2	1.907,7	19.887,4
31 Dec. 2018	496,8	3.345,6	11.628,0	367,0	1.638,1	17.475,5

Source: Central Bank of the TRNC

Table B.28: Money Supply (Million TRY)

Year	Quarter	M1	Percentage Change Compared to Previous Quarter	M2	Percentage Change Compared to Previous Quarter	M3	Percentage Change Compared to Previous Quarter
2014	I	2.049,8	4,40	10.794,4	2,20	11.601,9	2,26
	II	2.152,4	5,01	11.130,9	3,12	11.957,3	3,06
	III	2.163,0	0,49	11.578,9	4,02	12.433,8	3,99
	IV	2.211,0	2,21	11.880,2	2,60	12.660,2	1,82
2015	I	2.338,5	5,77	12.470,8	4,97	13.249,2	4,65
	II	2.532,7	8,30	13.211,3	5,94	14.056,5	6,09
	III	2.829,9	11,74	14.279,5	8,09	15.106,7	7,47
	IV	2.841,2	0,40	14.215,9	-0,45	15.109,8	0,02
2016	I	2.797,9	-1,53	14.340,3	0,88	15.181,6	0,48
	II	2.976,9	6,40	14.620,3	1,95	15.593,1	2,71
	III	3.158,0	6,08	15.285,2	4,55	16.319,0	4,66
	IV	3.544,1	12,23	16.946,4	10,87	17.996,6	10,28
2017	I	3.754,8	5,95	18.019,6	6,33	19.209,2	6,74
	II	3.906,7	4,05	18.670,5	3,61	20.066,2	4,46
	III	4.126,2	5,62	19.847,4	6,30	21.240,3	5,85
	IV	4.403,3	6,72	21.181,5	6,72	22.789,8	7,30
2018	I	4.620,3	4,93	22.638,7	6,88	24.286,7	6,57
	II	5.136,5	11,17	24.283,6	7,27	26.135,3	7,61
	III	6.038,8	17,57	28.359,8	16,79	30.493,1	16,67
	IV	5.520,8	-8,58	26.641,1	-6,06	28.662,5	-6,00

Source: Central Bank of the TRNC

Table B.29: Licensed Banks Operating under the Banking Law

1	KIBRIS VAKIFLAR BANKASI LTD.
2	AKFİNANS BANK LTD.
3	CREDITWEST BANK LTD.
4	NOVA BANK LTD.
5	ASBANK LTD.
6	KIBRIS İKTİSAT BANKASI LTD.
7	KIBRIS TÜRK KOOPERATİF MERKEZ BANKASI LTD.
8	LİMASOL TÜRK KOOPERATİF BANKASI LTD.
9	ŞEKERBANK (KIBRIS) LTD.
10	TÜRK BANKASI LTD.
11	UNIVERSAL BANK LTD.
12	VİYABANK LTD.
13	YAKINDOĞU BANK LTD.
14	KIBRIS KAPİTAL BANK LTD.
15	KIBRIS FAİSAL İSLAM BANKASI LTD.
16	T. GARANTİ BANKASI A.Ş.
17	T. HALK BANKASI A.Ş.
18	T. İŞ BANKASI A.Ş.
19	T.C. ZİRAAT BANKASI A.Ş.
20	ALBANK LTD.
21	TÜRK EKONOMİ BANKASI A.Ş.

