



Central Bank of the TRNC Annual Report 2020

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

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

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

© Central Bank of the TRNC, 2021

Address

Bedreddin Demirel Street,
Nicosia - TRNC

Mailing Address

PC 857, Nicosia - TRNC

Phone

+90 392 - 611 5000

Fax No.

+90 392 - 228 5240

Website

<http://www.mb.gov.ct.tr>

E-mail

ileti@kktcmerkezbankasi.org

This Report has been prepared and published with the approval of the Executive Board of the Central Bank of the TRNC.

The data published in this report are compiled from temporary data. There may be differences compared to previous reports and/or the data included in our website, and no rights or amendments can be requested from the Central Bank of the TRNC by showing this report as proof, as it is prepared for informing the public.

All rights of this publication are reserved. It can be used to provide references in non-commercial training, research, and such studies.

INDEX

FOREWORD	vi
1. ORGANISATION AND ADMINISTRATION	2
1.1 <i>Organization Chart</i>	2
1.2 <i>Corporate Governance</i>	3
1.3 <i>Head Office and Head Branch</i>	9
2. RESOURCES	20
2.1 <i>Human Resources</i>	20
2.2 <i>Financial Resources</i>	23
2.3 <i>Technical Resources</i>	25
3. ACTIVITIES	28
3.1 <i>Policy Instruments</i>	28
3.2 <i>Regulation Activities</i>	34
3.3 <i>Permissions and Implementation Activities</i>	38
3.4 <i>Audit Activities</i>	40
3.5 <i>Payment Systems</i>	43
3.6 <i>Cash Flows</i>	44
3.7 <i>Tariffs</i>	44
3.8 <i>Money Transfers</i>	44
3.9 <i>Reserve Management</i>	45
3.10 <i>Public Treasurership and Debt Management</i>	46
3.11 <i>Risk Centre</i>	47
3.12 <i>Accountability and Communication</i>	48
3.13 <i>Corporate Services</i>	50
3.14 <i>Other</i>	52
4. FINANCIAL TABLES	62
4.1 <i>Balance Sheet</i>	62
4.2 <i>Profit and Loss Statement</i>	67
4.3 <i>Profit Distribution - 2020</i>	69
5. TABLES	72

CHARTS

<i>Chart 2.1 Percentage Distribution of Personnel by Class of Service</i>	21
<i>Chart 2.2 Percentage Distribution of Personnel by Level of Education</i>	22
<i>Chart 2.3: Consolidated Budget Expenditures</i>	24
<i>Chart 2.4: Budget Implementation Results</i>	25

TABLES

<i>Table 2.1: Number of Personnel Participating in Training Programs</i>	23
<i>Table 3.1: Rediscount Interest Rates</i>	29
<i>Table 3.2: Bank Liquidity Requirement Ratios</i>	30
<i>Table 3.3: Reserve Requirement Ratios</i>	31
<i>Table 3.4: Reserve Requirement Balances</i>	31
<i>Table 3.5: Interest Rates Applied to Reserve Requirements for Turkish Lira and Foreign Currency Deposits</i>	32
<i>Table 3.6: Interest Rates Applied to Turkish Lira and Foreign Currency Deposits</i>	32
<i>Table 3.7: Central Bank of TRNC Securities</i>	33
<i>Table 3.8: Interbank Money Market Transactions</i>	34
<i>Table 3.9: Electronic Payment System Transactions</i>	43
<i>Table 3.10: Sent and Received Money Transfers on Behalf of Banks</i>	45
<i>Table 3.11: Risk Inquiries by Types</i>	48
<i>Table 3.12: Central Bank of the TRNC - Publications</i>	50
<i>Table 3.13: Prescribed Deposits</i>	53
<i>Table 3.14: Credit Card Interest Rates (%)</i>	54
<i>Table 4.1: Central Bank of the TRNC– Balance Sheet</i>	62
<i>Table 4.2: Central Bank of the TRNC - Cash and Cash Equivalents</i>	63
<i>Table 4.3: Central Bank of the TRNC– Loans</i>	63
<i>Table 4.4: Central Bank of the TRNC– Fixed Assets</i>	64
<i>Table 4.5: Central Bank of the TRNC– Other Assets</i>	64
<i>Table 4.6: Central Bank of the TRNC– Bank Deposits</i>	65
<i>Table 4.7: Central Bank of the TRNC – Market Operations</i>	65
<i>Table 4.8: Central Bank of the TRNC – Funds</i>	66
<i>Table 4.9: Central Bank of the TRNC – Shareholders’ Equity</i>	67
<i>Table 4.10: Central Bank of the TRNC – Profit/Loss</i>	68
<i>Table 4.11: Central Bank of the TRNC - Profit Distribution</i>	69

ABBREVIATIONS

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

DEFINITIONS

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

FOREWORD

In 2020, the Central Bank continued its efforts to harmonize the legislation on the TRNC banking sector with the international standards, use the policy instruments in a way to help our country's economic development, and protect the rights and interests of depositors. In this framework, a total of 10 notifications, 8 of which are amendment notifications, have been issued by the Bank, based on the power given to the Bank by the relevant articles of the Banking Law, the Consumer Loans Law, and the Law on Financial Leasing, Factoring and Financing Companies and the Prevention of Usury.

As of March 2020, the Covid-19 pandemic has had an impact on both public health and economic activity in our country as well as all over the world. In order to minimize the effects of the pandemic in 2020, measures and practices have been developed for both consumers and businesses through the banking sector. In this context, taking into account international practices, to minimize the negative effects of the pandemic on economic activity, the difficulties it creates on debtors, and the cash flow problems faced by businesses, principal and interest payments of loans were deferred until June 30, 2020, then low-interest loan packages were introduced as well as the opportunity to restructure existing loans. In addition, to protect consumers, the monthly maximum contract and monthly maximum overdue interest rates applied to credit cards were reduced and the minimum payment rate for credit cards was reduced. The financial measures taken against the effect of the Covid-19 pandemic and the practices implemented are explained in Box 1 in Section 3 of the annual report.

The purpose of this Law is to regulate the application procedures and principles of consumer loans and to ensure the protection of consumer rights by determining the obligations and liabilities of institutions extending consumer loans. This law contributed to the protection of financial consumers in our country.

With Law No. 43/2020 on Financial Leasing, Factoring and Financing Companies and the Prevention of Usury, which became effective in 2020, the establishment, activity, and working principles of the companies within the scope are regulated. In addition to the prohibition of usury, this law has given the power to the Central Bank to regulate and supervise all companies that extend credit, excluding cooperatives.

TRNC banking sector asset size continued to grow in 2020 and reached 50.6 billion TRY with an increase of 24 percent compared to the previous year. Total deposits, increased by 27 percent compared to the previous year to 41.8 billion TRY, gross loans increased by 27 percent to 28.8 billion TRY while period profit declined to 671.2 million TRY with a decrease of 21.59 percent. The capital adequacy standard ratio (CASR) of the sector reached 15.91 percent as of the end of 2020.

The number of positions that will perform the permanent and continuous duties required to be fulfilled by the Bank's personnel is specified as 205 in the Organisation Law of the Central Bank of the TRNC. As of the end of 2020, the number of personnel working in permanent status is 129. 1 temporary janitor and 1 personnel employed under the law on the employment of disabled personnel was added

to the number mentioned above, and the total number of personnel of the Bank reached 131. In 2020, there has been a decrease in participation in training activities compared to previous years due to the Covid-19 pandemic. Within the scope of training activities, 28 of the Bank's personnel participated in international training programs in 2020, however, no local training programs could be organized.

Total assets of the Central Bank of the TRNC increased by 23.8 percent in 2020 and rose to 16,684.3 million TRY as of the end of the year. In 2020, total shareholders' equity reached 1,061.2 million TRY, reserve requirements reached 2,931 million TRY, and the interbank money market transactions reached 5,224 million TRY. Profit of the Central Bank, which was 343.6 million TRY in 2019, decreased by 0.49 percent in 2020 and became 341.9 million TRY.

The Central Bank of the TRNC - 2020 Annual Report, prepared as a requirement of transparency and accountability, one of the most fundamental elements of the Bank's management approach, is presented with the data and assessments of the year. I would like to take this opportunity to thank all of my colleagues for their devoted work.

Regards,

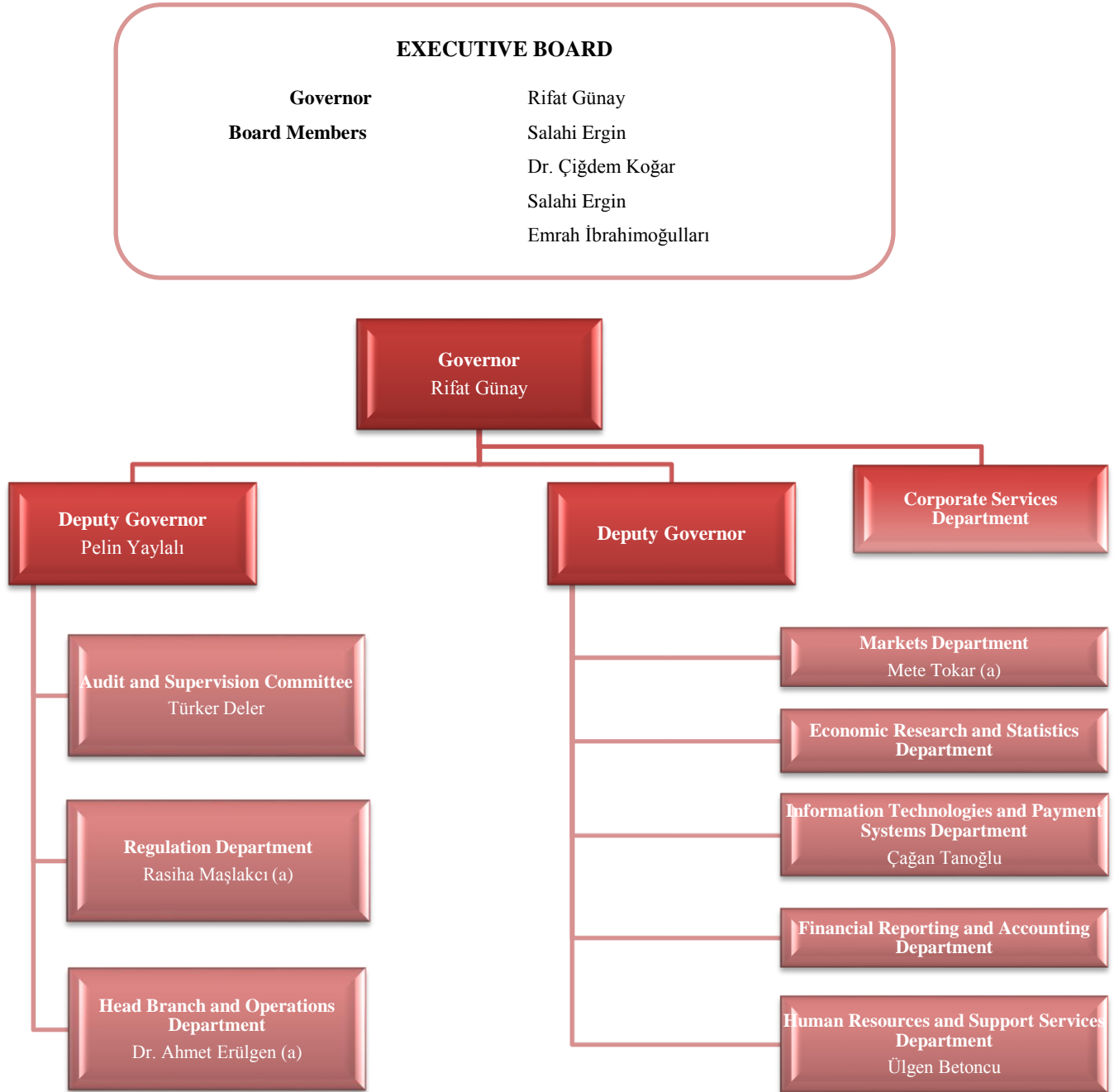


Rifat GÜNAY
Governor

ORGANISATION AND ADMINISTRATION

1. ORGANISATION AND ADMINISTRATION

1.1 Organization Chart



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

1.2 Corporate Governance

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

1.2.1 Executive Board

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

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

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

BOARD MEMBERS



Rifat Günay
Governor



İrfan Yanar
Member



Dr. Çiğdem Koğar
Member



Salahi Ergin
Member



Emrah İbrahimogulları
Member

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

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

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

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

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

❖ To take the necessary measures for the supervision of the banks, to establish the principles and procedures to be followed to prevent the weakening of the financial institutions, and to identify and apply issues regarding the ratios to be applied and the other rates, under the Banking Law and to make decisions within the framework of the authorities determined by the Banking Law.
❖ To determine the rediscount, discount, and interest rates as well as the fees and commissions to be applied by the Central Bank in its transactions.
❖ To take regulatory measures in terms of type and amount on the investments of Central Bank and to adjust the distribution of loan types in terms of sector and subject within the general loan volume.
❖ To determine the principles and conditions of the credits to be granted by the Central Bank, as well as the rediscount and advance limits.
❖ To determine the issues on reserve requirements and interest rates in Articles 23 and 24 of Law No. 41/2011.
❖ To examine the balance sheet, profit, and loss account of the Central Bank and make a decision on them.
❖ To make regulations regarding the administration, organization, and services of the Central Bank.
❖ To purchase or lease immovable property for the Central Bank's needs and to sell immovable property owned by the Central Bank when necessary.
❖ To decide on the issues of compromise and cancelation regarding the amounts and assets exceeding the agreed terms.
❖ To approve the annual budget and activity report of the Central Bank.
❖ To appoint the personnel of the Central Bank and determine the signing authority of the employees who would put the bank under obligation;
❖ To determine other banking transactions and services that can be carried out by the Central Bank.
❖ To make decisions on the issues to be submitted to the examination and approval by the Governor.
❖ To determine the terms and conditions for the issuance and acceptance of credit cards.

