



Central Bank of the TRNC Annual Report - 2023

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,”

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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 Organization
EPS	Electronic Payment Systems
e-signature	Electronic Signature
IEPS	Institutional Electronic Payment System
LISF	Loan Interest Support Fund
CGF	Credit Guarantee Fund
Bank	Central Bank of the Turkish Republic of Northern Cyprus
CB	Central Bank of the TRNC
SP	Securities Portfolio
RRD	Reserve Ratio on Deposits
RTGS	Real Time Gross Settlement
CMBT	Capital Markets Board of Türkiye
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 2023, 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 and Consumer Loans Law.

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 2023, the number of personnel working in permanent status is 114. Considering the addition of 2 personnel employed within the framework of the Law on the Protection, Rehabilitation and Employment of Persons with Disabilities and 1 temporary personnel, the Bank's total number of personnel decreased from 118 as of the end of 2022 to 117 as of the end of 2023.

Total assets of the Central Bank of the TRNC increased by 102.5 percent in 2023 compared to the previous year-end and reached 107,365.2 million TRY as of year-end. In 2023, reserve requirements reached 15,013.4 million TRY, while interbank money market transactions amounted to 54,974.9 million TRY. In 2023, the Central Bank's profit amounted to 5,291.8 million TRY, compared to 1,184.7 million TRY in 2022.

In 2023, a Memorandum of Understanding was signed between the Central Bank of TRNC and the AAOIFI Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) at the 18th AAOIFI Islamic Banking and Finance Conference held in Bahrain on 29-30 November, attended by 1700 delegates from 35 countries. This MoU outlines the framework for cooperation between the parties to conduct joint research and training activities and to share knowledge and experience.

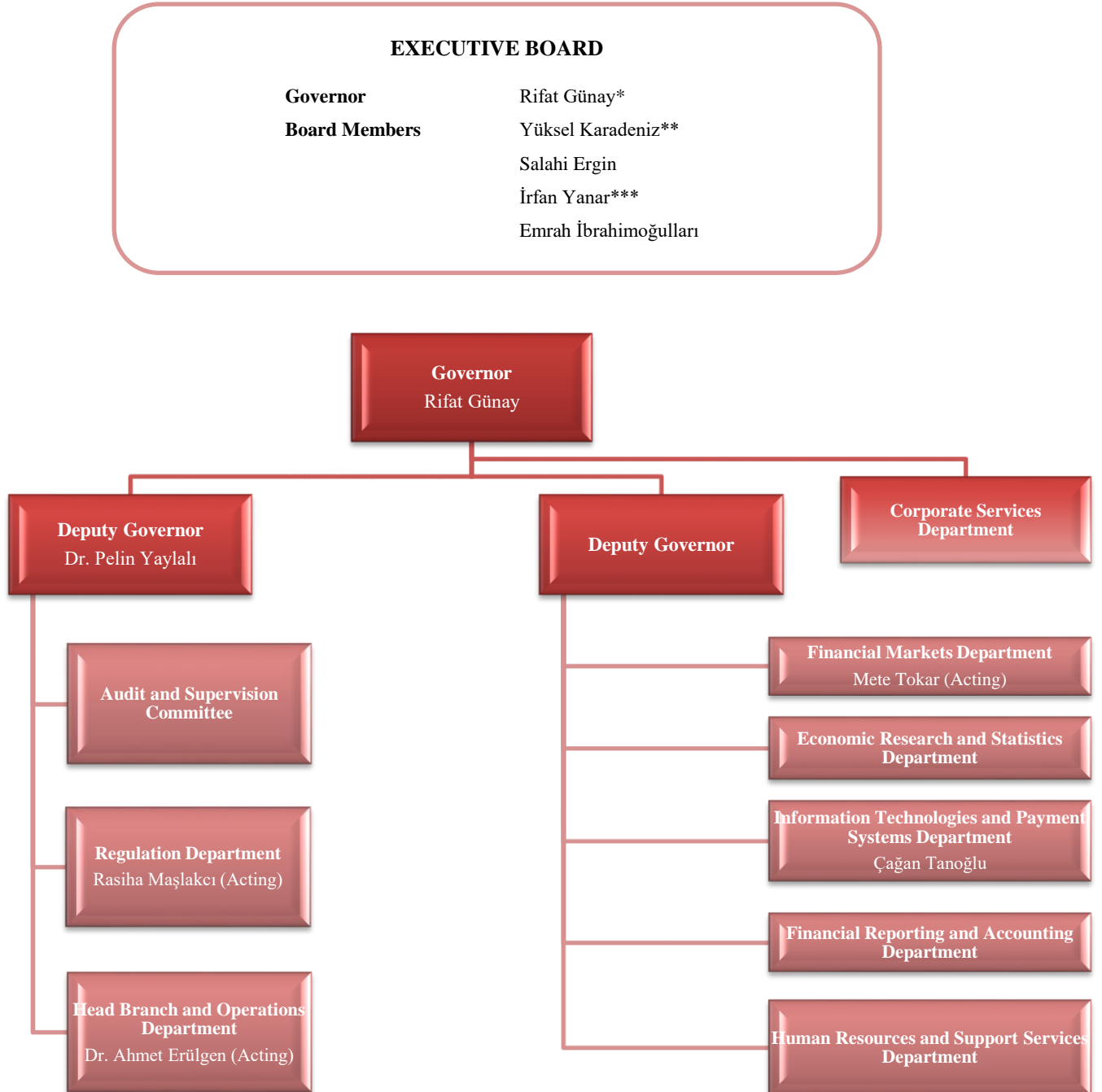
The Central Bank of the TRNC - 2023 Annual Report, prepared as a requirement of transparency and accountability, one of the most fundamental elements of the Bank's management approach, is presented with the data and assessments of the year. I would like to take this opportunity to thank all of my colleagues for their devoted work.

