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CENTRAL BANK OF TRNC
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I: FOREWORD

In the 'World Economic Outlook' report published by the IMF in July 2018, it was emphasized that downward risks on global economic growth might increase in the forthcoming quarters. While the international trade tension between China and the US is expected to be solved by conciliatory steps, it is emphasized that the fact it has become a showdown between the two countries may negatively affect global economic growth. However, trade wars between China and the United States; the European Union's expired period of exemption granted by the USA, the introduction of additional customs duties to Canada and Mexico, and the retaliation by the countries concerned further increased downside risk factors in growth.

The IMF report revised the 2018 growth forecast for developed countries downwards and kept the forecast for developing countries stable. The World Bank did not make any changes in the global growth forecasts in the July 2018 'Global Economic Prospects' report, but predicted that the expected slowdown in developed economies in 2019 and 2020 would gradually pull down the global economy.

In the second quarter of 2018, as in the first quarter, the depreciation of Turkish Lira against other currencies continued to accelerate. By the end of June 2018, Turkish Lira depreciated by 15.49 percent against the US dollar, by 7.98 percent against the sterling pound, and by 9.08 percent against the euro. While the depreciation in the Turkish Lira created a significant pass-through in the consumer prices, the necessary works are carried out in order to keep the impact on banking sector at the lowest level, and it is stated that the effect of the depreciation of the Turkish Lira on the balance sheet of the banking sector will be limited.

The annual inflation rate calculated by the TRNC Prime Ministry State Planning Organization reached 19.41 percent as of June. Main group items that contributed most to the upward trend in consumer prices index have been transport, education, food and non-alcoholic beverages, and they increased by 24.86 percent, 23.53 percent and 22.22 percent, respectively. The main reason for these price increases is the depreciation of the Turkish Lira against US dollar, euro and sterling pound, developed countries currencies that are the most widely used in our country.

In the second quarter of 2018, the revenues and expenditures items of the TRNC Budget were 1,396 million TRY and 1,328.8 TRY, respectively, and the budget closed the period with a surplus of 72.2 million TRY. Budget revenues increased by 17.7 percent, while budget expenditures increased by 13 percent, compared to the same period of the previous year. Tax revenues with the highest share in budget revenues increased by 12.9 percent compared to the same period of the previous year and amounted to 884.3 million TRY; non-tax revenues with the second highest share increased by 27.3 percent, contributing 316.5 million TRY to budget revenues. When we look at budget expenditures items, personnel expenditures and current transfers, which have the highest share, constitute 85.2 percent of total expenditures in the second quarter of 2018. In the same period of last year, personnel expenditures increased by 18.1 percent and reached 461.8 million TRY. Current transfers item increased by 11.3 percent to 665.8 million TRY.

While the number of banks and branches operating in the sector remained stable, the number of personnel increased by 9 and reached 3,120 in March - June period. In the second quarter of 2018, the total assets of the banking sector increased by 8.5 percent to 30,051,9 million TRY. As of the end of June 2018, the ratio of the banking sector's balance sheet size to GDP was 206.99 percent. In terms of asset size, the share of the five largest banks in the sector is 54.62 percent. Among the 21 banks, the share of the top ten banks in total assets was 78.02 percent. While the largest share in total assets belongs to gross loans and liquid assets, their share was 57.67 percent and 26.69 percent, respectively. 80.3 percent of the total liabilities of the sector are composed of deposits and 8.94 percent is composed of shareholders' equity. As of the end of June 2018, gross loans totalled 17,330.4 million TRY and total deposits (including debts to banks) amounted to 26,136 million TRY. Loans to deposits ratio, measuring the depth of the banking sector, decreased from 72.44 percent in March to 71.82 percent at the end of June.

We would like to thank all of our employees who have contributed to the preparation of this bulletin, in which current 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 second quarter of 2018.

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
PPI	Producer Price Index
IBU	International Banking Unit
IEA	International Energy Agency
FX	Foreign Exchange
\$/Dollar/USD	US Dollar
€/EUR	Euro
£/GBP	Pound Sterling

III: DEFINITIONS

Gross Loans: Loans + Non-Performing Loans

Liquid Assets: 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

Global growth has entered a period in which downward risks have increased due to the recent increase in international trade tensions following the upward trend that began two years ago. The global growth forecast for 2018 and 2019 was revised as 3.9 percent in the updated version of the 'World Economic Outlook' report published by the IMF in July 2018; however, it was commented that the risks could adversely affect global growth increased.

While growth in developed countries is generally strong, the Eurozone, Japan and the United Kingdom have showed a slowdown compared to previous periods. On the other hand, the GDP is rising faster than its potential due to the tax cuts and increasing government expenditures and consequently, there is an improvement in the employment market in the USA.

The IMF revised its 2018 growth forecast for advanced economies as 2.3 percent in its July report, which was 2.4 percent in April. For the countries concerned, the growth forecast for 2019 remained unchanged at 2.2 percent. Growth forecasts for emerging markets and economies for 2018 and 2019 remained unchanged at 4.9 percent and 5.1 percent, as in previous reports, respectively.

The IMF report estimates that economic growth in the Eurozone will fall by 0.2 percentage point from 2.4 percent in 2017 to 2.2 percent in 2018 and it will be realized as 1.9 percent in 2019. The revised downward trend for growth rate in 2018 was driven by Germany, France and Italy, whose economic activity slowed in the second quarter compared to the first quarter.

The IMF predicts that in the developing European region, the economic growth rate, which was 5.9 percent in 2017, will decline in 2018 and 2019, and realize as 4.3 percent and 3.6 percent, respectively. In countries with high current account deficits, particularly in Turkey, it is estimated that there will be a significant decline in growth rate due to tighter financial conditions. According to the report, the growth rate of 7.4 percent in Turkey in 2017 is expected to decline to 4.2 percent in 2018.

In the second quarter of 2018, Fed's Reserve Policies have led global financial developments. As the strong labour market data indicate, the Fed will continue to use tight monetary policy and raise policy interest rates over the next two years. This suggests that the US dollar will continue to strengthen against other currencies. Financial conditions in emerging markets and economies due to the strengthening US dollar since April became more restrictive. The pressure in the financial markets is felt more in countries that are vulnerable by the reasons such as political or geopolitical uncertainties, among the economies that has current account deficit. In the event that the Fed goes through tightening faster than expected, the number of countries that feel the pressure on the financial markets will increase.

Table 1.1: GDP Forecasts and Results

Global GDP Growth Forecasts					
	2016	2017	2018 ¹	2018 ²	2019 ¹
IMF	3.2	3.8	3.8	3.9	3.9
World Bank	2.4	3.1 ^(F)	2.9	3.1	3.0
OECD	3.0	3.6	3.1	3.8	3.9

Source: OECD, World Bank, IMF

¹ The initial forecasts of the organizations of that year.

² The latest forecasts of the organizations of that year.

(F) Forecast

In July 2018, the World Bank predicts in its 'Global Economic Prospects' Report that global economic growth to remain at 3.1 percent this year. However, due to the expectation that growth will slow down in developed countries, and accelerate in developing countries in the next two years, therefore this will bring balance, it is predicted that the slowdown in global growth will be gradual.

World Bank Group President Jim Yong Kim said in the World Bank Report, "If it can be sustained, the robust economic growth that we have seen this year could help lift millions out of poverty, particularly in the fast-growing economies of South Asia." Jim Yong Kim also commented that, "But growth alone won't be enough to address pockets of extreme poverty in other parts of the world. Policymakers need to focus on ways to support growth over the longer run—by boosting productivity and labour force participation—in order to

accelerate progress toward ending poverty and boosting shared prosperity.”

World Bank announced its economic growth forecasts as 2.2 percent for 2018 and 2 percent for 2019 in developed countries, as 4.5 percent for 2018 and 4.7 percent for 2019 in developing countries. However, it is also emphasized that there are certain risks that may drag down this positive outlook. The increase in volatility in financial markets, this situation in financial markets to increase the fragility of emerging markets and economies, and the protectionism in global trade and the increase of political and geopolitical uncertainties on the one hand were evaluated as risks that would negatively affect global growth.

The report also emphasized that rising corporate debts in emerging economies increased concerns about financial stability and created a burden on investments. In particular, it was emphasized that private sector debt in foreign currency increased very rapidly after the global financial crisis and together with rising borrowing costs, caused these countries to be more fragile. World Bank Development Prospects Group Director, Ayhan Köse commented on the matter, “Policy makers in emerging markets and economies should be prepared for the possible crises of the volatility in financial markets in the case of accelerating monetary tightening processes in developed economies,” and added that rising debt levels have made countries more fragile due to rising interest rates. In addition, the importance of restoring policy instruments to act as a buffer against financial shocks has been emphasized.

As mentioned in the previous report, credit rating of Turkey's economy was lowered one grade down by Moody's and identified as Ba2 stable in the first quarter of 2018. However, Moody's revised its rating as negative in the second quarter of 2018, giving the reason that the depreciation of the Turkish Lira, the pressure of the rising inflation on economic activity and the uncertainty in macroeconomic policies. On May 2, 2018, Standard & Poor's downgraded Turkey's credit rating three levels and determined as BB and the rating outlook as negative.

Another international credit rating agency Fitch Ratings reduced Turkey economy's credit rating level to BB and determined the rating outlook as negative on July 13, 2018. Moreover, the agency announced that it has downgraded credit ratings of 25 Turkish banks as

negative outlook. It was stated that the reason for the negative outlook of the banks was the volatility observed in the financial markets in recent years can negatively affect the performance of banks, asset quality and liquidity conditions.

1.2 ECONOMIC AND FINANCIAL OUTLOOK IN SELECTED COUNTRIES

1.2.1 GROWTH

In the US economy, the increase in investment rates due to corporate tax cuts, contributed to the rapid growth of GDP. According to the statement made on July 27, 2018, US GDP increased by 4.1 percent in the second quarter of 2018 compared to the same period of the previous year. Although this ratio was 0.1 percentage point lower than expected, the US economy recorded the strongest second quarter growth since 2014.

According to the Fed's FOMC meeting minutes on June 12-13, 2018; another item that contributed significantly to the GDP was the net exports item. The rising exports figures and the declining imports figures since the last quarter of 2017 caused net exports to rise. Net exports are expected to continue to contribute to economic growth in the second quarter of 2018 as the same item had continued in the same trend in March and April.

The UK's Office for National Statistics (ONS) revised the data on the growth of the first quarter of 2017 and 2018 in its publications dated June 29, 2018. In these revisions, the growth rate of 2017 has been reduced from 1.8 percent to 1.7 percent and the growth rate of the first quarter of 2018 compared to the previous quarter has been increased from 0.1 percent to 0.2 percent.

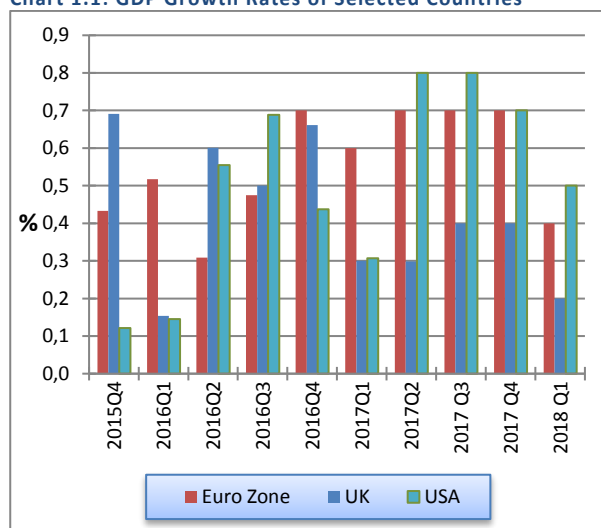
On the other hand, ONS announced the forecast figures for the second quarter of 2018. Accordingly, the UK economy was projected to grow by 0.2 percent in the second quarter of 2018. While the growth in the services sector contributed to the growth, the decreases in the construction and manufacturing sectors had a negative impact and zeroed the aforementioned contribution. Rob Kent-Smith, Deputy Director of the National Accounts Coordination, pointed out that the highest increase in the services sector occurred in May due to warm weather and royal wedding.

2018 Eurozone GDP growth rates were revised downwards due to rising foreign trade tariffs and the possibility that the protectionism in international trade would continue to increase. Compared to the same quarter of the previous year, the growth in the first quarter of 2018 was previously announced as 2.5 percent, and then it was revised as 2.2 percent. According to EUROSTAT forecast data, the annual inflation rate in the Eurozone rose from 1.9 percent in May to 2.0 percent in June 2018.

According to TURKSTAT, Turkey's economy grew by 7.4 percent in the first quarter of 2018. Based on the chained volume index, GDP grew by 7.4 percent compared to the same period of the previous year and exceeded expectations.

Based on the production method, the highest value added in GDP in the first quarter was realized in the services sector (including construction) with 8.8 percent, followed by 7.2 percent increase in the industrial sector. When the GDP is reviewed based on the expenditures method, the highest contribution to the growth in the first quarter of 2018 was by private consumption expenditures with 6.7 points. On the other hand, fixed capital investment expenditures became the second highest contributor with 2.8 points due to the increases in construction sector investments and machinery equipment investment expenditures.

Chart 1.1: GDP Growth Rates of Selected Countries



Source: OECD

1.2.2 INFLATION

In the latest FOMC (Federal Open Market Committee) minutes of June 2018, the Fed announced that the Consumer Price Index (CPI) in the US increased by 2.8 percent in the 12-month period until May, while the core CPI increased by 2.2 percent.

In the previous minutes, the Committee announced that the CPI was 2 percent equal to the Fed's inflation target in the 12-month period until April. It was stated that the increase occurred in one month period was due to the increase in the energy prices. In the second quarter of 2018, USA CPI data increased by 2.7 percent compared to the same quarter of the previous year.

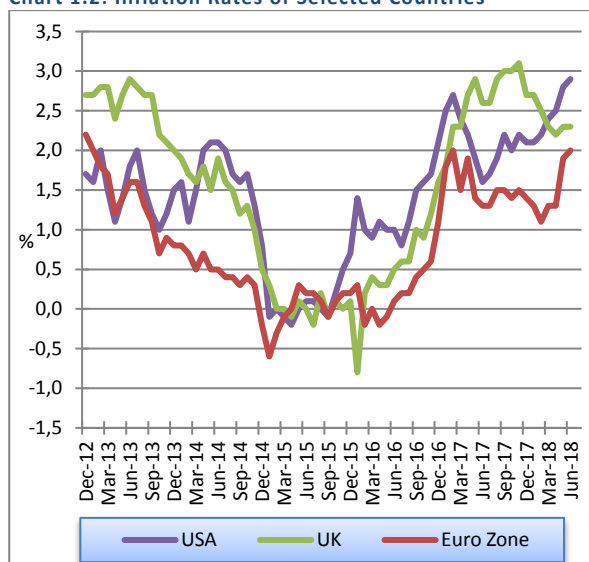
According to EUROSTAT's data for June 2018, annual CPI rate of the Euro Zone increased by 2.0 percent compared to the same month of last year and increased by 0.1 percent compared to May 2018. Increases in energy prices, food prices and services sector are the items contributing to Eurozone inflation.

According to ONS data, the UK inflation rate was 2.2 percent in the second quarter of 2018. When the sub-items are analysed, the transportation sector was the sector that contributed most to the increase in inflation due to the 5.3 percent annual increase in June. The increase in fuel prices has contributed to this rise.

In Turkey, the annual increase in consumer prices was 15.39 percent in June 2018. Producer Price Index (PPI) increased annually by 23.71 percent in June. These annual increases were the highest in the last 15 years according to the CPI and PPI rates calculated based on 2003.

When monthly increase rates are examined, CPI and PPI are 2.61 percent and 3.03 percent, respectively. The food and non-alcoholic beverages group among the main expenditure items continued to be effective in the increase in inflation. This group increased by 5.98 percent on a monthly basis, making the highest contribution among the main expenditure groups. When we analyse the sub-items, fresh fruit and vegetable prices have been the most important item in the increase in unprocessed food group and thus in the increase in food and non-alcoholic beverages group by 17.51 percent.

Chart 1.2: Inflation Rates of Selected Countries



Source: OECD

1.2.3 POLICY INTERESTS

At the meeting of the Fed held on June 12-13, 2018; the policy rate was increased by 25 basis points from 1.55 - 1.75 percent to 1.75 - 2.00 percent, in line with the market expectations. It was stated that the Fed members' expectations regarding the number of total interest rate increases for 2018 increased from 3 to 4. For 2019, the number of planned interest rate increases was kept constant at 3.

In June 2018, BoE made no change in its policy rate and kept it constant at 0.5 percent, in line with the expectations. It was also announced that it would continue the asset purchase program in the same amount as £435 billion. In the decisions taken by six votes to three, the number of members who voted for the interest rate increase rose compared to the previous meetings. It was decided unanimously that no decrease would be made in the bond purchase amounts unless the interest rates of bonds purchased with the asset purchase program is increased to 1.5 percent. In the July meeting, BoE increased the policy interest rate by 25 basis points to 0.75 percent in line with market expectations. The decision was made unanimously and it was agreed that further interest rate increases would be necessary. No change was made regarding the bond purchase amount in the related meeting.

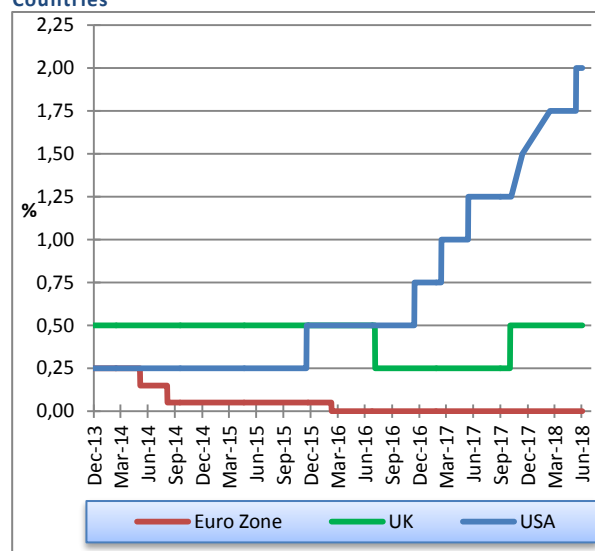
In the monetary policy meeting held on June 14, 2018, ECB decided to maintain the policy interest rate as zero

percent and the asset purchase program with 30 billion euro bond purchase amount. In addition to this, it was also announced that the bond purchase program would be reduced to 15 billion euros as of September and will be terminated by the end of 2018.

Within the framework of the Late Liquidity Window application, the overnight borrowing rate of the Central Bank between 16.00-17.00 in the Interbank Money Market is kept constant at 0 percent level, while the lending interest rate has been raised to 16.5 percent from 13.5 percent at Monetary Policy Committee (MPC) meeting on 23 May 2018.

For a long time, CBRT have not been issuing a weekly repo tender and all funding was provided through LON (Late Liquidity Window). The decision to complete the simplification process on the monetary policy operational framework was announced by the MPC on June 28, 2018. According to this decision, LON funding will not be used (except in exceptional cases) and the weekly repo auctions will be held again with the simplification step that will start to be implemented as of June 1.

Chart 1.3: CB Interest Rates of Selected Developed Countries



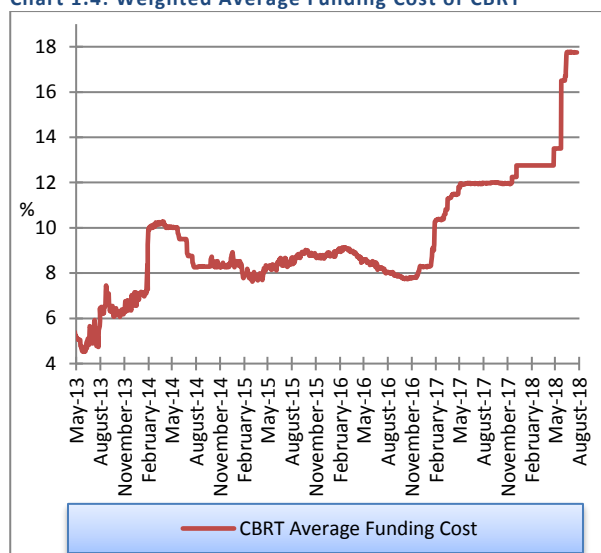
Source: FED, ECB, BoE

CBRT Monetary Policy Committee (MPC) increased its one-week repo (policy interest) rate by 125 basis points from 16.5 percent to 17.75 percent at the meeting on June 7, 2018. The reason for the increase, which was higher than the market expectations, was stated as the deterioration in inflation and depreciation in the Turkish Lira. Also, the LON lending rate increased by 425 basis points to 20.75 percent.