1.2.2 Governance

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

Governor

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



Rifat Günay
Governor

Deputy Governors

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



Pelin Yaylalı
Deputy Governor

1.3 Head Office and Head Branch

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

Audit and Supervision Committee



Türker Deler
Governor

Audit and Supervision Committee is obliged to supervise the units of the Bank, to make investigations and research within the framework of the authorities and duties given by the legislation such as the Banking Law and other relevant laws, notifications, etc., to make investigations when necessary, to conduct audits and investigations at banks and other institutions under its duty and authority in matters that are subject to the Bank's supervision duty and authority through the Central Bank Law, Banking

Law, and other legislations, within periodic programs to be prepared by taking into consideration the opinions and suggestions of the departments and/or when required by the Governance. The committee is also responsible for gathering, supervising, and analysing information, documents and data to be taken within the scope of remote control of the institutions operating in the financial sector and monitoring whether they are working in compliance with the legislation by using this data and other information they are obliged to report to the Central Bank, and reporting the findings; auditing, analysing, conducting research and investigations within the framework of the authorities and duties assigned by the relevant laws, notifications and other legislation and also remote and/or on-site auditing the information systems of the organizations that are under the authority of the Central Bank.

Regulation Department



Rasiha Maşlakçı
Acting Director

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

Markets Department



Mete Tokar
Acting Director

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

Economic Research and Statistics Department

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

Information Technologies and Payment Systems Department**Çağın Tanođlu****Director**

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

Financial Reporting and Accounting Department

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

Corporate Services Department

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

Human Resources and Support Services Department**Ülgen Betoncu****Director**

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

Head Branch and Operations Department

Dr. Ahmet Erülgen
Acting Director

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

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

RESOURCES

2. RESOURCES

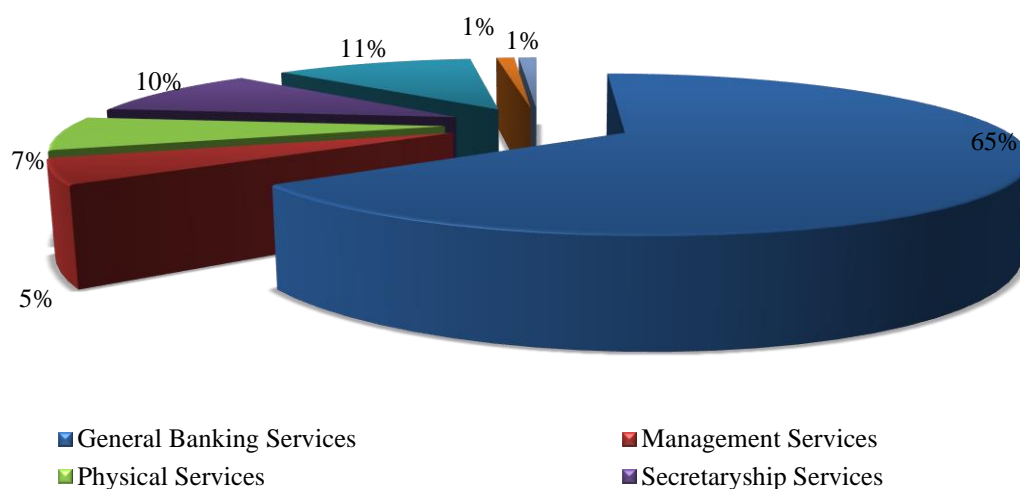
2.1 Human Resources

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

2.1.1 Positions and Personnel Status

The number of positions of the Central Bank is specified as 205 in the Organisation Law of the Central Bank of the TRNC. This number includes the Governor and Deputy Governors working under contract. As of the end of 2020, the number of personnel working in permanent status is 129. Adding 1 temporary janitor and 1 personnel employed under the law on the employment of disabled people to the number of permanent personnel, the total number of personnel of the Bank reaches 131 at the end of 2020, while it was 121 at the end of 2019. In 2020, one of our employees retired and 11 new personnel were employed.

Analysing the distribution of personnel of the Central Bank by service groups as of the end of 2020, 5 percent of the Bank's 131 personnel are working in the management services class, 65 percent in the general banking services class, 10 percent in the secretaryship services class, 11 percent in the vocational and technical services class, 7 percent in the auxiliary services class, 1 percent work as a temporary janitor and 1 percent are working as the personnel employed under the Law No. 64/1993 on Protection, Rehabilitation and Employment of Persons with Disabilities.

Chart 2.1 Percentage Distribution of Personnel by Class of Service

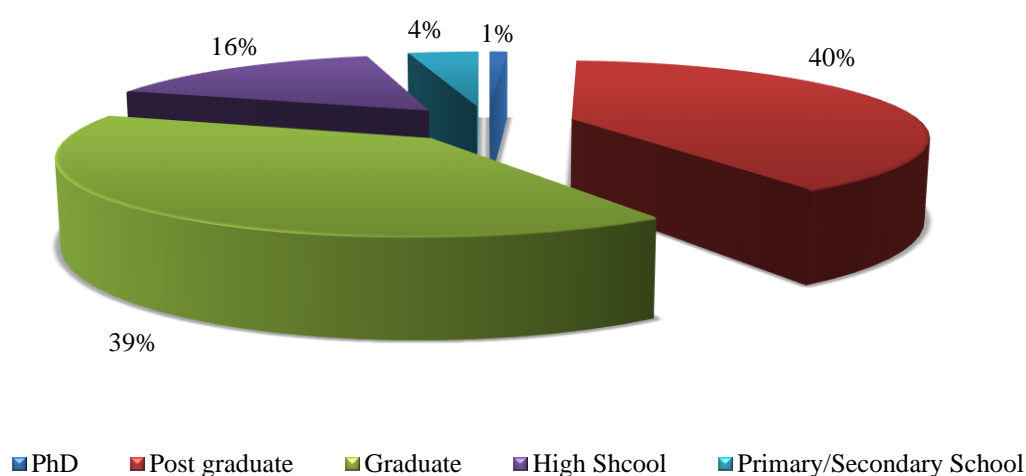
Source: Central Bank of the TRNC

Analysing the distribution of personnel according to their level of education; 2 out of 131 personnel have Ph.D., 52 have postgraduate, 49 have graduate and 2 have an associate degree, as of the end of 2020. 21 of the remaining personnel are high school and 5 are primary and secondary school graduates.

One of the personnel with Ph.D. degree is in the management services class, and the other one is working as Second Class IT Officer. Out of 52 personnel with postgraduate degree, 6 are in management, 5 are in vocational and technical services, 38 are in general banking services and 3 is in secretaryship services class. Out of 49 personnel with graduate degree, 2 are in management, 8 are in vocational and technical services, 28 are in general banking services, 9 are in secretaryship services and 2 are in auxiliary services class. 2 personnel with associate degree serve in the general banking services class. Of the 21 high school graduates, 16 work in general banking services, 1 in secretaryship services, and 3 in auxiliary services; 1 personnel is employed under the Law on Protection, Rehabilitation and Employment of Persons with Disabilities, No. 64/1993 and serves as disabled personnel. Out of 5 primary and secondary school graduate personnel, 4 are working in the auxiliary services class, 1 elementary school graduate personnel is working as a temporary janitor.

Examining the percentage share of the distribution of the personnel according to their level of education as of the end of 2020, the number of personnel with a Ph.D. has a share of 1 percent, the number of personnel with postgraduate degree has a share of 40 percent, the personnel with graduate degree has a share of 39 percent, the number of high school graduates has a share of 16 percent and the primary and secondary school graduates has a share of 4 percent.

Chart 2.2 Percentage Distribution of Personnel by Level of Education



Source: Central Bank of the TRNC

2.1.2 Training Activities

In 2020, there has been a decrease in participation in training activities compared to previous years due to the Covid-19 pandemic.

In 2019, while the number of personnel participating in local training programs was 6, there was no participation in 2020. The number of personnel participating in international training programs was 87 in 2019, then it decreased to 28 in 2020. As part of the training activities in 2020, 22 personnel from the general banking services class, 1 from the secretaryship services class, and 5 from the vocational and technical services class participated in the international training programs. There was no participation in international training programs from the management services class.

Table 2.1: Number of Personnel Participating in Training Programs

	Domestic		International	
	2019	2020	2019	2020
Management Services Class	-	-	3	-
General Banking Services Class	2	-	73	22
Secretaryship Services Class	-	-	1	1
Auxiliary Services Class	-	-	-	-
Temporary Personnel	-	-	-	-
Vocational and Technical Services Class	4	-	10	5
Total	6	-	87	28

Source: Central Bank of the TRNC

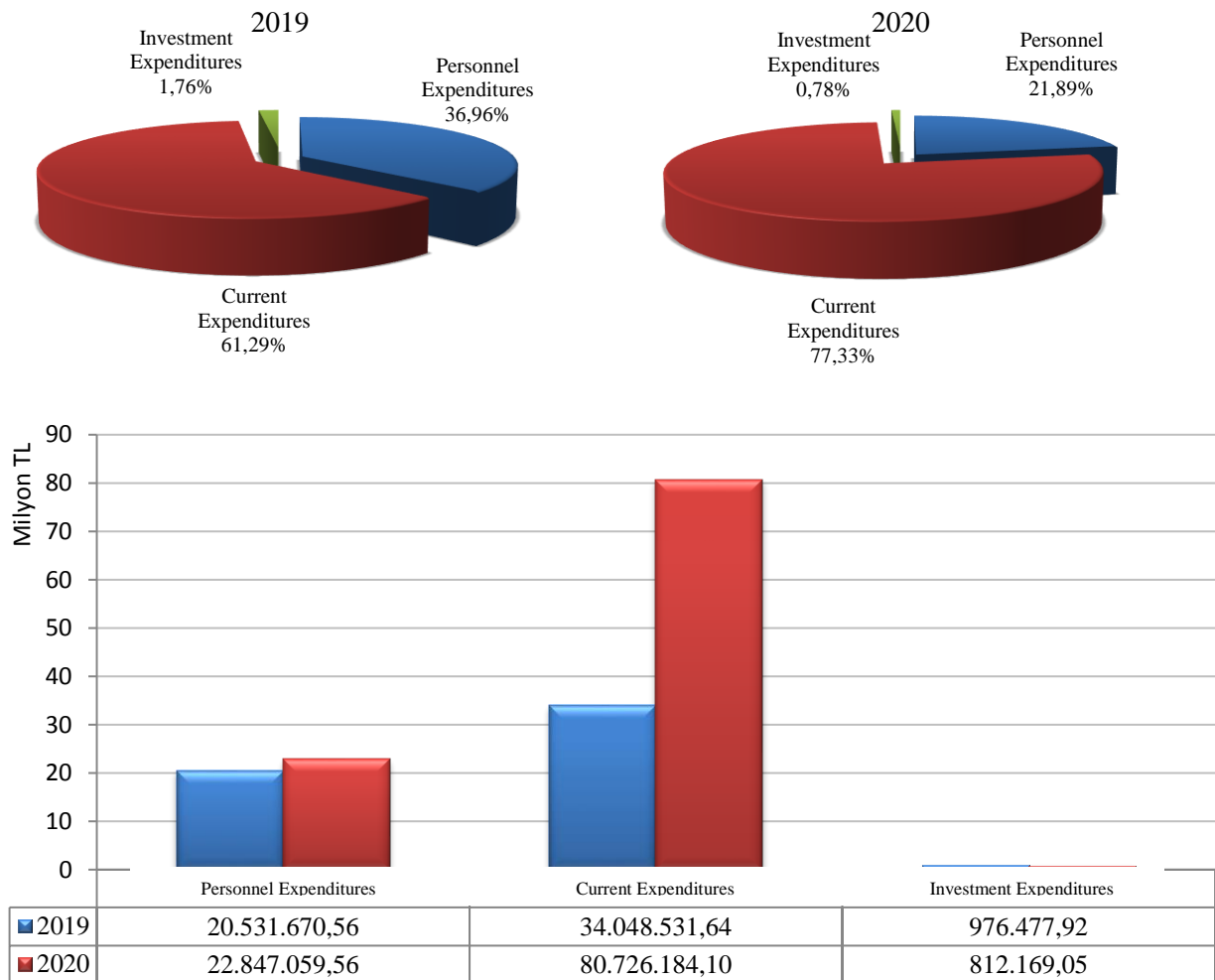
The training activities, which are considered highly important for the development of the Bank's personnel and the improvement of the Bank's practices to international standards, have been suspended since March 2020 due to the Covid-19 outbreak. Under these conditions, 1 person attended the Bank of England (BoE) training, 1 person attended the Czech Central Bank (CNB) training, and 26 people attended the Banks Association of Turkey (TBB) training within three months. No in-house training was provided to bank personnel in 2020.

2.2 Financial Resources

The Executive Board of the Central Bank of the TRNC approved the 2020 Fiscal Year Budget with decision no. 1073 dated December 27, 2019, to carry out the determined services and activities. The bank's consolidated budget expenditures are classified under three separate titles: current expenditures, employee personal rights, and investment expenditures.

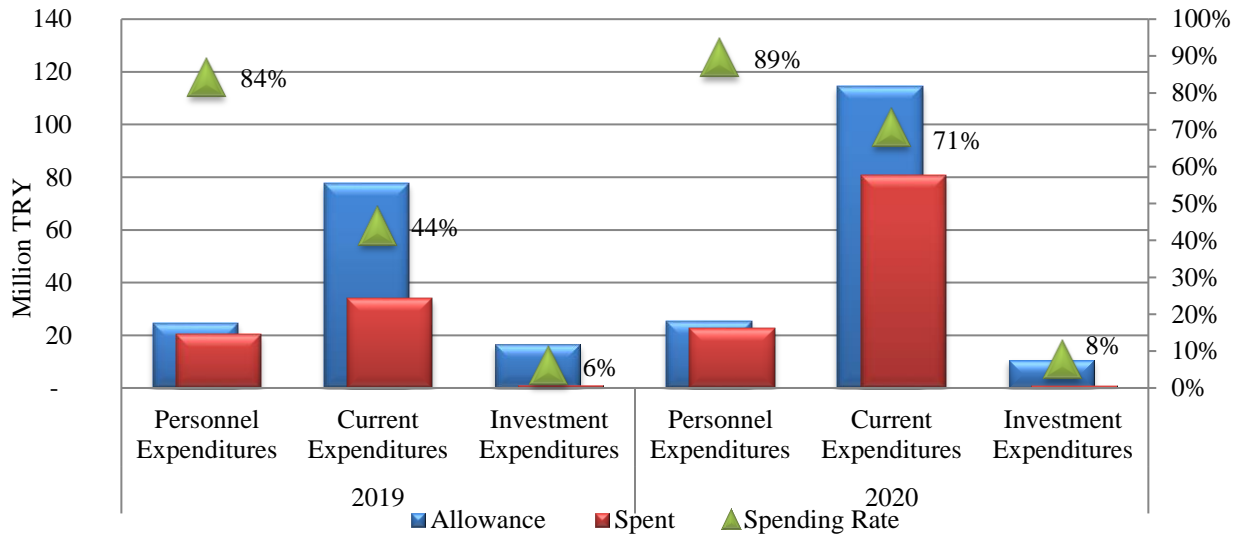
While the total budget expenditures of the Bank in 2019 were 55.6 million TRY, this figure increased by 87.9 percent and reached 104.4 million TRY in 2020. In 2020, 77.3 percent of the Bank's budget (80.7 million TRY) was used for current expenditures and 21.9 percent (22.9 million TRY) for personnel expenditures. In 2019, 61.3 percent of the Bank's budget (34 million TRY) was used for current expenditures and 37 percent (20.5 million TRY) for personnel expenditures.