Rifat GÜNAY
Governor

ORGANISATION AND ADMINISTRATION

1. ORGANISATION AND ADMINISTRATION

1.1 Organization Chart



* Mr. Rifat Günay was reappointed by the decision of the Council of Ministers published in the Official Gazette No. 131 dated June 26, 2023.

** Appointed as a Board Member as of July 13, 2023 (Official Gazette No. 140 dated July 13, 2023).

*** Reappointed as a Board Member as of October 4, 2023 (Official Gazette No. 205 dated October 5, 2023).

Note: Mr. Hacı Halil Afşarata resigned from his position on September 4, 2023.

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. Yüksel Karadeniz, Mr. Salahi Ergin, Mr. İrfan Yanar and Mr. Emrah İbrahimogulları.

YÖNETİM KURULU ÜYELERİMİZ



Rifat Günay
Governor



Yüksel Karadeniz
Member



Salahi Ergin
Member



İrfan Yanar
Member



Emrah İbrahimogulları
Member

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

The 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

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 analyzing 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, analyzing, 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.

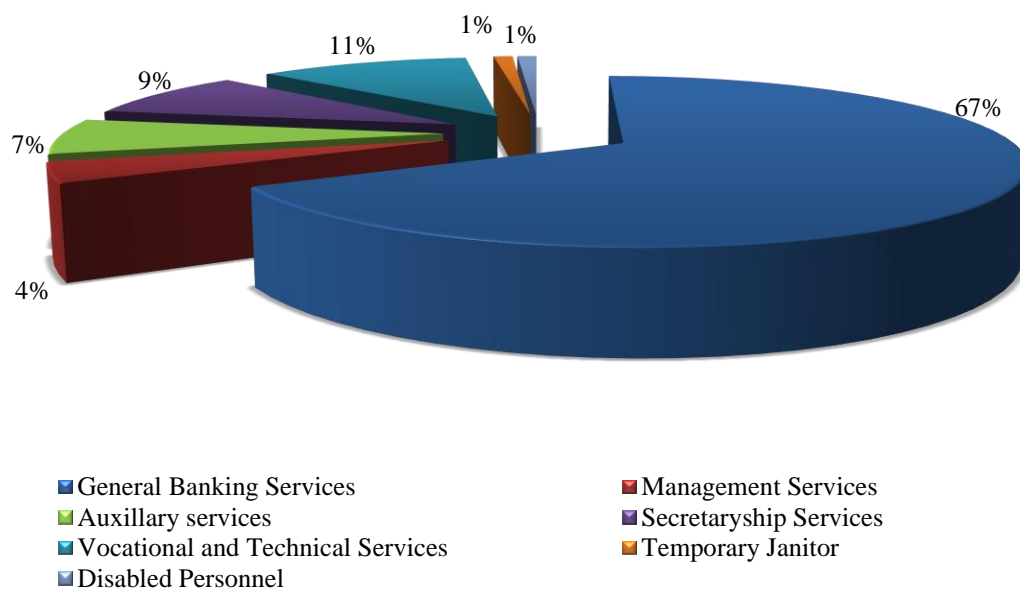
2.1.1 Positions and Personnel Status

The Organization Law of the Central Bank of the TRNC specifies 205 positions, including the Governor and Deputy Governors. By the end of 2023, 114 personnel held permanent positions. Accounting for 2 personnel employed under the Law on the Protection, Rehabilitation, and Employment of Persons with Disabilities and 1 temporary staff, the Bank's total personnel decreased from 118 in 2022 to 117 in 2023. In 2023, 4 employees retired, 4 resigned, and 7 new personnel were hired (5 permanent, 1 temporary, and 1 under the disability law framework).



Analyzing the distribution of personnel of the Central Bank by service groups as of the end of 2023, 4 percent of the Bank's 117 personnel are working in the management services class, 67 percent in the general banking services class, 9 percent in the secretaryship services class, 11 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

