



Central Bank of the TRNC Annual Report - 2022

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, 2022**

Address

Bedreddin Demirel Street,
Nicosia - TRNC

Mailing Address

PC 857, Nicosia - TRNC

Phone No.

+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 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 web site, and no rights or amendments can be requested from Central Bank of the TRNC by showing the data on this report as a proof, as it is prepared for the purpose of 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	19
2.1 <i>Human Resources</i>	19
2.2 <i>Financial Resources</i>	23
2.3 <i>Technical Resources</i>	25
3. ACTIVITIES	27
3.1 <i>Policy Instruments</i>	27
3.2 <i>Regulatory Activities</i>	33
3.3 <i>Permissions and Implementation Activities</i>	35
3.4 <i>Audit Activities</i>	37
3.5 <i>Payment Systems</i>	41
3.6 <i>Cash Flows</i>	42
3.7 <i>Tariffs</i>	42
3.8 <i>Money Transfers</i>	43
3.9 <i>Reserve Management</i>	44
3.10 <i>Public Treasurership and Debt Management</i>	45
3.11 <i>Risk Center</i>	46
3.12 <i>Accountability and Communication</i>	47
3.13 <i>Corporate Services</i>	49
3.14 <i>Other</i>	51
4. FINANCIAL TABLES	54
4.1 <i>Balance Sheet</i>	54
4.1 <i>Profit and Loss Statement</i>	59
4.2 <i>Profit Distribution - 2022</i>	61
5. TABLES	63

CHARTS

Chart 2.3 Consolidated Budget Expenditures	23
Chart 2.4 Budget Implementation Results	24

TABLES

Table 2.1 Number of Personnel Participating in Training Programs	22
Table 3.1 Rediscount Interest Rates	28
Table 3.2 Bank Liquidity Requirement Ratios	29
Table 3.3 Reserve Requirement Ratios	29
Table 3.4 Reserve Requirement Balances	30
Table 3.5 TRY Reserve Requirements (31/12/2022)	30
Table 3.6 Interest Rates Applied to Reserve Requirements for Turkish Lira and Foreign Currency Deposits	31
Table 3.7 Interest Rates Applied to Turkish Lira and Foreign Currency Deposits	31
Table 3.8 3Unexpired Central Bank Securities as of 31.12.2021	32
Table 3.9 Interbank Money Market Transactions	33
Table 3.10 Electronic Payment System Transactions	42
Table 3.11 Sent and Received Money Transfers on Behalf of Banks	43
Table 3.12 Risk Inquiries By Types	46
Table 3.13 Central Bank of the TRNC - Publications	48
Table 3.14 Prescribed Deposits	51
Table 3.15 Credit Card Interest Rates (%)	52
Table 4.1 Central Bank of the TRNC– Balance Sheet	54
Table 4.2 Central Bank of the TRNC - Cash and Cash Equivalents	55
Table 4.3 Central Bank of the TRNC– Loans	55
Table 4.4 Central Bank of the TRNC– Fixed Assets	56
Table 4.5 Central Bank of the TRNC– Other Assets	56
Table 4.6 Central Bank of the TRNC– Bank Deposits	57
Table 4.7 Central Bank of the TRNC – Market Operations	57
Table 4.8 Central Bank of the TRNC – Funds	58
Table 4.9 Central Bank of the TRNC – Shareholders’ Equity	59
Table 4.10 Central Bank of the TRNC – Profit/Loss	60
Table 4.11 Central Bank of the TRNC - Profit Distribution	61

ABBREVIATIONS

EU	European Union
USA	United States of America
OMO	Open Market Operations
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
RRD	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
SDIFSF/Fund	Savings Deposit Insurance and Financial Stability Fund
URP	Uniform Reporting Package
IBU	International Banking Units
FX	Foreign Currency
\$/Dollar	US Dollar
€/EUR	Euro
£/GBP	Pound Sterling

DEFINITIONS

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

FOREWORD

In 2022, 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, 5 amendment notifications have been issued by the Bank, based on the power given to the Bank by the Banking Law, Law on International Banking Units, Consumer Loans Law and Law on Financial Leasing, Factoring and Financing Companies and the Prevention of Usury.

In order to ensure the production of comparable, transparent, and reliable balance of payments statistics in line with current international concepts and standards for decision-makers and data users, balance of payments statistics for the year 2021 were prepared in accordance with the format of the Sixth Edition of the IMF's Balance of Payments. They were subsequently published in 2022 as a result of the collaborative efforts of both institutions under the "Cooperation Protocol on the Preparation of Balance of Payments Statistics," signed between the Central Bank and the Turkish Republic of Northern Cyprus Statistics Institute. The Balance of Payments Statistics for 2021, prepared in accordance with international standards and featuring new content, also includes data for the years 2019 and 2020, facilitating comparisons with previous years.

The number of positions that will perform the permanent and continuous duties required to be fulfilled by the Bank's personnel is specified as 205 in the Organization Law of the Central Bank of the TRNC. As of the end of 2022, the number of personnel working in permanent status is 117. 1 personnel employed under the law on employment of disabled personnel was added to the number mentioned above, and the total number of personnel of the Bank reached 118. In 2022, a total of 93 employees participated in international training programs, with 92 participating online and 1 in-person.

Total assets of the Central Bank of the TRNC increased by 81.3 percent in 2022 and rose to 53,022.3 million TRY as of the end of the year. In 2022, total shareholders' equity reached 2,348.1 million TRY, reserve requirements reached 7,989.8 million TRY and the interbank money market transactions reached 24,059.7 million TRY. Profit of the Central Bank, which was 506.5 million TRY in 2021, increased to 1,184.7 million TRY in 2022.

The Central Bank of the TRNC - 2022 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.

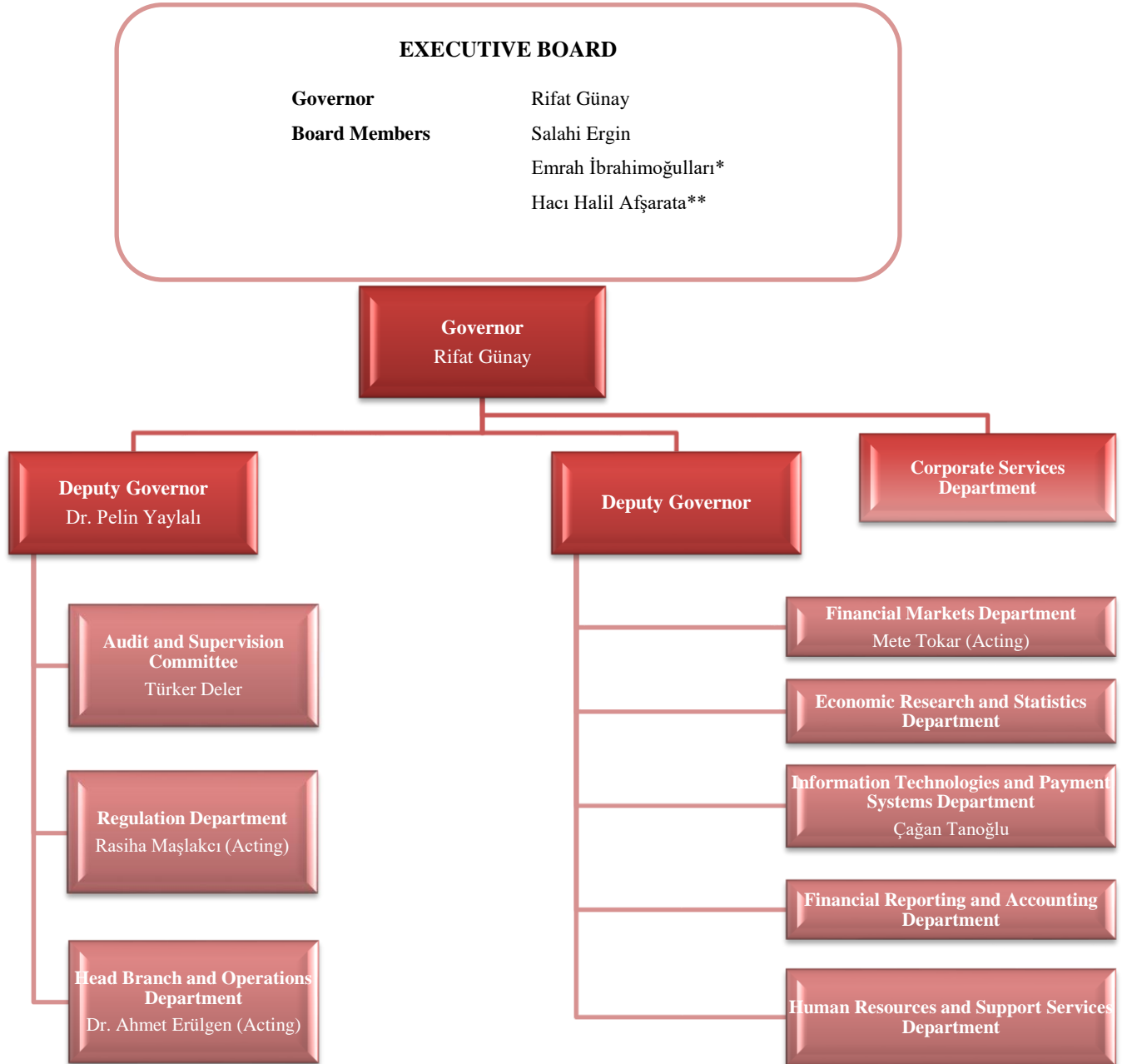


Rifat GÜNAY
Governor

ORGANISATION AND ADMINISTRATION

1. ORGANISATION AND ADMINISTRATION

1.1 Organization Chart



* Re-appointed as a member of the Executive Board as of March 25, 2022 (Official Gazette No. 63 dated March 30, 2022).

** Appointed as a member of the Executive Board as of November 14, 2022 (Official Gazette No. 268 dated November 15, 2022).

Note: The term of office for Mr. İrfan Yanar ended on November 12, 2022.

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

1.2 Corporate Governance

According to Article 9 of the Central Bank of the TRNC Law No. 41/2001, the Bank's 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 own responsibility. The Executive Board consist of a Governor and four members to be appointed as required by the Central Bank of the TRNC Law. The Board convenes at least once a month with the participation of at least three members and makes decisions by unanimous vote of at least three members. The Deputy Governors of the Central Bank can participate in the meetings of the Board without the right to vote.

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

Governor and Chairman of the Executive Board of the Central Bank of the TRNC is Mr. Rifat Günay, Board Members are Mr. Salahi Ergin, Mr. Emrah İbrahimogulları and Mr. Hacı Halil Afşarata.

BOARD MEMBERS



Rifat Günay
Governor



Salahi Ergin
Member



Emrah İbrahimogulları
Member



Hacı Halil Afşarata
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 Central Bank's core responsibility is to oversee and regulate the monetary and banking system of the Turkish Republic of Northern Cyprus. This includes implementing regulatory measures in currency and foreign exchange markets to maintain financial stability.