Chart 2.3: Consolidated Budget Expenditures



Source: Central Bank of the TRNC

According to the Bank’s budget implementation results for 2019, while the ratio of the allocations used for employee personal rights was 84 percent, this ratio was 44 percent in current expenditures and 6 percent in investment expenditures. The total expenditure rate of allocations in the 2019 Fiscal Year Budget was 47 percent. In the 2020 budget, the expenditure ratio of the allocations was 89 percent in employee personal rights, 71 percent in current expenditures, and 8 percent in investment expenditures. The total expenditure rate of allocations in the 2020 Fiscal Year Budget was 69 percent.

Chart 2.4: Budget Implementation Results

Source: Central Bank of the TRNC

2.3 Technical Resources

Due to the Covid-19 restrictions, the necessary infrastructure and services for remote working have been prepared and provided. Thus, the Bank's business continuity was technically ensured. In 2020, investments to increase system security were continued and new security applications were introduced. Within the scope of project and software development and maintenance services, applications developed by the Bank's personnel were launched, increasing the Bank's technological competence. In 2020, “Executive Board Information System”, “Interbank Electronic File Transfer System”, “Employee's Personal Information System”, “Interest Income/Expense Rediscount Application” was launched, and “Advance and Credit Transactions Application” was completed. The application of adding the liquidity requirement, SDIF, and reserve requirement report to the surveillance and BMD Securities and EST (Electronic Securities Transfer) applications were developed and launched. The bank's barcode application for the asset tracking/reporting system was activated and its automation was initiated. Additionally, the current version was updated and applied to all server computers to continue to provide the highest level of software infrastructure security. In order to increase data security, the data used by the applications were transferred to the database, which will enable instant data replication between the Bank's Nicosia and Kyrenia premises. Other needed IT products were procured and user needs were met. In addition to disseminating the fire prevention system, additional equipment that will technically ensure business continuity has been provided to the Bank.

ACTIVITIES

3. ACTIVITIES

The Bank's activities in 2020 are summarized in this section of the report.

3.1 Policy Instruments

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

In line with this main objective, the powers and duties of the Bank are regulated in Article 5 of the Law and the powers and duties of the bank's Executive Board are regulated in Article 11. Based on the duties and authorities given by the Law and other legislation, the Bank makes necessary arrangements and takes the necessary measures regarding loans, reserve requirements, interest rates, rediscount transactions, Central Bank securities, payment systems, interbank money market.

Monetary Policy Instruments

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

Indirect Policy Instruments:

a. Rediscount Window (Loan) Transactions

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

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

In this context, the Bank's Turkish Lira and foreign currency rediscount loan interest rates are shown in the table below. At the end of 2020, Turkish Lira rediscount interest rates are between 16.25 - 20 percent. These rates became effective on December 25, 2020. Accordingly, the interest rate on Turkish Lira commercial rediscount loan is 20 percent, and the interest rate on rediscount credits extended to industry, export, tourism, education, and agriculture sectors is 17.25 percent. The interest rate of rediscount credits extended to small business owners is 16.25 percent. The interest rate applied to foreign currency rediscount loans (trade, industry, export, tourism, education) since March 2, 2009, is 4 percent. The interest rate on advances against foreign exchange is 16,5 percent in Turkish Lira and 4 percent in foreign exchange.

Table 3.1: Rediscount Interest Rates

	TRY	USD	EURO	GBP
Commercial	20.00	4.0	4.0	4.0
Industry	17.25	4.0	4.0	4.0
Exports	17.25	4.0	4.0	4.0
Tourism	17.25	4.0	4.0	4.0
Education	17.25	4.0	4.0	4.0
Agriculture	17.25	-	-	-
Small Business Owners	16.25	-	-	-
Advances Against Foreign Exchange	16.50	4.0	4.0	4.0

Source: Central Bank of the TRNC (as of 31.12.2020)

In 2020, there is one education rediscount loan provided by the Bank within the scope of rediscount and advance transactions.

b. Bank Liquidity Requirement and Reserve Requirement Implementations

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

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

Table 3.2: Bank Liquidity Requirement Ratios

The total amount of funds in foreign banks + the total amount of securities purchased abroad	If exceeds 1 time of the shareholders' equity	12%
	If it exceeds 2 times the shareholders' equity	14%
	If it exceeds 3 times the shareholders' equity	16%
	If it exceeds 4 times the shareholders' equity	18%
	If it exceeds 5 times the shareholders' equity	20%

Source: Central Bank of the TRNC

According to the average liquidity requirement ratios as of the end of 2020, publicly banks hold a liquidity value of 3.53 points, private banks 7.19 points, and branch banks 6.89 points above the minimum average requirement rate. The average liquidity ratio of the banking sector is 6.22 points above the average minimum liquidity requirement.

Under Article 23 of Law no. 41/2001, the Bank determines the principles and conditions of implementation, including the liabilities subject to reserve requirement and the time to deposit the reserve requirements and the interest to be paid when necessary. Executive Board of the Bank has changed the Turkish Lira and foreign currency reserve requirement ratios to be increased by 0.25 points in each period until March 31, effective from the reserve requirement tables dated December 31, 2019, until the reserve requirement table dated March 31, 2020, upon the decision no. 1072 dated December 27, 2019. The reserve requirement ratios in effect as of the end of 2020 are given below.

Table 3.3: Reserve Requirement Ratios

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

Source: Central Bank of the TRNC

The total reserve requirement balances of the banks operating in the TRNC with the Central Bank of the TRNC as of the end of 2019 and 2020 are shown in Table 3.4.

Table 3.4: Reserve Requirement Balances

	December 2019	December 2020
TRY	911,878	768,773
USD	50,365	60,571
EURO	61,997	63,282
GBP	106,667	123,242
Total TRY Reserves	2,452,867	3,025,586

Source: Central Bank of the TRNC

Within the framework of the measures taken against the effects of Covid-19, with the Bank's Executive Board Decision and the amendment made in the reserve requirements legislation and as a result of being returned to the banks, 59.5 million TRY, which corresponds to fifteen percent of the loans extended by banks within the scope of "Business Support Package", and 339.8 million TRY for loans extended within the scope of "Small Business Owners, Agriculture, and Livestock Loan Portfolio", the Turkish Lira legal provision, there has been a decrease in the Turkish Lira reserve requirements balance compared to the previous year.

c. Reserve Option Mechanism (ROM)

Upon the Executive Board decision no. 990 dated March 15, 2018, the Central Bank of the TRNC provided the banks with the opportunity to maintain 10 percent of the Turkish lira reserve amount required to be kept at the Central Bank of the TRNC as foreign currency (US dollar, euro, and sterling) within the scope of the ROM. As of December 2019 and 2020, the number of banks benefiting from the ROM is 12. The amount, which was around 75 million TRY in 2019, declined to 58 million TRY in 2020. At the end of 2019, the rate of foreign currency maintained was 7.58 percent, while this rate decreased to 7.04 percent in 2020.

d. Reserve Requirement Interest Rates

The Executive Board of the Bank has changed the interest rates applied to the reserve requirements of the banks seven times in 2020, and these changes are presented in the table below.

Table 3.5: Interest Rates Applied to Reserve Requirements for Turkish Lira and Foreign Currency Deposits

Effective Date	Currency			
	TRY	\$	€	£
24.02.2020	2.25	0.25	0.00	0.05
11.03.2020	2.25	0.125	0.00	0.05
04.05.2020	1.00	0.125	0.00	0.05
24.08.2020	2.75	0.20	0.05	0.10
01.10.2020	3.50	0.25	0.10	0.15
20.11.2020	6.00	0.25	0.10	0.15
25.12.2020	8.00	0.25	0.10	0.15

Source: Central Bank of the TRNC

e. Deposit Interest Rates

The Executive Board has changed the interest rates for the deposits within the Central Bank eight times in 2020, and these changes are presented in the table below.

Table 3.6: Interest Rates Applied to Turkish Lira and Foreign Currency Deposits

Effective Date	Currency			
	TRY Demand	\$ Demand	€ Demand	£ Demand
20.01.2020	6.75	0.5	0.05	0.125
24.02.2020	6.50	0.5	0.05	0.125
11.03.2020	6.50	0.25	0.05	0.125
04.05.2020	5.00	0.25	0.05	0.125
24.08.2020	6.75	0.4	0.15	0.25
01.10.2020	8.25	0.60	0.25	0.30
20.11.2020	11.50	0.60	0.25	0.30
25.12.2020	13.75	0.60	0.25	0.30

Source: Central Bank of the TRNC

Direct Policy Instruments:

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

- ❖ Central Bank Securities
- ❖ Interbank Money Market

a. Central Bank Securities

Under the authorities granted to the Central Bank within the framework of the Central Bank Law No. 41/2001, the Central Bank issues securities to contribute to the elimination of periodic liquidity surpluses in the banking sector, to contribute to the effective regulation of the general liquidity of the economy and to increase the depth of financial markets. In 2020, a total of 12 security issue auctions were made; 4 in Turkish Lira, 4 in USD, 4 in Euro, and 4 in GBP. As of December 31, 2020, the distribution of unexpired securities by currency types is as follows:

Table 3.7: Central Bank of TRNC Securities

Term	USD	EURO	GBP
3-Month	19,000,000,-	44,000,000,-	90,000,000,-

Source: Central Bank of the TRNC

b. Interbank Money Market

The Central Bank of the TRNC has been carrying out Interbank Money Market (IMM) transactions since September 2009 to regulate the money supply and liquidity of the economy. Banks can borrow from the market by providing the necessary guarantees within the global limit set by the Central Bank of the TRNC and within the limits of borrowing allocated in accordance with their asset size. After the meeting held on April 18, 2019, the Executive Board increased the global limit for IMM transactions to 1 billion TRY, and this limit is distributed to banks according to their asset size as of the end of the year. As of April 1, 2014, IMM is implemented as two sessions, morning and afternoon.

As of December 31, 2020, the sums of IMM transactions that are not due yet are as follows:

Table 3.8: Interbank Money Market Transactions

	TRY	USD	EURO	GBP
Overnight	1,309,500,000,-	55,250,000,-	92,750,000,-	115,950,000,-
1-Week	5,000,000,-	-	-	-
2-Week		-		
1-Month	6,000,000,-	325,000,-	18,900,000,-	-
3-Month	-	-	-	-
6-Month	-	-	-	-

Source: Central Bank of the TRNC

3.2 Regulation Activities

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

The activities carried out in 2020 within the scope of the regulatory duties of the Central Bank of the TRNC are presented in detail in the following titles.

Regulations

a. Notifications on the Risks Undertaken (Amendment)

In the “Notification on Risks Undertaken” issued based on the power given to the Bank by Articles 38, 39, 40, 41, and 44 of the Banking Law No. 62/2017, five amendments were made in 2020 within the scope of the measures taken against the effects of the Covid-19 pandemic. These amendments were published in the Official Gazettes dated February 26, 2020, no. 30, dated April 11, 2020, no. 63, dated July 6, 2020, no. 127, dated October 2, 2020, no. 191 and dated December 1, 2020, no. 20, respectively.

b. Notification on the Measurement and Assessment of Capital Adequacy of Banks (Amendment)

Issued based on the power given to the Bank by subparagraph (B) of paragraph (1) of Article 46 of the Banking Law No. 62/2017 and Articles 48 and 49, “Notification on the Measurement and Assessment of Capital Adequacy of Banks (Amendment)” was published in the Official Gazette dated February 26, 2020, and no. 30. With this amendment, the "Commitments" section under "50% Risk-Weighted Assets, Non-Cash Loans and Liabilities" in Annex 1 of Article 5 of the main Notification has been updated.

c. Notification on Accounting Systems and Document Storage (Amendment)

“Notification on Accounting Systems and Document Storage (Amendment)”, which was issued based on the power given to the Bank by Articles 26, 31, 50, 53, and 60 of the Banking Law No. 62/2017, was published in the Official Gazette No. 63 on April 11, 2020. With this amendment, a transitional article was added to the main Notification to give additional time (due to the Covid-19 pandemic) for the signing, presentation, and announcement of the financial reports to be announced to the public for 2019 fiscal year.

d. Notifications on Collection Procedures and Principles for the Savings Deposit Insurance Premiums (Amendment)

Issued based on the power given to the Central Bank of the TRNC by paragraphs (2) and (3) of Article 11 of the Savings Deposit Insurance and Financial Stability Fund Law No. 32/2009, the “Notification on Collection Procedures and Principles for the Savings Deposit Insurance Premiums”, two amendments were made within the scope of the measures taken against the effects of the Covid-19 pandemic in 2020, and these amendments were published in the Official Gazettes dated 09.04.2020, numbered 62 and dated 6 July 2020, numbered 127, respectively.

With these amendments, a transitional article has been added to the main Notification to apply the insurance premium rate in Article 5 of the main Notification as zero percent for the calculation periods of March, June, and September 2020. With the statutory decrees enacted under the amendments made in the Notification, insurance premiums that had to be deposited in SDIF were transferred to the Loan Interest Support Fund and Credit Guarantee Fund to provide CGF-guaranteed low-interest loans to businesses affected by the Covid-19 pandemic.

e. Notification on the Consumer Loans

“Notification on Consumer Loans” issued based on the power given to the Bank by Article 22 of the Consumer Loans Law No. 31/2020, was published in the Official Gazette No. 197 dated October 12, 2020. The purpose of the Notification is to determine the principles and procedures regarding the implementation of the Consumer Loans Law.