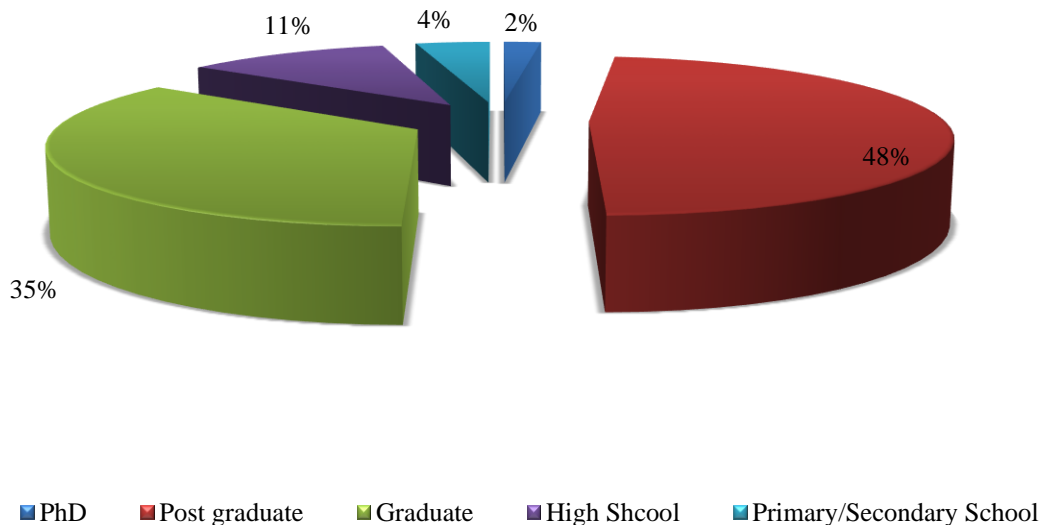
Analyzing the distribution of personnel according to their level of education; 3 out of 117 personnel have PhD, 56 have graduate, 38 have undergraduate and 2 have associate degree, as of the end of 2023. 13 of the remaining personnel are high school and 5 are primary and secondary school graduates.

2 of the personnel with Ph.D. degree is in the management services class, and the other one is working as Second Class IT Officer. 56 employees have graduate degrees, of which 1 work in management, 4 in vocational and technical services, 49 in general banking, and 2 in the secretary services category. Out of 38 personnel at the undergraduate level, 1 is in management, 8 are in vocational and technical services, 20 are in general banking services, 8 are in secretaryship services and 1 is in auxiliary services class. 2 associate degree graduate personnel serve in the general banking services class. Of

the 13 high school graduates, 7 work in general banking services, 1 in secretaryship services, and 3 in auxiliary services; 2 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 2023, 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 48 percent, the personnel with undergraduate degree has a share of 35 percent, the number of high school graduates has a share of 11 percent and the primary and secondary school graduates has a share of 4 percent.

Chart 2.2 Percentage Distribution of Personnel by Level of Education



Source: Central Bank of the TRNC

2.1.2 Training Activities

Training activities, which are of great importance in terms of the development of the Bank's personnel and raising the Bank's practices to international standards, continued in 2023. Within this framework, 66 personnel participated in the online training organized by the Banks Association of Türkiye and 9

personnel participated in the online training organized by the Bank of England. In addition, one staff member participated in international trainings organized by the Czech Central Bank on site, and 11 staff members participated in trainings organized by the Banks Association of Northern Cyprus.