Source: Central Bank of the TRNC

Table B.30: Basic Economic and Social Indicators

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GNP (Current Prices, Million TRY)	4.671,3	5.128,3	5.415,3	5.649,5	6.559,2	6.915,8	7.579,4	8.840,4	10.210,7	11.605,5	14.551,8	14.518,4 ^(F)
GNP (Million USD)	3.598,8	3.995,6	3.502,5	3.750,6	3.908,5	3.840,8	3.969,5	4.031,9	3.749,2	3.735,8	3.985,7	3.685,3 ^(F)
GNP per capita (Current Prices, TRY)	19.165	20.739	21.538	22.147	25.850	27.077	29.217	33.128	37.456	40.595,2	51.796,7	53.974,1 ^(F)
GNP per capita (USD)	14.765	16.158	13.930	14.703	15.404	15.038	15.302	15.109	13.721	13.902	14.187	14.942
Inflation Rate (%)	9,4	14,5	5,7	3,3	14,7	3,6	10,2	6,5	7,8	10,2	14,7	29,96
Exports (Million USD) (3)	83, 7	83,6	71,1	96,4	119,9	116,3	120,7	134,0	118,1	105,5	105,6	113,0
Imports (Million USD) (4)	1.539,2	1.680,7	1.326,2	1.604,2	1.699,9	1.703,9	1.699,4	1.538,8	1.500,6	1.557,2	1.778,4	1.811,3
Foreign Trade Balance (Million USD)	-1,455.5	-1,597.1	-1,255.1	-1,507.8	-1,580.0	-1,587.6	-1,578.7	-1,404.8	-1,382.5	-1,415,2	-1,672,8	-1,698,3
Exports / Imports (%)	5,1	4,4	5,4	6,0	9,0	7,2	7,1	7,5	7,9	6,9	6,4	6,2
Number of Arriving Tourists	791.036	808.682	800.376	902.390	1.022.089	1.166.186	1.232.753	1.366.007	1.483.244	1.577.073	1.734.330	1.759.625
a) Turkey	634.580	650.405	638.700	741.925	801.326	904.505	923.308	1.020.577	1.110.795	1.218.232	1.324.248	1.359.420
b) Other	156.456	158.277	161.676	160.465	220.763	261.681	309.445	345.430	372.449	358.841	410.082	400.205
Net Tourism Income (Million USD)	381,0	383,7	390,7	405,8	459,4	571,9	613,4	691,6	697,7	714,4	725,8	737,2 ^(F)
Employment	89.787	91.223	91.550	93.498	93.470	96.539	97.867	103.149	112.811	118.387	120.999	125.513
Number of Unemployed	9.361	9.881	12.941	12.619	9.864	9.174	8.929	9.320	9.043	8.075	7.452	7.305
Unemployment Rate (%)	9,4	9,8	12,4	11,9	9,5	8,7	8,4	8,3	7,4	6,4	5,8 ^(F)	5,5
Population (5)	268.011	274.436	283.736	277.680	283.281	292.129	301.988	313.626	326.158	335.455	345.722 ^(F)	n.a
Annual Population Growth (%)	4,0	2,4	3,3	1,1	-1,3	3,1	3,3	3,8	3,9	2,9	3,1 ^(F)	n.a
Annual Average 1 USD = TRY	1,2980	1,2835	1,5461	1,5063	1,6782	1,7925	1,9009	2,1879	2,7200	3,0232	3,6489	4,8134

Source: SPO, Central Bank of the TRNC, Department of Trade, Tourism Planning Department.

1) Foreign aids are not included.

2) Exports to the Southern Cyprus are not included.

3) Hydrocarbon imports are not included.

4) 2017-2018 population figures are estimated data. These population figures are not used in GNP per capita calculation. Population used in the calculation of GNP per capita: (mid-year population) + (TRNC citizen students studying abroad) - (Turkish students studying in TRNC + third country citizen students)

(F) Forecast

(n.a.) (Not available.)

Table B.31: Sectorial Developments in Gross Domestic Product (Current Prices, Million TRY)

Sectors	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ^(F)
1. Agriculture	288,2	259,2	300,6	330,3	366,4	386,5	405,0	489,3	552,5	647,6	658,8	862,2
2. Industry	430,8	542,8	516,7	552,4	558,5	587,1	636,6	779,7	937,7	1.064,7	1.413,3	1.377,1
3. Construction	364,4	362,2	346,4	312,1	408,5	335,8	370,7	370,2	480,5	511,6	836,3	685,6
4. Trade - Tourism	630,3	721,7	766,3	900,0	1.216,8	1.385,3	1.527,9	1.829,1	2.012,9	2.280,6	2.921,8	2.878,9
5. Transportation - Communication	533,4	614,5	597,3	525,2	553,1	642,9	711,4	788,0	896,6	965,3	1.156,6	1.264,3
6. Financial Institutions	309,4	357,8	388,4	404,4	472,6	506,0	579,7	637,4	719,4	887,6	1.007,7	1.006,7
7. Housing Income	144,2	175,9	202,5	220,6	274,4	305,8	358,2	398,9	456,2	535,3	655,6	655,9
8. Self-Employment and Services	493,5	525,2	609,3	652,3	727,5	801,8	891,6	1.026,1	1.422,6	1.679,9	2.289,8	2.160,5
9. Public Services	1.003,5	1.104,0	1.201,2	1.180,1	1.294,3	1.294,9	1.349,9	1.603,6	1.715,2	1.850,1	2.193	2.244,6
10. Import Taxes	406,7	416,6	447,6	536,3	637,0	709,1	775,9	936,4	971,8	1.178,3	1.411,5	1.382,6
11. GDP	4.604,3	5.079,9	5.376,3	5.614,1	6.509,0	6.955,1	7.606,9	8.858,6	10.222,5	11.601,2	14.544,8	14.518,4
12. Net Factor Income from Abroad	66,9	48,4	38,9	35,4	50,2	-39,3	-27,5	-18,2	-11,7	4,2	6,9	-15,3
GNP	4.671,2	5.128,3	5.415,3	5.649,5	6.559,2	6.915,8	7.579,4	8.840,4	10.210,7	11.605,5	14.187,0	14.503,1