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

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

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

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

❖ To take the necessary measures for the supervision of the banks, to establish the principles and procedures to be followed in order to prevent the weakening of the financial institutions, and to identify and apply issues regarding the ratios to be applied and the other rates, in accordance with the Banking Law and to make decisions within the framework of the authorities determined by the Banking Law.
❖ To determine the rediscount, discount and interest rates as well as the fees and commissions to be applied by the Central Bank in its transactions.
❖ To take regulatory measures in terms of type and amount on the investments of Central Bank and to adjust the distribution of loan types in terms of sector and subject within the general loan volume.
❖ To determine the principles and conditions of the credits to be granted by the Central Bank, as well as the rediscount and advance limits.
❖ To determine the issues on reserve requirements and interest rates in Articles 23 and 24 of Law No. 41/2001.
❖ To examine the balance sheet, profit and loss account of the Central Bank and make a decision on them.
❖ To make regulations regarding the administration, organization and services of the Central Bank.
❖ To purchase or lease immovable property for the Central Bank's needs and to sell immovable property owned by the Central Bank when necessary.
❖ To decide on the issues of compromise and cancelation regarding the amounts and assets exceeding the agreed terms.
❖ To approve the annual budget and activity report of the Central Bank.
❖ To appoint the personnel of the Central Bank and determine the signing authority of the personnel who would put the bank under obligation.
❖ To determine other banking transactions and services that can be carried out by the Central Bank.
❖ To make decisions on the issues to be submitted to the examination and approval by the Governor.
❖ To determine the terms and conditions for the issuance and acceptance of the credit cards.
❖ To grant approval for the establishment and operation of International Banking Units, to conduct their audits, and to take the required steps to ensure their efficient and consistent operation.
❖ To establish the policies and procedures pertaining to the organizations covered by the Consumer Loans Law and the individuals signing consumer loan contracts.
❖ To issue licenses for the establishment and operation of the Leasing, Factoring, and Financing Companies and institutions subject to the Law on the Prevention of Usury, to make decisions regarding the internal systems and management structures of the companies, and to establish the policies and guidelines for the audit and supervision of the businesses.

1.2.2 Governance

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

Governor

As the chief executive, the Governor is responsible for representing the Central Bank both nationally and internationally, ensuring compliance with laws applicable to the Bank, executing decisions made by the Executive Board, and managing the Bank's administration.



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 required to carry out the responsibilities assigned to them in the duty distribution made by the Governor. The Deputy Governor, when appointed as acting Governor in the latter's absence, may exercise all the powers of the Governor.



Dr. Pelin Yaylali
Deputy Governor

1.3 Head Office and Head Branch

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

Audit and Supervision Committee



Türker Deler
Committee President

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

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

Regulation Department



Rasiha Maşlakçı

Acting Director

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

Financial Markets Department

Mete Tokar
Acting Director

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

Economic Research and Statistics Department

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

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

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

Financial Reporting and Accounting Department

Financial Reporting and Accounting Department is responsible for taking necessary measures and make arrangements for the regular functioning and development of the Central Bank's accounting system, keeping and maintaining the accounting records for the Headquarter 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 balance sheets, financial statements and other reports and situations requested by the Governance are among the duties of this department.

Corporate Services Department

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

Human Resources and Support Services Department

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

RESOURCES

2. RESOURCES

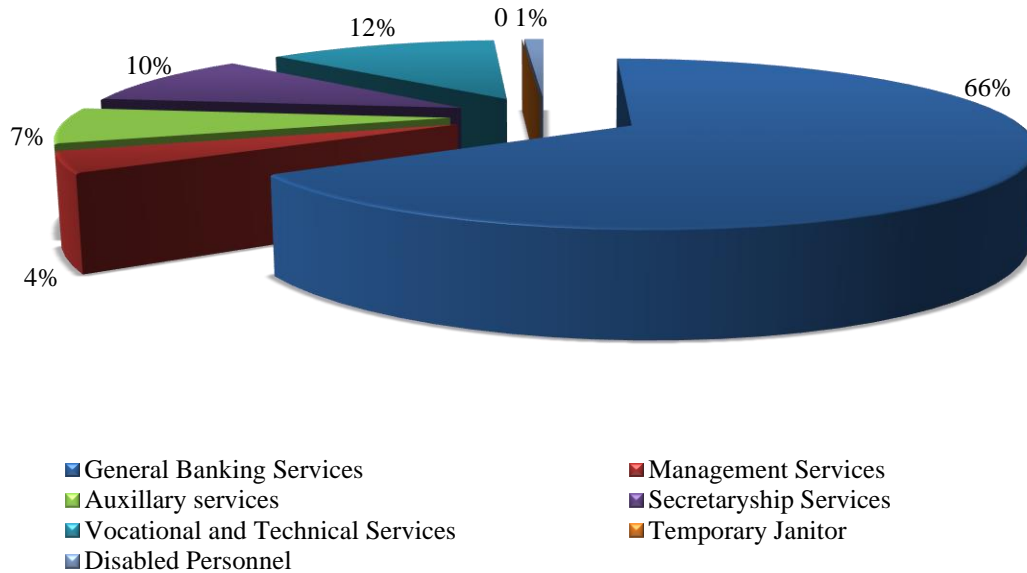
2.1 Human Resources

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 Headquarter 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 2022, the number of personnel working in permanent status is 117. When 1 personnel employed within the framework of the Law on "Protection, Rehabilitation and Employment of Persons with Disabilities" is added to the number of permanent staff, the total number of personnel of the Bank, which was 125 as of the end of 2021, is 118 as of the end of 2022. During the 2022 activity period, 6 employees retired and 1 employee resigned from their position. No new personnel were recruited in 2022.

Analysing the distribution of personnel of the Central Bank by service groups as of the end of 2022, 4 percent of the Bank's 118 personnel are working in the management services class, 66 percent in the general banking services class, 10 percent in the secretaryship services class, 12 percent in the vocational and technical services class, 7 percent in the auxiliary services class, and 1 percent are working as the personnel employed under the Law on Protection, Rehabilitation and Employment of Persons with Disabilities No. 64/1993.

Chart 2.1 Percentage Distribution of Personnel by Class of Service

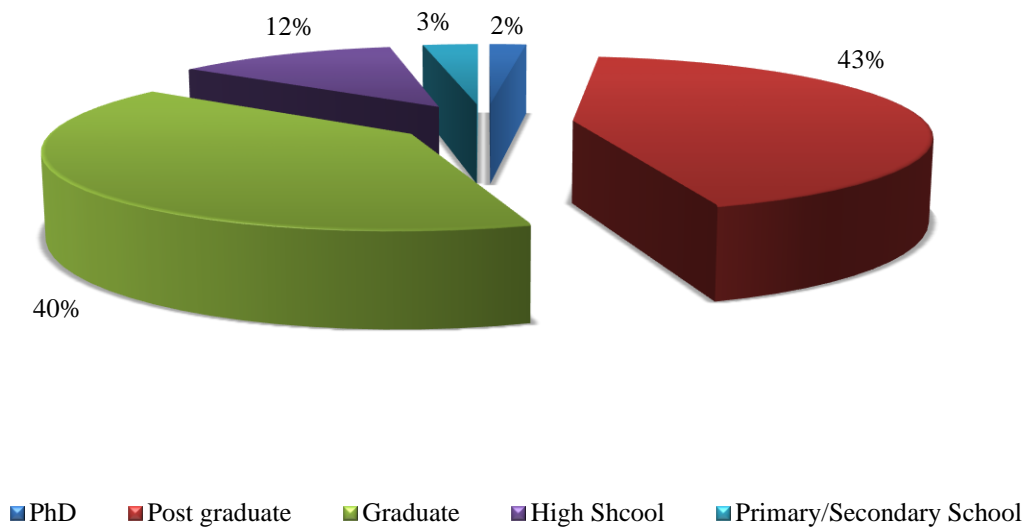
Source: Central Bank of the TRNC

Analysing the distribution of personnel according to their level of education; 3 out of 118 personnel have PhD, 51 have graduate, 44 have undergraduate and 2 have associate degree, as of the end of 2022. 14 of the remaining personnel are high school and 4 are primary and secondary school graduates.

2 of the personnel with Ph.D. degree is in the management services class, and the other one is working as Second Class IT Officer. 51 employees have graduate degrees, of which 3 work in management, 5 in vocational and technical services, 41 in general banking, and 2 in the secretary services category. Out of 44 personnel at the undergraduate level, 1 is in management, 8 are in vocational and technical services, 23 are in general banking services, 10 are in secretaryship services and 2 are in auxiliary services class. 2 associate degree graduate personnel serve in the general banking services class. Of the 14 high school graduates, 9 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. A total of 4 primary and secondary school graduates work in the auxiliary services class.

Examining the percentage share of the distribution of the personnel according to their level of education as of the end of 2022, the number of personnel with a PhD has a share of 2 percent, the number of personnel with post graduate degree has a share of 43 percent, the personnel with undergraduate degree has a share of 40 percent, the number of high school graduates has a share of 12 percent and the primary and secondary school graduates has a share of 3 percent.

Chart 2.2 Percentage Distribution of Personnel by Level of Education



Source: Central Bank of the TRNC

2.1.2 Training Activities

The training activities, deemed crucial for the development of the Bank's personnel and for elevating the Bank's practices to international standards, continued throughout 2022 while strictly adhering to the conditions imposed by the pandemic. In this framework, a total of 91 personnel participated in training programs: 89 attended the online training organized by the Banks Association of Turkey, and 2 participated in the online training conducted by the Bank of England. In addition, among our personnel, one attended an online training session organized by the Czech Central Bank, while another participated in an on-site training program.

As part of the training activities in 2022, 16 employees from the management services, 56 from the general banking services class, 8 from secretaryship services class and 13 from the vocational and technical services class participated in the international training programs.

Similar to 2021, no personnel participated in domestic training programs in 2022.

Table 2.1 Number of Personnel Participating in Training Programs

	Domestic		International	
	2021	2022	2021	2022 (92 online, 1 on-site)
Management Services Class	-	-	1	16
General Banking Services Class	-	-	30	56
Secretaryship Services Class	-	-	1	8
Auxillary Services Class	-	-	-	-
Temporary Personnel	-	-	-	-
Vocational and Technical Services Class	-	-	6	13
Total	-	-	38	93