In the MPC meeting notes, it was mentioned that the rise in inflation was driven by the rise in costs, and by the price increases spread across CPI sub-items. It was highlighted that high inflation and high inflation expectations in the markets continued to pose risks on the pricing behaviour, and this is effective for the Committee to decide on strengthening monetary tightening in order to support price stability.

In the latest MPC meeting held on July 24, 2018, contrary to the expectations of 1 percent increase in the market, the policy rate was not increased. The reasons for this were stated as the fact that the recently announced data indicate that the tendency to stabilize in economic activity has become evident and signals of slowdown in domestic demand.

Chart 1.4: Weighted Average Funding Cost of CBRT

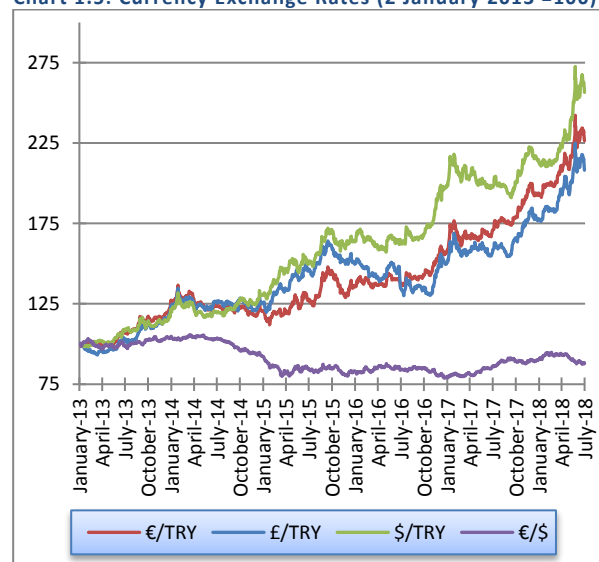


Source: CBRT

1.2.4 EXCHANGE RATES

As in the first quarter of 2018, the Turkish Lira continued to experience a significant depreciation against other currencies in the second quarter of 2018, compared to the same period of the previous year. In the second quarter of 2017, while the average exchange rates for GBP/TRY, EUR/TRY, and USD/TRY were 4.56, 3.93 and 3.57, respectively, the averages for the same period of 2018 were 5.93, 5.20 and 4.37, respectively. When two periods are compared, TRY depreciated by 22.11 percent against the US dollar, by 29.94 percent against the sterling pound, and by 32.46 percent against the euro.

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



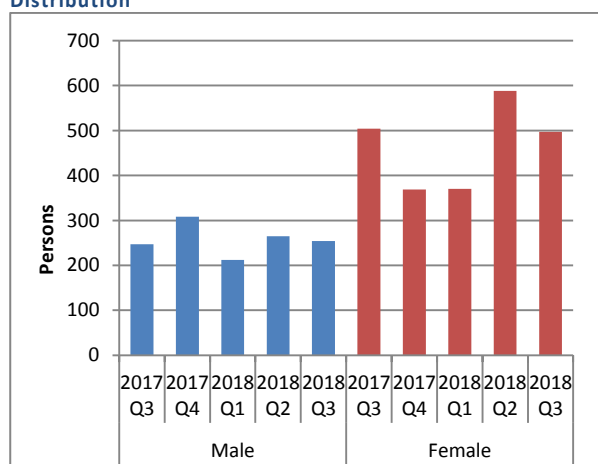
Source: Central Bank of the TRNC

2 EMPLOYMENT AND PRICES

2.1 EMPLOYMENT

According to the unemployment data prepared by the TRNC Labour Office, by the end of the first quarter of 2018, the number of registered unemployed people, which was 1,007, increased to 1,185 as of the end of April 2018. When the unemployment rate for April of this year is analysed by gender composition, it is seen that about 63 percent of the active registered unemployed people are composed of men and 37 percent of them are women.

Chart 2.1: Registered Active Unemployment - Periodic Distribution



Source: Labour Office

While the number of jobseekers in the first quarter of 2018 was 579, the number of new job seeking applicants at the end of April 2018 was 221. By the end of the first quarter of 2018, when 961 people who were unregistered and employed were taken into consideration, the number of jobseekers was 562 at the end of April.

Table 2.1: Registered Active Unemployment - Overview (persons)

	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2*
Jobseekers by the end of the previous period	712	878	748	674	579
Applicants applying for employment during the period	1,509	1,224	1,159	866	221
Persons employed during the period	727	546	606	326	61
Persons unregistered during the period	616	808	627	635	177
Jobseekers by the end of the period	878	748	674	579	562

Source: Labour Office

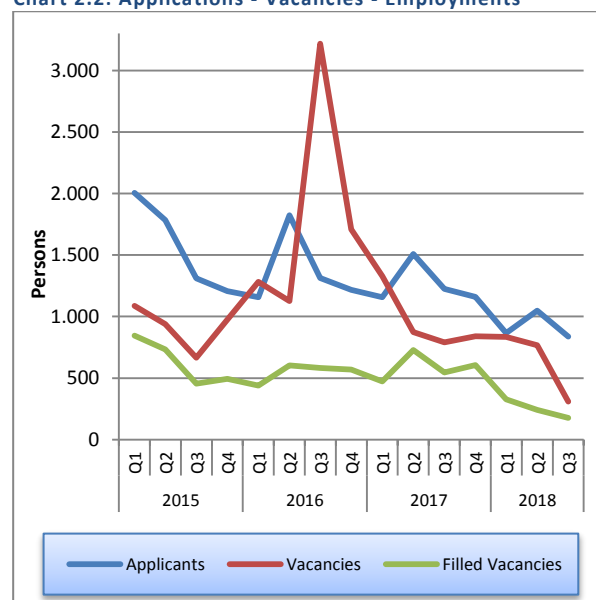
When the active vacancy listings are examined, it is seen that 1,004 vacancies were transferred to the second quarter of 2018 and 834 new vacancies were opened in January, February and March. As of the end of April 2018, 1,182 vacancies were transferred to the next period as a result of 51 filled and 6 cancelled vacancies.

Table 2.2: Overview of Active Vacancy Listings (persons)

	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2*
Vacancies transferred from the previous period	693	807	1,018	898	1,004
Vacancies received during the period	874	790	839	834	235
Vacancies filled during the period	727	546	606	326	51
Vacancies cancelled during the period	33	33	353	402	6
Vacancies transferred to the next period	807	1,018	898	1,004	1,182

Source: Labour Office

Chart 2.2: Applications - Vacancies - Employments



Source: Labour Office

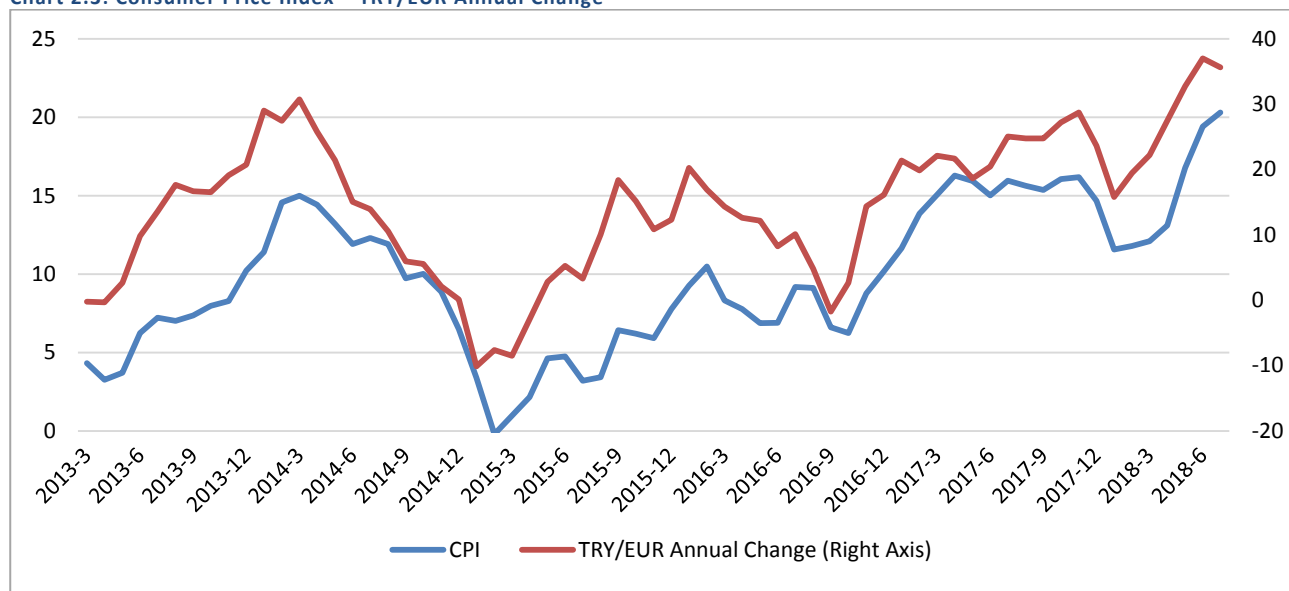
*: As the relevant data was published until April by the TRNC Labour Office, the figures for the second quarter of 2018 were prepared on the basis of April data.

2.2 INFLATION

When we look at Graph 2.3, which shows the changes in CPI and TRY/EUR changes since March 2013, it is observed that both values are in parallel with each other in the related period. As can be seen 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. Since 2015, the two exchange rates, which have continued in correlation, have started to increase as of January 2018.

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

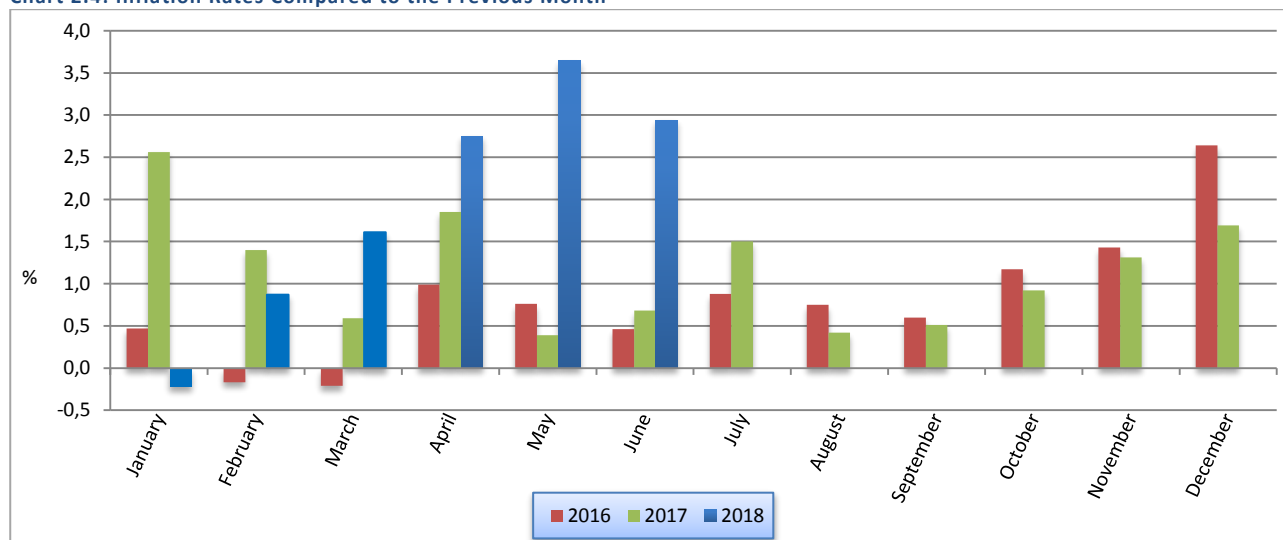


Source: SPO

When the inflation rates in the second quarter of 2018 with respect to the previous month are compared to the same periods of 2017, the rates of 1.85 percent,

0.39 percent and 0.68 percent in April, May and June of 2017 reached 2.75 percent, 3.65 percent and 2.94 percent in the same months of 2018, respectively.

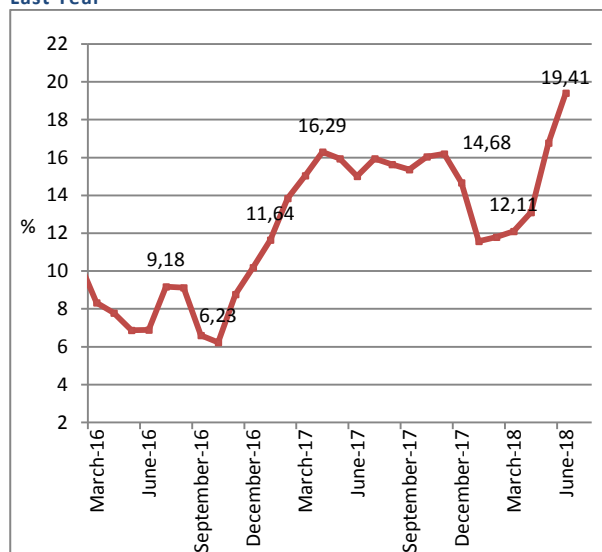
Chart 2.4: Inflation Rates Compared to the Previous Month



Source: SPO

The annual inflation rate, which was 16.29 percent in April, 15.94 percent in May and 15.02 percent in June 2017, reached 13.1 percent in April, 16.78 percent in May and 19.41 percent in June 2018.

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

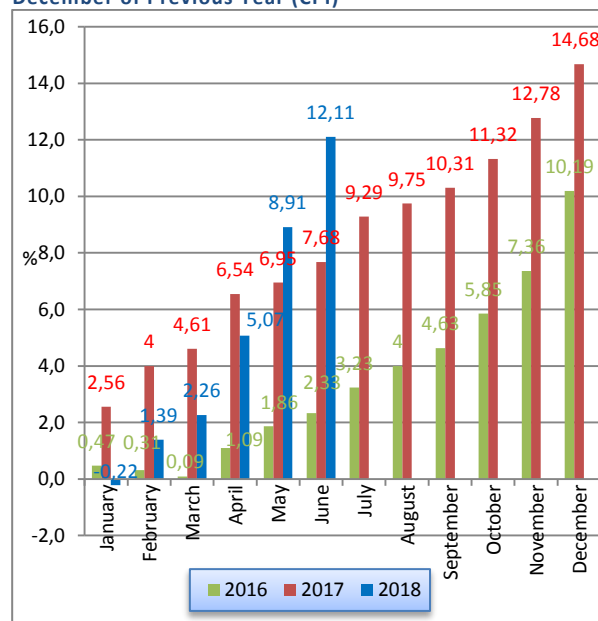


Source: SPO

The inflation rate, which was 4.63 percent in the first nine months of 2016, reached 10.19 percent as of 2016 after the rapid increase experienced in the last three months. The increase continued in the first nine months of 2017 and the inflation rate reached 10.31 percent. In 2015 and 2016, year-end inflation rates reached 7.78 percent and 10.19 percent, respectively. As of November of 2017, annual inflation was at the level of 16.05 percent, but it was down by base effect

in December, reaching 14.68 percent. In the second quarter of 2018, the rate of change was 5.07 percent in April, 8.91 percent in May and 12.11 percent in June, compared to December of previous year.

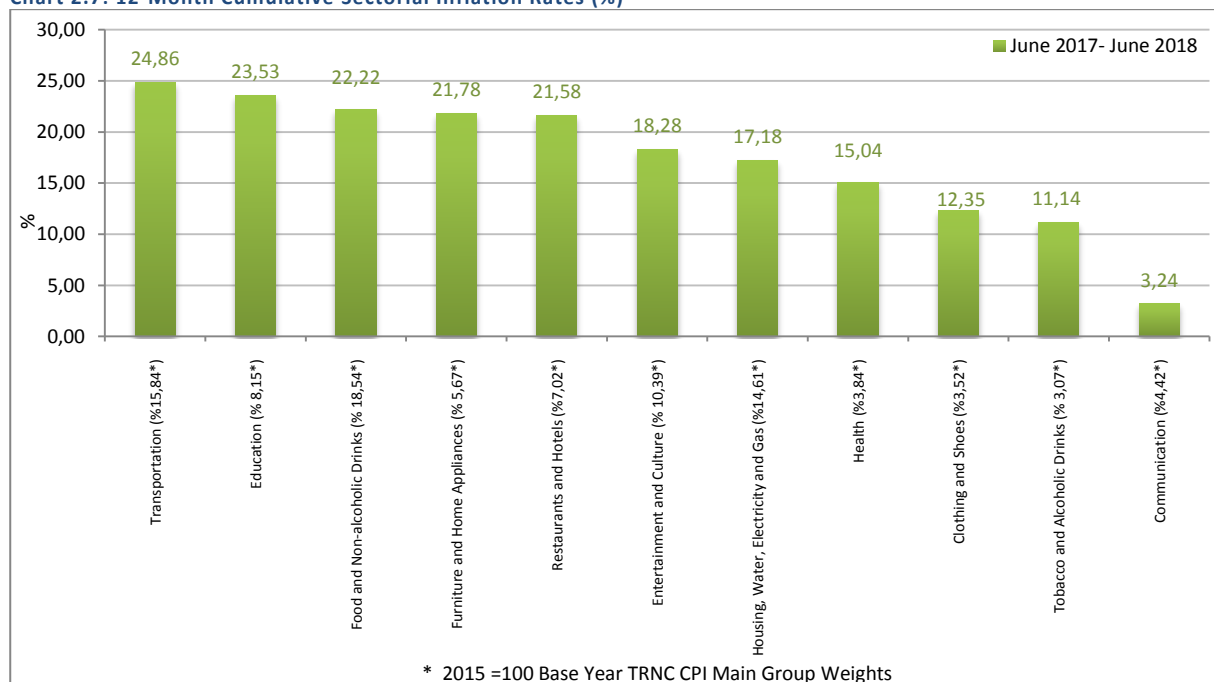
Chart 2.6: Cumulative Inflation Rates Compared to December of Previous Year (CPI)



Source: SPO

The sectors with the highest price increase at the end of June 2018 are transportation with 24.86 percent, education with 23.53 percent and, food and non-alcoholic beverages item with 22.22 percent. By the end of June 2018, the lowest price increase occurred in communication item with 3.24 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 Index (2015=100) Percentage Change (%)

	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

Source: SPO

3 FOREIGN TRADE AND TOURISM

(The exports data of May - June and imports data of April - May - June prepared by the TRNC Department of Trade could not be obtained therefore; the existing data was not updated.)

3.1 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 April 2017 are 11 million USD and the total

imports in the same period is 11.1 million USD. In the first quarter of 2018, total imports increased by 19.93 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	144,241,183	31.0
February	11,372,143	14,786,580	30.0	126,115,804	131,693,970	4.4
March	13,489,437	12,183,339	-9.6	132,316,926	165,954,943	25.42
Quarter I	32,429,328	36,975,432	14.0	368,467,903	441,890,096	19.93
April	10,928,228	11,138,772	1.9			
Quarter II (April)	10,928,228	11,138,772	1.9			
Year Total (January – April)	43,366,556	48,114,204	10.9			

Source: Department of Trade

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

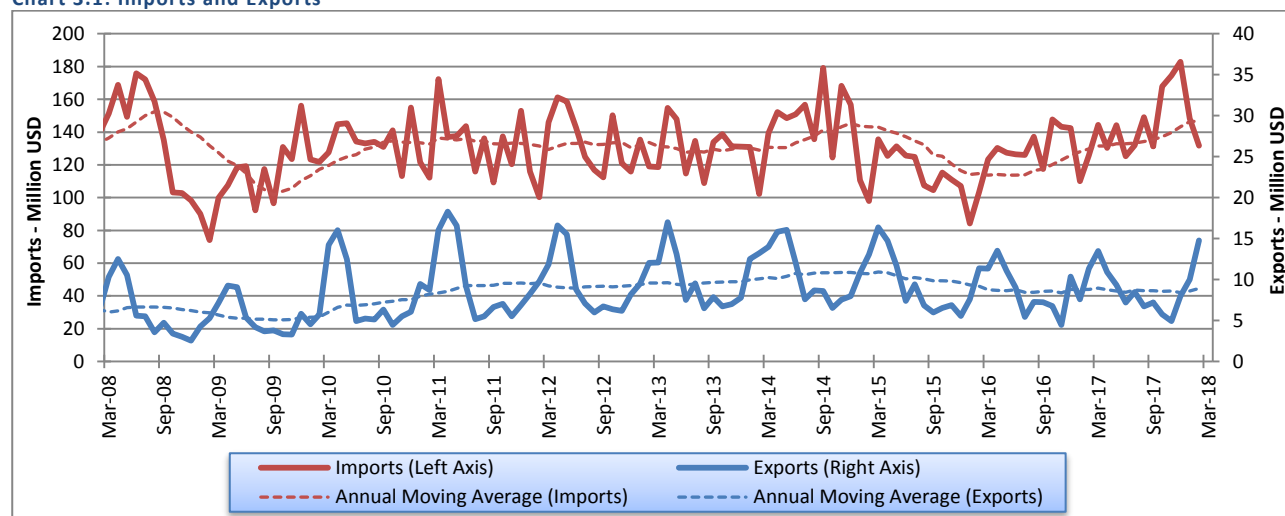
2) Hydrocarbon imports are not included.