Source: SPO
(F) Forecast

Table B.32: Percentage Distribution of Gross Domestic Product

Sectors	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ^(F)
1. Agriculture	6,3	5,1	5,6	5,9	5,6	5,6	5,3	5,5	6,0	5,6	4,5	5,9
2. Industry	9,4	10,7	9,6	9,8	8,6	8,4	8,4	8,8	9,2	9,2	9,7	9,5
2.1. Quarrying	1,1	0,8	0,7	0,6	0,7	0,6	0,6	0,5	0,7	0,7	0,9	0,7
2.2. Manufacturing Industry	4,4	4,0	3,2	2,3	2,5	2,8	2,9	3,1	3,7	3,7	3,3	3,9
2.3. Electricity-Water	3,9	5,9	5,8	6,9	5,3	5,1	4,8	5,1	4,8	4,8	5,5	4,9
3. Construction	7,9	7,1	6,5	5,6	6,3	4,8	4,9	4,2	4,7	4,4	5,8	4,7
4. Trade - Tourism	13,7	14,2	14,3	16,0	18,7	19,9	20,1	20,6	19,7	19,7	20,1	19,8
4.1. Wholesale and Retail Trade	9,5	9,7	9,0	10,7	11,1	11,4	11,2	12,3	10,7	11,0	11,1	10,5
4.2. Hotel and Restaurant Management	4,2	4,5	5,2	5,4	7,6	8,5	8,9	8,3	9,0	8,7	9,0	9,3
5. Transportation - Communication	11,6	12,1	11,1	9,4	8,5	9,3	9,4	8,9	8,8	8,3	8,0	8,7
6. Financial Institutions	6,7	7,1	7,2	7,2	7,2	7,3	7,6	7,2	7,0	7,6	6,9	6,9
7. Housing Ownership	3,1	3,5	3,8	3,9	4,2	4,4	4,7	4,5	4,4	4,6	4,5	4,5
8. Self-Employment and Services	10,7	10,3	11,3	11,6	11,2	11,5	11,7	11,6	13,9	14,5	15,7	14,9
9. Public Services	21,8	21,7	22,3	21,0	19,9	18,6	17,7	18,1	16,8	15,9	15,1	15,5
10. Import Taxes	8,8	8,2	8,3	9,6	9,8	10,2	10,2	10,6	9,5	10,2	9,7	9,5
GDP	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: SPO

Table B.33: General Balance of the Economy (Current Prices, Million TRY)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ^(F)
1. Total Resources	4.996,3	5.629,3	5.516,7	6.065,0	6.849,7	7.141,1	7.664,8	8.866,0	9.470,2	10.499,0	12.259,9	13.948,6
2. Total Investments	1.089,2	1.049,1	946,6	1.049,6	1.266,5	1.175,5	1.147,8	1.276,7	1.598,5	1.791,2	2.138,6	2.447,3
3. Total Consumption	3.907,1	4.580,1	4.570,0	5.015,4	5.583,1	5.965,6	6.516,9	7.589,3	7.871,7	8.707,8	10.121,3	11.501,4
4. Public Disposable Income	904,7	1.105,6	751,9	962,2	1.059,2	1.491,8	1.341,3	1.688,9	2.123,1	2.317,2	2.586,1	2.777,4
5. Private Disposable Income	3.766,5	4.022,7	4.663,3	4.687,3	5.449,9	5.424,0	6.238,1	7.151,5	8.087,7	8.962,7	10.403,0	11.725,7
6. Private Savings Ratio (%)	29,0	20,1	33,9	26,0	28,0	20,8	25,0	23,3	29,8	29,4	28,1	26,1
7. Total Domestic Savings	764,2	548,2	845,2	634,1	976,1	950,3	1.062,5	1.251,0	2.339,0	2.572,1	2.867,8	3.001,7