In 2023, 20 members of the management services, 43 members of the general banking services, 5 members of the secretaryship services, 18 members of the vocational and technical services, and 1 member of the disabled personnel participated in online, onsite and domestic training programs.

Table 2.1 Number of Personnel Participating in Training Programs

	Domestic		International	
	2022	2023	(92 online, 1 on-site)	(75 online, 1 on-site)
Management Services Class	-	2	16	18
General Banking Services Class	-	8	56	35
Secretaryship Services Class	-	-	8	5
Auxiliary Services Class	-	-	-	-
Temporary Personnel	-	-	-	-
Vocational and Technical Services Class	-	-	-	1
Total	-	1	13	17

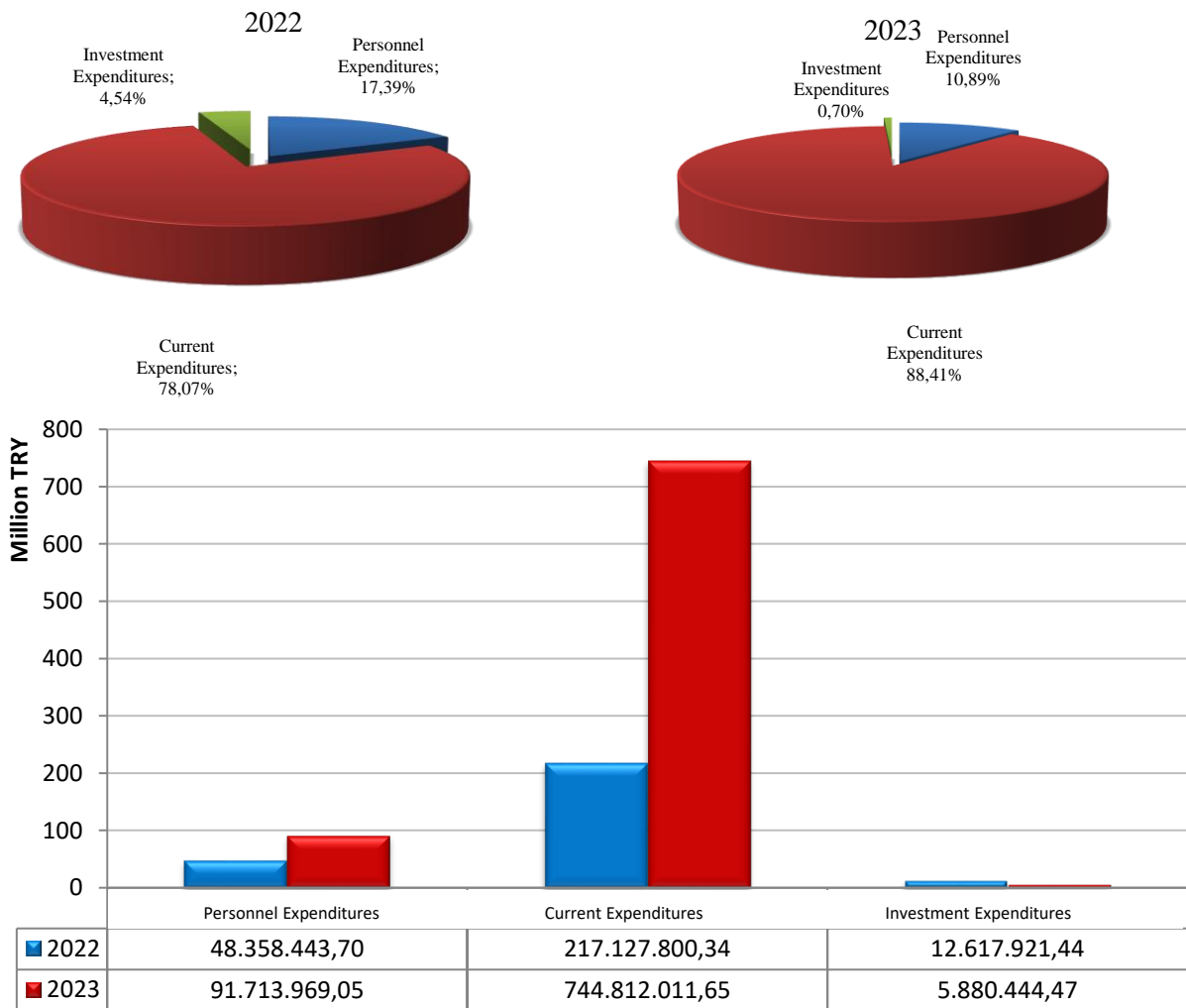
Source: Central Bank of the TRNC

2.2 Financial Resources

The Executive Board of the Central Bank of the TRNC approved the 2023 Fiscal Year Budget with the decision no. 1316 dated December 19, 2022, 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.