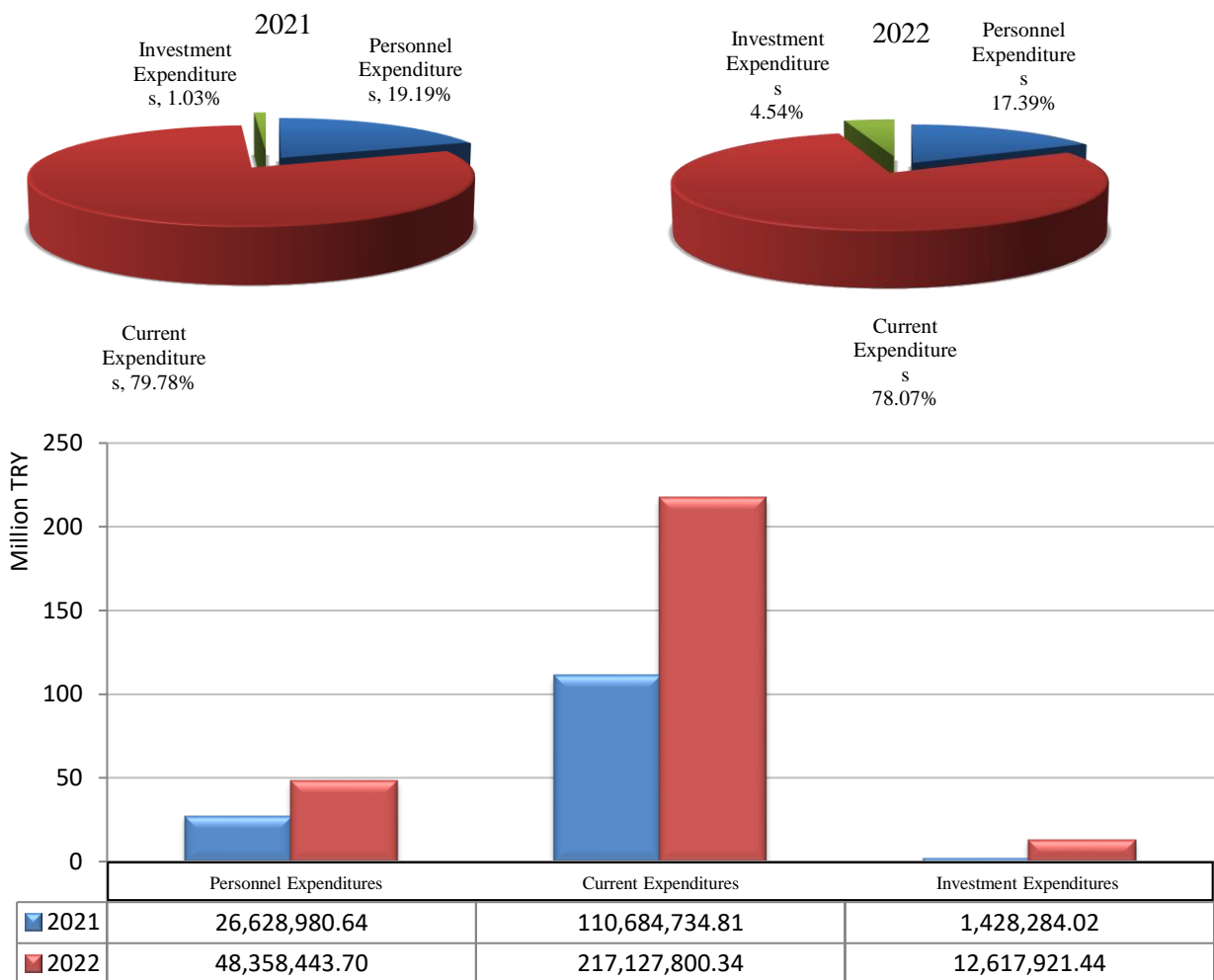
Source: Central Bank of the TRNC

2.2 Financial Resources

The Executive Board of the Central Bank of the TRNC approved the 2022 Fiscal Year Budget with the decision no. 1249 dated December 22, 2021, in order to carry out the determined services and activities. The bank’s consolidated budget expenditures are classified under three separate titles: current expenditures, employee personal rights and investment expenditures.

While the total budget expenditures of the Bank in 2021 was 138.7 million TRY, this figure increased by 100.5 percent and reached 278.1 million TRY in 2022. In 2022, 78 percent of the Bank's budget (217.1 million TRY) was used for current expenditures and 17 percent (48.4 million TRY) for personnel expenditures. In 2021, current expenditures, which is 80 percent of the budget expenditures, were allocated for employee personal rights.

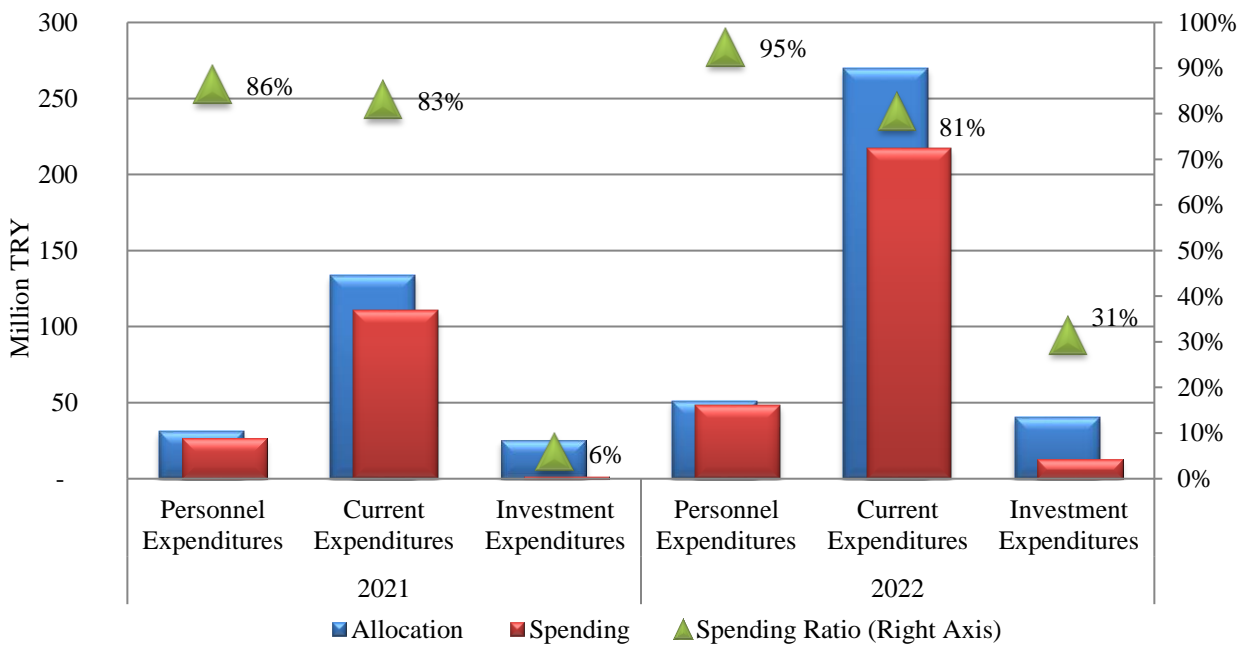
Chart 2.3 Consolidated Budget Expenditures



Source: Central Bank of the TRNC

According to the Bank’s budget implementation results for 2021, while the ratio of the allocations used for employee personal rights was 86 percent, this ratio was 73 percent in current expenditures and 6 percent in investment expenditures. Total expenditure rate of allocations in the 2021 Fiscal Year Budget was 73 percent. In 2022 budget, the expenditure ratio of the allocations was 95 percent in employee personal rights, 81 percent in current expenditures and 31 percent in investment expenditures. Total expenditure rate of allocations in the 2022 Fiscal Year Budget was 77 percent.

Chart 2.4 Budget Implementation Results



Source: Central Bank of the TRNC

2.3 Technical Resources

Within the scope of Project and Software development and maintenance services, the following administrative and operational applications were introduced to the Bank and the Bank's competence was improved.

The server systems at the Central Bank of TRNC, having reached the end of their economic life, were upgraded and transitioned to a Hyper-Converged architecture. Thanks to this project, our Bank's entire server infrastructure, including the Disaster Recovery Center, has been transitioned to an architecture featuring high redundancy. This move ensures a more robust and reliable environment, equipped with the latest technology, backed by the manufacturer's warranty, and enhanced with quality assurance for support services. In addition to the architectural upgrade, we have also updated our existing software and systems to enhance their efficiency and ensure they remain current. Necessary upgrades were implemented to acquire the required software and hardware, further reinforcing the security of our information systems.

The hardware essential for the Bank's operations has been successfully procured and installed in the respective units.

Under the umbrella of Project and Software Development and Maintenance Services, the Bank enhanced its competence by maintaining and updating 35 applications. Furthermore, an online connection to the Civil Registry Office through e-Government has been established, enabling the verification of TRNC identities. Software has been developed to consolidate the risks associated with a single individual who may have multiple identities. As of May 2022, the credit risks of banks in liquidation, which have been transferred to the Official Collecting Office and Registry Department, began to be reported to the Risk Center.

ACTIVITIES

3. ACTIVITIES

The 2022 activities of the Central Bank of the TRNC are outlined in this section of the report.

3.1 Policy Instruments

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

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

Monetary Policy Instruments

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

Indirect Policy Instruments:

a. Rediscount Window (Loan) Transactions

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

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

In this context, the Bank's Turkish Lira and foreign currency rediscount loan interest rates are shown in the table below. At the end of 2022, Turkish Lira rediscount interest rates are between 16.25 - 20 percent. These rates became effective on October 23, 2022. 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

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 31.12.2022)

In 2022, the Bank did not extend any loans within the scope of rediscount and advance transactions.

b. Implementing Bank Liquidity and Reserve Requirements

Pursuant to Article 23 (1) of the Central Bank of the TRNC Law No. 41/2001, principles and procedures related to bank liquidity requirements of banks, and the lowest rate of general liquidity requirement that banks should have in line with their liabilities is determined by the notification issued by the Bank. According to the Notification of the General Bank Liquidity Requirement published in the Official Gazette on February 26, 2013, the minimum rate required by banks for their liabilities is 10%. However, banks are obliged to maintain a gradual liquidity requirements in different ratios if the total amount of the money they hold in foreign banks and the securities purchased from abroad exceed their own funds.

Table 3.2 Bank Liquidity Requirement Ratios

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

Source: Central Bank of the TRNC

According to the average liquidity requirement ratios as of the end of 2022, public banks hold a liquidity value of 3.81 points, private banks 7.82 points, and branch banks 10.7 points above the minimum average requirement rate. The average liquidity ratio of the banking sector is 8.03 points above the average minimum liquidity requirement.

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

Table 3.3 Reserve Requirement Ratios

	TRY	FX	Precious Metal
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 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 at the end of 2021 and 2022 are shown in Table 3.4.

Table 3.4 Reserve Requirement Balances

	December 2021	December 2022
TRY	843,991	1,340,551
USD	63,726	85,390
EURO	66,414	75,045
GBP	130,313	158,149
Total TRY Reserves	4,920,454	7,989,843

Source: Central Bank of the TRNC

The application of deducting the loans extended from the reserve requirement liabilities within the scope of the Loan Interest Support Fund (LISF) and Credit Guarantee Fund (CGF) guaranteed loan programs, which were introduced in 2020, continued in 2022 as part of the measures taken to counteract the effects of Covid-19.

With the amendment made in the reserve requirements with the Bank's Executive Board decision dated July 7, 2022 and numbered 1282, a total of 106,116,277 TRY was refunded for the loans extended by the banks from the Credit Guarantee Fund (KGF) within the scope of "Small Enterprises Loan Portfolio II", "Women and Young Entrepreneurs Loan Portfolio" and "Off-Grid Solar Energy Electricity Generation System Loan Portfolio". In addition, a total of 505,335,342 TRY was refunded to banks from the Turkish Lira Reserve Requirement balances that banks are obliged to keep with the Central Bank as of December 2022, together with the balance of 399,219,065 TRY for the Credit Guarantee Fund portfolio programs that came into effect in 2020 and 2021.

Table 3.5 TRY Reserve Requirements (31/12/2022)

TRY Amounts to be Established	Refunds for Loan Extended within the Scope of LISF and CGF	Reserve Option Mechanism (ROM)	Established TRY Amounts
1,932,320,198	505,335,342	86,434,041	1,340,550,815

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 2021, while the number of banks benefiting from the ROM was 13, it has decreased to 12 as of December 2022. The amount, which was around 67 million TRY in 2021, reached 98.3 million TRY in 2022, although the number of banks benefiting from the ROM dropped from 13 to 12. At the end of 2021, the rate of foreign currency maintained was 7.37 percent, then it has decreased to 6.4 percent in 2022.

d. Reserve Requirement Interest Rates

The Executive Board of the Bank has changed the interest rates applied to the reserve requirement of the banks two times in 2022, and these changes are presented in the table below.