Regulations, Laws, and Statutory Decrees

In 2020, the opinion of the Central Bank of the TRNC on the Regulations, Laws, and Statutory Decrees, which are detailed below, was presented to the relevant authorities and the Bank contributed to the processes.

a. Statutory Decree on Policies Law

Based on the power given to the TRNC Council of Ministers by Article 112 of the Constitution, “Statutory Decree on Policies Law” was issued three times in 2020. Published in the Official Gazettes No. 43 dated March 17, 2020, No. 55 dated March 31, 2020, and No. 84 dated May 15, 2020, the purpose of the decrees is to regulate the submission and payment dates of checks drawn by businesses whose cash flows were affected due to Covid-19.

b. Statutory Decree on Bank Cards and Credit Cards Law

Based on the power given to the TRNC Council of Ministers by Article 112 of the Constitution, “Statutory Decree on Bank Cards and Credit Cards Law” was published in the Official Gazette No. 51 dated March 27, 2020. The purpose of this decree is to regulate the limits of credit cards to reduce the effects of financial problems on bank customers and to minimize the negative effects on cash flows that may be caused by an unexpected situation.

c. Regulation under Bank Cards and Credit Cards Law (Amendment)

Based on the power given to the TRNC Council of Ministers by Articles 6, 7, 10, and 24 of the Bank Cards and Credit Cards No. 58/2014, “Regulation on Procedures and Principles Regarding the Use of Bank Cards and Credit Cards” was amended three times in 2020. The purpose of the amendments published in the Official Gazettes dated March 27, 2020, numbered 51, dated July 3, 2020, numbered 125, and dated December 31, 2020, numbered 239, is to reduce the credit card minimum payment rate due to the Covid-19 outbreak and to add a transitional article to the main Regulation.

d. Statutory Decree on Postponement of Debtors' Debts to Banks

Based on the power given to the TRNC Council of Ministers by Article 112 of the Constitution, “Statutory Decree on Postponement of Debtors’ Debts to Banks” was published in the Official Gazette No. 51 dated March 27, 2020. The purpose of this decree is to ensure that the bank customers stay home and safe and prevent the spread of the virus, loan payment deferral option has been provided without signatures from borrowers and guarantors.

e. Statutory Decree on Loan Interest Support Fund

Based on the power given to the TRNC Council of Ministers by Article 112 of the Constitution, “Statutory Decree on Loan Interest Support Fund” was published in the Official Gazette No. 56 dated April 1, 2020. The purpose of this decree is to provide interest support to the loans extended and/or to be extended by providing resources by creating funds to reduce the effects of an extraordinary situation in the economy that may occur due to the Covid-19 pandemic and to minimize the negative effects on cash flows as much as possible.

f. Banking Law (Amendment)

As a result of the discussion regarding the Statutory Decree on the Turkish Republic of Northern Cyprus Banking Law No. 25/2018 at the General Assembly, the Turkish Republic of Northern Cyprus Banking Law (Amendment) was published in the Official Gazette dated June 16, 2020, and numbered 110. The purpose of this amendment is to edit subparagraph (B) of paragraph (9) of Article 41 of the TRNC Banking Law No. 62/2017 to authorize the Central Bank of the TRNC to regulate the principles regarding the consideration of the exchange rate in the calculation of banks' risk limits.

g. Statutory Decree on Debt Restructuring

Based on the authority given to the TRNC Council of Ministers by Article 112 of the Constitution, “Statutory Decree on Debt Restructuring” was issued two times in 2020. The purpose of the decrees published in the Official Gazettes No. 125, dated July 3, 2020, and No. 193, dated October 6, 2020, is to regulate the rules to be applied in case of improvement and/or restructuring of loans classified in the first and second groups to be made between banks and debtors who have suffered financial difficulties and/or loss of liquidity due to the Covid-19 pandemic under the “Notification on the Qualifications of Banks' Loans and Other Receivables, and Provisions”.

h. Consumer Loans Law No. 31/2020

Approved by the Turkish Republic of Northern Cyprus Assembly, Consumer Loans Law No. 31/2020 was published in the Official Gazette No. 136 dated July 14, 2020. The purpose of this Law is to regulate the application procedures and principles of consumer loans and to ensure the protection of consumer rights by determining the obligations and liabilities of institutions providing consumer loans.

i. Law on Leasing, Factoring and Financing Companies and the Prevention of Usury No. 43/2020

Approved by the Turkish Republic of Northern Cyprus Assembly, Law on Leasing, Factoring and Financing Companies and the Prevention of Usury No. 43/2020 was published in the Official Gazette No. 155 dated August 19, 2020. The purpose of this Law is to determine the procedures and principles regarding the establishment, activity, and working principles of financial leasing, factoring, and financing companies operating under this Law, and to regulate the prevention of usury.

j. Statutory Decree on Credit Guarantee Fund Law

Based on the power given to the TRNC Council of Ministers by Article 112 of the Constitution, Credit Guarantee Fund Law No. 42/2009 was replaced by “Statutory Decree on Credit Guarantee Fund Law”. The purpose of the decree published in the Official Gazette No. 74 dated May 1, 2020, is to increase the functionality and effectiveness of the Fund to accelerate and facilitate the access of enterprises to credit and, in this way, to provide cash flow to the economy. Due to the amendment made by the Decree, the Notification effective since 4 June 2012 was repealed and the “Notification on Guarantees to be provided by the Fund” published in the Official Gazette No. 78 dated May 7, 2020, became effective. With the new regulations, the Portfolio Guarantee System has become effective as well as the guarantees (Individual Guarantee System) to be provided by the Fund.

3.3 Permissions and Implementation Activities

a. Monitoring of Capital, Shares, and Shareholder Changes

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

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

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

c. Follow-up of the Appointments Carried Out under the “Notification on Internal Audit, Risk Management, Internal Control and Management Systems in Banks”

The formation of internal systems is monitored under the “Notification on Internal Audit, Risk Management, Internal Control and Management Systems in Banks” and a relevant database has been created. The compliance of the managers appointed within the framework of the internal systems with the provisions of the relevant Notification was reviewed, and the banks were warned both in writing and verbally regarding the deficiencies and unsuitable matters.

d. Assessment of Banks' Principal Agreements and Statutes

In accordance with Banking Law No. 62/2017, banks are required to obtain approval from the Central Bank of the TRNC for the amendments to be made in their principal agreements and statutes. According to the provisions of this article, requests for amendments to the principal agreements and statutes made to the Bank in 2020 were assessed and those deemed appropriate were approved.

e. Executive Board Decisions Regarding Banks, IBUs, and Other Authorised Institutions

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

f. Banking License and Operating License Issuance

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

g. Complaints

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

3.4 Audit Activities

Audit activities, which are one of the main functions of the Bank, are carried out to determine the elements that threaten financial stability, develop the appropriate policies, and thus maintain a healthy banking system. These audits include the evaluation of the financial performance of banks with remote and on-site audit activities.

3.4.1 Surveillance – Remote Supervision

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

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

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

The bank's practices in 2020 within the scope of its supervision duties are presented in detail below.

a. MZ200H - Weekly Balance Form

MZ200H, the weekly balance form, has been included in the Common Chart of Accounts to monitor the details of the accounts opened within the framework of the Uniform Reporting Package regarding the items that make up the balance sheet of the banks weekly.

b. Forms Updated Within the Framework of the Notification Amendments

In line with the amendments made in the “Notification on the Risks Undertaken” and the “Notification on the Measurement and Assessment of Capital Adequacy of Banks”, the SY400A and KS100A forms within the scope of the Uniform Reporting Package were updated.

c. Improvements Regarding the New Types of Controls

Due to the newly added and updated forms in the Uniform Reporting Package, new types of controls were developed and activated by performing the necessary tests.

d. Review of Audit Contracts Made with Independent Audit Firms

Within the framework of the “Notification on Independent Audit Firms”, an evaluation guide has been prepared to evaluate the compliance of the audit contracts with the Notification, which are drawn up between banks and IBUs with audit firms. Signed by 15 banks and 4 IBUs with independent audit firms in 2020, these contracts were reviewed within the framework of the evaluation guide. Corrections were requested regarding the contracts that were found to be incomplete, and meetings were held with the relevant audit firms to discuss matters deemed necessary.

e. Information Requested by Banks/Independent Auditors

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

f. Review and Publishing of Year-End Financial Statements

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

g. Follow-Up of the Appointments Carried Out under the “Notification on Internal Audit, Risk Management, Internal Control and Management Systems in Banks.”

Under the Notification, the reports submitted by the banks were evaluated within the framework of the review guide and the evaluations were notified to the banks.

3.4.2 Auditing – On-site Supervision

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

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

a. Audits in Banks

A total of 49 audit reports were prepared as a result of the audits carried out by banks in 2020. Among these audit reports, 10 are general audit reports, 10 are legislation reports, 7 are capital audit reports, and 22 are special audit reports. In addition, 2 reports were prepared for the international banking units and 2 reports were prepared for the Savings Deposit Insurance and Financial Stability Fund.

In 2020, based on the asset size of the banks, 70 percent of public banks and private banks, and 79 percent of branch banks in the banking sector were audited.

b. Audits Performed under the “Cooperation, Audit and Information Sharing Protocol” Signed by the Central Bank of the TRNC and the Registrar of Cooperative Companies of the TRNC

An “Evaluation Committee” was established with the participation of the Bank within the framework of the “Cooperation, Audit and Information Sharing Protocol” signed by the Central Bank of the TRNC and the Registrar of Cooperative Companies of the TRNC. The committee is responsible for the evaluation of the reports on the audited cooperatives. In 2020, a total of 10 audits were carried out within the cooperatives with the participation of the Bank's auditors and the inspectors of the Registrar of Cooperative Companies. The reports prepared as a result of these audits were evaluated by the “Evaluation Committee” and the necessary decisions were made.

3.5 Payment Systems

The Bank obtains its authorization related to payment and settlement systems from Article 5 (1) (E) of the Central Bank of the TRNC Law No. 41/2001. The national electronic payment system (EPS) was put into service on June 26, 2015, and the system was officially launched on November 19, 2015. The system provides real-time reconciliation in four different currencies: Turkish Lira, Euro, US Dollar, and GBP, without limitation in domestic money transfers in an electronic environment, directly, fast, and safely. The participating banks can integrate their banking systems with EPS and offer their customers the opportunity to transfer money from ATM, Internet Banking and Mobile Banking channels. Due to the system offered by the Bank, bank customers were provided with the opportunity to make money transfers in a practical and fast way without having to go to the branches. The system helps to prevent unrecorded transactions as well as providing convenience to customers and provides savings in bank costs. The number of Turkish Lira, US dollar, and GBP and Euro currency messages processed since 2016 is shown in Table 3.9 based on the payment channel of banks. Accordingly, a total of 363,169 transactions were completed in 2020; 109,284 were participant based, 111,909 were branch-based, 137,533 were via internet banking, 8 were via phone banking, 1 was via ATMs, 1,431 via mobile banking, and 3,003 via other methods. Compared to 2019, the total number of payments increased by 79 percent in 2020, due to the effects of the Covid-19 outbreak. The largest share in this increase was in participant-based payments with 346 percent, payments via other methods with 288 percent, and internet banking payments with 88 percent, respectively.

Table 3.9: Electronic Payment System Transactions

Years	Participant Based	Branch Based	Internet Banking	Phone Banking	ATM	Mobile Banking	Other	Total
2016	9,246	51,686	12,612	1	1	0	0	73,546
2017	14,164	65,248	24,197	39	5	0	0	103,653
2018	21,688	82,711	42,857	7	16	0	5	147,284
2019	24,513	104,992	73,151	3	1	0	773	203,433
2020	109,284	111,909	137,533	8	1	1,431	3,003	363,169

Source: Central Bank of the TRNC

3.6 Cash Flows

Both the banknote and coin needs of the banks are covered by the Central Bank. The Bank continues to share information and cooperate with the competent authorities on counterfeit or discontinued banknotes in 2020.

3.7 Tariffs

Based on the authority given by Article 11(1) of the Law on the Central Bank of the TRNC, the Executive Board of the Bank reconstructed the Tariffs Table, which is an annex to the Instruction on Tariffs, which became effective upon the decision no. 746 dated October 21, 2009. According to the Tariffs Table, the commission rate for received Turkish Lira and foreign currency transfer transactions is zero. The commission rate for sent Turkish Lira transfers is determined as five per ten thousand, with a minimum fee of 250 TRY, and the commission rate for sent foreign currency transfers is determined as one per mille with a minimum fee of 250 TRY. In addition, no communication costs are charged for sent Turkish Lira and foreign currency transfers. The Bank does not charge any fees for its transactions carried out on behalf of the Treasury.

3.8 Money Transfers

Banks' cash transfers abroad above the limits are regulated by the “Notification under the Law on Money and Foreign Exchange Article 7” entered into force by being published in the Official Gazette No. 97 dated 18.06.2010. In 2020, the total amount of received money transfers from abroad was 8,742 million TRY and this amount is 36.85 percent higher compared to the previous two years. The amount of Turkish Lira transfers in received money transfers on behalf of banks has reached 4,939 million TRY as a result of an increase of 895 thousand TRY in 2020, compared to the previous year. Analysing the received money transfers by currencies, TRY, GBP, EUR and USD transfers increased by 22.12, 44.93, 6.97 and 31.11 percent, respectively. Received Turkish Lira money transfers constitute 56.49 percent of the total received transfers.

In 2020, the total of sent money transfers in all currencies on behalf of banks was 9,313 million TRY, and this amount reached a higher level than the amount in the previous two years. The amount of Turkish Lira transfers in sent transfers increased by 1,576 million TRY and reached 5,633 million TRY in 2020. Analysing the change rates of sent money transfers compared to the previous year, it is

observed that there was an increase of 38.84 percent in TRY, while there was a decrease of 60.71 percent in GBP, 34.46 percent in USD and 17.25 percent in EUR. Sent Turkish Lira money transfers constitute 60 percent of the total sent transfers.