In 2022, the Bank's total budget expenditure was 278.1 million TRY, while this figure increased by 203 percent to 842.4 million TRY in 2023. In 2023, 88 percent of the Bank's budget, 744.8 million TRY, was spent on current expenditures, while 11 percent, 91.7 million TRY, was spent on personnel expenditures. In 2022, 78 percent of the budget expenditures were used for current expenditures and 17 percent for personnel expenditures.

Chart 2.3 Consolidated Budget Expenditures

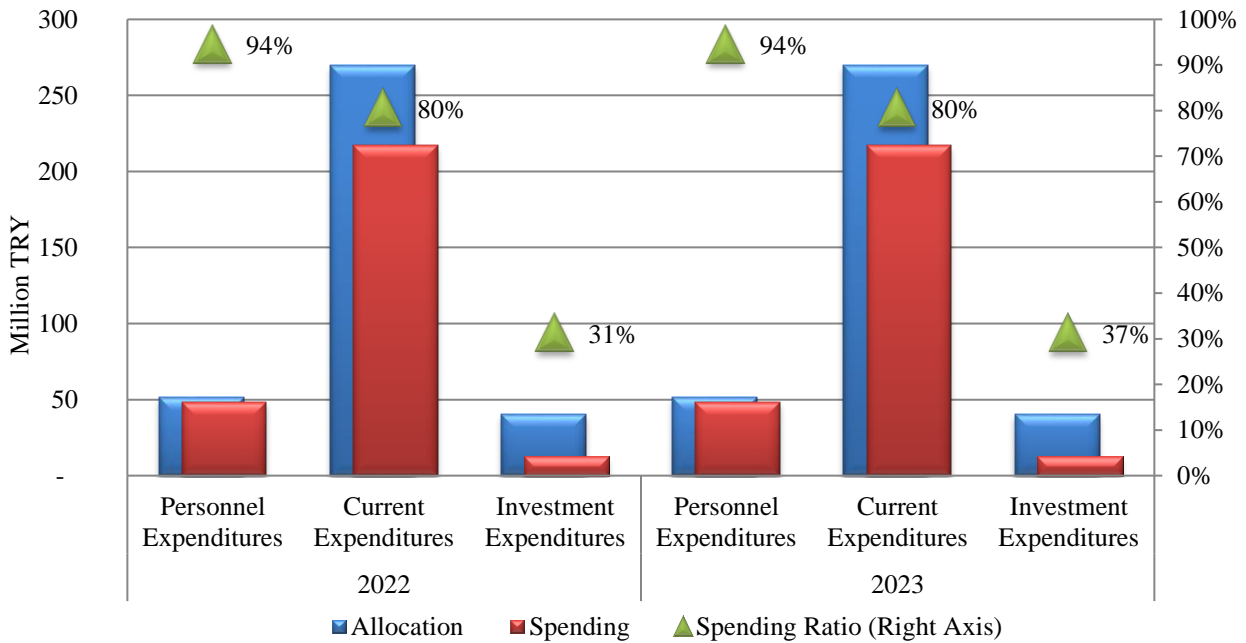


Source: Central Bank of the TRNC

According to the Bank’s budget implementation results for 2022, while the ratio of the allocations used for employee personal rights was 94 percent, this ratio was 80 percent in current expenditures and 31 percent in investment expenditures. Total expenditure rate of allocations in the 2022 Fiscal Year Budget was 77 percent. In 2023 budget, the expenditure ratio of the allocations was 80 percent

in employee personal rights, 94 percent in current expenditures and 37 percent in investment expenditures. Total expenditure rate of allocations in the 2023 Fiscal Year Budget was 92 percent.