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

Effective Date	Currency			
	TRY	\$	€	£
20.05.2022	6.00	0.25	0.10	0.15
23.06.2022	6.00	0.50	0.25	0.30

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 two times in 2022, and these changes are presented in the table below.

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

Effective Date	Currency			
	TRY	\$	€	£
20.05.2022	12.75	0.50	0.25	0.30
23.06.2022	13.75	1.00	0.50	0.60

Source: Central Bank of the TRNC

Direct Policy Instruments:

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

- ❖ Central Bank security issue
- ❖ Interbank Money Market

a. Central Bank Securities

In accordance with the authorities granted to the Central Bank within the framework of the Central Bank Law No. 41/2001, the Central Bank issues securities in order to contribute to the sterilization of periodic liquidity surpluses in the banking sector, to contribute to the effective regulation of the general liquidity of the economy and to increase the depth of financial markets. In 2022, a total of 26 security issue auctions were made; 7 in Turkish Lira, 7 in USD, 12 in Euro and 4 in GBP. As of December 31, 2022, the distribution of unexpired securities by currency types is as follows:

Table 3.8 3Unexpired Central Bank Securities as of 31.12.2021

Term	TL	USD	EURO	GBP
1-3 Month	-	55,000,000	70,500,000	220,400,000

Source: Central Bank of the TRNC

b. Interbank Money Market

Central Bank of the TRNC has been carrying out Interbank Money Market (IMM) transactions since September 2009 in order to regulate the money supply and liquidity of the economy. Banks can borrow from the market by providing the necessary guarantees within the global limit set by the Central Bank of the TRNC and within the limits of borrowing allocated in accordance with their asset size. Upon the decision no. 1296 and dated September 23, 2022, the Executive Board raised the overall limit for IMM transactions to 2 billion TRY or its equivalent in other currencies.

On February 15, 2022, the "Interbank Money Market (IMM) Turkish Lira Transactions Mandate against US Dollar Collateral" became effective and provided the banking sector with the opportunity to borrow at 1-week and 2-week maturities against US Dollar collateral in order to provide Turkish Lira liquidity at a more affordable cost. In 2022, 7 banks obtained financing amounting to 1,019 Million TRY in total against USD collateral.

As of December 31, 2022, the sums of IMM transactions that are not due yet are as follows:

Table 3.9 Interbank Money Market Transactions

Term	TRY	USD	EURO	GBP
Overnight	3,001,550,000	192,500,000	173,375,000	289,850,000
1-Week	15,700,000	-	-	-
2-Week	28,000,000	-	-	-
1-Month	100,000,000	-	-	-
3-Month	-	-	-	-
6-Month	-	-	-	-

Source: Central Bank of the TRNC

3.2 Regulatory Activities

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

The activities carried out in 2022 within the scope of the regulatory duties of the Central Bank of the TRNC are presented in detail in the following titles.

Regulations

a. Notification on the Risks Undertaken (Amendment)

“Notification on the Risks Undertaken (Amendment)”, which was issued based on the power given to the Bank by Articles 38, 39, 40, 41 and 44 of the Banking Law No. 62/2017, was published in the Official Gazette No. 29 on February 23, 2022. With the amendment to the Notification, additions have been made to the risks that will not be included in the major risk limitations set out in paragraph (2) of Article 41 of the Law.

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

“Notification on Accounting Systems and Document Storage (Amendment)”, which was issued based on the power given to the Bank by Articles 26, 31, 50, 53 and 60 of the Banking Law No. 62/2017, was published in the Official Gazette No. 78 on April 18, 2022. With this amendment, a transitional article was added to the main Notification in order to give additional time (due to Covid-19 pandemic) for the signing, presentation and announcement of the financial reports to be announced to the public for the 2021 fiscal year.

c. Notification on Corporate Governance (Amendment)

“Notification on Corporate Governance (Amendment)”, which was issued based on the power given to the Bank by Articles 17, 18, 19, 20 and 22 of the Banking Law No. 62/2017, was published in the Official Gazette No. 270 on November 16, 2022. With the amendment to the Notification, a provisional article has been added to the Notification regarding the determination of the professional experience of the Chairman and members of the Board of Directors who were in office on the effective date of the Law.

d. Notification on the Shareholders’ Equity of Banks (Amendment)

“Notification on the Shareholders’ Equity of Banks (Amendment)”, which was issued based on the power given to the Bank by Articles 45, 48, and 49 of the Banking Law No. 62/2017, was published in the Official Gazette No. 284 on December 8, 2022. With the amendment to the Notification, the relevant article of the main notification has been amended and the principles and procedures regarding the loans that can be considered as additional main capital have been rearranged.

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

“Notification on the Measurement and Assessment of Capital Adequacy of Banks (Amendment)”, which was issued based on the power given to the Bank by Articles 46(1), 48, and 49 of the Banking Law No. 62/2017, was published in the Official Gazette No. 283 on December 7, 2022. With the amendment to the Notification, Annex 1 to Article 5 of the Notification has been removed without prejudice to the transactions made under it and a new Annex 1 has been added instead.

f. Notification on Transactions Subject to Permission

“Notification on Transactions Subject to Permission”, which was issued based on the power given to the Bank by Articles 6, 7, 8, 9, 10, 11, 12, 13 and 16 of the Banking Law No. 62/2017, was published in the Official Gazette No. 244 on October 20, 2022. The purpose of the Notification is to regulate the principles and procedures regarding the establishment of banks, opening of branches and representative offices, operating licenses of banks, establishment of companies by banks or acquisition of shares in established companies, acquisition and transfer of bank shares and articles of association and bylaws of banks.

3.3 Permissions and Implementation Activities

a. Monitoring of Capital, Shares and Shareholder Changes

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

b. Follow-up of the Board Members, General Manager and Assistant General Managers

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

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

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

d. Assessment of Principal Agreements and Statues

In accordance with the Banking Law No. 62/2017 and Law on Leasing, Factoring and Financing Companies and the Prevention of Usury No. 43/2020 banks and leasing, factoring and financing companies are required to obtain approval from the Central Bank of the TRNC for the amendments to be made in their principal agreements and statues. Pursuant to the provisions of this article, requests for amendments to the principal agreements and statues were assessed in 2022 and those deemed appropriate were approved.

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

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

f. Banking License and Operating License Issuance

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

g. Revocation of Operating License

In 2022, pursuant to Article 63, paragraph (4) of Law No. 43/2020 on "Financial Leasing, Factoring and Financing Companies and the Prevention of Usury", the operating license of a factoring company operating in the sector was revoked.

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

In 2022, three banks and one IBU received administrative fines, and five banks out of nine, whose defense was requested received written warnings.

i. Name Change Requests

Within the scope of Article 13, paragraph (1) of the Banking Law No. 62/2017, the name change request of Viyabank Ltd. has been evaluated and the Executive Board has approved the name change of the Bank to "Bankmare Ltd."

j. Complaints

Complaints made to the Bank by both corporate and individual customers regarding disputes with banks or IMM's were communicated to banks and IMM's and feedback was provided to customers within the framework of customer rights. In this framework, deficiencies observed in practice are monitored and necessary measures are taken.

3.4 Audit Activities

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

3.4.1 Surveillance – Remote Supervision

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

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

International Banking Units (IBU) operating in our country are monitored on a 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 analyzed.

With the Law No. 43/2020 on “Financial Leasing, Factoring and Financing Companies and the Prevention of Usury”, which became effective on January 1, 2021, the procedures and principles regarding the establishment, activities and working principles of financial leasing, factoring and financing companies operating by obtaining permission under this Law, as well as the procedures and principles regarding the contracts of the companies were determined and the prevention of usury was regulated. According to Article 29 of the relevant Law, the Central Bank of the TRNC is authorized to carry out the supervision and audit activities of these companies. Within the scope of paragraph (2)

of the provisional Article 3 of the said Law, a revision has been made regarding the obligation of companies that do not apply to the Central Bank of the TRNC or do not obtain permission to continue their activities as a financing company to notify the Bank regarding their current transactions. Accordingly, KR100S "Credits - By Customer" and MB100S "Miscellaneous Information" forms have been prepared for these companies and they have been requested to send their year-end financial reports to the Bank. The follow-up of the reports made is carried out by the Bank.

The bank's practices in 2022 within the scope of its supervision duties are presented in detail below.

I. Work on the Uniform Reporting Package (URP) and Analysis Processes

i. MV100A Form Update:

The deposit bracket amounts of the MV100A Form, which includes deposit size and number of customers, were changed, and the form table, prospectus and magnetic media definition were updated and the MV200A Form was created.

ii. New Forms Included in the URP Scope:

MF100H - MF100A: Two monthly and two weekly forms for reporting the amounts (current-stock), weighted average compound interest rates, the lowest and highest interest rates actually applied, and the number of natural/legal persons according to deposit types and currency denominations are included in the scope of the URP. Weekly reports started during the week of 5-9 September 2022 and monthly reports started as of September 2022.

MF200H - MF200A: Two forms, monthly and weekly, were included in the scope of the URP for the reporting of amounts (current - stock), weighted average compound interest and the lowest and highest interest rates actually applied according to deposit types and maturities.

UL100H: To identify potential structural currency and country risks, the monthly UL100A form—currently reported by banks under the URP—is now also issued weekly. Additionally, a form table, prospectus, and magnetic media definition have been created. The weekly reports made by the banks to the Bank with these forms started in the week of September 5-9, 2022, and monthly reports started in September 2022.

iii. Controls Related Work:

Many in-form and cross-controls have been developed by taking into account the decisions taken by the Executive Board of our Bank, legislative amendments, new forms added to the Uniform Reporting Package and the issues identified, and many in-form and cross-controls have been developed and activated by performing the necessary tests. There are currently 3425 active controls in the system.

II. Implementation Activities Conducted within the Scope of Supervision - Remote Audit**a. Review of Audit Contracts Made with Independent Audit Firms**

Within the framework of the "Notification on Independent Audit Institutions", the contracts of 7 banks and 1 IBU were reviewed in 2022 within the scope of the guideline established for the review of audit contracts concluded by banks and IBUs with audit institutions. Corrections were requested for contracts with deficiencies and/or errors, and meetings were organized when deemed necessary.

III. Other Activities**a. Preparation of Data on Sector and Bank/IBU Basis**

The 'Banks Monthly Presentation' is compiled for our Bank's Executive Board meetings, using data from the Uniform Reporting Package. This presentation includes numerous data points on a sectoral and bank-by-bank basis. The sector monthly presentation database has been restructured following changes to the underlying database.

For IBUs, a quarterly data set, categorized by each IBU and sector, is prepared and presented to the Executive Board.

b. Information Requested by Banks/Independent Auditors

In terms of year-end reconciliation procedures, the information requested by both banks and independent audit institutions regarding the accounts of banks at the Bank is provided to the relevant institutions. Additionally, the provided information is cross-verified with the data in the reports submitted to us.

c. Review and Publishing of Year-End Financial Statements

The year-end financial reports submitted by banks and IBUs to our Bank were examined and, these reports were corrected or the database in our Bank was updated. Additionally, the Bank published the year-end financial reports received from the banks on its official website.

d. Review of the reports prepared within the framework of the " Notification on Internal Audit, Risk Management, Internal Control and Management Systems in Banks":

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

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

The penetration test results and action plans, as per the 'Penetration Tests Circular' numbered 01/2015, sent by the banks are received, preserved, and monitored. Additionally, the policies established by the banks under the 'Information Security Policy Circular' numbered 02/2015 were diligently tracked.