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

When exports and imports of the TRNC for 10 years between the period March 2008 and March 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 exports displayed a steady upward trend in the period between 2010 and 2014, and it has decreased in the period after May 2015.

Moreover, the difference between the peak and bottom periods of exports and the volatility of export volume is in a slow decline. In imports, the lowest level since February 2009 was recorded as 88 million USD in January 2016. Looking at the annual moving average of imports, it changed direction and tended to decrease in the period after January 2015, but it is observed that after September 2016, it tended to rise again.

Chart 3.1: Imports and Exports

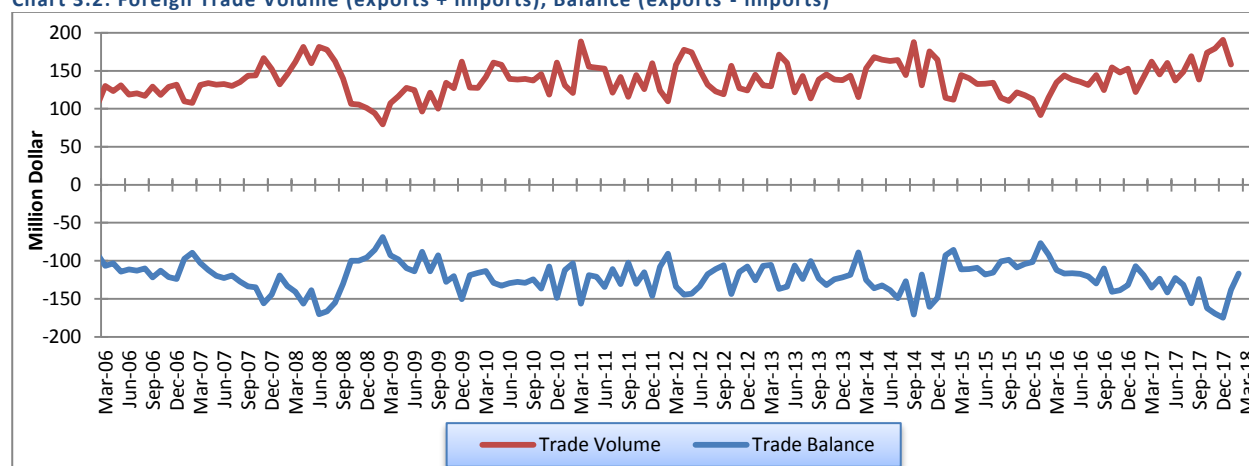


Source: Department of Trade

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 March 2017 and March 2018 increased from 162.2 million USD to 178.1 million USD while foreign trade deficit was 135.2 million USD and 153.7 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 in March 2018, it was 7.3 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.

In January - April 2018, exports to Turkey and Other European Countries increased, while exports to EU countries, Middle East and Arab Countries and Other Countries decreased, compared to the same period of 2017.

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 (Jan. - April)	63.9	4.1	4.3	20.0	6.4

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 imports from Turkey and Far East countries in 2017 and there was an increase in the share of imports

from other European countries and the Middle East and Arab countries. In January - March 2018, imports from Turkey, Far East countries and Middle East and Arab Countries increased, while imports from EU countries, Other European Countries and Other Countries decreased, compared to the same period of 2017.

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-March)	64.9	15.7	8.6	3.0	5.3	2.5

Source: Department of Trade

3.2 TOURISM

In the second quarter of 2018, the total number of arriving passengers, which was 440,525, increased by 2.2 percent compared to the same period of 2017. In the second quarter, the number of arriving Turkish

citizen passengers increased by 3 percent, compared to the same period of the previous year and the number of passengers from third countries decreased by 1.1 percent.

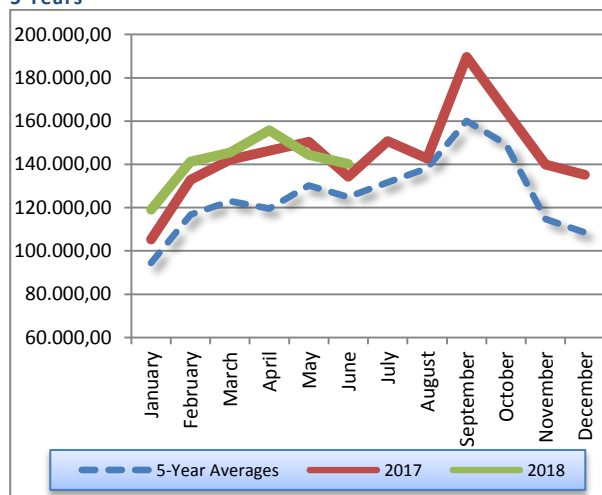
Table 3.4: Number of Passengers Arriving in the TRNC

Period	Turkish Citizen			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
January – June Total	623,223	659,759	5.9	188,346	186,513	-1.0	811,569	846,272	4.3

Source: Tourism Planning Department

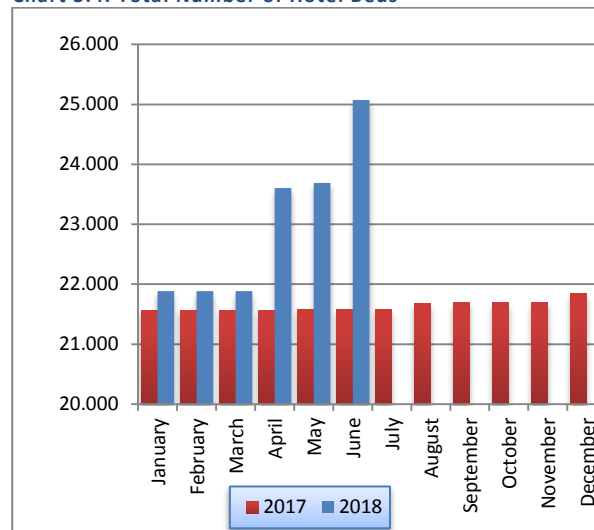
When the number of arriving passengers in the second quarter of 2018 is compared to the previous year and the average of the last five years, it is observed that the total number of arriving passengers in the second quarter of 2018 is above the averages of year 2017 and the last 5 years.

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



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 21,583 in the second quarter of 2017 reached 25,071 by the second quarter of 2018.

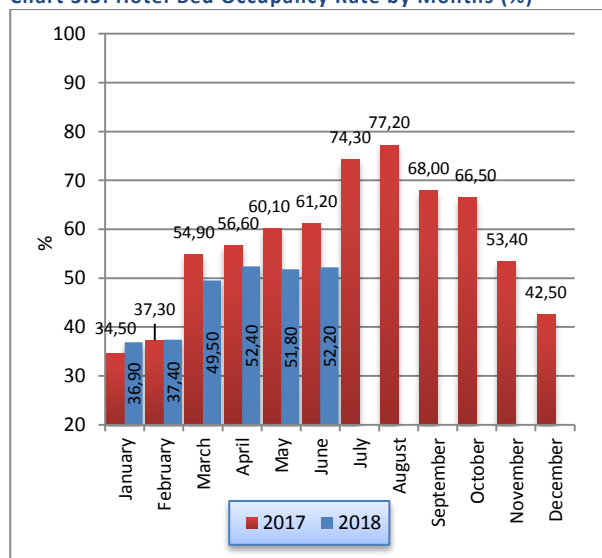
Chart 3.4: Total Number of Hotel Beds



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.

Chart 3.3: Hotel Bed Occupancy Rate by Months (%)



Source: Tourism Planning Department

4 BUDGETARY DEVELOPMENTS

4.1 SECOND QUARTER 2018 RESULTS

In the second quarter of fiscal year 2018, TRNC total budget revenues increased by 17.7 percent and total expenditures increased by 13 percent, compared to the same period of the previous year. Following these changes, budget revenues and budget expenditures were 1,396 million and 1,323.8 million TRY in the second quarter of 2018. In the second quarter of 2017, public finance, which had a surplus of 14.6 million TRY, had a surplus of 72.2 million TRY in the same period of 2018.

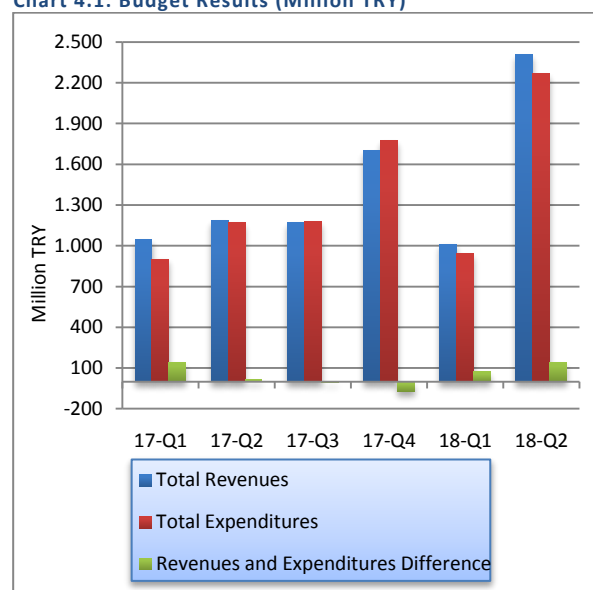
Table 4.1: Budget Balance (Million TRY)

	2017		2018		% Change
	Annual Results	April-June Results	Annual Forecast	April-June Results	
Budget Revenues	5,102.1	1,185.6	6,662.4	1,396.0	17.7
Budget Expenditures	5,023.6	1,171.0	6,745.4	1,323.8	13.0
Budget Balance	78.5	14.6	-83.0	72.2	394.5

Source: Ministry of Finance

23.2 percent of the total budget revenues of 5,102.1 million TRY obtained in 2017 were collected in the second quarter. In the same period of 2018, 21 percent of the foreseen total budget revenues were collected. In 2018, 19.6 percent of 6,745.4 million TRY, estimated to be used in the execution of services and activities was used within the second quarter. This rate was 23.3 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 second quarter of fiscal year 2018, budget revenues increased by 210.4 million TRY compared to the same period of the previous year and amounted to 1,396 million TRY. Tax revenues item with the largest share in budget revenues totalled 884.3 million TRY in the second quarter of 2018. Total tax revenues were 783.2 million TRY in the same period of 2017. Non-tax revenues item, which had the second highest share in budget revenues, increased by 27.3 percent compared to the same period of the previous year and reached 316.5 million TRY in the second quarter of 2018. Donations, grants and loans item amounted to 163.1 million TRY in the second quarter of 2018.

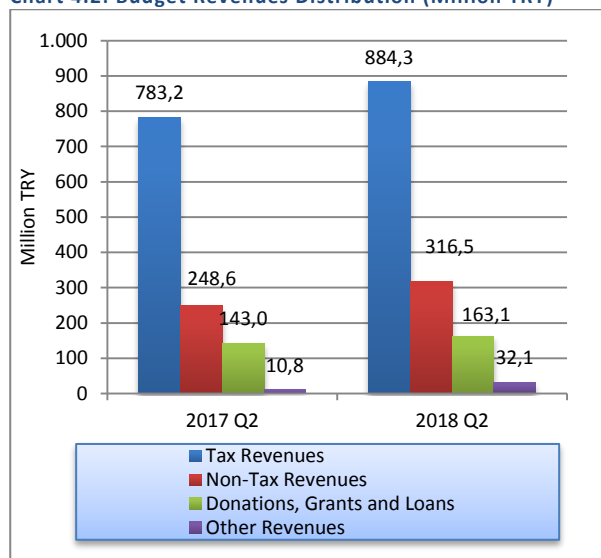
Table 4.2: Budget Revenues (Million TRY)

	2017 April- June	2018 April- June	% Change
Tax Revenues	783.2	884.3	12.9
Non-Tax Revenues	248.6	316.5	27.3
Donations, Grants and Loans	143.0	163.1	14.1
Other Revenues	10.8	32.1	197.2
Total	1,185.6	1,396.0	17.7

Source: Ministry of Finance

While the share of donations, grants and loans in total budget revenues was 12.1 percent in the second quarter of 2017, it was 11.7 percent in the same period of 2018. In the same period, while the share of tax revenues item was 66.1 percent, it declined to 63.3 percent, and the share of non-tax revenues was 21 percent and it amounted to 22.7 percent. The share of other revenues item decreased from 9.1 percent to 2.3 percent.

Chart 4.2: Budget Revenues Distribution (Million TRY)



Source: Ministry of Finance

4.3 EXPENDITURES

As of the second quarter of 2018, total budget expenditures increased by 13 percent compared to the same period of the previous year and reached to 1,323.8 million TRY from 1,171 million TRY. In the mentioned periods, current transfers, goods and service purchase and personnel expenditures items increased by 11.3, 19.4 and 18.1 percent, respectively.

Current transfers expenditure item of the TRNC budget reached 665.8 million TRY in the second quarter of 2018. In this period, personnel expenditures item, which increased by 18.1 percent compared to the same period of previous year, reached to 461.8 million TRY. Capital expenditures and transfers item decreased by 15.8 percent during the same period and amounted to 56.9 million TRY in the second quarter of 2018.

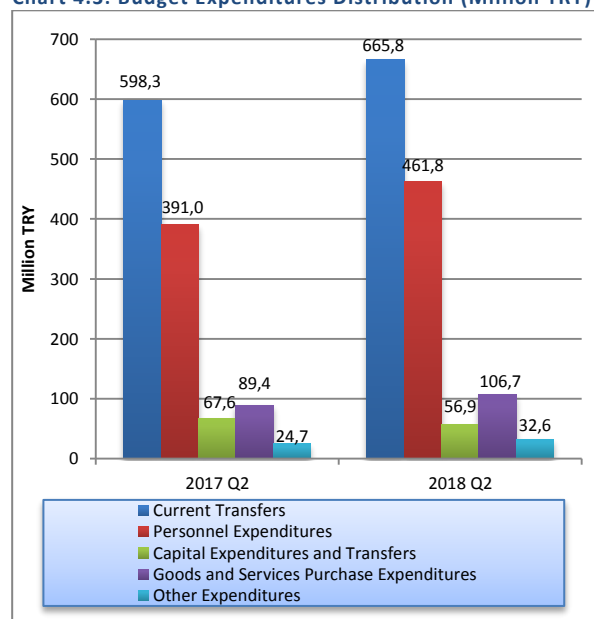
Table 4.3: Budget Expenditures (Million TRY)

	2017 April-June	2018 April-June	% Change
Current Transfers	598.3	665.8	11.3
Personnel Expenditures	391.0	461.8	18.1
Capital Expenditures and Transfers	67.6	56.9	-15.8
Goods and Service Purchase Expenditures	89.4	106.7	19.4
Other Expenditures	24.7	32.6	32.0
Total	1,171.0	1,323.8	13.0

Source: Ministry of Finance

The share of personnel expenditures item in total expenditures was 33.4 percent in the second quarter of 2017, while it is 34.9 percent in the second quarter of 2018. In the second quarter of 2017, the share of the current transfers constituting 51.1 percent of the total budget expenditures became 50.3 percent in the second quarter of 2018. The share of personnel expenditures and current transfers in budget expenditures was 84.5 percent in the second quarter of 2017 and it became 85.2 percent in the same period of 2018.

Chart 4.3: Budget Expenditures Distribution (Million TRY)



Source: Ministry of Finance

4.4 BUDGET IMPLEMENTATION RESULTS

At the end of the first six months of 2018, 36.15 percent of the budget revenues expected for 2018 was collected and 33.58 percent of the expected total budget expenditures were spent.

For the same period of 2017, these rates were 43.72 percent and 41.27 percent, respectively.

Table 4.4: Budget Implementation Results (Million TRY)

	2017 Results	2018 Forecast	2017 – 2018 Change (%)	2017 Six-Month Results	2018 Six-Month Results	2017 Six-Month Results (%)	2018 Six-Month Results (%)	
Revenues	Tax Revenues	3,047.1a	3,321.8	9.02	1,372.3	1,616.0	45.40	48.65
	Non-Tax Revenues	1,048.1	1,070.4	2.13	555.5	570.8	53.00	53.43
	Donations, Grants and Loans	930.8	2,154.2	131.44	290.8	163.1	31.24	7.57
	Other Revenues	76.1	116.0	52.43	12.2	58.2	16.03	50.17
	Grand Total	5,102.1	6,662.4	30.58	2,230.8	2,408.1	43.72	36.15
Expenditures	Current Transfers	2,360.0	2,471.6	4.73	1,021.9	1,121.4	43.30	45.37
	Personnel Expenditures	1,768.8	1,953.1	10.42	749.8	883.7	42.39	45.25
	Capital Expenditures and Transfers	406.5	726.4	78.70	103.3	65.3	25.41	9.00
	Goods and Service Purchase Expenditures	371.1	454.3	22.42	149.5	136.6	40.29	30.07
	Other Expenditures	117.2	1,140.0	872.70	48.7	58.1	41.55	5.10
Grand Total	5,023.6	6,745.4	34.27	2,073.2	2,265.1	41.27	33.58	

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, increased by 394.5 percent in the second quarter of 2018 compared to the same period of the previous year and reached 72.2 million TRY. The loans extended by Turkey, used as a source of funding to meet the budget deficit, were not used as in the same period of the previous year.

In the second quarter of 2018, domestic income increased by 18.3 percent and reached 1,232.9 million TRY due to the increase in tax revenues and non-tax revenues by 101.1 million and 67.9 million TRY, compared to the same period of the previous year.

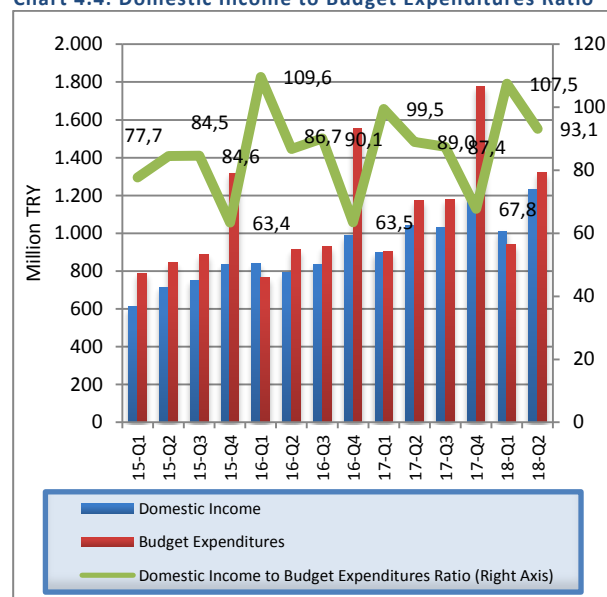
Table 4.5: Financing Balance (Million TRY)

	2017 April– Jun.	2018 April– Jun.
Budget Revenues	1,185.6	1,396.0
1. Domestic Income	1,042.6	1,232.9
Tax Revenues	783.2	884.3
Non-Tax Revenues	248.6	316.5
Other Revenues	10.8	32.1
2. Foreign Aids	143.0	163.1
Grants Extended by Turkey	143.0	163.1
Budget Expenditures	1,171.0	1,323.8
Personnel Expenditures	391.0	461.8
Current Transfers	598.3	665.8
Capital Expenditures	67.6	56.9
Other Expenditures	114.1	139.3
Financing Balance	14.6	72.2
Financing	0.0	0.0
Loans Extended by Turkey	0.0	0.0
Domestic Borrowing	0.0	0.0

Source: Ministry of Finance

According to the budget figures of the second quarter of 2018, the domestic income to budget expenditures ratio has been 93.1 percent. The same ratio was 89 percent in the second quarter of 2017.