Source: SPO

(F) Forecast

Table B.34: Real Growth Rates of Sectorial Value Added (%)

Sectors	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ^(F)
1. Agriculture	0,4	-18,2	8,2	10,0	10,8	3,7	-1,6	4,8	14,5	-7,3	4,9	8,5
2. Industry	-0,9	-10,3	-9,1	-0,2	3,4	-0,7	1,7	8,5	19,5	7,3	4,4	4,7
3. Construction	4,2	-8,0	-18,5	3,8	3,3	-16,0	-0,3	-4,5	6,5	5,7	10,6	3,0
4. Trade-Tourism	-2,7	-2,1	-8,7	18,3	6,0	6,1	1,4	8,5	-0,8	4,8	9,0	3,4
5. Transportation-Communication	-3,6	2,2	-2,8	-20,0	-4,3	5,7	2,0	3,2	5,7	1,8	6,9	3,0
6. Financial Institutions	6,3	9,6	1,7	0,3	1,4	8,1	7,5	0,8	1,6	2,0	3,1	2,5
7. Housing Ownership	4,6	2,7	3,8	4,0	3,9	3,7	3,2	2,6	3,0	3,5	3,8	3,5
8. Self-Employment and Services	6,6	4,3	3,4	-5,3	4,3	1,5	2,3	8,8	9,5	3,6	7,7	5,5
9. Public Services	8,2	1,2	-5,0	0,4	2,8	1,9	1,4	-0,1	0,1	-0,2	-0,8	0,5
10. Import Taxes	12,3	-0,8	-7,1	18,6	3,9	8,9	-2,1	7,9	-9,6	9,0	0,5	3,0
11. GDP	2,8	-2,9	-5,5	3,7	3,9	1,8	1,1	4,8	4,0	3,6	5,4	3,8
12. Net Factor Income from Abroad	-47,3	-36,4	-28,2	-9,8	27,1	-174,5	35,3	40,5	41,9	133,0	37,9	0,0
GNP	1,5	-3,4	-5,7	3,6	4,0	0,5	1,3	4,9	4,1	3,8	5,5	3,8

Source: SPO

(F) Forecast

Table B.35: Balance of Payments (Million USD)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ^(F)
1. Current Accounts Balance	-250,4	-390,3	-65,4	-275,8	-173,1	-125,1	-44,7	-11,7	271,6	287,6	294,4	140,7
2. Balance of Capital Movements	335,0	410,5	495,0	438,5	326,5	346,2	259,7	186,9	168,9	71,4	131,4	157,9
3. Reserve Movements (- Increase, + Decrease)	-41,2	269,5	-172,1	-94,4	-47,3	-340,8	-219,9	-176,7	-75,8	-79,4	-826,6	-298,7
4. Net Errors and Omissions	-43,4	-289,7	-257,5	-68,3	-106,1	119,7	4,9	1,5	-364,7	-279,6	400,8	0,0

Source: SPO
(F) Forecast

Table B.36: Percentage Change of Consumer Prices Index Compared to December of Last Year

Months	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	1,8	3,4	0,7	-0,9	1,0	1,3	1,6	-0,1	-0,27	1,39	-0,70	1,00	2,09	-0,88	0,47	2,56	-0,22
February	3,9	6,0	0,3	-0,9	0,7	2,0	2,2	0,1	-0,31	2,10	-0,95	0,46	4,43	-2,14	0,31	4,00	1,39
March	6,2	7,9	1,8	-0,9	2,5	3,5	3,8	1,1	0,00	3,88	-0,03	0,66	5,02	-0,41	0,09	4,61	2,26
April	7,3	9,8	2,4	0,5	4,2	4,2	6,3	1,2	0,71	4,85	1,83	1,51	5,38	1,09	1,09	6,54	5,07
May	7,3	12,9	4,6	-0,2	6,4	4,3	7,9	2,5	0,29	6,46	1,69	1,80	4,56	2,73	1,86	6,95	8,91
June	8,2	9,0	4,2	-0,4	8,5	3,4	9,8	3,2	0,31	5,95	0,73	3,30	4,89	3,18	2,33	7,68	12,11
July	11,4	6,9	4,2	-0,2	10,2	3,6	11,5	0,8	0,92	7,02	-0,28	3,21	5,15	1,90	3,23	9,29	14,64
August	15,2	7,1	6,5	0,5	12,6	5,9	11,3	2,6	1,92	9,49	0,84	4,17	5,77	2,72	4,00	9,75	24,29
September	16,9	9,1	8,4	2,0	15,9	7,7	14,3	3,3	2,58	10,39	2,57	6,30	5,84	5,78	4,63	10,31	31,99
October	20,7	10,9	10,3	2,5	18,6	9,3	15,6	4,9	3,61	11,90	3,52	7,89	7,69	7,39	5,85	11,32	34,08
November	21,9	11,7	10,9	2,3	19,0	9,0	16,4	6,0	3,54	13,91	3,61	8,29	6,97	6,38	7,36	12,78	31,93
December	24,5	12,6	11,6	2,7	19,2	9,4	14,5	5,7	3,27	14,72	3,60	10,22	6,49	7,78	10,19	14,68	29,96