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. Under the authority granted by the Banking Law No. 62/2017, the International Banking Units Law No. 41/2008, and other pertinent legislation, the Central Bank supervises all banking transactions. Central Bank auditors carry out the determination and analysis of the relations and balances between banks' assets, receivables, shareholders' equity, liabilities, profit and loss accounts and all other factors affecting the financial structure, as well as the supervision of banks' information systems issues directly on behalf of the Central Bank. In addition, the activities of leasing, factoring and finance companies are supervised by the Bank.

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

a. Audits in Banks

In 2022, a total of 52 reports were prepared, 49 of which were prepared during the audits carried out at banks, IMMs and financial institutions, and 3 reports were prepared within the scope of internal audit. 19 reports, including 9 general audit reports, 10 regulatory reports, 5 capital audit reports and 19 special audit reports were prepared for 16 banks operating in the sector. In addition, 2 reports were prepared for non-bank financial institutions within the scope of consolidated audits of banks. Four audit reports have been prepared specifically for international banking units. As part of the internal audit activities conducted by the Central Bank of TRNC, three reports were prepared. These reports detail the findings from audits carried out at the Savings Deposit Insurance and Financial Stability Fund, Central Bank of TRNC Personnel Health Fund, and Central Bank of TRNC Pension Fund. The share of banks which has been subject to audit in 2022 in the total assets of the sector is 69 percent.

3.5 Payment Systems

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

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

The number of Turkish Lira, US dollar, and GBP and Euro currency messages processed since 2016 is shown in Table 3.10 based on the payment channel of banks. Accordingly, a total of 570,960 transactions were completed in 2022; 226,781 were branch based, 325,206 were via internet banking, and 18,973 via other methods. Compared to 2021, there was a 32 percent increase in the total number of payments in 2022.

Table 3.10 Electronic Payment System Transactions

Years	Branch Based	Internet Banking	Other	Total
2016	60,932	12,612	2	73,546
2017	79,412	24,197	44	103,653
2018	104,399	42,857	28	147,284
2019	129,505	73,151	777	203,433
2020	221,193	137,533	4,443	363,169
2021	197,448	222,619	11,247	431,314
2022	226,781	325,206	18,973	570,960

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 2022.

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

3.7 Tariffs

With the decision dated February 17, 2022 and numbered 1259, based on the authority given to it by Article 11(1) of the Law on the Central Bank of the TRNC, the Executive Board of the Bank reconstructed the Tariffs Table, which is an annex to the Instruction on Tariffs and became effective upon the decision no. 746 dated October 21, 2009. Effective March 1, 2022, the regulation has lowered the commission rate for sent foreign currency transfers from one per thousand to five per ten thousand, with a minimum fee of 250 TRY or its equivalent.

According to the Tariffs Table, the commission rate for received Turkish Lira and foreign currency transfer transactions is zero, and the minimum fee for sent Turkish Lira transfer transactions is determined as 250 TRY or its equivalent 0.0005. In addition, no communication costs are charged

for sent Turkish Lira and foreign currency transfers. The Bank does not charge any fees for its transactions carried out on behalf of the Treasury.

3.8 Money Transfers

In 2022, the TRY equivalent of money transfers received from abroad on behalf of banks was 30.5 billion TRY, with an increase of 136.96 percent compared to the previous year. The amount of Turkish Lira transfers in received money transfers on behalf of banks have reached 13.5 billion TRY as a result of an increase of 6.4 billion TRY in 2022, compared to the previous year. Analysing the received remittances by currency type, there was an increase of 153.31 percent in US dollar, 131.01 percent in sterling, 89.67 percent in TRY and 16.41 percent in euro compared to the previous year. Received Turkish Lira money transfers constitute 44.31 percent of the total received transfers.

In 2022, the total of sent money transfers in all currencies on behalf of banks has reached 24.4 billion TRY. The amount of Turkish Lira transfers in sent transfers increased by 3.1 billion TRY and reached 10.7 billion TRY in 2022. Analysing the rates of change in sent transfers compared to the previous year, it is observed that there was an increase of 103.79 percent in sterling, 99.42 percent in US dollar, 58.92 percent in euro and 41.64 percent in Turkish Lira. Sent Turkish Lira money transfers constitute 44 percent of the total sent transfers.

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

YEAR	TRY		FX (TRY Equivalent)		TOTAL (TRY+FX)	
	RECEIVED	SENT	RECEIVED	SENT	RECEIVED	SENT
2016	1,389,149,249	1,210,420,000	1,381,036,656	1,035,806,579	2,770,185,905	2,246,226,579
2017	2,141,763,761	2,272,415,350	2,097,542,534	1,549,004,068	4,239,306,295	3,821,419,418
2018	2,605,774,892	2,721,235,000	2,997,037,426	3,688,037,344	5,602,812,318	6,409,272,344
2019	4,044,054,064	4,057,105,000	2,343,903,152	4,229,425,454	6,387,957,216	8,286,530,454
2020	4,938,790,454	5,633,079,942	3,802,882,259	3,680,059,765	8,741,672,713	9,313,139,707
2021	7,135,430,428	7,554,804,000	5,752,710,133	5,445,188,659	12,888,140,561	12,999,992,659
2022	13,533,609,895	10,707,850,000	17,006,356,065	13,716,353,881	30,539,965,960	24,424,203,881

Source: Central Bank of the TRNC

3.9 Reserve Management

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

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

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

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

Development of the Manageable Reserves

At the end of 2022, manageable reserves in TRY increased by 64.12 percent compared to the end of the previous year and increased from 4,335 million TRY to 7,114 million TRY. Manageable reserves in USD increased by 43.08 percent to 499 million USD, manageable reserves in EUR increased by 25.93 percent to 578 million EUR and manageable reserves in GBP increased by 39.45 percent to 1,025 million GBP.

3.10 Public Treasurership and Debt Management

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

Paragraph 1 of Article 25 of the Law states that the Bank carries out all kinds of domestic and international collections and payments of the Government, all Treasury transactions and all kinds of domestic and international money transfers and money orders. Paragraph 2 states that the Council of Ministers may decide that the funds of specific 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 pursuant to the Article 5 (2) of the Public Finance and Debt Management Law of the Turkish Republic of Northern Cyprus. The Bank made 71 decisions after evaluating the debt requests made to the Debt Management Committee in 2022. Among these decisions, 45 pertain to public institutions, 7 to cooperatives, and 19 to municipalities.

Debt Management Committee consists of one Chairman and three members:

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

In 2022, in addition to the Turkish Lira denominated government domestic borrowing bond auctions issued through the Bank in order to meet the financing needs of the TRNC Ministry of Finance, US dollar and euro denominated government domestic borrowing bond auctions were also held for the first time. In 2022, a total of 12 Government Domestic Borrowing Bonds (6 in Turkish Lira, 4 in USD and 2 in EUR) were auctioned through the Bank. In these auctions, 454.5 million TRY, 40.9 million USD and 15 million EUR were borrowed.

To address the short-term financing needs of public institutions and organizations in 2022, the TRNC Ministry of Finance issued special category treasury bonds. In the bond auctions organised through

the Bank, a total of 12 bond auctions were held in both Turkish Lira and US dollars. As a result of these auctions, a total of 60.6 million TRY and 32.4 million USD worth of bonds were issued.

To avoid exchange rate risk, borrowings in foreign currencies were converted to Turkish Lira via swaps, enabling the public sector to borrow at lower costs. Furthermore, in 2022, within the scope of the “Statutory Decree on Takeover of Cyprus Turkish Electricity Corporation's Debts to Aksa Energy as State Debt” issued by the Ministry of Finance, 4 special category GDBB amounting to 531 million TRY were issued through the Bank.

3.11 Risk Centre

Pursuant to the Notification on the Risk Centre Operations, which entered into force on 01.04.2013, the notifications received by the institutions as of the end of the month are consolidated by the Risk Centre. The credit limit and risk information combined on the basis of the customer are periodically communicated to the participating institutions without providing the institution name. In addition, institutions can access the credit risk information of real or legal persons who are not their customers through the “E-Operation” platform in real time by obtaining consent, in accordance with the Prospectus of Operating Rules.

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

Table 3.12 Risk Inquiries by Types

Company Type	2020	2021	2022	Percentage Change	Percentage Change
				2020-2021	2021-2022
Foreign Company	16	8	27	-50.00	237.50
Local Company	4,286	3,617	4,260	-15.61	17.78
Cooperatives	0	4	1	0.00	-75.00
Natural Persons	53,354	43,474	54,832	-18.52	26.13
Public Institutions and Organizations	14	9	15	-35.71	66.67
Unlimited and Limited Partnership	92	63	79	-31.52	25.40
International Company	1	5	6	400.00	20.00
Free Port Company	43	34	61	-20.93	79.41
Overseas Company	1	1	0	0.00	-100.00
Total	57,807	47,215	59,281	-18.32	25.56

Source: Central Bank of the TRNC

3.12 Accountability and Communication

Relations with the Government

The relationship between the Central Bank of the TRNC and the Government is set out in Article 5 (3) 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.*” In this framework, the Bank provided the necessary contributions on the issues requested in 2022.

Reporting

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

Communication

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

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

Publication Name	Publication Period
1) Central Bank of the TRNC Quarterly Bulletins	2021 - IV
	2021 IV (English Version)
	2022 - I
	2022-I (English Version)
	2022 - II
	2022-II (English Version)
	2022 -III
2022 III (English Version)	
2) Central Bank of the TRNC Annual Report	2021 Annual Report
	2021 Annual Report (English Version)

Source: Central Bank of the TRNC

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

Payment Systems Statistics

In June 2020, the Bank and the Turkish Republic of Northern Cyprus Statistical Institute signed a 'Protocol on Cooperation on the Generation of Balance of Payments Statistics.' The purpose of this protocol is to establish information sharing, cooperation, and task distribution mechanisms. The goal is to produce comparable, consistent, transparent, timely, accurate, and reliable balance of payments statistics. This initiative aligns with current international concepts and standards, catering to the needs of decision-makers and data users. As a result of the joint work carried out by the Bank and the Statistical Institute under this protocol, balance of payments statistics for 2021 were prepared in accordance with the format of the IMF's Sixth Manual and published in 2022. As part of these studies, the existing data and their usability were firstly assessed to ensure transformation and new data needed for compilation according to the new standards were identified. Following the adopted transformation plan, the first step involved formatting the existing items in accordance with the Sixth Edition of the Manual. In upcoming periods, efforts will intensify with relevant institutions to further refine and publicly disseminate the existing data.

The Balance of Payments Statistics for 2021, prepared in accordance with international standards and featuring new content, also includes data for the years 2019 and 2020, facilitating comparisons with previous years.

During the transition from the old format of the Balance of Payments to the Sixth Handbook format, certain items within the 'Current Account' underwent revisions. Simultaneously, the 'Capital Account' in the old format underwent a comprehensive transformation, leading to its division into two distinct categories: the 'Capital Account' and the 'Financial Account'. "Movements in Reserves", which was a separate item in the old format, has been included in the "Financial Account".

When preparing Balance of Payments Statistics, records of all economic activities are essential. At this juncture, the critical need for rapid access to administrative records once again becomes evident. To provide policymakers with the most accurate data, there are plans to update survey applications for determining tourism and education revenues. Field studies will be conducted in accordance with international rules to enhance the accuracy of Balance of Payments Statistics. In addition, the ultimate objective is to access fast and reliable data from the source by improving administrative records. Alongside the bank reports currently collected, additional reports will be prepared in alignment with the objectives of the Balance of Payments Statistics.