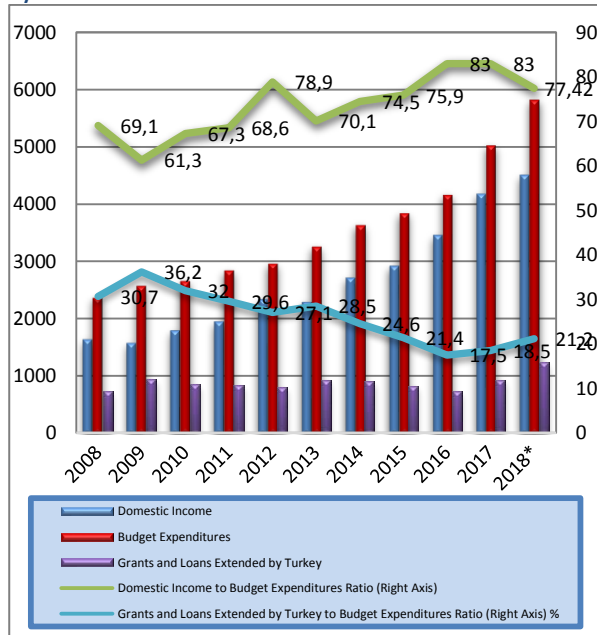
Chart 4.4: Domestic Income to Budget Expenditures Ratio



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 and it is estimated that this ratio will reach 77.42 percent in 2018, in accordance with the budget law. The share of the grants and loans extended by Turkey in the budget expenditures in the last 10-year period, which is the most important resource for financing the gap between the domestic income and the budget expenditures, is predicted to decrease from 30 percent to 20 percent. Though a positive outlook has emerged over the last 10 years in the sense of covering the budget expenditures with our domestic income, public finance is 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

*: Forecast

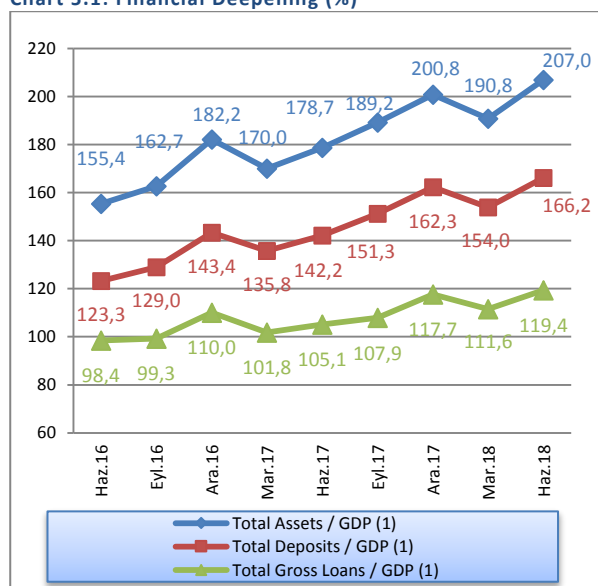
5 MONETARY AND FINANCIAL DEVELOPMENTS

5.1 OVERVIEW OF THE BANKING SECTOR

5.1.1 FINANCIAL DEEPENING

When the financial deepening figures of the second quarter of 2018 are analysed, the total gross loans to GDP ratio increased from 111.6 percent to 119.4 percent, the total assets to GDP ratio increased from 190.8 percent to 207 percent and the total deposits to GDP ratio increased from 154 percent to 166.2 percent.

Chart 5.1: Financial Deepening (%)



Source: Central Bank of the TRNC, SPO

Note: (1) GDP results for 2016 and the SPO's GDP forecast figures for 2017-2018 are used.

5.1.2 PERFORMANCE RATIOS OF THE BANKING SECTOR

In the sector, the share of liquid assets in total assets increased to 26.69 percent in the second quarter of 2018, compared to the previous quarter. This rate was 26.27 percent in the same period of the previous year.

The CASR (Capital Adequacy Standard Ratio), which was 18.04 percent at the end of June 2017, decreased by 0.47 points to 17.4 percent in the second quarter of 2018.

The share of NPL in gross loans declined from 5.72 to 5.46 percent at the end of June 2018, compared to the previous quarter.

The gross loans to deposits ratio decreased by 0.63 percentage points to 71.82 percent in the second quarter of 2018, compared to the previous period.

The share of gross loans in total assets, which was 58.83 percent in June 2017, declined to 57.67 percent in the second quarter of 2018. It decreased by 0.8 points, compared to the previous quarter.

In the second quarter of 2018, growth rate of gross loans increased by 7.01 percent compared to the previous quarter. Gross loans increased by 3.18 percent in the same period of the previous year.

Compared to the previous quarter, deposits increased by 5.95 percent at the end of March 2018, showing an increase of 7.96 percent in the second quarter of 2018.

The financial leverage ratio, which was 10.01 at the end of March 2018, reached 10.18 in the second quarter of 2018

Table 5.1: Performance Ratios

	2017			2018	
	Jun.	Sept.	Dec.	Mar.	Jun.
Liquid Assets / Total Assets (%)	26.27	27.80	27.42	26.37	26.69
CASR (%)	18.04	18.27	17.30	17.40	17.57
NPL / Gross Loans (%)	6.08	6.06	5.72	5.72	5.46
Gross Loans / Total Assets (%)	73.90	71.31	72.55	72.45	71.82
Gross Loans / Total Assets (%)	58.83	57.02	58.61	58.47	57.67
Quarterly Growth Rate on Gross Loans (%)	3.18	2.65	9.11	5.81	7.01
Quarterly Growth Rate on Gross Loans (%)	4.55	6.37	7.24	5.95	7.96
Financial Leverage ¹	9.44	9.54	9.99	10.01	10.18

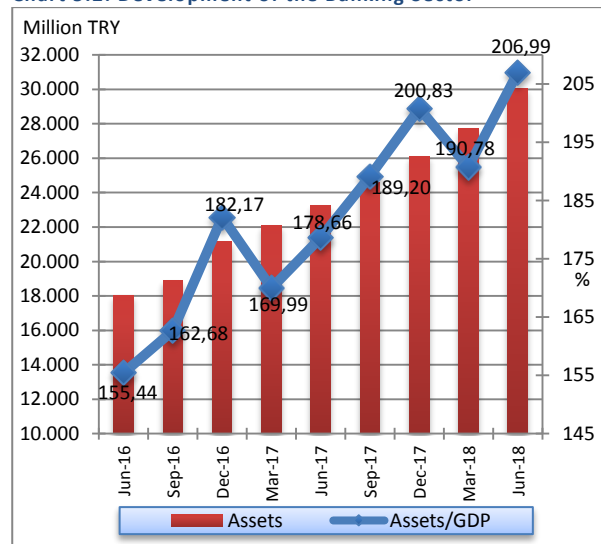
Source: Central Bank of the TRNC

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

5.1.3 DEVELOPMENT OF THE BANKING SECTOR

By the end of June 2018, the ratio of the banking sector balance sheet size to GDP rose to 206.99 percent.

Chart 5.2: Development of the Banking Sector



Note: (1) GDP results for the year 2016 and the SPO's GDP forecast figures for the years 2017-2018 are 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 54.62 percent, and the share of the top ten banks in total assets is 78.02 percent in the second 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 55.44 percent and the share of the top ten banks is 80.11 percent.

In terms of deposit size, the share of the five largest banks in total deposits is 56.49 percent and the share of the top ten banks is 79.4 percent.

In terms of the size of shareholders' equity in the period, the share of the first five banks in total shareholders' equity is 50.52 percent, while the share of the top ten banks is 78.58 percent.

The share of the first five banks in the sector is 63.73 percent and the share of the top ten banks is 91.47 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	
	June	September	December	March	June
Assets	54.64	54.72	55.15	55.23	54.62
Gross Loans	56.73	56.34	57.01	56.22	55.44
Deposits	56.81	56.94	56.80	56.87	56.49
Debts to Banks	58.03	55.47	58.42	61.62	63.73
Shareholders' Equity	50.66	50.37	50.38	49.75	50.52
Shares of the First Ten Banks in the Sector					
Assets	77.47	77.78	78.47	78.56	78.02
Gross Loans	81.09	80.83	81.11	80.64	80.11
Deposits	79.92	79.91	80.07	79.91	79.40
Debts to Banks	88.45	87.22	90.64	92.81	91.47
Shareholders' Equity	76.80	77.22	78.36	78.27	78.58

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 June 2018. Of the 21 banks in the sector,

2 are public banks, 14 are private banks, and 5 are branch banks.

Table 5.3: Development of the Number of Banks

	Jun.16	Sept.16	Dec.16	Mar.17	Jun.17	Sept.17	Dec.17	Mar.18	Jun.18
Public Banks	2	2	2	2	2	2	2	2	2
Private Banks	13	14	14	14	14	14	14	14	14
Branch Banks	7	6	6	6	6	6	5	5	5
Total	22	22	22	22	22	22	21	21	21

Source: Central Bank of the TRNC

The number of bank branches in the sector is 232 in the second quarter of 2018. When the distribution of branch numbers according to bank groups is examined,

it is seen that 68.97 of the total number of branches belongs to private banks, 16.81 to branch banks and 14.2 to public banks.

Table 5.4: Development of the Number of Branches and Personnel

Development of the Number of Branches									
	Jun.16	Sept.16	Dec.16	Mar.17	Jun.17	Sept.17	Dec.17	Mar.18	Jun.18
Public Banks	36	36	36	36	36	34	33	32	33
Private Banks	145	152	151	152	153	156	161	161	160
Branch Banks	46	45	45	44	45	43	39	39	39
Total	227	233	232	232	234	233	233	232	232

Development of the Number of Personnel									
	Jun.16	Sept.16	Dec.16	Mar.17	Jun.17	Sept.17	Dec.17	Mar.18	Jun.18
Public Banks	504	554	548	564	559	565	558	554	550
Private Banks	1,807	1,875	1,934	1,924	1,927	1,965	2,024	2,038	2,042
Branch Banks	567	560	562	564	564	570	524	519	528
Total	2,878	2,989	3,044	3,052	3,050	3,100	3,106	3,111	3,120

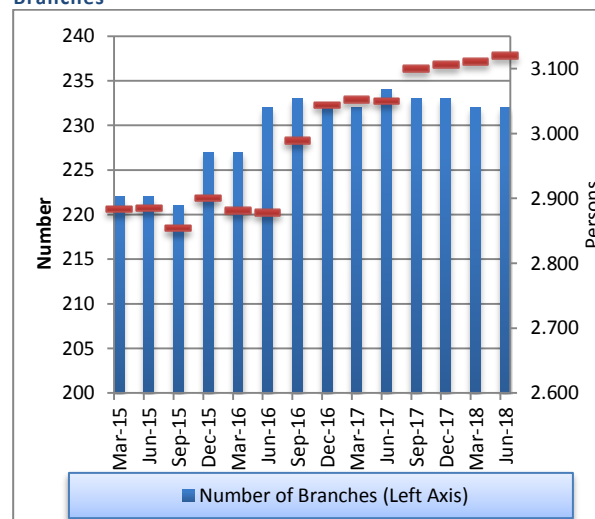
Source: Central Bank of the TRNC

The number of personnel employed in the sector increased by 9 persons and reached to 3,120 from 3,111 during March 2018 - June 2018 period. 550 of these personnel are working in public banks, 2,042 in private banks and 528 in branch banks. In this period, the number of personnel in private banks increased from 2,038 to 2,042, the number of personnel in public banks fell from 554 to 550, and the number of personnel in branch banks increased from 519 to 528.

During June 2017 - June 2018 period, the number of personnel working in the banking sector increased by 70 persons to reach 3,120 from 3,050. In the mentioned period, when the change in the number of personnel is analysed based on bank groups, there was an increase of 115 persons in private banks, while there was a decrease of 9 persons in public banks and 36 persons in branch banks.

In the second quarter of 2018, it is observed that 17.63 percent of the personnel working in the sector belong to the public banks, 65.45 percent belongs to the private banks, and 16.92 percent belongs to the branch banks.

Chart 5.3: Development of the Number of Personnel and Branches



Source: Central Bank of the TRNC

5.2 BANKING SECTOR CONSOLIDATED BALANCE SHEET

The total assets of the banking sector, which was 27,698.6 million TRY at the end of March 2018, increased by 8.5 percent in the second quarter of 2018 and reached 30,051.9 million TRY. In the aforementioned period, liquid assets increased by 9.82 percent, gross loans by 7.01 percent, securities portfolio by 8.05 percent and other assets by 15.39 percent. In June 2017 - June 2018 period, total assets of the sector increased by 29.36 percent, liquid assets by 31.42 percent, gross loans by 26.81 percent, and

securities portfolio by 33.65 percent. In the same period, deposits increased by 30.48 percent and shareholders' equity increased by 20.73 percent.

Deposits, which is the most important funding source of the sector increased by 7.96 percent and the shareholders' equity increased by 6.82 percent in March 2018 - June 2018 period.

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

	2017			2018		Percentage Change	
	June	September	December	March	June	03/2018 - 06/2018	06/2017 - 06/2018
Liquid Assets	6,103.5	6,840.0	7,161.8	7,303.9	8,021.5	9.82	31.42
Securities Portfolio	1,601.3	1,632.6	1,704.6	1,980.8	2,140.2	8.05	33.65
Total Gross Loans	13,666.3	14,028.2	15,306.2	16,195.6	17,330.4	7.01	26.81
Other Assets	1,861.0	2,101.9	1,942.7	2,218.3	2,559.8	15.39	37.55
Total Assets-Liabilities	23,232.1	24,602.7	26,115.3	27,698.6	30,051.9	8.50	29.36
Deposits	18,494.1	19,672.9	21,098.1	22,352.7	24,131.2	7.96	30.48
Debts to Banks	1,551.4	1,600.6	1,637.5	1,638.0	2,004.8	22.39	29.23
Other Liabilities	960.8	994.9	1,002.9	1,192.2	1,228.7	3.06	27.88
Shareholders' Equity	2,225.8	2,334.3	2,376.8	2,515.7	2,687.2	6.82	20.73

Source: Central Bank of the TRNC

5.2.1 DEVELOPMENTS IN THE STRUCTURE OF ASSETS AND LIABILITIES

In the second quarter of 2018, the largest share in the sector's total assets is gross loans with 57.67 percent. Gross loans are followed by liquid assets with a share of 26.69 percent, other assets with a share of 8.52 and securities portfolio with 7.15 percent.

When the banking sector is evaluated in terms of the share of the items constituting the asset structure of June 2017 - June 2018 period, an increase in liquid assets, securities portfolio and other assets and a decrease in gross loans are observed.

As of June 2018, 80.3 percent of the total liabilities are deposits, 8.94 percent is shareholders' equity, 6.67 percent is debts to banks, and 4.09 percent is other liabilities.

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

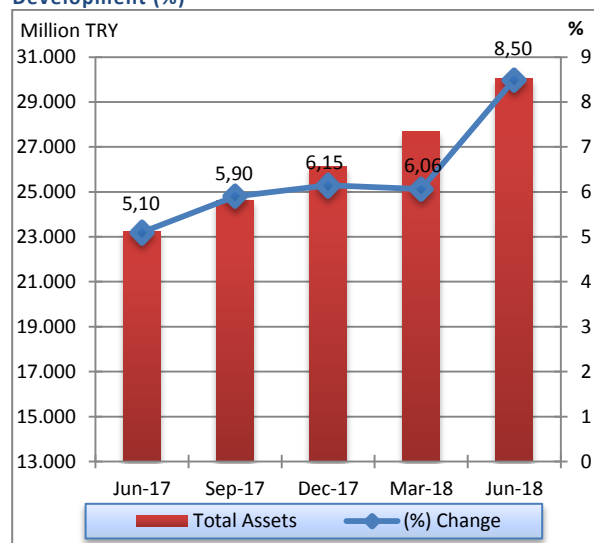
Table 5.6: Structural Percentage Distribution of Banking Sector Assets / Liabilities (%)

Assets	2017			2018	
	June	September	December	March	June
Liquid Assets	26.27	27.80	27.42	26.37	26.69
Securities Portfolio	6.89	6.64	6.53	7.15	7.12
Total Gross Loans	58.83	57.02	58.61	58.47	57.67
Other Assets	8.01	8.54	7.44	8.01	8.52
Total	100.00	100.00	100.00	100.00	100.00
Liabilities					
Total Deposits	79.61	79.96	80.79	80.70	80.30
Debts to Banks	6.68	6.51	6.27	5.91	6.67
Other Liabilities	4.13	4.04	3.84	4.31	4.09
Shareholders' Equity	9.58	9.49	9.10	9.08	8.94
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 June 2017 to June 2018, increased by 5.1, 5.9 and 6.15 percent in the second, third and last quarter of 2017. Total assets increased by 6.06 and 8.5 percent in the first and second quarters of 2018, respectively.

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

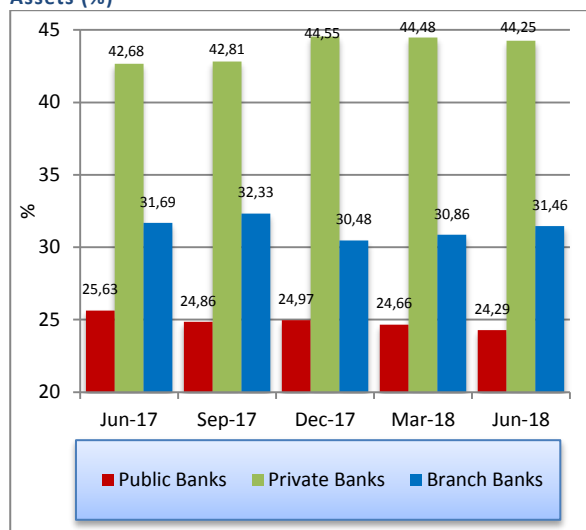


Source: Central Bank of the TRNC

In the second quarter of 2018, sector's total assets increased from 30.86 to 31.46 percent in the branch banks group and decreased from 24.66 percent to 24.29 percent in the public banks group, and in the private banks group it decreased from 44.48 percent to 44.25 percent. In June 2017 - June 2018 period, there was a downsizing in the group of public and branch banks and a growth in private banks group.

In the second quarter of 2018, compared to the previous quarter, public banks' total assets increased by 6.8 percent, private banks' total assets increased by 7.97 percent and branch banks' total assets increased by 10.61 percent. Compared to the same period of the previous year, total assets increased by 22.57 percent in public banks, 34.12 percent in private banks and 28.42 percent in branch banks.

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



Source: Central Bank of the TRNC

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

	2017			2018		Percentage Change	
	June	September	December	March	June	03/2018-06/2018	06/2017-06/2018
Public Banks	5,955.1	6,116.1	6,523.2	6,834.2	7,299.1	6.80	22.57
Private Banks	9,914.3	10,532.4	11,633.4	12,316.3	13,297.4	7.97	34.12
Branch Banks	7,362.7	7,954.2	7,958.7	8,548.1	9,455.4	10.61	28.42
Total	23,232.1	24,602.7	26,115.3	27,698.6	30,051.9	8.50	29.36

Source: Central Bank of the TRNC

Analysing the TRY and FX distribution of gross loans as of June 2018, the share of TRY loans decreased from 53.72 percent to 51.55 percent compared to the previous quarter, while the share of FX loans increased from 46.28 percent to 48.45 percent. The share of TRY deposits decreased from 43.54 percent to 40.79

percent as of June 2018, while the share of FX deposits increased from 56.46 percent to 59.21 percent, compared to the previous quarter. Due to the recent depreciation of the Turkish Lira, the share of TRY deposits and loans decreased, while the share of FX deposits and loans increased.

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

	2017						2018			
	June		September		December		March		June	
	TRY	FX	TRY	FX	TRY	FX	TRY	FX	TRY	FX
Loans (Gross)	58.76	41.24	57.50	42.50	55.98	44.02	53.72	46.28	51.55	48.45
Deposits	46.73	53.27	45.91	54.09	45.42	54.58	43.54	56.46	40.79	59.21

Source: Central Bank of the TRNC

5.2.2 LIQUID ASSETS

The cash assets sum, which constitute the liquid assets of the banking sector, the receivables from the banks, the receivables from the Central Bank and the receivables from the interbank money market transactions, increased by 9.82 percent in the second quarter of 2018 and reached 8,021.5 million TRY from 7,303,9 million TRY.