Source: SPO

Table B.37: TRNC and TR Inflation Rates

Years	TRNC	TR	Years	TRNC	TR	Years	TRNC	TR
1984	70,7	49,7	1998	66,5	69,7	2012	3,60	6,16
1985	43,0	44,2	1999	55,3	68,8	2013	10,22	7,40
1986	48,1	30,7	2000	53,2	39,0	2014	6,49	8,17
1987	43,0	55,1	2001	76,8	68,5	2015	7,78	8,81
1988	62,6	77,1	2002	24,5	29,8	2016	10,19	8,53
1989	51,8	64,3	2003	12,6	18,4	2017	14,68	11,92
1990	69,4	60,4	2004	11,6	9,3	2018	29,96	20,30
1991	46,3	71,1	2005	2,7	7,7			
1992	63,4	66,0	2006	19,2	9,7			
1993	61,2	71,1	2007	9,4	8,4			
1994	215,0	125,5	2008	14,5	10,1			
1995	72,2	76,1	2009	5,7	6,5			
1996	87,5	79,8	2010	3,2	6,4			
1997	81,7	99,1	2011	14,7	10,4			

Source: SPO, CBRT

Table B.38: Consumer Price Index (2015 = 100 Base Year)
Change Rates of Main Goods and Services Groups Compared to the Previous Month

Main Groups	2018											
	1	2	3	4	5	6	7	8	9	10	11	12
1. Food and Non-Alcoholic Beverages	0,06	0,64	-0,01	1,80	1,45	3,35	2,51	8,38	10,41	2,08	3,99	-2,66
2. Alcoholic Beverages and Tobacco	0,01	0,00	0,01	7,21	0,97	0,29	-0,06	1,39	3,34	1,72	-0,32	-0,21
3. Clothing & Shoes	-0,13	-0,20	-0,04	13,35	1,52	1,48	-0,49	-3,93	2,23	10,16	7,88	2,90
4. Housing, Water, Electricity, Gas and Other Fuels	0,01	0,10	0,06	1,27	5,78	2,36	7,92	7,41	2,13	2,16	-0,03	-1,32
5. Furniture, Home Appliances and Home Maintenance Services	0,15	0,07	0,15	1,34	4,23	-0,28	0,59	17,67	5,94	5,08	-1,74	-1,14
6. Health	0,04	0,16	0,02	2,17	0,95	3,02	0,22	11,33	2,25	2,00	-0,92	0,52
7. Transportation	-0,01	0,47	0,14	4,64	3,90	3,09	0,79	9,07	15,13	2,94	-6,32	-5,10
8. Communication	-0,01	0,04	0,00	0,13	0,30	0,07	1,56	4,83	2,60	-0,71	-1,72	15,86
9. Entertainment and Culture	-0,34	0,19	0,17	3,19	6,02	5,83	2,83	12,08	-1,70	-1,21	-7,73	2,97
10. Education	-0,03	0,08	0,08	2,55	2,45	2,42	0,88	8,23	6,44	-2,00	-2,94	-1,24
11. Restaurants and Hotels	-0,03	0,03	0,06	1,64	8,81	6,20	0,60	7,73	2,17	-1,85	-3,57	-8,98
12. Miscellaneous Goods and Services	0,06	0,03	0,23	0,64	1,59	0,85	0,92	3,82	6,33	2,59	0,19	1,26
General	-0,22	1,61	0,87	2,75	3,65	2,94	2,26	8,42	6,20	1,58	-1,60	-1,49