3.13 Corporate Services

a. Executive Board Meetings

The Central Bank of the TRNC Board meetings are held at least once a month as many as times required for the execution of the duties, in accordance with the Law no. 41/2001. Accordingly, 47 board meetings were held in 2022.

b. Corporate Relations

In 2022, the development of relations with both domestic and foreign banking and financial institutions continued. The communication with Central Bank of the Republic of Turkey (CBRT) and Banking Regulation and Supervision Agency (BRSA) also continued in this period. In 2022, we established contacts with the Capital Markets Board (CMB), Interbank Card Centre (BKM), and Saving Deposit Insurance Fund (SDIF), exchanging information on various issues. These contacts aimed to facilitate progress in accordance with the Bank's responsibilities outlined in the Economic

and Financial Cooperation Protocol between the Republic of Turkey and the Turkish Republic of Northern Cyprus.

c. Press, Public Relations and Communication

At the press conference held on July 6, 2022, Governor Rifat Günay informed the public about the overview of the TRNC banking sector. The meeting, which garnered significant attention from both print and visual media, featured explanations of the Central Bank of TRNC's activities in 2022 and its future targets. At the meeting's conclusion, questions from press members were addressed.

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. The relevant phases were completed in January 2022, with all projects receiving licenses and construction permits. Preparations for the tender specifications for the construction of the new service building are underway. The tender is scheduled to be launched upon the completion of these preparations.

e. Elementary School Building Project as a Corporate Social Responsibility

In 2020, the Bank financed the construction of a basketball-volleyball court in the Osman Nejat Konuk Secondary School building, in line with the request for financial assistance made by the Ministry of Education and Culture, which was completed in 2022 with the Bank's financing. In 2022, the Board of Directors approved and provided financial assistance for the necessary building renovation works at Mustafa Çağatay Primary School, which was constructed by the Bank.

f. Accessible Living House Project

As part of the Accessible Living House Project within the Social Services Department, the Bank provided financial support to fulfil the request of the Ministry of Labour and Social Security. This support was directed towards completing the missing parts of the kitchen hoods in the living house.

3.14 Other

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

Based on the authority given by the paragraphs (2) and (3) of Article 11 of the Savings Deposit Insurance and Financial Stability Fund Law No. 32/2009, the Bank collects premiums on savings deposits subject to insurance premiums every three months, based on premium rates determined within the framework of the “Notification on Collection Procedures and Principles for the Savings Deposit Insurance Premiums”. With the “Amendment Notification” published in the Official Gazette No. 140 dated 26.09.2018, the savings deposit insurance premium rate for all banks was changed to 0.125 percent of the total of the deposits subject to insurance. In 2022, the total amount of TRY - FX investments made by banks to the SDIFSF was 327,339,632 TRY. While the total of these investments in TRY currency was 64,038,833 and the total in FX was 263,300,799 TRY.

b. All Kinds of Prescribed Deposits, Trusts and Receivables

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

In 2022, 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 2022. In 2022, prescribed deposits decreased by 2.4 percent in Turkish lira and 32.93 percent in sterling compared to the previous year, while increasing by 776 percent in euro and 1.221 percent in US dollar. The total increased by 520 percent in Turkish Lira currency.

Table 3.14 Prescribed Deposits

	TRY	\$	€	£	Total TRY Equivalent
2018	1,521,650	126,593	57,196	327,225	4,709,384
2019	2,450,947	70,353	60,473	193,116	4,772,806
2020	3,213,230	359,065	133,227	482,034	11,842,303
2021	1,112,592	190,435	110,631	377,546	11,797,586
2022	1,085,897	2,516,065	968,557	253,232	73,135,107

Source: Central Bank of the TRNC

c. Credit Card Interest Rates

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

Table 3.15 Credit Card Interest Rates (%)

Effective Date	TRY		FX	
	Monthly Max. Contract	Monthly Max. Overdue Interest	Monthly Max. Contract	Monthly Max. Overdue Interest
01.12.2022	1.99	2.49	0.93	1.43
01.09.2022	1.99	2.49	0.93	1.43
01.06.2022	1.99	2.49	0.93	1.43
01.03.2022	1.50	2.00	1.09	1.59

Source: Central Bank of the TRNC

FINANCIAL TABLES

4. FINANCIAL TABLES

4.1 Balance Sheet

Asset Accounts

As of the end of 2022, total assets of the Central Bank of the TRNC increased by 81.3 percent compared to the previous year and reached 53,022.3 million TRY. Cash assets, receivables from banks and securities portfolio accounts constituting 97.2 percent of the total assets in 2021 Balance Sheet of the Central Bank, declined to 96.3 percent as of the end of 2022.

Table 4.1 Central Bank of the TRNC– Balance Sheet

			Percentage Share		Percentage Change
	2021	2022	2021	2022	
ASSETS					
Cash Assets and Receivables from Banks	20,083,545,014	31,476,935,775	68.65	59.37	56.73
Securities Portfolio	8,363,351,089	19,588,548,445	28.59	36.94	134.22
Loans	507,900,695	638,083,191	1.74	1.20	25.63
Market Operations	25,955,000	124,191,500	0.09	0.23	378.49
Fixed Assets (Net)	2,751,266	11,117,238	0.01	0.02	304.08
Other Assets	269,908,030	1,183,409,381	0.92	2.23	338.45
Total	29,253,411,094	53,022,285,530	100.00	100.00	81.25
LIABILITIES					
Public Deposits	567,666,040	1,098,650,049	1.94	2.07	93.54
Bank Deposits	9,146,780,675	12,816,543,916	31.27	24.17	40.12
Other Deposits	6,834,767	17,788,720	0.02	0.03	160.27
Reserve Requirements	4,920,454,350	7,989,843,275	16.82	15.07	62.38
Funds	3,245,947,248	4,571,945,717	11.10	8.62	40.85
Market Operations	9,956,313,758	24,059,745,888	34.03	45.38	141.65
Other Liabilities	33,304,497	119,692,019	0.12	0.23	259.39
Shareholders' Equity	1,376,109,759	2,348,075,946	4.70	4.43	70.63
Total	29,253,411,094	53,022,285,530	100.00	100.00	81.25

Source: Central Bank of the TRNC

Cash Assets and Receivables from Banks

Cash assets with the largest share in total assets and receivables from banks increased by 56.7 percent compared to the end of the previous year. Cash assets and receivables from banks items amounting to 20,083.5 million TRY as of the end of 2021, reached 31,476.9 million TRY as of the end of 2022 and its share in total assets became 59.4 percent. Bank deposits item increased by 5.4 percent compared to the previous year and reached from 18,586 million TRY to 19,588.6million TRY in 2022.

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

	2021	2022
Cash Assets and Receivables from Banks	20,083,545,014	31,476,935,775
Cash	1,476,626,283	2,387,349,833
Gold	19,164,666	27,466,269
Bank Deposits	18,585,994,457	19,588,548,445
Foreign Correspondents	1,759,608	2,307,907

Source: Central Bank of the TRNC

Securities Portfolio

The securities portfolio item with a share of 28.6 percent in total assets in 2021 increased by 134.2 percent in 2022 and rose from 8,363.4 million TRY to 19,588.6 million TRY.

Loans

In 2022, loans item in the Central Bank of the TRNC balance sheet increased by 25.6 percent and amounted to 638.1 million TRY, compared to the previous year. As of the end of 2022, the entire balance was composed of short-term advances extended to the Treasury and no loans were extended to the banking sector.

Table 4.3 Central Bank of the TRNC– Loans

	2021	2022
Loans	507,900,695	638,083,191
Short-Term Advances to the Treasury	503,423,458	638,083,191
Banking	4,477,237	-

Source: Central Bank of the TRNC

Non-Performing Loans (Net)

Pursuant to the Executive Board decision No. 700 dated February 26, 2009, the foreign currency receivables monitored in the non-performing receivables are started to be monitored in TRY accounts based on the exchange rate on 31.12.2008. Total balance of 0.1 million TRY belonging to K. Yatirim Bank, 0.4 million TRY belonging to K. Hür Bank, 2.6 million TRY belonging to K. Kredi Bank and 9.4 million TRY belonging to Everest Bank monitored under non-performing loans. While the NPL of the Central Bank is 12.5 million TRY, it does not have a net balance at the end of 2022, as it was at the end of 2021, due to the fact that a 100% provision has been provided for these receivables.

Fixed Assets (Net)

The net fixed assets consisting of immovable and fixtures increased by 304.1 percent at the end of 2022 compared to the end of 2021 and reached 11.1 million TRY.

Table 4.4 Central Bank of the TRNC– Fixed Assets

	2021	2022
Fixed Assets	2,751,266	11,117,238
Immovables	1,157,280	1,068,735
Fixtures	1,593,986	10,048,503

Source: Central Bank of the TRNC

Other Assets

In 2022, total other assets, which was 269.9 million TRY in 2021, increased by 338.5 percent compared to the previous year and reached 1,183.4 million TRY.

Table 4.5 Central Bank of the TRNC– Other Assets

	2021	2022
Other Assets	269,908,030	1,183,409,381
Temporary Receivables	281,655	498,788
Transitory Account	269,626,375	1,182,910,593

Source: Central Bank of the TRNC

Liability Accounts

Market operations, which have the largest share in total liabilities, increased by 141.7 percent, while bank deposits, which has the second largest share increased by 40.1 percent as of the end of 2022.

Bank Deposits

Bank deposits item showing the deposits in the Central Bank of the Turkish Republic of Northern Cyprus increased by 40.1 percent compared to the end of 2021 and reached 12,816.5 million TRY as of the end of 2022. Bank deposits also include the amounts blocked as collateral by banks for IMM transactions.

Table 4.6 Central Bank of the TRNC– Bank Deposits

	2021	2022
Bank Deposits	9,146,780,675	12,816,543,916
Bank Deposits	8,825,121,885	12,745,211,257
Blocked Accounts	321,658,790	71,332,659

Source: Central Bank of the TRNC

Money Market Operations

As of end-2022, the total amount of Central Bank securities included in market operations stood at 7,390.4 million TRY, while the total amount of debts from IMM and Open Market Operations (OMO) transactions stood at 16,575.7 million TRY and 93.6 million TRY, respectively. Accordingly, in the one-year period, the sum of the Central Bank securities increased by 149.6 percent and the IMM transaction debts by 136.9 percent.

Table 4.7 Central Bank of the TRNC – Market Operations

	2021	2022
Market Operations	9,956,313,758	24,059,745,888
Central Bank Securities	2,960,613,250	7,390,436,630
Money Market Operations	6,995,700,508	16,575,680,658
Open Market Operations	-	93,628,600

Source: Central Bank of the TRNC

Reserve Requirements

As of the end of 2022, reserve requirements held at the Central Bank increased by 62.4 percent compared to the previous year and reached 7,989.8 million TRY.

Public Deposits

As of the end of 2022, public deposits increased by 531 million TRY, compared to the previous year. Total public deposits increased by 93.5 percent compared to the end of 2021 and reached 1,098.7 million TRY as of the end of 2022.

Other Deposits

As of the end of 2022, other deposits item increased by 160.3 percent and reached 17.8 thousand TRY, compared to the end of 2021.

Funds

As of the end of 2022, funds item increased by 40.9 percent from 3,245.9 million TRY to 4,571.9 million TRY due to the increase in other funds sub-item.