Table 3.10: Sent and Received Money Transfers on Behalf of Banks

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

Source: Central Bank of the TRNC

3.9 Reserve Management

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

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

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

- All kinds of TRY / FX deposit transactions
- Current/forward foreign exchange transactions
- Foreign exchange transactions/trading of gold

- Purchase/sale of government treasures, securities issued or guaranteed by central banks
- Purchase/sale of debt instruments issued by banks, (TRY/FX)
- Reverse Repurchase Transactions (Reverse Repo) / Repurchase transactions (Repo)
- Gold trading
- Purchase/sale of derivative instruments based on the above types of transactions.

Development of the Manageable Reserves

At the end of 2020, TRY manageable reserves increased by 123.6 million TRY compared to the end of the previous year and reached from 3,752.6 million TRY to 3,876.2 million TRY. Manageable reserves in USD increased by 33.47 percent to 325.6 million USD, manageable reserves in GBP increased by 16.80 percent to 640.3 million GBP and manageable reserves in EUR decreased by 10.19 percent to 412.9 million EUR.

3.10 Public Treasurership and Debt Management

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

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

The Central Bank is assigned to carry out the secretariat works of the Debt Management Committee according to Article 5 (2) of the Public Finance and Debt Management Law of the Turkish Republic of Northern Cyprus. The Bank made 32 decisions after evaluating the debt requests made to the Debt

Management Committee in 2020. These decisions covered the demands of 15 public institutions, 2 cooperatives, and 13 municipalities. The other 2 decisions concern regulations on debt management.

Debt Management Committee consists of one Chairman and three members:

- Ministry Undersecretary/General Coordinator (Chairman)
- Central Bank Governor (Member)
- Central Bank Deputy Governor (Affiliated to the Markets Department) (Member)
- Manager of the department in charge of treasury affairs (Member)

Within the scope of debt management, a total of 334 million TRY was borrowed through 6 Government Domestic Debt Security (GDDS) tenders and 111 million TRY repayments were made during the year in 2020.

3.11 Risk Centre

According to the Notification on the Risk Operations Centre, the notifications received by the institutions as of the end of the month are consolidated by the Risk Centre. The credit limit and risk information combined based on the customer is periodically communicated to the participating institutions without providing the institution name.

In addition, institutions can access the credit risk information of real or legal persons who are not their customers through the “E-Operation” platform in real-time by obtaining consent, in accordance with the Prospectus of Operating Rules.

Risk Centre publishes monthly consolidated risk data on the Bank's website, according to maturities and financing subjects

Table 3.11: Risk Inquiries by Types

Company Type	2018	2019	2020	Percentage Change 2019-2018	Percentage Change 2020-2019
Foreign Company	22	16	16	-27.27	0.00
Local Company	3,626	3,378	4,286	-6.84	26.88
Natural Persons	56,153	54,093	53,354	-3.67	-1.37
Public Institutions and Organizations	22	26	14	18.18	-46.15
Unlimited and Limited Partnership	61	69	92	13.11	33.33
International Company	3	0	1	-100.00	100.00
Free Port Company	40	28	43	-30.00	53.57
Overseas Company	1	0	1	-100.00	100.00
Total	59,928	57,610	57,807	-3.87	0.34

Source: Central Bank of the TRNC

3.12 Accountability and Communication

Relations with the Government

Affecting the whole world in 2020, the Covid-19 pandemic had a great impact on both public health and the economy in our country, and measures were taken in all areas of life to minimize the negative effects. According to Article 5 (3) of the Law on Central Bank of the TRNC No. 41/2001, “*The Central Bank shall be the financial and economic advisor, financial agent and treasurer of the government. The relation of the Central Bank with the government shall be maintained through the Minister of Treasury Affairs.*” In this context, Central Bank has made the necessary contribution to the economic measures taken against the effects of the Covid-19 pandemic and the measures taken for the banking sector.

Reporting

Articles 42 and 43 of the Central Bank Law determine the Bank's principles and procedures for submitting a report and preparing a bulletin. Article 42 of the Law includes the provision, “*The Governor of the Central Bank, shall report to the Council of Ministers in April and October of each year on the activities of the Central Bank and the monetary and credit policy implemented and to be*

implemented.” The Central Bank shall inform the Turkish Republic of Northern Cyprus Assembly, Economy, Finance, Budget, and Planning Committee twice a year regarding its activities.” Article 43 is about the Central Bank’s task to issue a bulletin at the end of quarterly periods.

Communication

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

Development of the Statistics Software Application

The statistical data published by the Bank is being used as a source for informing the public. In this regard, money and banking data are published regularly.

The application provides users with the opportunity to report to the statistical data collected within the Central Bank as of January 2006 with dynamic filtering options in time format and Excel format. The statistics software application enables the users to determine the reporting start and end dates, the breakdown of public banks, private banks, and branch banks, and the periods of data to be reported on a monthly, quarterly, 6-monthly, or annual frequency, according to the needs of the users.

“Central Bank of the TRNC Interactive Money and Banking Data” application, which presents detailed statistical data on the banking sector of our country has been updated and new reporting headings have been added in 2020. With the update, 23 selected balance sheet items were allowed to be reported in Turkish Lira, British Pound, Euro and US Dollar currencies as well as the information such as the number of branches, personnel, and ATMs related to the banking sector was also allowed to be reported by using the statistics application. Also, 9 new ratios have been added to the performance ratios subheadings published under the statistics application, which allows ratio analysis.

Furthermore, Government Domestic Debt Securities (GDDS) statistics began to be published on the Bank's website in 2020.

Table 3.12: Central Bank of the TRNC - Publications

Publication Name	Publication Period
1) Central Bank of the TRNC Money Supply Reports	2019-IV
	2020-I
	2020-II
	2020-III
2) Central Bank of the TRNC Quarterly Bulletins	2019 III (English Version)
	2019 IV
	2019 IV (English Version)
	2020 I-II-III
3) Central Bank of the TRNC Annual Report	2020 I-II-III (English Version)
	2019

Source: Central Bank of the TRNC

3.13 Corporate Services

a. Executive Board Meetings

The Central Bank of the TRNC Board meetings are held at least once a month as many as times required for the execution of the duties, under Law no. 41/2001. Accordingly, 41 board meetings were held in 2020.

b. Press, Public Relations and Communication

At the press conference held on August 25, 2020, Governor Rifat Günay informed the public about the overview of the TRNC banking sector. Attracting great interest from the written and visual media, the meeting covered the Bank's 2020 activities as well as its future targets and the questions of the press were answered at the end of the conference.

c. Corporate Relations and Contribution to the Conference

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

Supporting the international conferences/seminar organizations to contribute to the development of the banking and finance sector, the Bank contributed to the "International Conference on Banking and Finance Perspectives-V" to be held in 2020, but the conference was postponed to 2021 due to the Covid-19 outbreak.

d. New Building Project

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

A contract was signed between the winning team of the Central Bank of the TRNC National Architectural Project Competition and the Bank in October 2020, and the project, which included four phases, was initiated in 2020. As per the contract, when the fourth phase is completed, the Bank will go out to tender for the construction of the new bank building.

e. Elementary School Building Project as a Corporate Social Responsibility

Within the scope of the 35th-anniversary celebrations of the Bank's establishment in 2019, the Bank provided the financing needed for the primary school project to be built in the Kyrenia, Püsküllü region in line with the request of the Ministry of National Education and Culture as a social responsibility project, and the construction of the school was completed in 2020.



Named after the late Mustafa Çağatay, one of the TRNC prime ministers, the school, consists of 12 classrooms, a dining hall, a multi-purpose hall, a workshop room, a ceremony area, a basketball court, a parking lot, and playgrounds on a total area of 4,400 square meters, of which 2,450 square meters is indoor area. The primary school building is project is designed for approximately 350 students.



3.14 Other

a. Software Development

Developed by the Bank's IT department, "Executive Board Information System", "Interbank Electronic File Transfer System", "Employee's Personal Information System", "Interest Income/Expense Rediscount Application" and "Advance and Credit Transactions Application" were completed and launched in 2020. In addition, the application of Adding SDIF and Reserve Requirement Reports to the Surveillance Package, BMD Securities and Electronic Securities Transfer (EST) applications, and the bank's asset tracking/reporting system barcode application were developed and launched.

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

Based on the authority given by paragraphs (2) and (3) of Article 11 of the Savings Deposit Insurance and Financial Stability Fund Law No. 32/2009, the Bank collects premiums on savings deposits subject to insurance premiums every three months, based on premium rates determined within the framework of the "Notification on Collection Procedures and Principles for the Savings Deposit

Insurance Premiums”. With the “Amendment Notification” published in the Official Gazette No. 140 dated 26.09.2018, the savings deposit insurance premium rate for all banks was changed to 0.125 percent of the total of the deposits subject to insurance. In accordance with the decisions taken in 2020, to eliminate the economic effects of the Covid-19 pandemic, SDIFSF premium payments in the first and second quarters were made to the Loan Interest Support Fund at a rate of 175 per hundred thousand, and to the Credit Guarantee Fund at a rate of 125 per hundred thousand in the third quarter. Therefore, the total amount of TRY - FX payments made by banks to the SDIFSF, LISF and CGF was 38,714,158, 94,491,223 and 38,831,475 TRY, while the total of these investments in TRY currency was 61,585,466 and the total in FX was 110,451,390 TRY in 2020.

c. All Kinds of Prescribed Deposits, Trusts and Receivables

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

- a) Exceeding 10% of the monthly minimum wage effective as of December of the previous year,
- b) Exceeding 10% of the monthly minimum wage effective as of December of the previous year,

In 2020, necessary actions have been taken regarding the amounts notified to the Bank regarding all kinds of prescribed deposits, trusts and receivables. The table below shows the distribution of the prescribed deposits between 2018 and 2020. Prescribed deposits increased by 31.10 percent in Turkish Lira, 410.38 percent in USD, 120.31 percent in EUR and 149.61 percent in GBP in 2020 compared to the previous year. The total increased by 148.12 percent in Turkish Lira currency.

Table 3.13: Prescribed Deposits

	TRY	\$	€	£	Total in TRY
2018	1,521,650	126,593	57,196	327,225	4,709,384
2019	2,450,947	70,353	60,473	193,116	4,772,806
2020	3,213,230	359,065	133,227	482,034	11,842,303

Source: Central Bank of the TRNC

d. Credit Card Interest Rates

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

Table 3.14: Credit Card Interest Rates (%)

Effective Date	TRY		FX	
	Monthly Max. Contract	Monthly Max. Overdue Interest	Monthly Max. Contract	Monthly Max. Overdue Interest
02.01.2021	1.95	2.45	1.13	1.63
01.10.2020	1.00	1.50	0.75	1.25
01.07.2020	1.00	1.50	0.75	1.25
01.04.2020	1.00	1.50	0.75	1.25
02.01.2020	2.35	2.85	1.21	1.71

Source: Central Bank of the TRNC

BOX 1. Macro-financial Measures Taken in Response to Covid-19 in the TRNC

The covid-19 pandemic has had a great impact on both public health and the economy in our country as well as the whole world. The macro-financial measures taken to minimize the negative effects on economic activity, the risks for borrowers and the cash flow problems faced by businesses are given below.

A. Loan payment deferrals and debt restructuring**i. Deferment of principal and interest payments of existing loans**

With the “Statutory Decree on Postponement of Debtors’ Debts to Banks” No. 28/2020 published in the Official Gazette dated March 27, 2020, and numbered 51, loan payment deferral option has been provided without signatures from borrowers and guarantors to ensure that the bank customers stay home and safe, and prevent the spread of the virus. This decree enabled the accrued or future interests and instalments of the loans to be postponed to 30 June 2020, regardless of any rule or legislation in effect and in a way that other conditions accepted by the debtor and the guarantor and/or the sureties remains valid. Accordingly, the “Statutory Decree on Postponement of Debtors’ Debts to Cooperatives” No. 42/2020 published in the Official Gazette dated April 1, 2020, and numbered 56, regulated the deferment of debts to cooperatives until 30 June 2020.

ii. Covid-19 Approach to Debt Restructuring

For the sustainability of the cash flows of the borrowers with weakened solvency and have difficulties in providing sufficient liquidity and to prevent the negative effects on the bank balance sheets due to the effects of Covid-19 pandemic on the economic activity, “Covid-19 Approach” has been produced in order to restructure existing loans. Following the necessary regulations and decisions taken by the TRNC Council of Ministers and the Central Bank of the TRNC, this practice was initiated with the joint statement of the Central Bank of the TRNC and the Banks Association of Northern Cyprus on July 7, 2020 and continued until November 30, 2020.

Within the framework of the "Covid-19 Approach", the taxes arising due to the restructuring of the loans have been waived, the costs to be incurred have been limited, and exceptions have been made to certain legal limits. Therefore, restructuring has been encouraged. “Covid-19 Approach”, also aims to reduce the cost of using loans by enabling competition in the market.

Within the scope of the “Covid-19 Approach”:

- Currently existing and performing loans extended by banks operating in our country, will be structured in a way that includes interest, maturity, instalment, currency, grace period and collateral conditions, in line with the demands from the debtors, after negotiations between banks and debtors based on mutual goodwill.

- If the debtors find more favourable conditions, they are allowed to transfer their debt to another bank. During the application, it has been decided to give an information note to the debtor requesting restructuring, stating that they can pay off their loan by obtaining a loan from another bank and what the cost will be in such a case, by taking their signature or through durable media.
- It has been decided that the banks will respond to the requests of individual debtors applying through written and/or durable media, within ten days at the latest, and within thirty days, at the latest, to the requests of commercial debtors.
- It has been decided that debtors, who want to transfer their loan to another bank, will request the information and documents in written and/or durable media from the bank which extended the loan and submit these within two working days at the latest.
- It has been decided that no expense will be charged by the bank in case of restructuring by the debtor in the bank where the loan is existing.
- If the debtor wishes to transfer the loan to another bank and provided that it is included in the contract, the early repayment charges will not exceed 5 per thousand. As long as the original amount of the loan is not exceeded, it has been decided not to collect stamp tax from the contracts to be drawn up for the restructuring.
- After the restructuring, it was decided that the banks would continue to monitor the loans in the current loan classification.
- Necessary arrangements have been made by the Central Bank in order to eliminate the restrictions that may arise regarding the legal limits determined while improving credit conditions.
- Considering that there may be difficulties in credit card limits, converting credit card debts into instalment loans was enabled.

iii. “Statutory Decree on Debt Restructuring” No. 16/2021

- In March 2021, a statutory decree was prepared to regulate the rules to be applied in case of restructuring of performing loans in order to enable debtors with financial difficulties and/or who lost liquidity due to the ongoing Covid-19 pandemic to fulfil their repayment obligations. Within the framework of this statutory decree, the costs to be incurred have been limited, therefore, restructuring has been encouraged. It was decided that the aforementioned statutory decree would remain effective until June 30, 2021, but due to the continuing effects of the Covid-19 pandemic, the effective date was extended to December 31, 2021, with the statutory decree No. 48/2021 issued on June 30, 2021.