Source: SPO

Table B.39: Minimum Wage Developments

Years	Minimum Wage (TRY)	Exercise Date
1991	520.000	01.01.1991
1992	806.000	01.01.1992
1993	1.373.000	01.01.1993
1994	3.000.000	01.01.1994
1994	5.000.000	01.08.1994
1995	9.420.000	01.01.1995
1995	11.590.000	01.09.1995
1996	14.800.000	01.01.1996
1997	23.000.000	01.01.1997
1997	33.800.000	01.09.1997
1998	50.250.000	01.01.1998
1998	67.000.000	01.09.1998
1999	85.000.000	01.01.1999
1999	103.000.000	01.01.1999
2000	137.000.000	01.01.2000
2000	160.000.000	01.07.2000
2001	200.000.000	01.01.2001
2001	240.000.000	01.08.2001
2002	320.000.000	01.01.2002
2002	380.000.000	01.10.2002
2003	440.000.000	01.01.2003
2003	500.000.000	01.08.2003
2004	550.000.000	01.03.2004
2004	627.000.000	01.07.2004
2005	720	01.06.2005
2006	780	01.01.2006
2006	860	01.08.2006
2007	950	01.02.2007
2008	1.060	01.01.2008
2008	1.190	01.09.2008
2009	1.237	01.10.2009
2011	1.300	01.01.2011
2013	1.415	01.01.2013
2014	1.560	01.01.2014
2014	1.675	01.11.2014
2015	1.730	01.09.2015
2016	1.834	01.07.2016
2017	2.020	01.02.2017
2017	2.175	01.07.2017
2018	2.365	01.03.2018
2018	2.620	01.09.2018
2019	3.150	01.02.2019

Source: SPO

Note: As of 2005, 6 zeros have been removed from TRY.

Table B.40: Fuel Retail Prices

Date	Unleaded Gas		Euro Diesel	Diesel	Petroleum
	95 Octane	97 Octane			
21.05.2014	3,63	3,81	3,66	3,26	3,26
12.06.2014	3,63	3,81	3,64	3,25	3,25
03.07.2014	3,76	3,94	3,75	3,35	3,35
24.07.2014	3,74	3,92	3,71	3,31	3,31
14.08.2014	3,70	3,89	3,71	3,31	3,31
26.09.2014	3,69	3,88	3,70	3,29	3,29
17.10.2014	3,64	3,83	3,65	3,24	3,24
07.11.2014	3,49	3,68	3,53	3,12	3,12
28.11.2014	3,42	3,61	3,48	3,07	3,07
19.12.2014	3,18	3,37	3,26	2,86	2,86
14.01.2015	2,99	3,18	3,06	2,67	2,67
04.02.2015	2,95	3,14	2,97	2,58	2,58
25.02.2015	3,04	3,23	3,06	2,67	2,67
18.03.2015	3,13	3,32	3,15	2,76	2,76
01.05.2015	3,31	3,50	3,32	2,93	2,93
23.05.2015	3,40	3,59	3,41	3,02	3,02
07.07.2015	3,40	3,59	3,39	2,99	2,99
28.07.2015	3,30	3,49	3,22	2,82	2,82
18.08.2015	3,27	3,46	3,22	2,82	2,82
09.09.2015	3,27	3,46	3,22	2,85	2,85
30.09.2015	3,29	3,48	3,26	2,92	2,92
21.10.2015	3,27	3,46	3,23	2,92	2,92
16.01.2016	3,18	3,38	3,07	2,86	2,86
23.01.2016	3,18	3,38	2,97	2,86	2,86
06.02.2016	3,12	3,32	2,86	2,86	2,86
19.03.2016	3,20	3,40	2,94	2,94	2,94
05.05.2016	3,27	3,47	3,03	2,94	3,02
26.05.2016	3,39	3,59	3,20	-	3,17
17.06.2016	3,41	3,61	3,29	-	3,26
12.07.2016	3,41	3,61	3,29	-	3,26
24.08.2016	3,47	3,67	3,30	-	3,26
20.09.2016	3,54	3,74	3,36	-	3,32
11.10.2016	3,57	3,77	3,36	-	3,35
01.11.2016	3,63	3,83	3,45	-	3,41
07.01.2017	3,83	4,03	3,62	-	3,56
11.03.2017	3,76	3,96	3,59	-	3,51
01.04.2017	3,71	3,91	3,51	-	3,43
18.05.2017	3,67	3,87	3,47	-	3,39
29.11.2017	3,67	3,87	3,63	-	3,40
03.02.2018	3,85	4,04	3,78	-	3,55
17.03.2018	3,88	4,07	3,82	-	3,59
11.04.2018	4,19	4,37	4,02	-	3,78
03.05.2018	4,30	4,48	4,13	4,13	3,91
10.07.2018	4,32	4,50	4,13	4,13	4,01
31.07.2018	4,42	4,60	4,18	4,18	4,11
28.08.2018	4,97	5,16	4,76	4,76	4,65
20.09.2018	5,81	6,01	5,76	5,76	5,59
01.11.2018	5,61	5,71	5,55	5,76	5,46
22.11.2018	5,21	5,31	5,15	-	5,06
13.12.2018	5,06	5,16	4,95	-	4,86