In this period, an increase of 21.9 million TRY in the cash values item, 271.9 million TRY in the receivables from the Central Bank item, 190.9 million TRY in the

receivables from the IMM (Interbank Money Market) transactions item, and 232.9 million TRY in the receivables from the banks item was recorded.

Liquid assets amounting to 6,103.5 million TRY at the end of June 2017 increased to 8,021.5 million TRY at the end of June 2018. In the period, cash assets increased by 30.6 million TRY, receivables from the Central Bank increased by 749.4 million TRY, receivables from IMM transactions increased by 674.4 million TRY, and receivables from banks increased by 463.6 million TRY.

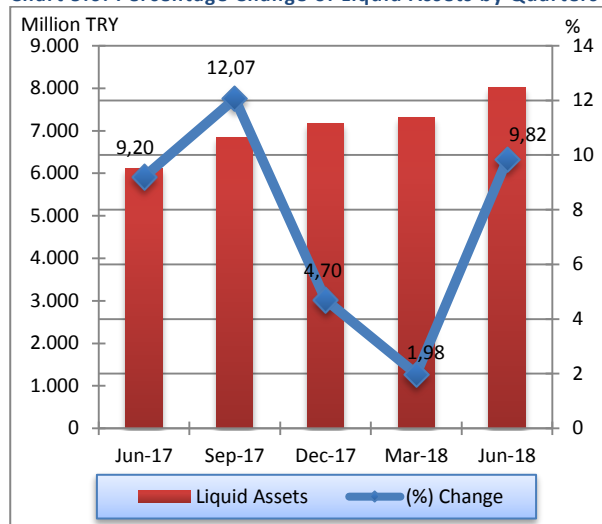
Table 5.9: Development of Liquid Assets (Million TRY)

	2017			2018		Percentage Change 03/2018 - 06/2018
	June	September	December	March	June	
Cash Assets	208.7	227.9	216.4	217.4	239.3	10.07
Receivables from the Central Bank	2,209.9	2,433.8	2,562.1	2,687.4	2,959.3	10.12
Receivables from Interbank Money Market Transactions	1,012.1	1,251.5	1,499.1	1,495.6	1,686.5	12.76
Receivables from Banks	2,672.8	2,926.8	2,884.2	2,903.5	3,136.4	8.02
Total	6,103.5	6,840.0	7,161.8	7,303.9	8,021.5	9.82

Source: Central Bank of the TRNC

Liquid assets increased by 9.2 percent in the second quarter, 12.07 percent in the third quarter, and 4.7 percent in the fourth quarter of 2017. Liquid assets increased by 1.98 percent in the first quarter and by 9.82 percent in the second quarter of 2018.

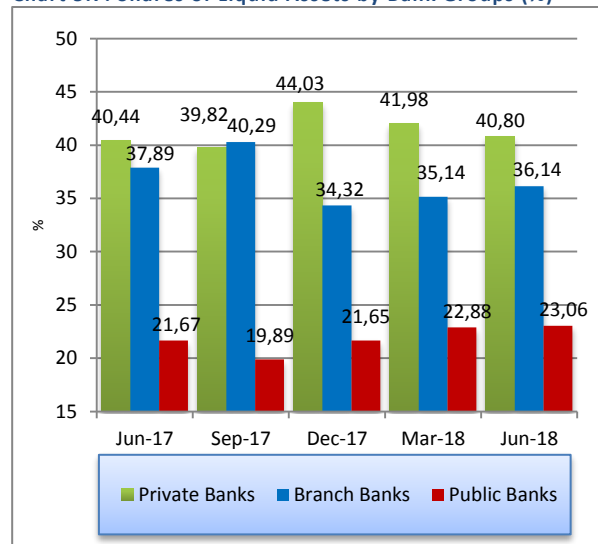
Chart 5.6: Percentage Change of Liquid Assets by Quarters



Source: Central Bank of the TRNC

In the second quarter of 2018, liquid assets of private banks decreased while the liquid assets of public banks and branch banks increased, compared to the previous quarter. In June 2017 - June 2018 period, there is an increase in private and public banks, while there is a decrease in the number of branch banks.

Chart 5.7: Shares of Liquid Assets by Bank Groups (%)



Source: Central Bank of the TRNC

5.2.3 LOANS

Business loans, which amounted to 9,710.9 million TRY as of June 2018, are in the first rank as in the previous periods. They are followed by consumer loans with 4.462,5 million TRY.

During the period from June 2017 to June 2018, business loans increased from 7,475.2 million TRY to 9,710.9 million TRY while consumer loans increased to 4,462.5 million TRY from 3,642.2 million TRY.

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

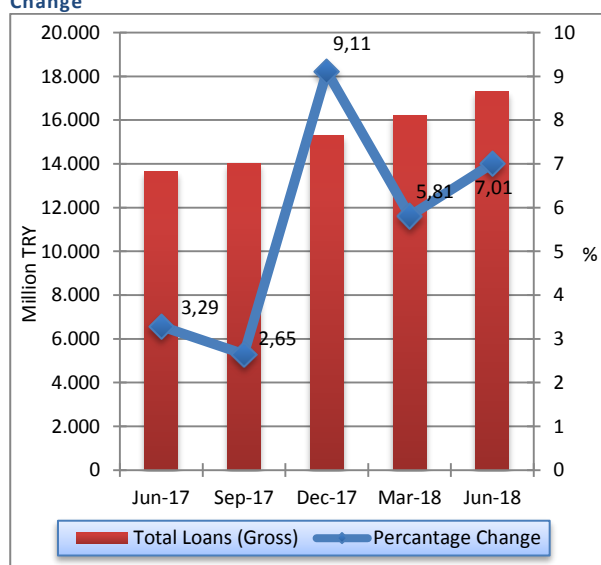
	2017			2018	
	June	September	December	March	June
Business Loans	7,475.2	7,598.6	8,406.5	8,907.5	9,710.9
Consumer Loans	3,642.2	3,815.2	4,152.9	4,255.4	4,462.5
Credit Cards	379.2	391.6	394.7	392.4	421.6
Discount Loans	180.0	178.0	195.0	206.2	220.3
Other Investment Loans	91.3	111.2	112.0	102.9	104.1
Import Loans	3.2	3.5	3.7	4.2	4.2
Loans of Funds Originated	14.2	15.9	17.1	17.0	18.4
Directed Loans	20.3	16.7	21.2	22.1	16.3
Export Loans	6.1	6.9	6.1	5.2	6.9
Loans Extended by Central Bank of the TRNC	5.3	5.4	5.7	0.0	6.9
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	0.1	0.1	0.2	0.5
Export Guaranteed Investment Loans	0.0	0.0	0.0	0.0	0.0
Other Loans	1,019.0	1,034.9	1,116.3	1,356.4	1,411.3
Total Loans	12,836.1	13,178.0	14,431.3	15,269.5	16,383.9

Note: Non-performing loans are not included.

Source: Central Bank of the TRNC

Gross loans of the sector increased by 3.29 percent at the end of June 2017 and by 2.65 and 9.11 percent at the end of September and December, respectively. Gross loans increased by 5.81 percent as of March and by 7.01 as of June 2018.

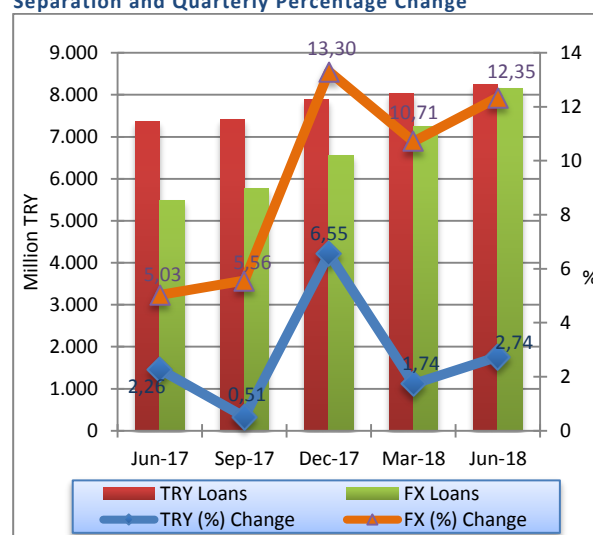
Chart 5.8: Development of Gross Loans and Percentage Change



Source: Central Bank of the TRNC

In the second quarter of 2018, 8,243.1 million TRY of the loans are in TRY currency and 8,140.8 million TRY are in foreign currency. In the period, there was an increase of 2.74 percent in TRY loans and 12.35 percent in FX loans, compared to the previous quarter.

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 second quarter of 2018, public banks' gross loans decreased by 1.9 per mille in TRY currency and increased by 9.5 percent in FX currency, compared to the previous quarter. Gross loans of private banks

increased by 3.41 percent in TRY currency and by 12.67 percent in FX currency. Gross loans of branch banks increased by 4.94 percent in TRY and 12.1 percent in FX currency, in the mentioned period.

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

	March 2018			June 2018			Percentage Change 03/2018 - 06/2018		
	TRY	FX	Total	TRY	FX	Total	TRY	FX	Total
Public Banks	2,950.4	1,195.4	4,145.8	2,944.7	1,309.0	4,253.7	-0.19	9.50	2.60
Private Banks	2,998.8	4,610.4	7,609.2	3,101.2	5,194.5	8,295.7	3.41	12.67	9.02
Branch Banks	2,751.2	1,689.4	4,440.6	2,887.1	1,893.9	4,781.0	4.94	12.10	7.67
Total Loans (Gross)	8,700.4	7,495.2	16,195.6	8,933.0	8,397.4	17,330.4	2.67	12.04	7.01

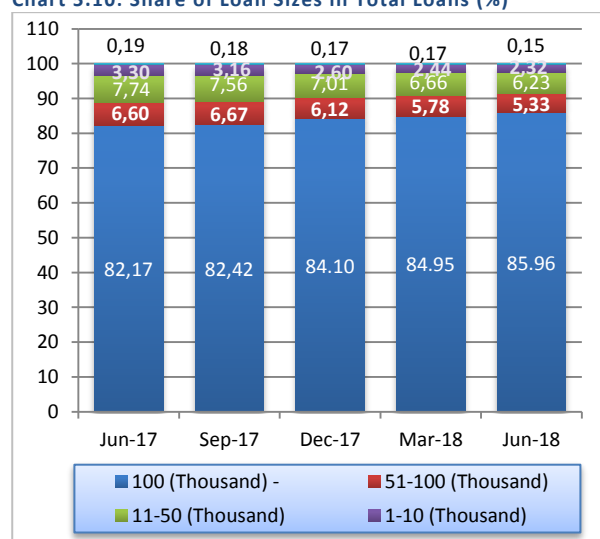
Source: Central Bank of the TRNC

At the end of the second quarter of 2018, the share of loans over 100 thousand TRY in total loans was 85.96 percent.

In this period, 11-50 thousand TRY loans take the second place in loan sizes with a share of 6.23 percent. The loans amounting to 51-100 thousand TRY and 1-10 thousand TRY constitute 5.33 and 2.32 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 1.5 per mille.

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

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

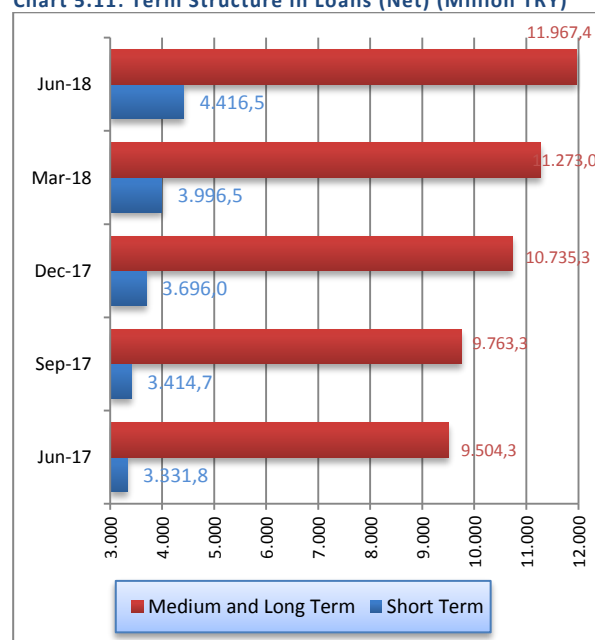


Source: Central Bank of the TRNC

Note: Non-performing loans are not included.

In the second quarter of 2018, short-term loans increased from 3,996.5 million TRY to 4,416.5 million TRY, and medium and long-term loans increased from 11.273 million TRY to 11,967.4 million TRY. In the period of June 2017 - June 2018, short-term loans increased by 32.56 percent and medium and long-term loans increased by 25.92 percent.

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

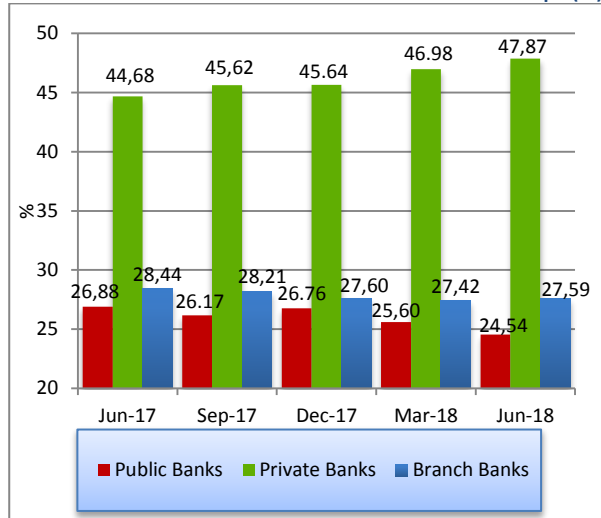


Source: Central Bank of the TRNC

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

When the change in gross loans is examined, the share of private banks in the second quarter of 2018 increased from 46.98 percent to 47.87 percent, compared to the previous quarter. The share of the loans extended by public banks group in the total loans decreased to 24.54 percent from 25.6 percent and the share of branch banks increased from 27.42 to 27.59 percent. During June 2017 - June 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 Based on Bank Groups (%)

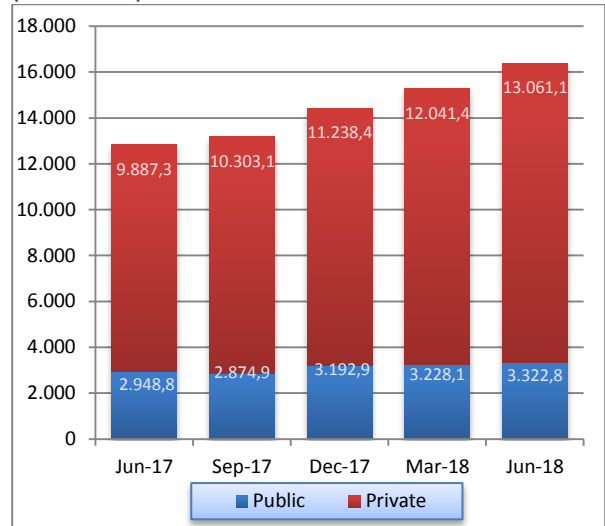


Source: Central Bank of the TRNC

As of June 2018, 79.72 percent of the banking sector’s total loans were extended to the private sector and 20.28 percent to the public sector. Compared to the previous quarter, the loans used by the public sector increased from 3,228.1 million TRY to 3,322.8 million TRY and private sector loans increased from 12,041.4 million TRY to 13,061.1 million TRY.

In June 2017 - June 2018 period, the increase rate of the loans used by the public was 12.68 percent and the increase rate of the loans used by the private sector was 32.1 percent.

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

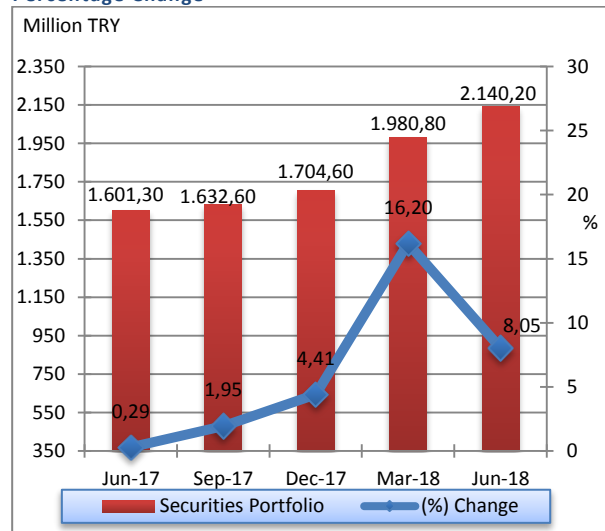


Source: Central Bank of the TRNC

5.2.4 SECURITIES PORTFOLIO

Securities portfolio increased by 8.05 percent as of June 2018, compared to the previous quarter. As of June, September and December 2017 and March 2018, SP increased by 2.9 per mille, 1.95 percent, 4.41 percent and 16.2 percent, respectively.

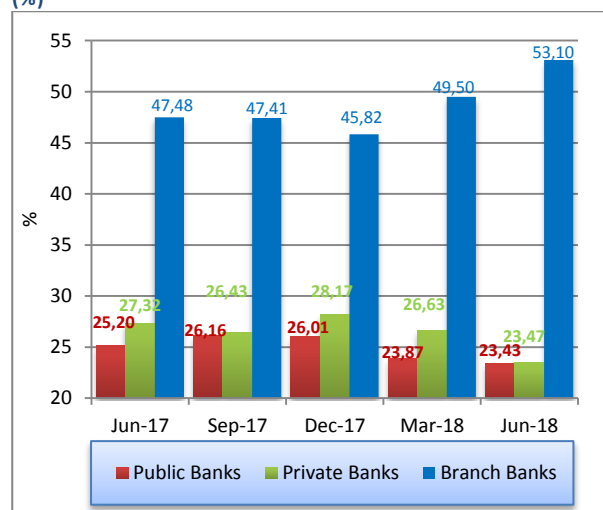
Chart 5.14: Securities Portfolio Totals and Quarterly Percentage Change



Source: Central Bank of the TRNC

In the second quarter of 2018, the share of public banks in total SP decreased from 23.87 percent to 23.43 percent and the share of private banks decreased from 26.63 percent to 23.47 percent, while the share of branch banks increased from 49.5 percent to 53.1 percent, compared to the previous quarter. In June 2017 - June 2018 period, there is a decrease in branch banks and private banks group, while there is an increase in the branch banks group.

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



Source: Central Bank of the TRNC

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

	2017			2018	
	June	September	December	March	June
Savings	13,373.9	14,146.6	15,380.3	16,210.0	17,357.3
Trading	3,512.2	3,914.2	3,942.5	4,270.9	4,686.0
Official	1,294.5	1,344.5	1,499.0	1,504.5	1,730.4
Other	313.5	267.5	276.3	367.3	357.5
Total Deposits	18,494.1	19,672.9	21,098.1	22,352.7	24,131.2
Debts to Banks	1,551.4	1,600.6	1,637.5	1,638.0	2,004.8
Total Deposits Including Debts to Banks	20,045.5	21,273.5	22,735.6	23,990.7	26,136.0

Source: Central Bank of the TRNC

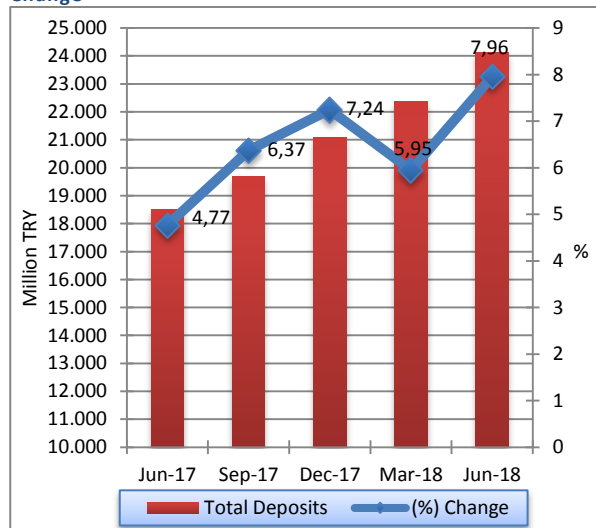
5.2.5 DEPOSITS

Deposits, which is the most important funding source of the sector increased by 7.96 percent, compared to the previous quarter. Deposits increased by 30.48 percent in one-year period and amounted to 24.131,2 million TRY at the end of June 2018.