The Decree arrived at the following decisions:

- In the case of restructuring the debtors existing loan, no costs will be charged by the bank.
- The original maturity of fixed-term loans will be extended up to six months or the original maturity will not change. For the restructurings in the form of deferral of instalments up to six months, no change will be made in the interest rates to the detriment of the debtor.

- Provided that the provisions of the Consumer Loans Law are reserved and included in the loan contract, the early repayment charges within the scope of restructuring cannot exceed 5 per mille of the amount paid for the repayment.

B. Credit card interest rates and credit card minimum payment

Among the measures taken to minimize the negative effects of the Covid-19 pandemic on our country's economy, there was also a reduction in the monthly maximum contract and monthly maximum overdue interest rates applied to credit cards, to protect the consumers.

In this context, the monthly maximum contractual interest rates to be applied in credit card transactions were reduced from 2.35 percent to 1 percent in Turkish Lira transactions on March 26, 2020, and as a result of the decisions taken by the Executive Board of the Central Bank of the TRNC on June 30, 2020, and September 30, 2020, these rates were maintained at 1 percent until the end of 2020. With the same decisions, the monthly maximum overdue interest rate of 2.85 percent, which was applied to credit cards in Turkish Lira transactions before March 26, 2020, was reduced to 1.50 percent until the end of 2020.

With the “Statutory Decree on Bank Cards and Credit Cards Law” No. 29/2020, published in the Official Gazette No.51 dated March 26, 2020, banks are allowed to increase the credit card limits by 25 percent, without requiring any income document from the customers, until December 31, 2020. In addition, within the framework of the recommendation taken by the Banks Association, the payment of fuel, food, and health expenditures made by credit card between March 26, 2020 - April 26, 2020, has been postponed by banks for one month without interest.

In the Regulation on Procedures and Principles Regarding the Use of Bank Cards and Credit Cards published in the Official Gazette No. 51, dated March 26, 2020, an amendment was made to apply the credit card minimum payment amount as 1 percent instead of 20 percent for three months (until June 2020). The application period was extended until December 2020 with the amendment regulation published in the Official Gazette No. 125, dated 3 July 2020.

With the amendment published in the Official Gazette No. 239, dated December 31, it has been decided to apply the credit card minimum payment rate as 1 percent for the debts of the January – March 2021 period, 5 percent for the debts of the April - June 2021 period, and 10 percent for the debts of the July - September 2021 period.

C. Loan Packages, Interest Support Fund, and Support for Credit Guarantee Fund**i. Establishment of Loan Interest Support Fund (LISF)**

With the statutory decree published in the Official Gazette No. 56, dated April 1, 2020, Loan Interest Support Fund has been established to facilitate businesses' access to low-interest financing. Loan Interest Support Fund has been established to provide interest support to the loans extended and/or to be extended by providing resources by creating funds to reduce the effects of an extraordinary situation in the economy that may occur due to the Covid-19 pandemic and to minimize the negative effects on cash flows as much as possible. The Fund has been established to provide interest support for the loans used by the enterprises, and in this way, the enterprises are allowed to use low-interest loans.

ii. Modification of the CGF application

With Statutory Decree No. 54/2020, the Credit Guarantee Fund Law No. 42/2009 was amended and the portfolio guarantee system was implemented. Within the framework of the guarantee limit allocated to banks under the Portfolio Guarantee System, the rate that the Credit Guarantee Fund is liable to compensate on a portfolio basis has been determined as 15 percent. In addition, up to eighty percent of the loans extended under the portfolio guarantee system has been guaranteed

iii. Business Support Package I

Within the Social Solidarity Packages announced in March and June 2020, to mitigate the negative impact of the Covid-19 pandemic on our country's economy, loan packages were introduced with interest support and grace periods, which facilitate access to finance, and these loans are secured by the Credit Guarantee Fund for the businesses. The purpose of extending the loan was to provide a total of 397 million TRY financing to 800 enterprises with the "Business Support Package" loans, which are extended with a grace period of 36 months and 9 percent interest from the portfolio in which 18 banks have participated, for the supply of domestic goods and services, the purchase of raw materials, semi-finished products and machinery equipment from abroad, personnel salary payments, domestic rent payment and the fulfilment of financial obligations to Public Institutions and Organizations.

iv. Business Support Package II

A resource of 300 million Turkish Liras has been allocated for the loan package prepared for businesses. The purpose of extending the loan was to enable each enterprise to use loans up to a maximum of 10 million TRY, for the supply of domestic goods and services, the purchase of raw materials, semi-finished products, and machinery equipment from abroad, personnel salary payments, domestic rent payment and the fulfilment of financial obligations to Public Institutions and Organizations.

The loan, which has a maturity of 60 months, the first 12 months of which is a grace period, and is supported by the Loan Interest Support Fund, has been extended with fixed and variable interest rates. With the interest support deduction of 6 points, the interest rate of fixed interest loans is 12 percent. The interest rate of the variable-rate loan reached the TL-REF ratio after the 6 points of interest support provided. In addition, it was enabled to use up to 10 percent of the loan in cash. In this context, applications were accepted until December 30, 2020, and 293 million TRY loans have been extended to 209 companies.

v. Small Business, Agricultural and Farming Finance Loan

A resource of 350 million TRY has been allocated for the loan package prepared for small tradesmen, people engaged in agriculture, and animal husbandry. The purpose of this support package is to extend loans up to a maximum of 200,000 TRY to each tradesman, farmer, and livestock owner, to provide 5 points of interest support by the Loan Interest Support Fund and an 80 percent guarantee by CGF. The maturity of these loans has been determined as 48 months with 12 months grace period. The interest rate of the fixed interest loans within the portfolio was determined as the Small Business Owners Rediscount and Advance Loan Interest Rate (Turkish Lira) of the Central Bank, which was 9 percent as of that day. In this context, applications were accepted until December 30, 2020, and 348 million TRY loans have been extended to 2,068 companies.

vi. Business Loans for Hotels

A resource of 100 million Turkish Liras has been allocated for the loan package prepared for hotel businesses. The purpose of extending the loan is determined as the supply of domestic goods and services, salary payment of personnel, domestic rent payment, and fulfilment of financial obligations to Public Institutions and Organizations. Each hotel business was able to use up to 15 million TRY loans depending on their turnover. The loan, which has a maturity of 60 months, the first 12 months of which is a grace period, and is guaranteed by the CGF and supported by the Loan Interest Support Fund, has been extended with fixed or variable interest rates. With the interest support deduction of 6 points, the interest rate of fixed interest loans is 12 percent. The interest rate of the variable-rate loan reached the TL-REF ratio after the 6 points of interest support provided. In addition, it was enabled to use up to 10 percent of the loan in cash.

In this context, applications were accepted until 30 December 2020 and 96.7 million TRY loans have been extended to 13 companies.

vii. Small Business Owner, Agriculture, Farming and Tourism Transportation Loan Package

A resource of 120 million TRY has been allocated, 105 million TRY for the loan package prepared for small tradesmen, people engaged in agriculture and animal husbandry, and 15 million TRY for tourism transporters. Within the scope of this package, each small business owner, people engaged in agriculture and animal husbandry, and tourism transporters were able to use a loan of up to a maximum of 120,000 TRY, and each loan was guaranteed by the CGF at a rate of 80 percent. The maturity of these loans has been determined as 48 months with 12 months grace period. The interest rate of the loans extended with fixed interest rates has been determined as 15 percent. In this context, 104.5 million TRY loans were extended to 1,100 companies until August 13, 2021.

vii. Directing SDIFSF premiums to Loan Interest Support Fund and Credit Guarantee Fund

The resource created for businesses to use loans with low interest and CGF guarantee mainly consists of the revenues of the SDIFSF for the March, June, and September 2020 periods. In order to generate resources for the Loan Interest Support Fund, the amount of insurance premiums to be deposited in the Savings Deposit Insurance and Financial Stability Fund in March 2020 and June 2020, has been increased and transferred to the Loan Interest Support Fund. In this way, a resource of 110 million TRY has been generated for the Loan Interest Support Fund. Aiming to increase the resources of the CGF, the insurance premiums that were required to be deposited in the SDIFSF in the September 2020 period have been transferred to the CGF with the recently made arrangements. 40.5 million TRY resource has been generated for CGF.

ix. Returning the Required Reserves to Banks to be Extended as Loans

In order to ensure the uninterrupted continuation of credit flow to the real sector by the Central Bank, the banks are allowed to deduct 15 percent of the loans extended from the Loan Interest Support Fund within the scope of “Business Support Package” until August 7, 2020 and all of the loans extended within the scope of the “II. Small Business Owners, Agriculture and Livestock Loan Portfolio” from the Turkish Lira legal reserve amounts to be established. A total of 401 million TRY reserve has been returned to the banks. All of the loans extended within the scope of the “II. Small Business Owners, Agriculture and Livestock Loan Portfolio” have been deducted from the Turkish Lira legal reserves to be established. A total of 95 million TRY reserve has been returned to the banks. Within the framework of the regulations, a total of 496 million TRY legal reserves have been returned to the banks, to be extended as loans.

FINANCIAL TABLES

4. FINANCIAL TABLES

4.1 Balance Sheet

Asset Accounts

As of the end of 2020, total assets of the Central Bank of the TRNC increased by 23.8 percent compared to the previous year and reached 16,684.3 million TRY. Cash assets, receivables from banks, and securities portfolio accounts constituting 95.1 percent of the total assets in the 2019 Balance Sheet of the Central Bank, realised as 98 percent of the total assets as of the end of 2020.

Table 4.1: Central Bank of the TRNC – Balance Sheet

ASSETS	2019	2020	Percentage Share		Percentage Change
			2019	2020	
Cash Assets and Receivables from Banks	12,103,042,400	11,984,741,969	89.79	71.83	-0.98
Securities Portfolio	713,323,563	4,368,263,103	5.29	26.18	512.38
Loans	50,103,991	51,791,967	0.37	0.31	3.37
Market Operations	326,287,627	3,000,000	2.42	0.02	-99.08
Fixed Assets (Net)	2,284,763	2,260,516	0.02	0.02	-1.06
Other Assets	283,965,077	274,226,074	2.11	1.64	-3.43
Total	13,479,007,421	16,684,283,629	100.00	100.00	23.78
LIABILITIES					
Public Deposits	122,065,179	282,793,530	0.91	1.70	131.67
Bank Deposits	4,441,284,659	5,179,570,139	32.95	31.04	16.62
Other Deposits	4,864,859	6,532,481	0.03	0.04	34.28
Reserve Requirements	2,350,769,024	2,930,655,027	17.44	17.57	24.67
Funds	1,718,757,976	1,987,731,921	12.75	11.91	15.65
Market Operations	3,902,060,747	5,223,787,060	28.95	31.31	33.87
Other Liabilities	5,755,584	12,005,949	0.04	0.07	108.60
Shareholders' Equity	933,449,393	1,061,207,522	6.93	6.36	13.69
Total	13,479,007,421	16,684,283,629	100.00	100.00	23.78

Source: Central Bank of the TRNC

Cash Assets and Receivables from Banks

Cash assets with the largest share in total assets and receivables from banks decreased by 1 percent compared to the end of the previous year. Cash assets and receivables from banks items amounting to 12,103 million TRY as of the end of 2019, declined to 11,984.7 million TRY as of the end of 2020 and its share in total assets became 71.8 percent. Bank deposits item decreased by 3.5 percent compared to the previous year, from 11,158.7 million TRY to 10,768.2 million TRY in 2020.

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

	2019	2020
Cash Assets and Receivables from Banks	12,103,042,400	11,984,741,969
Cash	604,203,296	1,202,513,929
Gold	7,318,980	11,245,022
Bank Deposits	11,158,652,337	10,768,208,311
Foreign Correspondents	332,867,787	2,774,707

Source: Central Bank of the TRNC

Securities Portfolio

The securities portfolio item with a share of 5.3 percent in total assets in 2019 increased by 512.4 percent in 2020 and rose from 713 million TRY to 4,368.3 million TRY.

Loans

In 2020, loans item in the Central Bank of the TRNC balance sheet increased by 3.4 percent and amounted to 51.8 million TRY, compared to the previous year. As of the end of 2020, short-term advances to the treasury amounted to 46.8 million TRY, while loans extended to the banking sector amounted to 5 million TRY.

Table 4.3: Central Bank of the TRNC– Loans

	2019	2020
Loans	50,103,991	51,791,967
Short-Term Advances to the Treasury	50,103,991	46,763,724
Banking	-	5,028,243

Source: Central Bank of the TRNC

Non-Performing Loans (Net)

Pursuant to the Executive Board decision No. 700 dated February 26, 2009, the foreign currency receivables monitored in the non-performing receivables are started to be monitored in TRY accounts based on the exchange rate on 31.12.2008. The total balance of 0.1 million TRY belonging to K. Yatırım Bank, 0.4 million TRY belonging to K. Hür Bank, 2.6 million TRY belonging to K. Kredi Bank and 9.4 million TRY belonging to Everest Bank monitored under non-performing loans. While the NPL of the Central Bank is 12.5 million TRY, it does not have a net balance at the end of 2020, as it was at the end of 2019, because a 100 percent provision has been provided for these receivables.

Fixed Assets (Net)

The net fixed assets consisting of immovables and fixtures decreased by 1.1 percent at the end of 2020 compared to the end of 2019 and realized as 2.3 million TRY.