Source: Ministry of Economy and Energy

Table B.41: Exports of TRNC by Country Groups (USD)

Years	Turkey	European Union Countries	Other EU Countries	Middle East Countries	Other Countries	Total Exports
2006	30.875.362	9.708.799	9.805.754	11.543.938	2.933.694	64.867.547
2007	48.907.443	13.225.555	7.369.006	9.702.231	4.480.578	83.684.813
2008	41.770.636	17.147.124	4.953.414	14.220.270	5.572.694	83.664.138
2009	38.482.808	13.156.210	1.206.347	13.833.521	4.384.880	71.063.766
2010	44.741.216	11.816.654	3.475.821	31.104.188	5.282.030	96.419.909
2011	61.333.755	9.515.772	1.514.866	36.886.525	10.645.168	119.896.086
2012	58.878.076	8.678.585	1.014.857	39.821.898	9.873.712	116.267.128
2013	62.969.817	9.145.514	2.733.484	38.472.891	7.359.533	120.681.239
2014	78.446.382	8.304.840	835.323	40.583.800	5.814.745	133.985.090
2015	66.228.637	6.195.715	3.811.828	35.611.170	5.885.294	117.732.644
2016	65.926.162	10.664.066	893.816	23.981.854	4.022.010	105.487.908
2017	63.818.406	8.335.579	1.681.343	22.247.673	9.532.987	105.615.988
2018 (January - November)	50.379.810	4.672.838	2.536.815	24.187.877	9.371.662	91.149.002

Source: Ministry of Economy and Energy

Table B.42: Imports of TRNC by Country Groups (USD)

Years	Turkey	European Union Countries	Far Eastern Countries	Other EU Countries	Middle East Countries	Other Countries	Total Imports
2006	946.978.969	247.072.030	82.977.243	16.460.425	65.267.005	17.464.606	1.376.220.278
2007	1.044.965.855	248.220.981	111.304.222	40.423.905	66.253.726	28.022.604	1.539.191.293
2008	1.172.502.792	236.344.802	109.156.742	78.503.072	56.482.297	27.673.475	1.680.657.180
2009	923.438.219	205.604.209	87.720.997	30.311.431	52.507.371	26.582.965	1.326.165.192
2010	1.137.378.970	251.285.189	90.266.660	29.873.873	69.000.395	26.375.578	1.604.180.665
2011	1.165.712.306	286.204.302	82.493.886	42.982.735	87.880.256	34.654.478	1.699.927.963
2012	1.234.214.030	247.749.409	81.109.808	28.245.460	81.484.144	31.111.112	1.703.913.963
2013	1.155.334.547	257.018.820	113.400.316	59.110.065	86.239.017	28.323.666	1.699.426.431
2014	995.563.199	238.330.438	125.280.677	70.915.525	75.481.630	33.204.743	1.538.776.212
2015	967.563.226	271.360.515	115.042.857	45.084.868	70.781.057	30.744.861	1.500.577.384
2016	940.845.300	326.806.415	133.943.157	51.872.616	69.557.193	34.165.573	1.557.190.254
2017	1.040.958.559	381.381.939	148.683.585	61.153.637	87.579.546	48.692.756	1.768.450.022
2018 (January - November)	979.056.625	252.788.232	133.796.428	65.292.131	92.344.055	47.352.323	1.570.629.854

Source: Ministry of Economy and Energy

⁽¹⁾Data available until August 2018 were used.