As of the end of June 2018, it is observed that the largest share belongs to savings deposits with 17,357.3 million TRY as it was in the previous periods. This is followed by commercial deposits with 4.686 million TRY and official deposits with 1,730.4 million TRY. In June 2017 - June 2018 period, savings deposits increased by 29.78 percent, commercial deposits by 33.42 percent and official deposits by 33.67 percent.

In 2017, total deposits increased by 4.77 percent in the second quarter, 6.37 percent in the third quarter and 7.24 percent in the last quarter. In 2018, total deposits increased by 5.95 percent in the first quarter and by 7.96 percent in the second quarter.

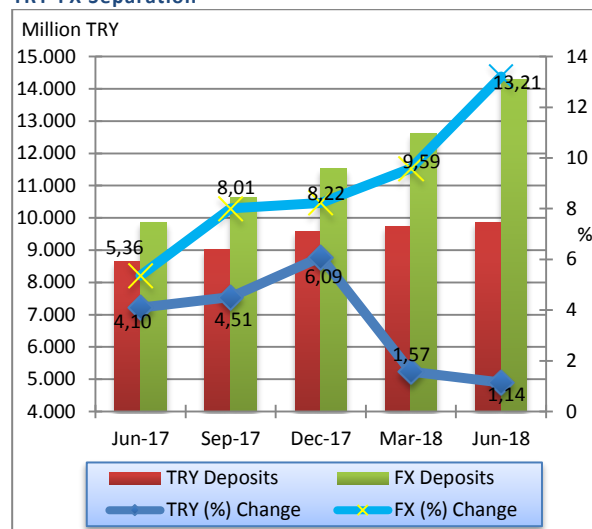
Chart 5.16: Development of Deposits and Percentage Change



Source: Central Bank of the TRNC

In the second quarter of 2018, it is observed that deposits amounted to 9,843.4 million TRY in Turkish Lira currency and 14,287.8 million TRY in foreign currency. In the period, TRY deposits increased by 1.14 percent and FX deposits increased by 13.21 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 June 2018, compared to the previous quarter, TRY deposits of public banks increased by 2.08 percent and FX deposits increased by 12.36 percent, while private banks' TRY deposits decreased by 9.6 per mille and FX deposits by increased by 11.59 percent. In the same period, branch banks' TRY deposits increased by 2.57 percent and FX deposits increased by 17.33 percent.

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

	March 2018			June 2018			Percentage Change 03/2018-06/2018		
	TRY	FX	Total	TRY	FX	Total	TRY	FX	Total
Public Banks	3,215.9	2,672.6	5,888.5	3,282.8	3,003.0	6,285.8	2.08	12.36	6.75
Private Banks	3,493.0	6,740.8	10,233.8	3,459.4	7,522.3	10,981.7	-0.96	11.59	7.31
Branch Banks	3,023.6	3,206.8	6,230.4	3,101.2	3,762.5	6,863.7	2.57	17.33	10.16
Total Deposits	9,732.5	12,620.2	22,352.7	9,843.4	14,287.8	24,131.2	1.14	13.21	7.96

Source: Central Bank of the TRNC

As in previous periods, maturity concentration of the sector deposits belongs to one-month deposits with a ratio of 49.65 percent. 1-month deposits are followed by, 3-month deposits with a share of 21.06 percent, demand deposits with a share of 14.84 percent, 1-year deposits with a share of 10.47 percent and 6-month deposits with a share of 3.98 percent.

When the maturity distribution of deposits is compared to the previous quarter,

there is a decrease of 3.32 and 0.1 points in 1-month and 6-month deposits, and demand, 3-month and 1-year deposits increased by 0.98, 2.1 and 0.34 points, respectively.

During June 2017 - June 2018 period, demand deposits and 1-month deposits decreased by 0.14 and 3.99 points respectively, while 3-month deposits and 1-year deposits increased by 2.64 and 1.5 points, respectively. There is no change in 6-month deposits.

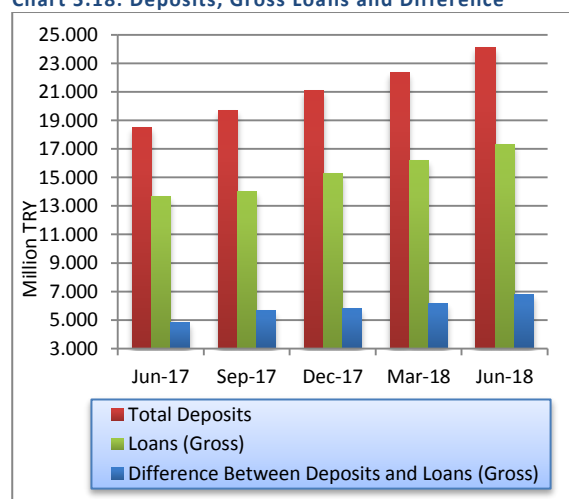
Table 5.14: Maturity Distribution of Deposits (%)

	2017			2018		Change (Points)	
	June	September	December	March	June	03/2018-06/2018	06/2017-06/2018
Demand	14.98	14.83	14.78	13.86	14.84	0.98	-0.14
1-Month	53.64	51.18	51.23	52.97	49.65	-3.32	-3.99
3-Month	18.42	20.54	20.19	18.96	21.06	2.10	2.64
6-Month	3.98	4.39	4.36	4.08	3.98	-0.10	0.00
1-Year	8.97	9.06	9.44	10.13	10.47	0.34	1.50
Total	100.00	100.00	100.00	100.00	100.00		

Source: Central Bank of the TRNC

The difference between total deposits and gross loans, which was 6,157.1 million TRY at the end of March 2018, increased by 643,7 million TRY and rose to 6,800.8 million TRY at in June 2018.

Chart 5.18: Deposits, Gross Loans and Difference



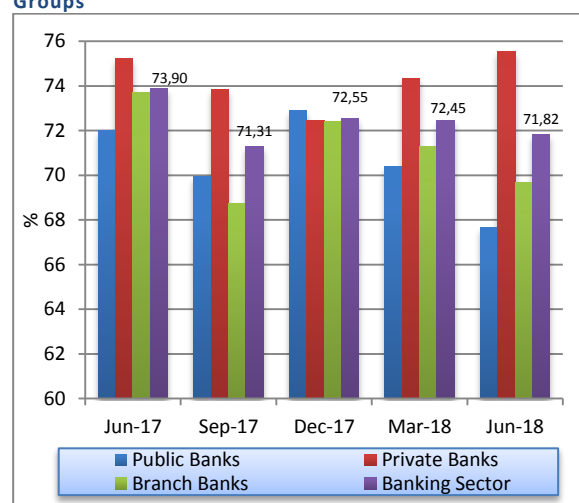
Source: Central Bank of the TRNC

Loans to total deposits ratio, which is one of the indicators of the banking sector's depth and intermediary function, was 72.45 percent at the end of March 2018 and decreased to 71.82 percent at the end

of June 2018. Loans to total deposits ratio decreased by 2.1 points in one-year period.

When loans to deposits ratio at the end of June 2018 is examined on the basis of bank groups, private banks take the first rank with 75.54 percent. Private banks are followed by branch banks with a rate of 69.66 percent. Public banks have a conversion rate of 67.67 percent.

Chart 5.19: Deposits to Loans (Gross) Ratio Based on 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 6.82 percent, compared to the previous quarter and reached to 2,687.2 million TRY at the end of the second quarter of 2018.

Shareholders' equity increased by 20.73 percent in June 2017 - June 2018 period. In one-year period, paid-in capital of the sector increased by 168.6 million TRY and reserve requirements increased by 58.8 million TRY.

Table 5.15: Development of Shareholders' Equity (Million TRY)

	2017			2018	
	Jun.	Sept.	Dec.	Mar.	Jun.
Paid-in Capital	1,011.7	1,021.4	1,099.6	1,153.7	1,180.3
Reserve Requirements	558.0	558.0	409.6	572.8	616.8
Fixed Asset Revaluation Fund	0.9	0.9	0.9	0.9	0.9
Securities Value Increment Fund	88.8	92.6	101.1	110.0	124.0
Period Profit (Loss)	185.4	297.4	407.5	123.1	316.1
Accumulated Profit (Loss)	380.9	364.0	358.1	555.2	449.1
Total	2,225.8	2,334.3	2,376.8	2,515.7	2,687.2

Source: Central Bank of the TRNC

5.2.7 MONEY SUPPLY

The most narrow defined money supply M1 increased by 11.17 percent at the end of June 2018 compared to March 2018 and rose to 5,136,5 million TRY from 4,620.3 million TRY. The M1 money supply has increased by 31.48 percent in one-year period.

At the end of March 2018, the M2 defined money supply, which amounted to 22,638.7 million TRY increased by 7.27 percent in the second quarter of 2018 and reached 24,283.6 million TRY. The M2 money supply has increased by 30.06 percent in one-year period.

The broadest 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, increased by 7.61 percent in the second quarter of 2018 compared to the previous quarter and increased from 24,286.7 million TRY to 26,135.3 million TRY. The increase rate in M3 compared to the same period of the previous year is 30.25 percent.

Table 5.16: Money Supply (Million TRY)

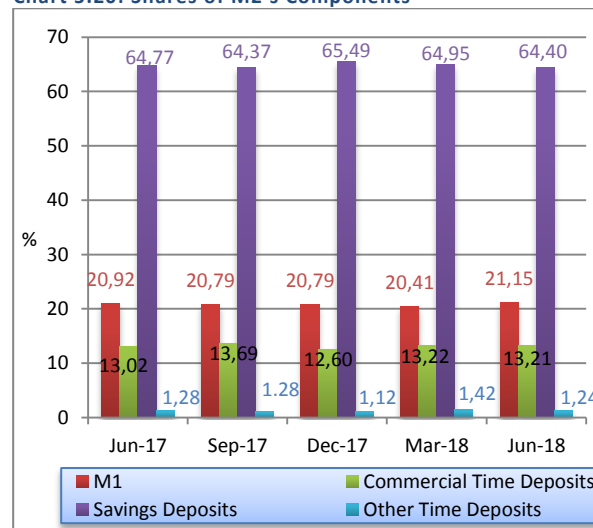
Years	Period	M1	Percentage Change	M2	Percentage Change	M3	Percentage Change
2015	I	2,338.5	5.77	12,470.8	4.97	13,249.2	4.65
	II	2,532.7	8.30	13,211.3	5.94	14,056.5	6.09
	III	2,829.9	11.73	14,279.2	8.08	15,106.4	7.47
	IV	2,841.2	0.40	14,215.8	-0.45	15,109.8	0.02
2016	I	2,797.9	-1.53	14,340.3	0.88	15,181.6	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

Source: Central Bank of the TRNC

As in previous periods, the largest share in M2 is 64.4 percent with the savings deposits as of June 2018. This is followed by M1 with a share of 21.15 percent, commercial time deposits with 13.21 percent and other time deposits with a ratio of 1.24 percent.

The savings time deposit, which constitutes the largest share of the structure of M2, decreased by 0.37 points to 64.4 percent in June 2017 - June 2018 period. In the mentioned period, M1, one of the other subcomponents of M2, increased from 20.92 percent to 21.15 percent, commercial time deposits from 13.02 percent to 13.21 percent, and other time deposits fell from 1.28 percent to 1.24 percent.

Chart 5.20: Shares of M2's Components



Source: Central Bank of the TRNC

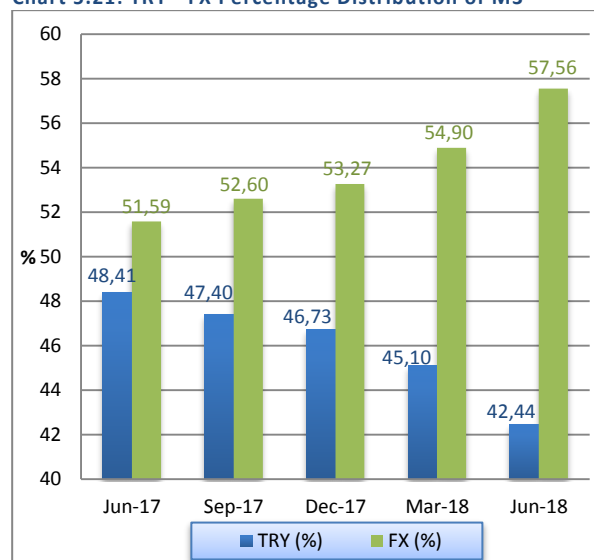
Analysing the TRY-FX percentage distribution of M3 defined money supply as of June 2018, it is observed that the share of TRY deposits in M3 is 42.44 percent and the share of FX deposits is 57.56 percent. At the end of June 2017, these shares were 48.41 percent in the TRY and 51.59 percent in the FX.

5.3 OVERVIEW OF INTERBANK MONEY MARKET

The first quarter data of 2016 only includes February and March, because of IMM’s transition to a new information infrastructure.

As of the second quarter of 2018, there were 779 transactions in TRY, 121 transactions in USD, 366 transactions in EUR and 540 transactions in GBP currency. In this period, transactions of 16,336 million TRY in Turkish Lira currency and, 242 million USD in US Dollar currency, 8,451 million EUR in Euro currency and 5,448 million GBP in Sterling Pound currency were made.

Chart 5.21: TRY - FX Percentage Distribution of M3



Source: Central Bank of the TRNC

Table 5.17: Transaction Volume (x 1.000) and Amount

	TRY		\$		€		£	
	Number	Volume	Number	Volume	Number	Volume	Number	Volume
2016								
February - March	101	948,500	48	543,000	60	139,150	136	1,296,050
Q2	468	4,486,250	224	2,732,400	245	532,200	551	5,281,550
Q3	465	5,473,600	116	2,125,500	174	787,300	424	3,917,600
Q4	909	9,985,350	194	2,799,200	214	1,197,550	559	4,854,300
2017								
Q1	765	17,094,850	245	1,637,875	207	1,321,300	702	6,972,375
Q2	618	11,700,500	149	876,650	202	3,317,600	679	5,874,875
Q3	633	9,554,550	167	177,450	220	5,263,225	716	5,715,425
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
Q2	779	16,336,150	121	241.600	366	8,451,450	540	5,447,950

Source: Central Bank of the TRNC

Looking at the volume distributions of overnight transactions made in the second quarter of 2018, it is observed that the shares were 93.68 percent in TRY, 94.18 percent in USD, 99.98 in EUR and 99.66 percent in GBP. It is examined that 1-week transactions are

made in TRY currency with a rate of 5.68 percent. 1-month transactions were preferred as 5.6 per mille in TRY, 5.82 percent in USD, 0.2 per mille in EUR and 3.4 per mille in GBP. 3-month transactions had a rate of 0.8 per mille in TRY.

Table 5.18: Transaction Volume (x 1.000)

	TRY		\$		€		£	
	Volume	Share (%)	Volume	Share (%)	Volume	Share (%)	Volume	Share (%)
2017 Q1	17,094,850		1,637,875		1,321,300		6,972,375	
O/N	17,027,850	99.61	1,599,025	97.63	1,320,300	99.92	6,972,375	100.00
1W	42,000	0.24						
2W	1,000	0.01						
1M	24,000	0.14	38,350	2.34	1,000	0.08		
3M			500	0.03				
2017 Q2	11,700,500		876,650		3,317,600		5,874,875	
O/N	11,565,750	98.85	837,900	95.58	3,316,850	99.98	5,874,875	100.00
1W	108,250	0.93						
1M	26,500	0.22	38,750	4.42	750	0.02		
2017 Q3	9,554,550		177,450		5,263,225		5,715,425	
O/N	9,131,550	95.57	136,800	77.09	5,262,625	99.99	5,715,425	100.00
1W	322,000	3.37						
1M	101,000	1.06	40,650	22.91	600	0.01		
2017 Q4	15,421,800		314,050		7,011,600		5,731,125	
O/N	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	
O/N	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	
O/N	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								

Source: Central Bank of the TRNC

Average interest rates for overnight transactions made in the second quarter of 2018 were 8.99 percent in TRY, 0.55 percent in USD, 0.5 percent in EUR, and 0.75 percent in GBP. Interest rates of weekly transactions were realized as 10,88 percent in TRY. The average

interest rates for 1-month transactions were 10.24 percent in TRY, 1.72 percent in USD, 0.75 percent in EUR and 1.34 percent in GBP. The average interest rates for 3-month transactions were 10.5 percent in TRY.

Table 5.19: Average Interest Rates (%)

	TRY						\$					€			£		
	O/N	1W	2W	1M	3M	6M	O/N	1W	1M	3M	6M	O/N	1W	1M	O/N	1M	3M
2016 February-March	7.25			9.83			0.50		1.50			0.50	1.75		0.75		
Q2	7.25	10.00		10.00			0.50		1.60			0.50			0.75		
Q3	7.25			9.88			0.50		1.25			0.50	1.75		0.75		
Q4	7.25			9.77			0.50	1.00	1.29			0.50	1.25		0.75		
2017 Q1	7.25	9.58	10.00	9.75			0.50		1.34	1.75		0.50	1.25		0.75		
Q2	7.66	9.73		10.03			0.50		1.50			0.50	1.50		0.76		
Q3	7.65	9.75		10.05			0.50		1.50			0.50	1.50		0.75		
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	

Source: Central Bank of the TRNC

5.4 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.

Table 5.20: 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 (OG 102)	2.26	2.76	1.15	1.65

Source: Central Bank of the TRNC

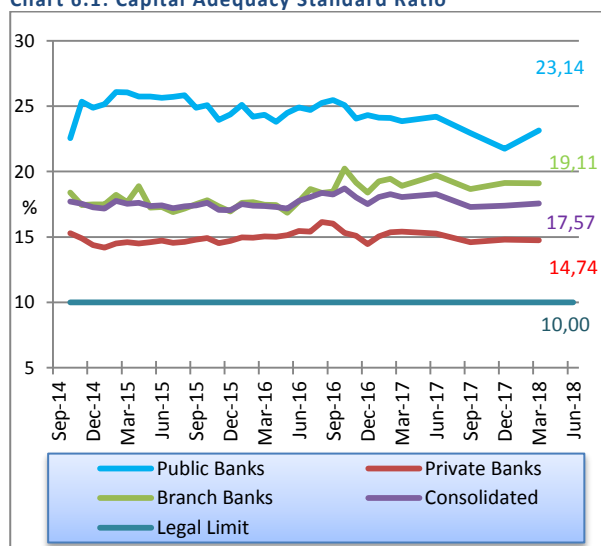
6 FINANCIAL STABILITY ANALYSIS

6.1 CAPITAL ADEQUACY

In the second quarter of 2018, the sector's capital adequacy standard ratio increased by 0.17 points compared to the previous quarter and reached 17.57 percent, well above the legal limit of 10 percent.

As of June 2018, CASR based on bank groups was 23.14 percent in public banks, 14.74 percent in private banks and 19.11 percent in branch banks. As of March 2018, these ratios were 21.76, 14.8 and 19.12 percent, respectively. Compared to the same period of the previous year, CASR decreased by 0.71 points in public banks, 0.66 points in private banks and it increased by 0.2 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 March 2018 at the end of June 2018, the assets with 0 percent risk weight increased by 9.13 percent, the assets with 20 percent risk weight increased by 4.54 percent, those with 50 percent risk weight increased by 12.76 percent, and assets with 100 percent risk weight increased by 4.93 percent. In the period concerned, the total of market risk and operational risk increased by 122.9 million TRY and reached to 2,800.5 million TRY, compared to the previous period. The total of market risk and operational risk of the sector increased by 480.6 million TRY in one-year period (June 2017 - June 2018).