Table 4.8 Central Bank of the TRNC – Funds

	2021	2022
Funds	3,245,947,248	4,571,945,717
Central Bank Funds	21,277,260	25,425,872
Treasury Funds	1,479,489	3,660,922
Other Funds	3,223,190,499	4,542,858,923

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 24.6 percent and 49.7 percent in 2022, respectively, the total shareholders' equity reached 2,348.1 million TRY. As of the end of 2022, reserves, provisions and profit items amounted to 640.4 million TRY, 503 million TRY and 1,184.7 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

	2021	2022
Shareholders’ Equity (Including Profit)	1,376,109,759	2,348,075,946
Shareholders’ Equity (Excluding Profit)	869,658,488	1,163,375,168
Capital	20,000,000	20,000,000
Reserves	513,740,992	640,353,810
Provisions	335,917,496	503,021,358
Profit	506,451,271	1,184,700,778

Source: Central Bank of the TRNC

4.1 Profit and Loss Statement

Profit of the Central Bank increased by 133.9 percent compared to the previous year and reached 1,184.7 million TRY in 2022. In 2022, total revenues item increased by 103.5 percent and total expenditures item increased by 77.9 percent compared to the previous year. In 2022, profits from Turkish Lira transactions, constituting 45.4 percent of revenues, experienced a notable increase of 59.7 percent compared to the previous year, reaching 1,026.9 million TRY. In the same period, foreign currency exchange profits increased by 163.7 percent and reached 1,233 million TRY.

Total expenditures, which amounted to 604.4 million TRY in 2021, increased by 77.9 percent in 2022 and reached 1,075.2 million TRY. Total TRY transaction expenses, which had the highest share in expenditure items, increased by 38.8 percent compared to the previous year and reached 512.5 million TRY as of the end of 2022. In 2022, foreign exchange expenses, comprising the second-highest share in expenses at 27.3 percent, witnessed a substantial increase of 202.5 percent compared to the previous year. In 2022, the item of TRY in the safe deposit box and effective insurance premiums, constituting the third-highest share in expenses at 9.3 percent, experienced a notable increase of 100 percent compared to the previous year. Meanwhile, the share of personnel expenses in total expenses decreased to 7.6 percent. Banknote and foreign exchange insurance premiums increased to 67.1 million TRY.

Table 4.10 Central Bank of the TRNC – Profit/Loss

	2021	2022	% Share		% Change
			2021	2022	
REVENUES					
Profit on Foreign Currency Exchange	467,497,041	1,232,992,311	42.09	54.56	163.74
Profit on Turkish Lira Transactions	642,913,239	1,026,889,498	57.88	45.44	59.72
Miscellaneous Profits	412,285	45,998	0.03	0.00	-88.84
Total Revenues	1,110,722,565	2,259,927,807	100.00	100.00	103.46
EXPENDITURES					
Personnel Expenditures	51,259,270	81,448,020	8.48	7.58	58.89
Administrative Expenditures	2,574,958	7,463,998	0.43	0.69	189.87
Insurance Premiums for Banknotes and Foreign Exchange Banknotes	14,879,855	67,103,862	2.46	6.24	350.97
Insurance Premiums for TRY Cash and Foreign Exchange Banknotes	50,000,000	100,000,000	8.27	9.30	100.00
Foreign Currency Exchange Expenditures	97,103,916	293,735,253	16.07	27.32	202.50
TRY Transaction Expenditures	369,277,673	512,517,706	61.10	47.67	38.79
Depreciation Charges	672,626	3,466,529	0.11	0.32	415.37
Other Expenditures and Losses	18,602,996	9,491,661	3.08	0.88	-48.98
Total Expenditures	604,371,294	1,075,227,029	100.00	100.00	77.91
Profit	506,451,271	1,184,700,778			133.92

Source: Central Bank of the TRNC

4.2 Profit Distribution - 2022

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. 1,184.7 million TRY, which is the profit for 2022 is distributed as shown in the table below.

Table 4.11 Central Bank of the TRNC - Profit Distribution

	Retained Profit	Percentage Share
Retained Reserve	296,175,195	25.00
Received on Treasury Debt Account	741,557,203	62.60
Transferred to the Treasury	146,968,380	12.40
2022 Profit	1,184,700,778	100.00

Source: Central Bank of the TRNC

TABLES

5. TABLES

Central Bank of the TRNC Balance Sheet- 31.12.2022 (TRY)

Assets	TRY	FX	TRY Total	FX Total	Grand Total
I- Current Assets			7,097,600,225	43,967,883,995	51,065,484,220
Cash	718,627	2,386,631,206			
Gold		27,466,269			
Securities Portfolio	138,728,767	19,449,819,678			
Bank Deposits	6,958,152,831	22,101,658,935			
Foreign Correspondents		2,307,907			
II- Fixed Assets			11,117,238		11,117,238
Immovables	1,577,090				
Depreciation Charges (-)	508,355				
Fixtures	19,021,933				
Depreciation Charges (-)	8,973,430				
III- Loans			638,083,191		638,083,191
Advance Accounts			638,083,191		
a- Short Term Advances to the Treasury	638,083,191				
b- Advance Under Treasury Guaranteed Bills					
c- Commercial Bank Securities					
IV- Market Operations			30,700,000	93,491,500	124,191,500
a- IMM Transactions	30,700,000				
b- Open Market Operations		93,491,500			
V- Other Assets			1,147,323,690	36,085,691	1,183,409,381
A- Temporary Receivables	498,788				
B- Non-Performing Loans (Net)					
a- Non-Performing Loans	12,511,964				
b- Provisions for Non-Performing Loans (-)	12,511,964				
C- Transitory Account	1,146,824,902	36,085,691			
TOTAL					53,022,285,530

Source: Central Bank of the TRNC

Central Bank of the TRNC Balance Sheet- 31.12.2022 (TRY)

Liabilities	TRY	FX	TRY Total	FX Total	Grand Total
I - Shareholders' Equity			1,163,375,168		1,163,375,168
Capital	20,000,000				
Reserves	640,353,810				
Provisions	503,021,358				
II - Foreign Sources			7,550,696,627	43,003,820,938	50,554,517,565
A- Deposits			2,220,266,840	11,712,715,845	
a- Public Deposits	431,147,142	667,502,907			
b- Bank Deposits	1,786,187,372	10,959,023,885			
c- Blocked Accounts		71,332,659			
d- Personal Deposits	2,931,082	14,856,394			
e- Other Deposits	1,244				
B- Reserve Requirements			1,340,550,756	6,649,292,519	
C- Market Operations			3,095,178,600	20,964,567,288	
a- Central Bank Securities		7,390,436,630			
b- Money Market Operations	3,001,550,000	13,574,130,658			
c- Open Market Operations	93,628,600				
D- Funds			894,700,431	3,677,245,286	
a- Central Bank Funds	25,425,872				
b- Treasury Funds	3,438,776	222,146			
c- Other Funds	865,835,783	3,677,023,140			
III - Other Liabilities			15,873,893	103,818,126	119,692,019
a- Temporary Debts	88,280				
b- Transitory Account	15,785,613	103,818,126			
IV - Profit			1,184,700,778		1,184,700,778
TOTAL					53,022,285,530

Source: Central Bank of the TRNC

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

Assets	TRY	FX	TRY Total	FX Total	Grand Total
I- Current Assets			4,335,109,968	24,111,786,135	28,446,896,103
Cash	1,403,634	1,475,222,650			
Gold		19,164,666			
Securities Portfolio		8,363,351,089			
Bank Deposits	4,333,706,334	14,252,288,123			
Foreign Correspondents		1,759,607			
II- Fixed Assets			2,751,266		2,751,266
Immovables	1,577,090				
Depreciation Charges (-)	419,810				
Fixtures	7,389,556				
Depreciation Charges (-)	5,795,569				
III- Loans			503,423,458	4,477,237	507,900,695
Advance Accounts			503,423,458	4,477,237	
a- Short Term Advances to the Treasury	503,423,458				
b- Advance Under Treasury Guaranteed Bills					
c- Commercial Bank Securities		4,477,237			
IV- Market Operations				25,955,000	25,955,000
a- IMM Transactions		25,955,000			
b- Open Market Operations					
V- Other Assets			269,908,029		269,908,029
A- Temporary Receivables	281,654				
B- Non-Performing Loans (Net)					
a- Non-Performing Loans	12,511,964				
b- Provisions for Non-Performing Loans (-)	12,511,964				
C- Transitory Account	269,626,375				
TOTAL					29,253,411,094

Source: Central Bank of the TRNC

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

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

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	2011	60,793,021
2000	2,806,998	2012	59,185,678
2001	12,022,535	2013	61,100,258
2002	11,837,476	2014	66,522,923
2003	14,100,468	2015	110,530,354
2004	27,718,821	2016	133,906,573
2005	48,415,266	2017	203,235,577
2006	23,817,485	2018	329,374,409
2007	32,953,888	2019	343,621,837
2008	34,397,584	2020	341,905,185
2009	53,879,493	2021	506,451,271
2010	38,706,980	2022	1,184,700,778

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. 18	10,499,595,834	61,335,607	294,637,228	10,855,568,669
31 Dec. 19	12,816,365,963	50,103,991	612,537,467	13,479,007,421
31 Dec. 20	16,353,005,072	51,791,967	279,486,590	16,684,283,629
31 Dec. 21	28,446,896,103	507,900,695	298,614,296	29,253,411,094
31 Dec. 22	51,065,484,220	638,083,191	1,318,718,119	53,022,285,530

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. 18	480,942,598	3,917,979,147	1,885,311,620	4,571,335,304	10,855,568,669
31. Dec. 19	589,827,556	4,568,214,697	2,350,769,024	5,970,196,144	13,479,007,421
31 Dec. 20	719,302,337	5,468,896,150	2,930,655,027	7,565,430,115	16,684,283,629
31 Dec. 21	869,658,488	9,721,281,482	4,920,454,350	13,742,016,774	29,253,411,094
31 Dec. 22	1,163,375,168	13,932,982,685	7,989,843,275	29,936,084,402	53,022,285,530

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. 18	596,636,956	5,503,526	2,886,583,754	6,838,280,699	-	172,590,899	10,499,595,834
31 Dec. 19	604,203,296	7,318,980	3,647,687,308	7,510,965,029	332,867,787	713,323,563	12,816,365,963
31 Dec. 20	1,202,513,929	11,245,022	3,875,374,944	6,892,833,367	2,774,707	4,368,263,103	16,353,005,072
31 Dec. 21	1,476,626,284	19,164,666	4,333,706,334	14,252,288,123	1,759,608	8,363,351,089	28,446,896,103
31 Dec. 22	2,387,349,833	27,466,269	6,958,152,831	22,101,658,935	2,307,907	19,588,548,445	51,065,484,220

Source: Central Bank of the TRNC

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

31 Dec. 18		7,933,350	7,933,350
31 Dec. 19		-	-
31 Dec. 20		5,028,243	5,028,243
31 Dec. 21		4,477,238	4,477,238
31 Dec. 22		-	-

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. 18	51,246,900	52,306,160	706,945,906	2,976,986,010	707,399,584	1,177,912,036	1,128,634	129,365,537	5,803,290,767
31 Dec. 19	61,510,327	60,554,852	766,047,422	3,522,339,747	853,421,489	1,497,347,535	1,737,248	156,025,101	6,918,983,721
31 Dec. 20	163,030,306	119,763,224	531,265,922	4,415,759,693	719,232,331	2,211,422,696	1,610,324	237,466,681	8,399,551,177
31 Dec. 21	437,260,828	130,405,212	538,918,736	8,286,203,149	843,990,800	4,076,463,550	1,660,347	326,833,210	14,641,735,832
31 Dec. 22	431,147,142	667,502,907	1,786,187,372	10,959,023,885	1,340,550,756	6,649,292,519	2,932,326	86,189,053	21,922,825,960