Table B.43: Distribution of Passengers Arriving in the TRNC by Ports

Years	Ercan	Kyrenia	Famagusta	Karpasia	Total
2014	1.577.347	49.967	18.608	291	1.646.213
2015	1.693.694	60.733	19.196	342	1.773.965
2016	1.785.746	57.513	19.004	295	1.862.558
2017	1.794.483	71.619	21.668	283	1.888.053
2018	1.968.345	84.974	26.260	382	2.079.961

Source: Tourism Planning Department

Table B.44: Total Entries and Exits from Southern Cyprus Border Gates in 2017 - 2018 (Number of Persons)

Nationality	TRNC		Southern Cyprus		Other Countries		Total	
	2017	2018	2017	2018	2017	2018	2017	2018
January	129.118	142.730	80.377	93.241	72.680	82.017	282.175	317.988
February	138.795	149.291	73.454	83.267	79.881	88.643	292.130	321.201
March	138.767	152.981	83.589	97.704	108.142	120.484	330.498	371.169
April	139.860	139.336	96.135	106.602	131.646	137.044	367.641	382.982
May	155.035	146.289	91.321	110.945	137.291	151.169	383.647	408.403
June	168.077	156.475	93.088	123.941	136.067	151.981	397.232	432.397
July	155.398	153.821	94.096	133.585	148.958	162.629	398.452	450.035
August	158.436	135.096	110.566	180.729	168.191	191.970	437.193	507.795
September	173.445	140.318	88.392	186.477	149.585	192.924	411.422	519.719
October	155.237	146.145	88.610	183.490	154.650	195.681	398.497	525.316
November	141.249	148.467	91.536	178.571	115.170	156.019	347.955	483.057
December	154.671	164.720	106.561	188.539	92.128	130.285	353.360	483.544
Total	1.808.088	1.775.669	1.097.725	1.667.091	1.494.389	1.760.846	4.400.202	5.203.606

Source: Tourism Planning Department

Table B.45: Number of Persons Accommodating in Touristic Accommodation Facilities

Countries	Number of Persons							
	2011	2012	2013	2014	2015	2016	2017	2018
Turkey	393.238	459.529	464.397	529.909	588.045	621.819	656.365	776.428
TRNC	45.243	45.175	40.125	49.598	52.335	53.224	42.491	49.344
Other	156.381	183.651	209.379	224.881	235.661	266.208	317.984	312.701
Grand Total	594.862	688.355	713.901	804.387	876.041	941.251	1.016.840	1.138.473

Source: Tourism Planning Department

⁽¹⁾Data available until September 2018 were used.

ANNEX C. NOTES

Money Supply

'Money Supply' in the broadest sense refers to the sum of means that are in circulation and used as money in an economy. Although they vary from country to

country or time, the 'money supply' is defined as M1 (Narrow Money Supply), M2 (Intermediate Money Supply) and M3 (Wide Money Supply) according to their liquidity ratios and is calculated as follows.

M1= Money in Circulation + Demand Deposits in the Banks + Deposits in Central Bank of TRNC

M2= M1 + Time Deposits in the Banks

Deposits and Loans

The deposits and loan item totals in the bulletin are prepared according to the definitions in the "TRNC Banks' Uniform Chart of Accounts".

Other Points Related to the Bulletin

In the bulletin, banking data is usually issued on a monthly, quarterly and annual basis. The monthly data regarding the banking sector is also published on our Bank's official website (www.mb.gov.ct.tr).

Bank

It describes the banks established under the "Companies Law" and "TRNC Banking Law" numbered 39/2001 and the branches of foreign banks opened in the Turkish Republic of Northern Cyprus. There are currently 21 deposit banks operating in the TRNC.

Since banking data is collected from temporary balances, our bank does not guarantee the accuracy of such financial data and does not take responsibility for this information, which is published for information purposes only. In addition, our Bank reserves the right to amend/modify related data in whole or in part without prior notice. For this reason, periodic information contained in the Bulletin may change as a result of updates to previous or subsequent bulletins for various reasons.

Banking Sector

It refers to the sector consisting of the banks described above. All kinds of financial institutions other than the 21 eligible banks are excluded from the sector.

Monetary Data of the Banking Sector

The monetary aggregates of the sector are compiled from temporary balances that banks presented to the Central Bank of the TRNC. These balances are prepared on the last day of each calendar month and show the balance sheet status of the banks as of that day. However, since the Central Bank may request amendments to certain items of these balance sheets as a result of some examinations, these balance sheets are considered 'Temporary'.

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For information and suggestions: www.mb.gov.ct.tr