Table 4.4: Central Bank of the TRNC– Fixed Assets

	2019	2020
Fixed Assets	2,284,763	2,260,515
Immovables	1,157,661	1,181,278
Fixtures and Nonmaterial Rights	1,127,102	1,079,238

Source: Central Bank of the TRNC

Other Assets

The total of the other assets item, which was 283.7 million TRY in 2019, decreased by 3.4 percent compared to the previous year, reaching 274.2 million TRY in 2020.

Table 4.5: Central Bank of the TRNC– Other Assets

	2019	2020
Other Assets	283,965,077	274,226,074
Temporary Receivables	215,595	255,879
Transitory Account	283,749,482	273,970,195

Source: Central Bank of the TRNC

Liability Accounts

Market operations, which have the largest share in total liabilities, increased by 33.9 percent, while bank deposits, which have the second largest share increased by 16.6 percent.

Bank Deposits

Bank deposits item showing the deposits in the Central Bank of the Turkish Republic of Northern Cyprus increased by 16.6 percent compared to the end of 2019 and reached 5,179.6 million TRY as of the end of 2020. Bank deposits also include the amounts blocked as collateral by banks for IMM transactions.

Table 4.6: Central Bank of the TRNC – Bank Deposits

	2019	2020
Bank Deposits	4,441,284,659	5,179,570,139
Bank Deposits	4,288,387,169	4,947,025,615
Blocked Accounts	152,897,490	232,544,524

Source: Central Bank of the TRNC

Market Operations

While the sum of the Central Bank securities included in the market transactions amounted to 1,520.3 million TRY as of the end of 2020, the sum of the IMM transaction debts under the same item was 3,703.5 million TRY. Accordingly, in the one year, the sum of the Central Bank securities increased by 88.6 percent and the IMM transaction debts by 34 percent.

Table 4.7: Central Bank of the TRNC – Market Operations

	2019	2020
Market Operations	3,902,060,747	5,223,787,060
Central Bank Securities	806,085,000	1,520,258,100
Money Market Operations	2,763,885,610	3,703,528,960
Open Market Operations	332,090,137	-

Source: Central Bank of the TRNC

Reserve Requirements

In 2020, reserve requirements item held at the Central Bank increased by 24.7 percent compared to the previous year and reached 2,930.7 million TRY.

Public Deposits

As of the end of 2020, public deposits increased by 160.7 million TRY, compared to the previous year. The share of public deposits increased by 131,7 percent compared to the end of 2019 and reached 282.8 million TRY as of the end of 2020.

Other Deposits

As of the end of 2020, other deposits item increased by 34.3 percent and reached 6,5 million TRY, compared to the end of 2019.

Funds

As of the end of 2020, funds item increased by 15.7 percent from 1,718.8 million TRY to 1,987.7 million TRY due to the increase in other funds sub-item.

Table 4.8: Central Bank of the TRNC – Funds

	2019	2020
Funds	1,718,757,976	1,987,731,921
Central Bank Funds	1,706,691	17,826,909
Treasury Funds	1,104,597	2,385,704
Other Funds	1,715,946,688	1,967,519,308

Source: Central Bank of the TRNC

Shareholders' Equity

As a result of the increases in reserves and provisions accounts, which are among the sub-items constituting shareholders' equity, of 25.1 percent and 19.2 percent in 2020, respectively, the total shareholders' equity reached 1,061.2 million TRY. As of the end of 2020, reserves, provisions and profit items amounted to 428.3 million TRY, 271 million TRY and 341.9 million TRY, respectively.

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

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

	2019	2020
Shareholders’ Equity (Including Profit)	933,449,393	1,061,207,522
Shareholders’ Equity (Excluding Profit)	589,827,556	719,302,337
Capital	20,000,000	20,000,000
Reserves	342,359,237	428,264,696
Provisions	227,468,319	271,037,641
Profit	343,621,837	341,905,185

Source: Central Bank of the TRNC

4.2 Profit and Loss Statement

Profit of the Central Bank decreased by 5 per mille to 341.9 million TRY in 2020, compared to the previous year. In 2020, total revenues item decreased by 21.1 percent and total expenditures item increased by 36 percent compared to the previous year.

Turkish lira transactions profits, which had a 65.7 percent share in 2020 under the revenues item, decreased by 34.2 percent compared to the previous year and became 424.4 million TRY. In the same period, foreign currency exchange profits increased by 27.9 percent and reached 221.1 million TRY.

Total expenditures, which amounted to 474.7 million TRY in 2019, decreased by 36 percent in 2020 and reached 304 million TRY. Total TRY transaction expenditure, which had the highest share in expenditure items, decreased by 53.2 percent to 159.2 million TRY, compared to the previous year. Personnel expenditures item, which has the second-highest share in expenditures with 14.4 percent in 2020, increased by 79 percent compared to the previous year. This increase is mainly due to the contribution made by the Central Bank to the Central Bank Pension Fund. While the share of foreign exchange losses, which had the third-highest share in total expenditures with 13.4 percent, decreased by 49 percent compared to the previous year, while the share of TRY cash and foreign exchange insurance premiums in total expenditures increased to 11.5 percent. Banknote and foreign exchange insurance premiums decreased to 8.6 million TRY.

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

	2019	2020	Percentage Share		Percentage Change
			2019	2020	
REVENUES					
Profit on Foreign Currency Exchange	172,899,229	221,064,546	21.13	34.22	27.86
Profit on Turkish Lira Transactions	645,441,587	424,437,835	78.87	65.71	-34.24
Miscellaneous Profits	23,897	442,570	0.00	0.07	1.751.99
Total Revenues	818,364,713	645,944,951	100.00	100.00	-21.07
EXPENDITURES					
Personnel Expenditures	24,368,962	43,628,841	5.13	14.35	79.03
Administrative Expenditures	2,112,400	2,134,896	0.44	0.70	1.06
Insurance Premiums for Banknotes and Foreign Exchange Banknotes	16,541,356	8,569,322	3.48	2.82	-48.19
Insurance Premiums for TRY Cash and Foreign Exchange Banknotes	10,000,000	35,000,000	2.11	11.51	250.00
Loss on Foreign Currency Exchange	79,644,445	40,671,337	16.78	13.38	-48.93
TRY Transaction Expenditures	339,895,796	159,159,509	71.60	52.35	-53.17
Depreciation Charges	612,804	626,522	0.13	0.20	2.24
Other Expenditures and Losses	1,567,113	14,249,339	0.33	4.69	809.27
Total Expenditures	474,742,876	304,039,766	100.00	100.00	-35.96
Profit	343,621,837	341,905,185			

Source: Central Bank of the TRNC

4.3 Profit Distribution - 2020

Article 44 of the Central Bank of the TRNC Law No. 41/2001 regulates the use of profits. According to the aforementioned article, 25 percent of the profit is transferred to the reserves and the remaining to the Treasury. 341.9 million TRY, which is the profit for 2020 is distributed as shown in the table below.

Table 4.11: Central Bank of the TRNC - Profit Distribution

	Retained Profit	Percentage Share
Retained Reserve	85,476,296	25.00
Received on Treasury Debt Account	254,550,358	74.45
Transferred to the Treasury	1,878,531	0.55
2020 Profit	341,905,185	100.00

Source: Central Bank of the TRNC

TABLES

5. TABLES

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

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

Source: Central Bank of the TRNC

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

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

Source: Central Bank of the TRNC

Central Bank of the TRNC Balance Sheet - 31.12.2019 (TRY)

Assets	TRY	FX	TRY Total	FX Total	Grand Total
I- Current Assets			3,752,591,654	9,063,774,309	12,816,365,963
Cash	1,632,396	602,570,900			
Gold		7,318,980			
Securities Portfolio	103,271,950	610,051,613			
Bank Deposits	3,647,687,308	7,510,965,029			
Foreign Correspondents		332,867,787			
II- Fixed Assets			2,284,763		2,284,763
Immovables	1,406,806				
Depreciation Charges (-)	249,145				
Fixtures	5,923,340				
Depreciation Charges (-)	4,796,238				
III- Loans			50,103,991		50,103,991
Advance Accounts					
a- Short Term Advance to the Treasury	50,103,991				
b- Advance Under Treasury Guaranteed Bills					
c- Commercial Bank Securities					
IV- Market Operations				326,287,627	326,287,627
a- IMM Transactions					
b- Open Market Operations		326,287,627			
V- Other Assets			282,330,388	1,634,690	283,965,078
A- Temporary Receivables	215,595				
B- Non-Performing Loans (Net)					
a- Non-Performing loans	12,511,964				
b- Provisions for Non-Performing Loans (-)	12,511,964				
C- Transitory Account					
a- Other	282,114,793	1,634,690			
TOTAL					13,479,007,421

Source: Central Bank of the TRNC

Central Bank of the TRNC Balance Sheet - 31.12.2019 (TRY)

Liabilities	TRY	FX	TRY Total	FX Total	Grand Total
I - Shareholders' Equity			589,827,556		589,827,556
Capital	20,000,000				
Reserves	342,359,237				
Provisions	227,468,319				
II - Foreign Sources			3,269,168,992	9,270,633,452	12,539,802,444
A- Deposits			829,294,997	3,738,919,700	
a- Public Deposits	61,510,327	60,554,852			
b- Bank Deposits	766,047,422	3,522,339,747			
c- Blocked Accounts		152,897,490			
d- Personal Deposits	1,736,191	3,127,611			
e- Other Deposits	1,057				
B- Reserve Requirements			853,421,489	1,497,347,535	
D- Market Operations			925,200,000	2,976,860,747	
a- Central Bank Securities		806,085,000			
b- Money Market Operations	925,200,000	1,838,685,610			
c- Open Market Operations		332,090,137			
E- Funds			661,252,506	1,057,505,470	
a- Central Bank Funds	1,706,691				
b- Treasury Funds	1,031,856	72,471			
c- Other Funds	658,513,959	1,057,432,729			
III - Other Liabilities					5,755,584
a- Temporary Debts			21,172		
b- Transitory Account			3,698,914	2,035,498	
IV - Profit			343,621,837		343,621,837
TOTAL					13,479,007,421

Source: Central Bank of the TRNC

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

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

Source: Central Bank of the TRNC

Central Bank of the TRNC Selected Asset Items (TRY)

Date	Liquid Assets	Loans	Other Assets	Total Assets
31. Dec. 16	6,362,944,796	67,051,670	22,187,719	6,452,184,185
31.Dec.17	8,081,160,634	180,259,439	108,618,959	8,370,039,032
31 Dec.18	10,499,595,834	61,335,607	294,637,228	10,855,568,669
31 Dec. 19	12,816,365,963	50,103,991	612,537,467	13,479,007,421
31 Dec. 20	16,353,005,072	51,791,967	279,486,590	16,684,283,629

Source: Central Bank of the TRNC

Central Bank of the TRNC Selected Liability Items (TRY)

Date	Shareholders' Equity (Excluding Profit)	Deposits	Reserve Requirements	Other Liabilities	Total Liabilities
31. Dec. 16	465,169,093	2,083,019,935	1,359,700,420	2,544,294,737	6,452,184,185
31.Dec.17	384,891,701	2,681,914,710	1,729,000,716	3,574,231,905	8,370,039,032
31.Dec.18	480,942,598	3,917,979,147	1,885,311,620	4,571,335,304	10,855,568,669
31.Dec.19	589,827,556	4,568,214,697	2,350,769,024	5,970,196,144	13,479,007,421
31 Dec. 20	719,302,337	5,468,896,150	2,930,655,027	7,565,430,115	16,684,283,629

Source: Central Bank of the TRNC

Central Bank of the TRNC Liquid Assets (TRY)

Date	Cash Assets	Gold Deposit	Bank Deposits (TRY)	Bank Deposits (FX)	Foreign Banks	SP	Total
31. Dec. 16	216,724,660	3,440,019	2,260,530,677	3,687,779,940	-	194,469,500	6,362,944,796
31. Dec. 17	257,360,230	3,997,999	1,728,967,292	5,187,178,813	-	903,656,300	8,081,160,634
31 Dec. 18	596,636,956	5,503,526	2,886,583,754	6,838,280,699	-	172,590,899	10,499,595,834
31 Dec. 19	604,203,296	7,318,980	3,647,687,308	7,510,965,029	332,867,787	713,323,563	12,816,365,963
31 Dec. 20	1,202,513,929	11,245,022	3,875,374,944	6,892,833,367	2,774,707	4,368,263,103	16,353,005,072

Source: Central Bank of the TRNC

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

31. Dec. 16	5,065.643	5,065.643
31. Dec. 17	5,807.899	5,807.899
31 Dec. 18	7,933.350	7,933.350
31 Dec. 19	-	-
31 Dec. 20	5,028.243	5,028.243

Source: Central Bank of the TRNC

Note: Interest revenue rediscounts are included in the figures.

Deposits in Central Bank of the TRNC (TRY)

Date	Public Deposits		Banks				Other		Total
	TRY	FX	A - Deposits		B - Reserve Requirements		TRY	FX	
			TRY	FX	TRY	FX			
31 Dec. 16	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 Dec. 17	42,219,684	73,593,138	490,652,950	1,955,533,333	781,455,275	947,545,441	1,072,860	118,842,745	4,410,915,426
31 Dec. 18	51,246,900	52,306,160	706,945,906	2,976,986,010	707,399,584	1,177,912,036	1,128,634	129,365,537	5,803,290,767
31 Dec. 19	61,510,327	60,554,852	766,047,422	3,522,339,747	853,421,489	1,497,347,535	1,737,248	156,025,101	6,918,983,721
31 Dec. 20	163,030,306	119,763,224	531,265,922	4,415,759,693	719,232,331	2,211,422,696	1,610,324	237,466,681	8,399,551,177

Source: Central Bank of the TRNC

Central Bank of the TRNC Exchange Rates

Years	Months	USD		EURO		GBP	
		Buying	Selling	Buying	Selling	Buying	Selling
2013		2.1343	2.1381	2.9365	2.9418	3.5114	3.5297
2014		2.3189	2.3230	2.8207	2.8258	3.5961	3.6149
2015		2.9076	2.9128	3.1776	3.1833	4.3007	4.3231
2016		3.5192	3.5255	3.7099	3.7166	4.3189	4.3414
2017		3.7719	3.7787	4.5155	4.5237	5.0803	5.1068
2018		5.2609	5.2704	6.0280	6.0388	6.6528	6.6875
2019		5.9402	5.9509	6.6506	6.6625	7.7765	7.8171
2020	1	5.9716	5.9824	6.5782	6.5901	7.7598	7.8002
	2	6.2259	6.2371	6.8592	6.8716	8.0068	8.0485
	3	6.5160	6.5277	7.2150	7.2280	8.0579	8.1000
	4	6.9787	6.9913	7.5764	7.5901	8.6599	8.7051
	5	6.8138	6.8260	7.5770	7.5907	8.3838	8.4276
	6	6.8422	6.8545	7.7082	7.7221	8.4282	8.4721
	7	6.9372	6.94970	8.1481	8.1628	8.9760	9.0228
	8	7.3050	7.3182	8.6897	8.7054	9.6867	9.7372
	9	7.8080	7.8221	9.1281	9.1446	10.0309	10.0832
	10	8.3082	8.3232	9.6985	9.7160	10.7367	10.7926
	11	7.7975	7.8116	9.2988	9.3156	10.3924	10.4466
	12	7.3405	7.3537	9.0079	9.0241	9.9438	9.9957

Source: Central Bank of the TRNC

Note: End of month and end of year rates.