Source: Central Bank of the TRNC

Central Bank of the TRNC Exchange Rates

Years	Months	USD		EURO		GBP	
		Buying	Selling	Buying	Selling	Buying	Selling
2014		2.3189	2.3230	2.8207	2.8258	3.5961	3.6149
2015		2.9076	2.9128	3.1776	3.1833	4.3007	4.3231
2016		3.5192	3.5255	3.7099	3.7166	4.3189	4.3414
2017		3.7719	3.7787	4.5155	4.5237	5.0803	5.1068
2018		5.2609	5.2704	6.0280	6.0388	6.6528	6.6875
2019		5.9402	5.9509	6.6506	6.6625	7.7765	7.8171
2020		7.3405	7.3537	9.0079	9.0241	9.9438	9.9957
2021		12.9775	13.0009	14.6823	14.7088	17.4530	17.5440
2022	1	13.6066	13.6310	15.1536	15.1809	18.1861	18.2809
	2	14.0395	14.0648	15.7097	15.7380	18.7694	18.8673
	3	14.6458	14.6722	16.3086	16.3380	19.2129	19.3130
	4	14.7852	14.8118	15.6139	15.6420	18.5317	18.6283
	5	16.3562	16.3857	17.6019	17.6336	20.6338	20.7414
	6	16.6690	16.6991	17.5221	17.5536	20.2527	20.3583
	7	17.8939	17.9261	18.2977	18.3307	21.7670	21.8805
	8	18.1648	18.1975	18.0933	18.1259	21.1799	21.2903
	9	18.5038	18.5371	17.9232	17.9555	19.9995	20.1038
	10	18.5880	18.6215	18.6837	18.7174	21.4873	21.5994
	11	18.6140	18.6475	19.3116	19.3464	22.3285	22.4449
	12	18.6983	18.7320	19.9349	19.9708	22.4892	22.6065

Source: Central Bank of the TRNC

Note: Month-end and year-end rates.

Cross Rates

Foreign Currency / USD				
Years	Months	£	€	
2013		1.6480	1.3759	
2014		1.5535	1.2164	
2015		1.4817	1.0929	
2016		1.2293	1.0542	
2017		1.3492	1.1972	
2018		1.2667	1.1458	
2019		1.3114	1.1196	
2020		1.3570	1.2272	
2021		1.3472	1.1314	
2022	1	1.3388	1.1137	
	2	1.3392	1.1190	
	3	1.3141	1.1135	
	4	1.2555	1.0561	
	5	1.2637	1.0762	
	6	1.2171	1.0512	
	7	1.2185	1.0226	
	8	1.1680	0.9961	
	9	1.0827	0.9686	
	10	1.1580	1.0052	
	11	1.2016	1.0375	
	12	1.2048	1.0661	

Source: Central Bank of the TRNC

Note: Month-end and year-end cross rates.

Interest Rates Applied to TRY and FX 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
01.09.2013	4.00	0.05	0.75	0.50	22.08.2013	853	29.08.2013	138
03.02.2014	5.00	0.25	0.75	0.50	30.01.2014	872	04.02.2014	26
01.04.2014	7.00	0.25	0.75	0.50	20.03.2014	876	27.03.2014	70
01.03.2015	6.50	0.25	0.25	0.50	10.02.2015	900	17.02.2015	25
03.04.2017	7.00	0.40	0.25	0.50	23.03.2017	947	03.04.2017	61
05.06.2018	11.00	0.40	0.25	0.50	04.06.2018	998	11.06.2018	89
25.06.2018	11.00	0.75	0.25	0.50	21.06.2018	1001	02.07.2018	102
24.09.2018	17.25	1.00	0.25	0.50	20.09.2018	1014	26.09.2018	140
29.07.2019	13.25	1.00	0.125	0.25	26.07.2019	1046	29.07.2019	107
16.09.2019	10.00	1.00	0.125	0.25	12.09.2019	1054	16.09.2019	128
28.10.2019	8.50	1.00	0.125	0.25	25.10.2019	1059	28.10.2019	153
16.12.2019	7.25	0.75	0.05	0.125	13.12.2019	1069	16.12.2019	178
20.01.2020	6.75	0.50	0.05	0.125	17.01.2020	1076	20.01.2020	12
24.02.2020	6.50	0.50	0.05	0.125	20.02.2020	1081	24.02.2020	29
11.03.2020	6.50	0.25	0.05	0.125	10.03.2020	1087	11.03.2020	37
04.05.2020	5.00	0.25	0.05	0.125	30.04.2020	1099	04.05.2020	77
24.08.2020	6.75	0.40	0.15	0.25	20.08.2020	1125	24.08.2020	158
01.10.2020	8.25	0.60	0.25	0.30	30.09.2020	1143	01.10.2020	188
20.11.2020	11.50	0.60	0.25	0.30	19.11.2020	1158	20.11.2020	214
25.12.2020	13.75	0.60	0.25	0.30	24.12.2020	1168	25.12.2020	235
19.02.2021	13.75	0.40	0.15	0.20	17.02.2021	1178	19.02.2021	40
02.04.2021	15.25	0.40	0.15	0.20	01.04.2021	1190	02.04.2021	75
28.10.2021	12.75	0.40	0.15	0.20	27.10.2021	1233	27.10.2021	237
20.05.2022	12.75	0.50	0.25	0.30	17.05.2022	1276	20.05.2022	99
23.06.2022	13.75	1.00	0.50	0.60	22.06.2022	1280	23.06.2022	128

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 TRY and FX Deposits by the Central Bank of TRNC

Effective		Currency			Executive Board Decision		Official Gazette	
Date	TRY	\$	€	£	Date	Number	Date	Number
16.10.2009	5.25	0.00	0.50	0.25	16.10.2009	742	22.10.2009	182
07.12.2009	5.00	0.00	0.50	0.25	04.12.2009	750	15.12.2009	211
01.01.2013	4.00	0.00	0.50	0.25	20.12.2012	836	21.12.2012	212
01.06.2013	3.50	0.00	0.50	0.25	09.05.2013	849	16.05.2013	85
01.03.2015	3.50	0.00	0.00	0.00	10.02.2015	899	17.02.2015	25
01.02.2018	5.00	0.20	0.125	0.25	25.01.2018	979	31.01.2018	9
05.06.2018	7.50	0.20	0.125	0.25	04.06.2018	998	11.06.2018	89
25.06.2018	7.50	0.40	0.125	0.25	21.06.2018	1001	02.07.2018	102
15.08.2018	9.00	0.40	0.125	0.25	14.08.2018	1004	31.08.2018	127
24.09.2018	13.00	0.65	0.125	0.25	20.09.2018	1014	26.09.2018	140
29.07.2019	9.00	0.65	0.00	0.125	26.07.2019	1046	29.07.2019	107
16.09.2019	5.75	0.50	0.00	0.125	12.09.2019	1054	16.09.2019	128
28.10.2019	3.25	0.50	0.00	0.125	25.10.2019	1059	28.10.2019	153
16.12.2019	2.50	0.25	0.00	0.05	13.12.2019	1069	16.12.2019	178
24.02.2020	2.25	0.25	0.00	0.05	20.02.2020	1081	24.02.2020	29
11.03.2020	2.25	0.125	0.00	0.05	10.03.2020	1087	11.03.2020	37
04.05.2020	1.00	0.125	0.00	0.05	30.04.2020	1099	04.05.2020	77
24.08.2020	2.75	0.20	0.05	0.10	20.08.2020	1125	24.08.2020	158
01.10.2020	3.50	0.25	0.10	0.15	30.09.2020	1143	01.10.2020	188
20.11.2020	6.00	0.25	0.10	0.15	19.11.2020	1158	20.11.2020	214
25.12.2020	8.00	0.25	0.10	0.15	24.12.2020	1168	25.12.2020	235
19.02.2021	8.0	0.20	0.05	0.10	17.02.2021	1178	19.02.2021	40
02.04.2021	9.0	0.20	0.05	0.10	01.04.2021	1190	02.04.2021	75
28.10.2021	6.0	0.20	0.05	0.10	27.10.2021	1233	27.10.2021	237
20.05.2022	6.0	0.25	0.10	0.15	17.05.2022	1276	20.05.2022	99
23.06.2022	6.0	0.50	0.25	0.30	22.06.2022	1280	23.06.2022	128

Source: Central Bank of the TRNC

Rediscount Interest Rates

Effective Date	Currency																
	TRY				\$				€				£				
	Ind.	Advances			Ind.	Advances			Ind.	Advances			Ind.	Advances			
	Tour.	Against			Tourism	Exp.	Against			Tourism	Exp.	Against					
	Agri. Edu.	FX			Edu.	FX			Edu.	FX			Edu.	FX			
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
02.04.21	21.50	18.75	18.75	17.75	18.00	4	4	4	4	4	4	4	4	4	4	4	4
28.10.21	19.00	16.25	16.25	15.25	16.00	4	4	4	4	4	4	4	4	4	4	4	4
23.06.22	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> times 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 Requirements Ratios

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

Source: Central Bank of the TRNC

Instruction of Tariffs

A	Turkish Lira Transactions	Commissions, Fees and Costs
1	Received transfers in TRY	0 (Zero)
2	Sent transfers in TRY	0.0005 commission Minimum fee: 250.00 TRY
3	Communication costs charged from sent transfers in TRY	0 (Zero)
B	Foreign Currency Exchange Transactions	Commissions, Fees and Costs
1	Received transfers in FX	0 (Zero)
2	Sent transfers in FX	0.0005 commission Minimum fee: 250.00 TRY
3	Communication costs charged from sent transfers in FX	0 (Zero)

Source: Central Bank of the TRNC

Dishonoured Cheques

Years	Months	People Restrained from Using Cheque Books (Number of persons)	
		Monthly Total	Cumulative Total
2013			2,910
2014			3,366
2015			3,699
2016			2,977
2017			2,499
2018			2,374
2019			2,166
2020			1,633
2021			1,356
2022	1	90	90
	2	88	178
	3	89	267
	4	75	342
	5	58	400
	6	49	449
	7	56	505
	8	54	559
	9	53	612
	10	51	663
	11	41	704
	12	53	757

Source: Central Bank of the TRNC

Money Supply (Million TRY)

Year	Term	M1	Percentage Change	M2	Percentage Change	M3	Percentage Change
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
2021	I	10,461.4	3.81	45,118.5	7.83	48,624.9	7.34
	II	11,257.1	7.61	47,658.2	5.63	50,639.9	4.14
	III	12,381.7	9.99	49,727.0	4.34	52,622.7	3.92
	IV	17,349.1	40.12	67,053.5	34.84	71,396.0	35.68
2022	I	19,759.9	13.90	74,364.7	10.90	78,623.5	10.12
	II	23,814.8	20.52	82,490.8	10.93	86,691.6	10.26
	III	28,312.8	18.89	92,082.7	11.63	96,243.4	11.02
	IV	34,326.7	21.24	105,913.6	15.02	111,344.3	15.69

Source: Central Bank of the TRNC

*Central Bank of the Turkish Republic of Northern Cyprus
Annual Report 2022*

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