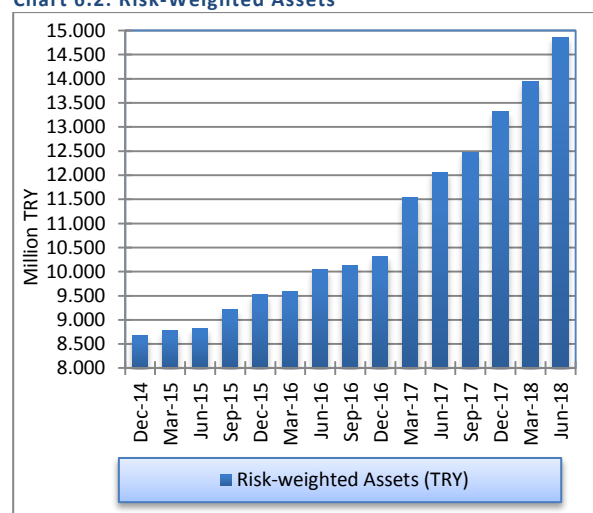
Table 6.1: Risk-Weighted Assets

	Jun. 2017	Sept. 2017	Dec. 2017	Mar. 2018	Jun. 2018	Percent age Change (03/18-06/18)
% 0	10,467.2	11,122.9	11,589.1	12,190.3	13,303.1	9.13
% 20	2,008.9	2,294.2	2,544.7	2,783.8	2,910.2	4.54
% 50	4,712.6	5,067.4	5,569.0	6,084.1	6,860.4	12.76
% 100	6,970.5	7,091.1	7,390.3	7,672.3	8,050.8	4.93
Market Risk + Operational Risk	2,319.9	2,379.6	2,628.0	2,677.6	2,800.5	4.59

Source: Central Bank of the TRNC

In the second quarter of 2018, risk-weighted assets increased by 6.56 percent, compared to the previous quarter. The weighted sum of risk-weighted assets, which amounted to 13,948.6 million TRY as of March 2018, increased by 914.9 million TRY at the end of June 2018 and reached 14,863.5 million TRY. Risk-weighted assets of the sector increased by 23.36 percent in June 2017 - June 2018 period.

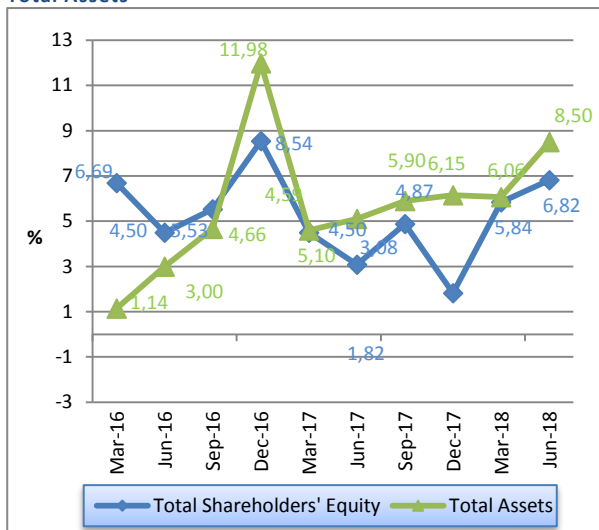
Chart 6.2: Risk-Weighted Assets



Source: Central Bank of the TRNC

As of the end of June 2018, total assets increased by 8.5 percent and total shareholders' equity increased by 6.82 percent, compared to March 2018. Total assets and shareholders' equity increased by 29.36 percent and 20.73 percent, respectively, compared to the same period of the previous year.

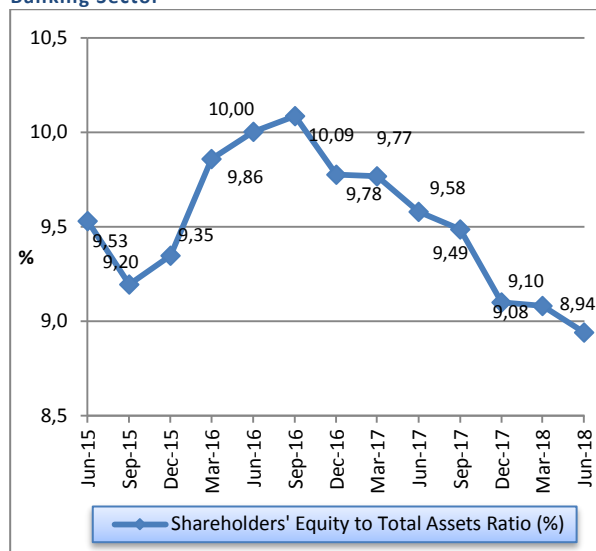
Chart 6.3: Increase Rates in Total Shareholders' Equity and Total Assets



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 declined to 9.08 percent in the first quarter and 8.94 percent in the second quarter.

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

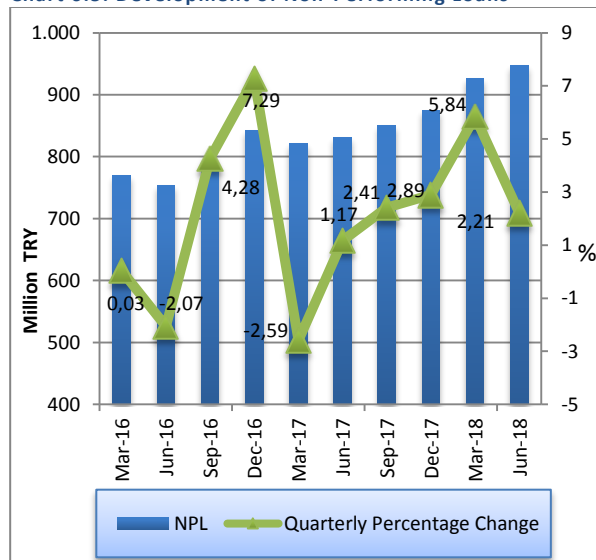


Source: Central Bank of the TRNC

6.2 NON-PERFORMING LOANS

The sector's non-performing loans, amounting to 926 million TRY as of the end of March 2018, increased by 2.21 percent and reached 946.5 million TRY as of the end of June 2018. Non-performing loans increased by 14 percent, compared to the same period of the previous year.

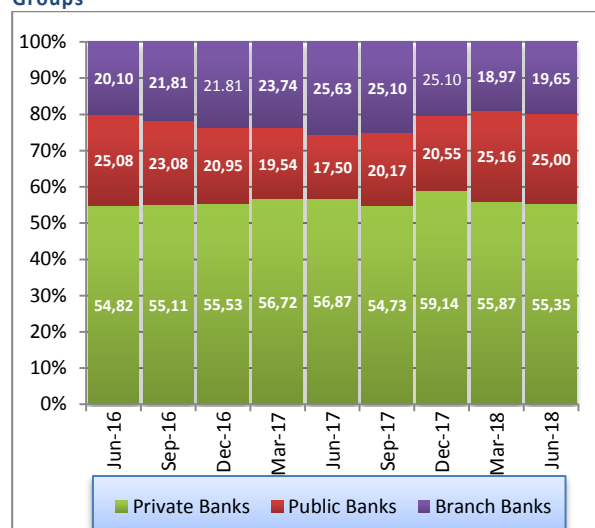
Chart 6.5: Development of Non-Performing Loans



Source: Central Bank of the TRNC

As of the end of the second quarter of 2018, it is seen that the share of public banks and private banks in total NPL decreased and the share of branch banks increased, compared to the previous quarter. Accordingly, in March 2018 - June 2018 period, while the share of public banks in total NPL decreased from 25.16 percent to 25 percent and the share of private banks from 55.87 percent to 55.35 percent, the share of branch banks in the total NPL increased from 18.97 percent to 19.65 percent. Accordingly, in June 2017 - June 2018 period, while the share of private banks in total NPL decreased from 56.87 percent to 55.35 percent and the share of branch banks from 25.63 percent to 19.65 percent, the public of branch banks in the total NPL increased from 17.5 percent to 25 percent.

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



Source: Central Bank of the TRNC

In the second quarter of 2018, total assets amounted to 30,051.9 million TRY, total gross loans amounted to 17,330.4 million TRY, non-performing loans amounted to 946.5 million TRY and provisions for non-performing loans amounted to 539.1 million TRY. When analysed by bank groups, as of June 2018, total assets in public banks are 7,299.1 million TRY, total gross loans are 4,253.7 million TRY, non-performing loans are 236.7 million TRY and provisions for non-performing loans are 103.9 million TRY. In the private banks, total assets amounted to 13,297.4 million TRY, total gross loans

amounted to 8,295.7 million TRY, non-performing loans amounted to 523.9 million TRY and provisions for non-performing loans amounted to 282.3 million TRY. Branch banks have total assets of 9,455.4 million TRY, total gross loans of 4,781 million TRY, non-performing loans of 185,9 million TRY and provisions for non-performing loans of 152,9 million TRY.

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

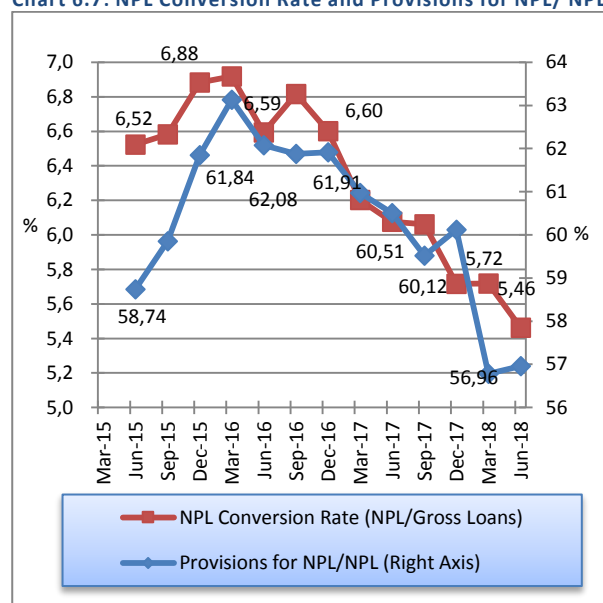
	Total Assets			Total Gross Loans			NPL			Provisions for Non-Performing Loans		
	Dec.17	Mar.18	Jun.18	Dec.17	Mar.18	Jun.18	Dec.17	Mar.18	Jun.18	Dec.17	Mar.18	Jun.18
Public Banks	6,523.2	6,834.2	7,299.1	4,095.8	4,145.8	4,253.7	179.8	232.9	236.7	104.9	105.3	103.9
Private Banks	11,633.4	12,316.3	13,297.4	6,986.5	7,609.2	8,295.7	517.4	517.4	523.9	278.1	278	282.3
Branch Banks	7,958.7	8,548.1	9,455.4	4,223.9	4,440.6	4,781.0	177.7	175.7	185.9	143.0	142.5	152.9
Total	26,115.3	27,698.6	30,051.9	15,306.2	16,195.6	17,330.4	874.9	926.0	946.5	526.0	525.8	539.1

Source: Central Bank of the TRNC

The NPL conversion rate, which was at 6.82 percent as of September 2016, has fallen to 5.72 percent by the end of 2017. Remaining constant in the first quarter of 2018, NPL conversion rate continued to decline in the second quarter of the year and became 5.46 percent. It has experienced a decrease of 0.61 points during the one-year period (June 2017 - June 2018).

While the ratio of provisions for NPL to total NPL was 56.78 percent by the end of March 2018, it increased by 0.18 points to 56.78 percent in June 2017. During June 2017 - June 2018, the ratio of provisions for NPL to total NPL decreased by 3.55 points.

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



Source: Central Bank of the TRNC

The sector's return on assets, which was 1.71 percent at the end of March 2018, increased to 2.02 percent in the second quarter of 2018, the return on equity, which was 18.25 percent, increased to 22.06 percent and the net interest margin increased to 3.28 percent from 3.2 percent. In the period of June 2017 - June 2018, the return on assets of the sector increased from 1.61 percent to 2.02 percent, the return on equity from 16.32 percent to 22.06 percent, and the net interest margin from 3.15 percent to 3.28 percent.

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

Description	2017		2018		
	Jun.	Sept.	Dec.	Mar.	Jun.
Return on Assets ¹	1.61	1.69	1.72	1.71	2.02
Return on Equity ²	16.32	17.39	18.10	18.25	22.06
Net Interest Margin ³	3.15	3.16	3.16	3.20	3.28

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

ANNEX A. ECONOMIC DECISIONS

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

Subject	Decisions of the Board of Directors Published in the Notifications, Notices and Official Gazette		Official Gazette	
	Date	Number	Date	Number
Determining the new term's monthly maximum contractual and overdue interest rates			02.04.2018	38
Central Bank of the Turkish Republic of Northern Cyprus, "Notification on the Independent Audit Firms" under Articles 67 and 70(2) of the Banking Law No. 62/2017.	15.03.2018	986	05.04.2018	41
Central Bank of the Turkish Republic of Northern Cyprus, "Good Practice Guidelines on the Market Risk Management" under Articles 17 (3)(1) and 22 of the Banking Law No. 62/2017.	15.03.2018	987	02.04.2018	38
Central Bank of the Turkish Republic of Northern Cyprus Board Decision on the change of reserve requirements in accordance with Article 23 of the Law on the Central Bank of the Turkish Republic of Northern Cyprus No. 41/2001.	15.03.2018	990	30.03.2018	37
Central Bank of the Turkish Republic of Northern Cyprus, "Notification on the Risks Undertaken" under Articles 38, 39, 40, 41 and 44 of the Banking Law No. 62/2017.	19.04.2018	995	09.05.2018	64
Central Bank of the Turkish Republic of Northern Cyprus, "Good Practice Guidelines on the Country Risk Management" under Articles 17 (3)(1) and 22 of the Banking Law No. 62/2017.	19.04.2018	993	09.05.2018	64
Central Bank of the Turkish Republic of Northern Cyprus, "Good Practice Guidelines on the Reputation Risk Management" under Articles 17 (3)(1) and 22 of the Banking Law No. 62/2017.	19.04.2018	994	09.05.2018	64
Central Bank of the Turkish Republic of Northern Cyprus Board Decision to amend reserve requirements rates and deposit interest rates in accordance with Articles 11 (1) and 23 (3) of the Law on the Central Bank of the Turkish Republic of Northern Cyprus No. 41/2001.	04.06.2018	998	11.06.2018	89
Central Bank of the Turkish Republic of Northern Cyprus Board Decision to amend the annual interest rate applied in Turkish Lira and foreign currency rediscount and advance transactions based on the loan types pursuant to the periods set forth in Articles 31 (1) (A) (B) and (C) in accordance with Article 11 (1) of the Law on the Central Bank of the Turkish Republic of Northern Cyprus No. 41/2001.	04.06.2018	999	11.06.2018	89
Determining the new term's monthly maximum contractual and overdue interest rates			02.07.2018	102
Central Bank of the Turkish Republic of Northern Cyprus Board Decision to amend foreign currency reserve requirements rates and deposit interest rates in accordance with Articles 11 (1) and 23 (3) of the Law on the Central Bank of the Turkish Republic of Northern Cyprus No. 41/2001.	21.06.2018	1001	02.07.2018	102

Table A.2: Economic Decisions - Assembly of the Republic of the TRNC

Subject	Law/Draft Law		Official Gazette	
	Date	Number	Date	Number
Laws				
Draft Laws				
Draft Law on Northern Cyprus Accounting and Auditing Profession			09.05.2018	64
Draft Law on the Prevention of Laundering of Crime Revenues			09.05.2018	
Draft Law on Public Financial Management and Control			10.05.2018	66
Laws to be Approved by the Presidency				
Regulations				

ANNEX B. STATISTICAL TABLES

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 Dec. 2013	3,213,649,639	78,854,104	63,070,913	3,355,574,656	291,100,579	1,818,251,291	870,763,371	436,559,672	3,355,574,656
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 Ara. 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	2,718,606,151	1,734,869,527	3,397,201,345	8,235,568,724
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

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 Dec. 2013	62,270,427	2,146,362	1,403,280,967	1,522,482,954	78,923,761	144,545,168	3,213,649,639
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		97,456,000	5,466,386,701
31 Dec. 2016	216,724,660	3,440,019	2,260,530,677	3,687,779,940		194,469,500	6,362,944,796
31 Mar. 2017	165,588,687	3,440,019	2,101,326,259	4,030,683,635		463,534,800	6,869,132,807
30 Jun. 2017	171,906,834	3,440,019	1,823,606,608	4,299,854,053		683,099,050	6,981,906,564
30 Sept. 2017	275,459,595	3,440,019	1,842,387,496	4,739,760,510		768,996,350	7,630,043,970
31 Dec. 2017	256,268,223	3,440,019	1,759,612,509	5,195,103,445		903,656,300	8,118,080,496
31 Mar. 2018	382,362,841	3,997,999	1,705,665,243	5,630,492,210		822,904,675	8,545,422,968
30 Jun. 2018	281,516,845	3,997,999	1,845,209,663	6,467,950,290		742,867,500	9,341,542,297

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 Dec. 2013								-
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							1,500,000	1,500,000

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 Dec. 2013	18,846,398	20,578,975	735,826,294	1,013,142,338	487,900,228	382,863,143	609,831	29,247,455	2,689,014,662
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

Source: Central Bank of the TRNC

Table B.5: Central Bank of the TRNC Exchange Rates

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	4.6083	4.6166	5.3310	5.3406	6.0221	6.0535
	7						
	8						
	9						
	10						
	11						
	12						

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	1.3090	1.1568
	7		
	8		
	9		
	10		
	11		
	12		

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	-	-	-	04.06.2018	998	11.06.2018	89
25.06.2018	-	0.75	0.25	0.50	21.06.2018	1001	02.07.2018	102

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 Date	Currency				Board Decision		Official Gazette	
	TRY	\$	€	£	Date	Number	Date	Number
07.05.2002	12.00	0.50	0.50	1.50	30.04.2002	474	07.05.2002	50
12.12.2002	12.00	0.35	0.50	1.25	29.11.2002	483	12.12.2002	121
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	-	-	-	04.06.2018	998	11.06.2018	89
25.06.2018	-	0.40	0.125	0.25	21.06.2018	1001	02.07.2018	102

Source: Central Bank of the TRNC

Table B.9: Rediscount Interest Rates (%)

Effective Date	Currency																
	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

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 in Turkish Lira 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 in Turkish Lira excluding deposits	8	8
	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		
	8		
	9		
	10		
	11		
	12		

Source: Central Bank of the TRNC

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

Date	Liquid Assets	Securities Portfolio	Reserve Requirements	Gross Loans	Provisions for Non-Performing Loans	Other	Total Assets	Deposits	Other	Shareholders' Equity	Total Liabilities
31 Dec. 2014	3,310.5	890.9	958.4	9,557.8	-373.0	491.5	14,836.1	11,773.8	1,558.7	1,503.6	14,836.1
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

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 Dec. 2014	95.9	9.3	3.2	0.0	77.0	4,802.6	27.0	13.7	2,869.0	229.1	0.1	0.0	0.0	813.5	8,940.4
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	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	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	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	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

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 Dec. 2014	66.3	0	0.1	0	60.9	2,898.0	27.0	5.8	2,038.4	228.2	0.1	0	0	566.7	5,891.5
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	611.7	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

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 Dec. 2014	29.6	9.3	3.1	0	16.0	1,904.6	0	7.8	830.6	1.0	0	0	0	246.9	3,048.9
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

Source: Central Bank of the TRNC

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

Date	Short-Term Loans	Percentage Change	Medium and Long-Term Loans	Percentage Change	Total	Percentage Change
31 Dec. 2014	4,076.9	7.41	4,863.5	3.92	8,940.4	5.49
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

Source: Central Bank of the TRNC

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

Date	Public Loans	Percentage Change	Private Loans	Percentage Change	Total	Percentage Change
31 Dec. 2014	2,416.9	11.13	6,523.5	3.54	8,940.4	5.49
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

Source: Central Bank of the TRNC

Table B.18: Loan Sizes (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 Dec. 2014	6,706.8	784.8	1,008.3	424.9	15.6	8,940.4
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

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 Dec. 2014	800.8	261.6	1.4	13.5	214.7	211.6	1,503.6
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

Source: Central Bank of the TRNC

Table B.20: Capital Adequacy Ratio (%)

Date	Public Banks	Private Banks	Branch Banks	Banking Sector	Legal Limit
31 Dec. 2014	25.35	14.90	17.43	17.53	10.00
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

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 Dec. 2014	1,230.1	409.3	246.6	438.5	214.7
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	501.9	226.4	373.1	316.1

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 Dec. 2014	1,469.5	6,744.4	1,910.0	493.0	1,156.9	11,773.8
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

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 Dec. 2014	798.0	4,122.7	1,013.8	234.3	299.1	6,467.9
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

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 Dec. 2014	671.5	2,621.7	896.3	258.7	857.7	5,305.9
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

Source: Central Bank of the TRNC

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

Date	Official	Trading	Savings	Other	Banks	Total
31 Dec. 2014	760.4	1,696.1	9,016.1	301.2	799.4	12,573.2
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