Cross Rates

Foreign Currency / USD				
Years	Months	£	€	
2012		1.6111	1.3192	
2013		1.6480	1.3759	
2014		1.5535	1.2164	
2015		1.4817	1.0929	
2016		1.2293	1.0542	
2017		1.3492	1.1972	
2018		1.2667	1.1458	
2019		1.3114	1.1196	
2020	1	1.3017	1.1016	
	2	1.2882	1.1017	
	3	1.2388	1.1073	
	4	1.2430	1.0856	
	5	1.2325	1.1120	
	6	1.2339	1.1266	
	7	1.2961	1.1746	
	8	1.3283	1.1896	
	9	1.2869	1.1691	
	10	1.2945	1.1673	
	11	1.3351	1.1925	
	12	1.3570	1.2272	

Source: Central Bank of the TRNC

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

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

Effective Date	Currency				Executive Board Decision		Official Gazette	
	TRY Demand	\$ Demand	€ Demand	£ Demand	Date	Number	Date	Number
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	872	04.02.2014	26
01.04.2014	7.00	0.25	0.75	0.50	20.03.2014	876	27.03.2014	70
01.03.2015	6.50	0.25	0.25	0.50	10.02.2015	900	17.02.2015	25
03.04.2017	7.00	0.40	0.25	0.50	23.03.2017	947	03.04.2017	61
05.06.2018	11.00	0.40	0.25	0.50	04.06.2018	998	11.06.2018	89
25.06.2018	11.00	0.75	0.25	0.50	21.06.2018	1001	02.07.2018	102
24.09.2018	17.25	1.00	0.25	0.50	20.09.2018	1014	26.09.2018	140
29.07.2019	13.25	1.00	0.125	0.25	26.07.2019	1046	29.07.2019	107
16.09.2019	10.00	1.00	0.125	0.25	12.09.2019	1054	16.09.2019	128
28.10.2019	8.50	1.00	0.125	0.25	25.10.2019	1059	28.10.2019	153
16.12.2019	7.25	0.75	0.05	0.125	13.12.2019	1069	16.12.2019	178
20.01.2020	6.75	0.50	0.05	0.125	17.01.2020	1076	20.01.2020	12
24.02.2020	6.50	0.50	0.05	0.125	20.02.2020	1081	24.02.2020	29
11.03.2020	6.50	0.25	0.05	0.125	10.03.2020	1087	11.03.2020	37
04.05.2020	5.00	0.25	0.05	0.125	30.04.2020	1099	04.05.2020	77
24.08.2020	6.75	0.40	0.15	0.25	20.08.2020	1125	24.08.2020	158
01.10.2020	8.25	0.60	0.25	0.30	30.09.2020	1143	01.10.2020	188
20.11.2020	11.50	0.60	0.25	0.30	19.11.2020	1158	20.11.2020	214
25.12.2020	13.75	0.60	0.25	0.30	24.12.2020	1168	25.12.2020	235

Source: Central Bank of the TRNC

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

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

Effective		Currency			Executive Board Decision		Official Gazette	
Date	TRY	\$	€	£	Date	Number	Date	Number
19.01.2009	8.00	0.00	0.75	0.25	16.01.2009	692	23.01.2009	18
20.02.2009	6.50	0.00	0.75	0.25	20.02.2009	699	04.03.2009	47
08.05.2009	6.50	0.00	0.50	0.25	08.05.2009	719	18.05.2009	85
17.07.2009	6.00	0.00	0.50	0.25	17.07.2009	730	03.08.2009	133
19.08.2009	5.50	0.00	0.50	0.25	19.08.2009	735	15.09.2009	157
16.10.2009	5.25	0.00	0.50	0.25	16.10.2009	742	22.10.2009	182
07.12.2009	5.00	0.00	0.50	0.25	04.12.2009	750	15.12.2009	211
01.01.2013	4.00	0.00	0.50	0.25	20.12.2012	836	21.12.2012	212
01.06.2013	3.50	0.00	0.50	0.25	09.05.2013	849	16.05.2013	85
01.03.2015	3.50	0.00	0.00	0.00	10.02.2015	899	17.02.2015	25
01.02.2018	5.00	0.20	0.125	0.25	25.01.2018	979	31.01.2018	9
05.06.2018	7.50	0.20	0.125	0.25	04.06.2018	998	11.06.2018	89
25.06.2018	7.50	0.40	0.125	0.25	21.06.2018	1001	02.07.2018	102
15.08.2018	9.00	0.40	0.125	0.25	14.08.2018	1004	31.08.2018	127
24.09.2018	13.00	0.65	0.125	0.25	20.09.2018	1014	26.09.2018	140
29.07.2019	9.00	0.65	0.00	0.125	26.07.2019	1046	29.07.2019	107
16.09.2019	5.75	0.50	0.00	0.125	12.09.2019	1054	16.09.2019	128
28.10.2019	3.25	0.50	0.00	0.125	25.10.2019	1059	28.10.2019	153
16.12.2019	2.50	0.25	0.00	0.05	13.12.2019	1069	16.12.2019	178
24.02.2020	2.25	0.25	0.00	0.05	20.02.2020	1081	24.02.2020	29
11.03.2020	2.25	0.125	0.00	0.05	10.03.2020	1087	11.03.2020	37
04.05.2020	1.00	0.125	0.00	0.05	30.04.2020	1099	04.05.2020	77
24.08.2020	2.75	0.20	0.05	0.10	20.08.2020	1125	24.08.2020	158
01.10.2020	3.50	0.25	0.10	0.15	30.09.2020	1143	01.10.2020	188
20.11.2020	6.00	0.25	0.10	0.15	19.11.2020	1158	20.11.2020	214
25.12.2020	8.00	0.25	0.10	0.15	24.12.2020	1168	25.12.2020	235

Source: Central Bank of the TRNC

Rediscount Interest Rates

Effective Date	Currency																
	TRY					\$					€			£			
	Ind.		Advances			Ind.		Advances			Ind.		Advances	Ind.		Advances	
	Trade	Tourism	Exp.	Small Business	Against	Trade	Tourism	Exp.	Against	Trade	Tourism	Exp.	Against	Trade	Tourism	Exp.	Against
	Agri.			FX		Edu.		FX		Edu.		FX		Edu.		FX	
	Edu.																
25.03.08	28	24	22	20	20	9	6	6	6	9	6	6	6	11	7	7	7
29.12.08	22	19	19	18	19	5	5	5	5	5	5	5	5	5	5	5	5
02.03.09	20	17	17	16	16	4	4	4	4	4	4	4	4	4	4	4	4
25.06.09	17	15	15	14	14	4	4	4	4	4	4	4	4	4	4	4	4
27.12.10	14	12	12	11	11	4	4	4	4	4	4	4	4	4	4	4	4
01.01.13	11	8	8	8	8	4	4	4	4	4	4	4	4	4	4	4	4
01.06.13	11	7	7	7	7	4	4	4	4	4	4	4	4	4	4	4	4
05.06.18	17.5	14.5	14.5	13.5	13.5	4	4	4	4	4	4	4	4	4	4	4	4
24.09.18	23.75	20.75	20.75	19.75	19.75	4	4	4	4	4	4	4	4	4	4	4	4
29.07.19	19.50	16.50	16.50	15.50	15.50	4	4	4	4	4	4	4	4	4	4	4	4
16.09.19	16.50	13.50	13.50	12.50	12.50	4	4	4	4	4	4	4	4	4	4	4	4
28.10.19	15.00	12.00	12.00	11.00	11.00	4	4	4	4	4	4	4	4	4	4	4	4
16.12.19	13.00	10.00	10.00	9.00	10.50	4	4	4	4	4	4	4	4	4	4	4	4
20.01.20	12.50	9.50	9.50	8.50	10.00	4	4	4	4	4	4	4	4	4	4	4	4
24.02.20	12.25	9.25	9.25	8.25	9.75	4	4	4	4	4	4	4	4	4	4	4	4
04.05.20	10.75	8.00	8.00	7.00	8.25	4	4	4	4	4	4	4	4	4	4	4	4
24.08.20	12.75	10.00	10.00	9.00	10.50	4	4	4	4	4	4	4	4	4	4	4	4
20.11.20	17.75	15.00	15.00	14.00	14.00	4	4	4	4	4	4	4	4	4	4	4	4
25.12.20	20.00	17.25	17.25	16.25	16.50	4	4	4	4	4	4	4	4	4	4	4	4

Source: Central Bank of the TRNC

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

Bank Liquidity Requirement Ratios (%)

The lowest rate of the liabilities to the liquidity requirements that banks have to keep	10
Banks, total amount of funds they have in foreign banks and total amount of securities purchased abroad;	
1. If it exceeds <u>one</u> time of the shareholders' equity	12
2. If it exceeds <u>two</u> times of the shareholders' equity	14
3. If it exceeds <u>three</u> times of the shareholders' equity	16
4. If it exceeds <u>four</u> times of the shareholders' equity	18
5. If it exceeds <u>five</u> times of the shareholders' equity	20

Source: Central Bank of the TRNC

Note: Bank Liquidity Requirement Ratios: It is the Executive Board Decision no. 841 dated February 07, 2013 of Central Bank of the TRNC. It was published in the Official Gazette No. 32 on February 26, 2013 and entered into force on March 1, 2013.

Reserve Requirement Ratios

Effective Date	Description	TRY	FX
29.02.2020	Deposits up to 3-month maturity	7.75	7.75
	Deposits with a maturity of 3-month to 6-month	6.75	6.75
	Deposits with a maturity of 6-month to 1-year	5.75	5.75
	Deposits longer than 1-year maturity	4.75	4.75
	Other liabilities excluding deposits	7.75	7.75
	Precious metal liabilities	0	0
31.03.2020	Deposits up to 3-month maturity	8.00	8.00
	Deposits with a maturity of 3-month to 6-month	7.00	7.00
	Deposits with a maturity of 6-month to 1-year	6.00	6.00
	Deposits longer than 1-year maturity	5.00	5.00
	Other liabilities excluding deposits	8.00	8.00
	Precious metal liabilities	0	0

Source: Central Bank of the TRNC

Tariffs

A	Turkish Lira Transactions	Commissions, Fees and Costs
1	Received transfers in TRY	-
2	Sent transfers in TRY	0.0005 commission
3	Sent transfers in TRY	Minimum fee: 250,00 TRY
4	Communication costs charged from sent transfers in TRY	-
B	Foreign Currency Exchange Transactions	Commissions, Fees and Costs
1	Received transfers in FX	-
2	Sent transfers in FX	0.001 commission
3	Sent transfers in FX	Minimum fee: 250,00 TRY

Source: Central Bank of the TRNC

Dishonoured Cheques

Years	Months	People Restrained from Using Cheque Books (Number of persons)	
		Monthly Total	Cumulative Total
2012			3,842
2013			2,910
2014			3,366
2015			3,699
2016			2,977
2017			2,499
2018			2,374
2019			2,166
2020	1	132	132
	2	158	290
	3	83	373
	4	12	385
	5	10	395
	6	76	471
	7	295	766
	8	271	1,037
	9	179	1,216
	10	140	1,356
	11	158	1,514
	12	119	1,633

Source: Central Bank of the TRNC

Money Supply (Million TRY)

Year	Term	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	11.74	14,279.5	8.09	15,106.7	7.47
	IV	2,841.2	0.40	14,215.9	-0.45	15,109.8	0.02
2016	I	2,797.9	-1.53	14,340.3	0.88	15,181.6	0.48
	II	2,976.9	6.40	14,620.3	1.95	15,593.1	2.71
	III	3,158.0	6.08	15,285.2	4.55	16,319.0	4.66
	IV	3,544.1	12.23	16,946.4	10.87	17,996.6	10.28
2017	I	3,754.8	5.95	18,019.6	6.33	19,209.2	6.74
	II	3,906.7	4.05	18,670.5	3.61	20,066.2	4.46
	III	4,126.2	5.62	19,847.4	6.30	21,240.3	5.85
	IV	4,403.3	6.72	21,181.5	6.72	22,789.8	7.30
2018	I	4,620.3	4.93	22,638.7	6.88	24,286.7	6.57
	II	5,136.5	11.17	24,283.6	7.27	26,135.3	7.61
	III	6,038.8	17.57	28,359.8	16.79	30,493.1	16.67
	IV	5,520.7	-8.58	26,641.1	-6.06	28,662.5	-6.00
2019	I	6,297.8	14.08	29,051.7	9.05	31,227.0	8.95
	II	6,581.7	4.51	30,066.1	3.49	32,390.9	3.73
	III	6,775.1	2.94	30,109.1	0.14	33,243.7	2.63
	IV	7,386.0	9.02	33,164.4	10.15	35,890.3	7.96
2020	I	7,872.2	6.58	34,635.5	4.44	37,612.4	4.80
	II	8,529.4	8.35	35,839.0	3.47	38,294.3	1.81
	III	9,724.8	14.02	40,684.0	13.52	43,787.2	14.34
	IV	10,077.1	3.62	41,842.8	2.85	45,299.2	3.45

Source: Central Bank of the TRNC

*Central Bank of the Turkish Republic of Northern Cyprus
Annual Report 2020*

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