Source: Central Bank of the TRNC

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

Date	Official	Trading	Savings	Other	Banks	Total
31 Dec. 2014	577.2	879.8	4,875.8	135.1	399.0	6,866.9
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

Source: Central Bank of the TRNC

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

Date	Official	Trading	Savings	Other	Banks	Total
31 Dec. 2014	183.2	816.3	4,140.3	166.1	400.4	5,706.3
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

Source: Central Bank of the TRNC

Table B.28: Money Supply (Million TRY)

Year	Term	M1	Percentage Change	M2	Percentage Change	M3	Percentage Change
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

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	VİYA BANK 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	TC 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	10,222.5	11,292.6	13,003.4	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	3,446.9	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	44,281.2	53,974.1 ^(F)
GNP per capita (USD)	14,765	16,158	13,930	14,703	15,404	15,038	15,302	15,109	13,737.2	13,427.9	12,135.5	12,700.6 ^(F)
Inflation Rate (%)	9.4	14.5	5.7	3.3	14.7	3.6	10.2	6.5	7.8	10.2	14.7	12.1
Deposits (Million USD) (2)	4,166.1	3,645.7	4,277.0	4,426.1	4,281.8	5,034.1	5,006.4	5,077.3	4,798.0	4,726.9	n.a	n.a
Foreign Exchange Reserve (Million USD)	2,072.1	1,802.6	1,974.7	2,069.1	2,116.4	1,775.6	1,555.7	1,379.0	n.a	n.a	n.a	n.a
Exports (Million USD) (3)	83.7	83.6	71.1	96.4	119.9	116.3	120.7	134.0	118.1	105.5	102.9	108.0 ^(F)
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	1,596.7	1,684.5 ^(F)
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	-1,493.8	-1,576.5 ^(F)
Exports / Imports (%)	5.1	4.4	5.4	6.0	9.0	7.2	7.1	7.5	7.9	6.9	6.4	6.4 ^(F)
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	405,744
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	314,325
b) Other	156,456	158,277	161,676	160,465	220,763	261,681	309,445	345,430	372,449	358,841	410,082	91,422
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	121,889	125,511 ^(F)
Number of Unemployed	9,361	9,881	12,941	12,619	9,864	9,174	8,929	9,320	9,043	8,075	7,453	7,257 ^(F)
Unemployment Rate (%)	9.4	9.8	12.4	11.9	9.5	8.7	8.4	8.3	7.4	6.4	5.6	5.5 ^(F)
Population (5)	268,011	274,436	283,736	277,680	283,281	292,129	301,988	313,626	326,158	335,455	351,965 ^(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	4.9	n.a
Population Density	82.7	84.7	87.5	85.7	87.4	90.1	93.1	96.7	100.6	n.a	n.a	n.a
Health Expenditures / GNP (%)	3.9	3.5	3.5	3.4	3.1	3.1	3.2	3.1	2.5	2.8	n.a	n.a
Health Expenditures / Budget (%)	8.6	7.6	7.4	7.3	7.2	7.3	7.4	7.6	6.6	7.7	n.a	n.a
Annual Average 1 USD = TRY	1.2980	1.2835	1.5461	1.5063	1.6782	1.8006	1.9094	2.1926	2.7266	3.0232	3.6489	

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

1) Foreign aids are not included.

2) Turkish Lira deposits and foreign currency deposits are included.

3) Exports to the Southern Cyprus are not included.

4) Hydrocarbon imports are not included.

5) De-jure

(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	645.3	735.9	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	1,227.2	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	618.9	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	2,575.3	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	1,141.2	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	913.1	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	589.2	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	1,903.9	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	2,060.2	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	1,235.6	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	13,003.4	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	-14.2	-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	12,989.1	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 ^(F)	2017 ^(F)	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 ^(F)	2017 ^(F)	2018 ^(F)
1. Agriculture	0.4	-18.2	8.2	10.0	10.8	3.7	-1.6	4.8	14.5	-8.0	8.5	8.5
2. Industry	-0.9	-10.3	-9.1	-0.2	3.4	-0.7	1.7	8.5	19.5	2.5	4.7	4.7
3. Construction	4.2	-8.0	-18.5	3.8	3.3	-16.0	-0.3	-4.5	6.5	3.0	3.0	3.0
4. Trade-Tourism	-2.7	-2.1	-8.7	18.3	6.0	6.1	1.4	8.5	-0.8	1.7	2.7	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	3.0	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	2.5	2.5
7. Housing Ownership	4.6	2.7	3.8	4.0	3.9	3.7	3.2	2.6	3.0	2.8	3.5	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	4.5	5.5	5.5
9. Public Services	8.2	1.2	-5.0	0.4	2.8	1.9	1.4	-0.1	0.1	-0.3	0.5	0.5
10. Import Taxes	12.3	-0.8	-7.1	18.6	3.9	8.9	-2.1	7.9	-9.6	9.5	-5.0	3.0
11. GDP	2.8	-2.9	-5.5	3.7	3.9	1.8	1.1	4.8	4.0	2.0	2.7	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	0.0	0.0	0.0
GNP	1.5	-3.4	-5.7	3.6	4.0	0.5	1.3	4.9	4.1	2.1	2.7	3.8

Source: SPO

(F) Forecast

Table B.35: Sectorial Distribution of Fixed Capital Investments (Current Prices, Million TRY)

Sectors	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 ^(F)	2017 ^(F)	2018 ^(F)
1. Agriculture	25.1	33.1	27.1	49.1	51.0	54.2	71.5	80.7	62.1	97.5	123.9	140.8
2. Industry	188.4	199.7	103.8	142.7	196.3	182.3	134.1	176.6	224.7	251.4	345.4	392.0
3. Construction	20.9	14.0	14.2	18.0	23.8	20.2	18.2	20.2	27.7	33.9	37.1	42.3
4. Trade-Tourism	101.2	82.2	55.6	71.0	204.9	99.4	97.4	71.3	263.5	149.6	179.3	203.9
5. Transportation-Communication	72.0	97.3	92.6	143.8	94.7	125.6	124.6	136.0	139.2	207.9	295.8	319.3
6. Financial Institutions	11.4	14.9	24.9	12.6	10.4	14.1	12.8	11.4	10.3	17.3	21.8	24.6
7. Housing Ownership	467.0	480.2	427.3	403.4	506.4	450.3	543.3	512.9	584.6	722.6	710.4	809.7
8. Self-Employment and Services	88.4	78.7	122.7	143.6	68.2	71.1	57.3	84.9	129.9	126.6	150.5	171.6
9. Public Services	89.9	62.5	62.1	32.1	54.2	77.2	88.4	71.8	102.4	102.4	155.4	185.7
Total	1,064.3	1,062.6	930.3	1,016.3	1,209.9	1,094.4	1,147.6	1,165.8	1,544.4	1,709.4	2,019.4	2,289.9

Source: SPO
(F) Forecast

Table B.36: General Balance of the Public Sector (Current Prices, TRY)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Public Income	1,739,498,572,7	1,986,206,692,7	1,862,053,831,4	2,089,052,564,2	2,303,325,976,6	2,773,761,861,1	2,796,812,940,2	3,303,034,133,3	3,747,936,193,4	4,306,597,171,1
2. Transfers	834,788,680,2	944,710,702,4	1,110,115,570,6	1,126,848,647,3	1,244,081,261,1	1,281,938,535,1	1,455,510,968,5	1,614,102,550,8	1,627,164,205,7	1,814,054,229,8
3. Public Disposable Income	904,709,892,4	1,041,495,990,3	751,938,260,8	962,203,916,8	1,059,244,715,5	1,491,823,326,0	1,341,301,971,7	1,688,931,582,5	2,120,771,987,7	2,492,542,941,3
4. Public Current Expenditures	1,231,306,843,6	1,366,456,132,8	1,487,589,785,8	1,547,895,080,9	1,621,100,773,5	1,667,829,509,0	1,836,123,617,8	2,101,198,831,6	2,203,794,468,5	2,365,535,939,9
5. Public Savings	-326,596,951,2	-324,960,142,5	-735,651,525,0	-585,691,164,1	-561,856,058,0	-176,006,183,0	-494,821,646,1	-412,267,249,1	-83,022,480,7	127,007,001,4
6. Public Investment	255,504,843,5	281,025,335,4	185,112,669,3	181,161,264,3	196,745,696,8	237,422,206,9	183,704,785,6	242,524,709,3	254,074,254,5	226,108,243,2
7. Public Funding Requirement	582,101,794,7	605,985,477,9	920,764,194,3	766,852,428,4	758,601,754,8	413,428,389,9	678,526,431,7	654,791,958,4	337,096,735,2	99,101,241,9

Source: SPO

Table B.37: General Balance of the Private Sector (Current Prices, TRY)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Private Disposable Income	3,766,545,993,5	4,086,838,144,1	4,663,342,438,0	4,687,331,019,2	5,499,929,813,2	5,424,008,303,3	6,238,101,304,5	7,151,456,425,1	8,063,696,357,5	9,112,917,437,1
2. Private Consumption	2,675,778,431,4	3,213,685,863,7	3,082,454,773,9	3,467,492,896,7	3,962,008,014,7	4,297,745,493,7	4,680,794,290,1	5,509,552,018,9	5,674,598,609,6	6,583,230,714,0
3. Private Savings	1,090,767,562,1	873,152,280,4	1,580,887,664,1	1,219,838,122,5	1,537,921,798,5	1,126,262,809,6	1,557,307,014,4	1,641,904,406,2	2,389,097,747,9	2,529,686,723,1
4. Private Investment	833,684,967,4	768,116,852,5	761,493,469,8	868,423,234,0	1,069,816,463,7	938,089,479,7	964,130,762,7	1,012,765,867,8	1,338,050,212,6	1,561,228,201,3
5. Private Savings-Investment Difference	257,082,594,7	105,035,427,9	819,394,194,3	351,414,888,5	468,105,334,8	188,173,329,9	593,176,251,7	628,138,538,4	1,051,047,535,3	968,458,521,8

Source: SPO
(F) Forecast

Table B.38: Government Budget Balance (Current Prices, TRY)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
I. Budget Revenues	1,912,021,359,7	1,928,800,834,9	1,850,579,976,4	2,094,884,139,9	2,342,746,054,0	2,733,508,126,6	2,717,380,643,9	3,207,881,150,7	3,464,983,316,1	3,960,630,723,5
1. Domestic Income	1,628,462,492,5	1,634,990,825,2	1,577,760,033,6	1,791,246,833,6	1,952,147,952,7	2,338,729,397,3	2,286,524,201,4	2,708,664,636,5	2,915,923,580,5	3,454,747,062,1
2. Foreign Aids	283,558,867,2	293,810,009,7	272,819,942,9	303,637,306,3	390,598,101,3	394,778,729,3	430,856,442,4	499,216,514,2	549,059,735,6	505,883,661,5
II. Budget Expenditures	2,125,063,562,9	2,364,729,328,4	2,575,108,349,3	2,660,956,990,0	2,844,717,192,2	2,964,278,216,8	3,261,442,097,7	3,635,438,526,6	3,841,876,284,7	4,160,316,995,6
1. Current Expenditures	932,560,258,6	1,024,958,715,7	1,103,415,414,9	1,140,049,984,5	1,159,028,230,4	1,199,857,540,4	1,295,770,450,0	1,465,520,571,6	1,566,222,876,2	1,680,388,903,9
2. Transfers	844,881,606,6	974,597,265,7	1,154,300,902,4	1,169,441,199,0	1,254,351,944,3	1,319,785,540,6	1,458,418,886,8	1,580,378,034,8	1,643,347,756,4	1,896,703,964,1
3. Defence	120,047,875,5	146,813,407,4	167,395,579,2	163,327,202,5	199,979,873,2	194,687,299,6	201,795,988,0	227,517,948,2	240,860,181,3	252,444,740,9
4. Investments	227,573,822,2	218,359,939,6	149,996,452,8	188,138,604,0	231,357,144,3	249,947,836,2	305,456,773,0	362,021,972,0	391,445,470,9	330,779,386,7
III. Budget Balance	-287,087,316,2	-474,386,821,0	-759,185,805,2	-566,072,850,1	-501,971,138,2	-230,770,090,2	-544,061,453,9	-427,557,376,0	-376,892,968,6	-199,686,272,1

Source: SPO
(*) Million TRY

Table B.39: Government Budget Balance (GNP Percentage)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
I. Budget Revenues	40.9	37.6	34.2	37.1	35.7	39.5	35.9	36.3	33.9	34.1
1. Domestic Income	34.9	31.9	29.1	31.7	29.8	33.8	30.2	30.6	28.6	29.8
2. Foreign Aids and Loans	6.1	5.7	5.0	5.4	6.0	5.7	5.7	5.6	5.4	4.4
II. Budget Expenditures	45.5	46.1	47.6	47.1	43.4	42.9	43.0	41.1	37.6	35.8
1. Current Expenditures	20.0	20.0	20.4	20.2	17.7	17.3	17.1	16.6	15.3	14.5
2. Transfers	18.1	19.0	21.3	20.7	19.1	19.1	19.2	17.9	16.1	16.3
3. Defence	2.6	2.9	3.1	2.9	3.0	2.8	2.7	2.6	2.4	2.2
4. Investments	4.9	4.3	2.8	3.3	3.5	3.6	4.0	4.1	3.8	2.9
III. Budget Balance	-4.6	-8.5	-13.4	-10.0	-7.7	-3.3	-7.2	-4.8	-3.7	-1.7

Source: SPO

Table B.40: 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	400.8	-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	0.0	0.0

Source: SPO

(F) Forecast

Table B.41: Percentage Change Rates 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	
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	
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	
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	
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	
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	

Source: SPO

Table B.42: 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*	19.41	15.39
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

*: Updated according to June 2018 data.

Table B.43: Consumer Price Index (2015 = 100 Base Year)

Main Groups	Main Spending Groups' Effects on Change Compared to the Previous Month											
	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. Alcoholic Beverages and Tobacco	0.01	0.00	0.01	7.21	0.97	0.29						
3. Clothing & Shoes	-0.13	-0.20	-0.04	13.35	1.52	1.48						
4. Housing, Water, Electricity, Gas and Other Fuels	0.01	0.10	0.06	1.27	5.78	2.36						
5. Furniture, Home Appliances and Home Maintenance Services	0.15	0.07	0.15	1.34	4.23	-0.28						
6. Health	0.04	0.16	0.02	2.17	0.95	3.02						
7. Transportation	-0.01	0.47	0.14	4.64	3.90	3.09						
8. Communication	-0.01	0.04	0.00	0.13	0.30	0.07						
9. Entertainment and Culture	-0.34	0.19	0.17	3.19	6.02	5.83						
10. Education	-0.03	0.08	0.08	2.55	2.45	2.42						
11. Restaurants and Hotels	-0.03	0.03	0.06	1.64	8.81	6.20						
12. Miscellaneous Goods and Services	0.06	0.03	0.23	0.64	1.59	0.85						
General	-0.22	1.61	0.87	2.75	3.65	2.94						

Source: SPO

Table B.44: Minimum Wage Developments

Years	Minimum Wage (TRY / YTL)	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 (YTL)	01.06.2005
2006	780 (YTL)	01.01.2006
2006	860 (YTL)	01.08.2006
2007	950 (YTL)	01.02.2007
2008	1,060 (YTL)	01.01.2008
2008	1,190 (YTL)	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

Source: SPO

Table B.45: Fuel Retail Prices

Date	Unleaded Gas		Euro Diesel	Diesel	Petroleum
	95 Octane	97 Octane			
14.03.2014	3.67	3.85	3.77	3.37	3.37
04.04.2014	3.67	3.85	3.72	3.32	3.32
29.04.2014	3.67	3.85	3.68	3.28	3.28
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

Source: Ministry of Economy and Energy

Table B.46: Sectorial Distribution of Employed Population (According to the Household Labour Force Survey)

Sectors	2008		2009		2010		2011		2012		2013		2014		2015		2016	
	Population	%	Population	%	Population	%	Population	%	Population	%	Population	%	Population	%	Population	%	Population	%
1. Agriculture, Forestry, Hunting and Fishing	3,171	3.5	4,432	4.8	5,300	5.7	3,377	3.61	3,892	4.03	4,901	5.01	4,017	3.9	4,580	4.1	4,261,0	3.6
2. Mining and Quarrying	113	0.1	106	0.1	73	0.1	39	0.04	179	0.19	157	0.16	119	0.1	109	0.1	171	0.1
3. Manufacturing Industry	7,171	7.9	7,312	8.0	8,393	9.0	6,636	7.1	6,632	6.87	5,961	6.09	8,075	7.8	8,971	8.0	9,646,0	8.1
4. Electricity, Gas, Water, Sewerage, Waste Water Treatment	860	0.9	952	1.0	1,051	1.1	1,286	1.38	1,356	1.4	1,421	1.45	1,787	1.7	2,384	2.1	1,748,0	1.5
5. Construction	10,491	11.5	9,204	10.1	7,746	8.3	6,496	6.95	7,224	7.48	7,139	7.29	8,096	7.8	8,451	7.5	9,745,0	8.2
6. Wholesale and Retail Trade	16,123	17.7	15,609	17.0	16,547	17.7	17,256	18.46	16,141	16.72	16,689	17.05	18,817	18.2	19,428	17.2	20,834,0	17.6
7. Restaurants and Hotels	5,941	6.5	7,316	8.0	7,470	8.0	7,553	8.08	9,518	9.86	8,007	8.18	8,859	8.6	11,301	10.0	11,614,0	9.8
8. Transportation, Storage, Communication, Publishing and Programming	6,082	6.7	4,872	5.3	5,026	5.4	5,282	5.65	5,156	5.34	6,133	6.27	6,431	6.2	6,484	5.7	6,957,0	5.9
9. Financial Intermediary Institutions	3,638	4.0	3,777	4.1	3,498	3.7	3,560	3.81	3,312	4.43	3,404	3.48	3,730	3.6	4,889	4.3	5,095,0	4.3
10. Real Estate, Rental, Technical and Administrative Service Activities	3,004	3.3	4,180	4.6	4,686	5.0	5,481	5.86	6,714	6.95	5,931	6.06	7,989	7.7	7,802	6.9	7,723,0	6.5
11. Public Administration	14,854	16.3	15,417	16.8	15,669	16.8	17,428	18.65	15,775	16.34	18,559	18.96	15,081	14.6	13,886	12.3	13,644,0	11.5
12. Educational Services	9,715	10.6	10,182	11.1	9,149	9.8	9,967	10.66	10,028	10.39	10,040	10.26	9,493	9.2	11,796	10.5	14,214,0	12.0
13. Human Health and Social Services Activities	2,907	3.2	2,533	2.8	2,481	2.7	3,020	3.23	3,487	3.61	2,838	2.9	3,130	3.0	3,884	3.4	3,998,0	3.4
14. Other Community Services	7,151	7.8	5,658	6.2	6,408	6.9	6,086	6.51	7,125	7.38	6,688	6.83	7,524	7.3	8,850	7.8	8,738,0	7.4
Total	91,223	100	91,550	100	93,498	100	93,470	100	96,539	100	97,868	100	103,149	100	112,815	100,00	118,388,0	100,0

Source: SPO

Table B.47: 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

Source: Ministry of Economy and Energy

Table B.48: 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

Source: Ministry of Economy and Energy

Table B.49: 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 (January-June)	949,158	28,549	11,475	169	989,351

Source: Tourism Planning Department

Table B.50: Number of Persons Accommodating in Touristic Accommodation Facilities

Countries	Number of Persons							
	2011	2012	2013	2014	2015	2016	2017	2018 (January-June)
Foreign	156,381	183,651	209,379	224,881	235,661	266,208	317,984	133,578
TRNC	45,243	45,175	40,125	49,598	52,335	53,224	42,491	15,815
Turkey	393,238	459,529	464,397	529,909	588,045	621,819	656,365	376,602
Grand Total	594,862	688,355	713,901	804,387	876,041	941,251	1,016,840	525,995

Source: SPO

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".

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 22 deposit banks operating in the TRNC.

Banking Sector

It refers to the sector consisting of the banks described above. All kinds of financial institutions other than the 22 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'.

Conversion Method

In the bulletin, the daily exchange rates determined by our bank are used when calculating the Turkish Lira equivalents of foreign currency amount. Such conversion is made by using the "Foreign Currency Buying Rate" of the relevant foreign currency.

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).

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.

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