Chart 2.4 Budget Implementation Results



Source: Central Bank of the TRNC

2.3 Technical Resources

The Bank's competence was enhanced with the administrative and operational applications brought to the Bank within the scope of project and software development and maintenance services. The procurement of hardware and software needed for the Bank's operations was completed and installed in the relevant units. In addition, maintenance and updates of applications within the scope of these services were regularly performed.

Furthermore, a Vacancy Application System has been established in order to receive the applications for vacancies to be made to the Bank electronically over the internet, to record the applications in the computer environment and to report them quickly. In addition, the Electronic Payment System, which enables domestic money transfers in four different currencies: Turkish Lira, US Dollar, Euro and Pound Sterling, continued to be developed for 24/7 uninterrupted operation. The SDIFS Accounting System, the CGF Accounting System and the Loan Interest Support Fund Accounting System were commissioned and the applications were maintained and updated.

ACTIVITIES

3. ACTIVITIES

The 2023 activities of the Central Bank of the TRNC are outlined in this section of the report.

3.1 Policy Instruments

As stated in Article 4 of the Central Bank of the TRNC Law, the main objective of the bank is to implement monetary-credit policies, regulate and supervise the banking system in accordance with development plans and annual programs in a manner that will assist 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 utilize 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 rediscount loan interest rates were changed 3 times in 2023. The rediscount loan interest rates determined by the Executive Board decision dated November 27, 2023 are given in the table below. At the end of 2023, Turkish Lira rediscount interest rates are in the range of 40.75 - 50 percent. Accordingly, the interest rate on Turkish Lira commercial rediscount credits is 50 percent, while the interest rate on rediscount credits for the industry, export, tourism, education and agriculture sectors is 42.75 percent. The interest rate on rediscount credits extended to small business owners is 40.75 percent. Interest rates on foreign currency rediscount loans were raised from 4 percent to 5 percent. The interest rate on advances against foreign currency is 42 percent in Turkish Lira and 5 percent in foreign currency.

Table 3.1 Rediscount Interest Rates

Rediscount Interest Rates

	TRY	USD	EURO	GBP
Commercial	50.00	5.0	5.0	5.0
Industry	42.75	5.0	5.0	5.0
Exports	42.75	5.0	5.0	5.0
Tourism	42.75	5.0	5.0	5.0
Education	42.75	5.0	5.0	5.0
Agriculture	42.75	-	-	-
Small Business Owners	40.75	-	-	-
Advances Against Foreign Exchange	42.00	5.0	5.0	5.0

Source: Central Bank of the TRNC (as of 31.12.2023)

In 2023, 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 equity	12%
Total amount of funds in foreign banks + total amount of securities purchased abroad,	> 2 x equity	14%
	> 3 x equity	16%
	> 4 x equity	18%
	> 5 x equity	20%

Source: Central Bank of the TRNC

According to the average liquidity requirement ratios as of the end of 2023, public banks hold a liquidity value of 9.59 points, private banks 14.08 points, and branch banks 17.47 points above the minimum average requirement rate. The average liquidity ratio of the banking sector is 14.60 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 2022 and 2023 are shown in Table 3.4.

Table 3.4 Reserve Requirement Balances

	December 2022	December 2023
TRY	1,340,551	2,272,981
USD	85,390	97,531
EURO	75,045	88,335
GBP	158,149	186,739
Total TRY Reserves	7,989,843	14,724,636

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 2023.

As of December 2023, 673,792,896 TRY was returned to the banks from the Turkish Lira legal reserve requirements that banks are obliged to keep with the Central Bank, including 341,312,093 TRY for housing loans extended by banks within the framework of the procedures and principles determined by the Central Bank of the TRNC, and 332,480,803 TRY for CGF Portfolio Programs before 2023, with the amendment made to the reserve requirements for housing loans extended by banks within the framework of the procedures and principles determined by the Central Bank of the TRNC with the decision of the Executive Board of the Bank No. 1341 dated 17 May 2023.

Table 3.5 TRY Reserve Requirements (31/12/2023)

TRY Amounts to be Established	Refunds for Loan Extended within the Scope of LISF and CGF	Reserve Option Mechanism (ROM)	Established TRY Amounts
3,072,239,150	673,792,896	125,465,207	2,272,981,047

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. In 2023, the number of banks benefiting from the ROM was 12. At the end of 2023, the rate of foreign currency maintained was 5.71 percent and 146.66 million TRY in size.

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 2023, 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	\$	€	£
26.07.2023	6.00	0.75	0.50	0.65
01.12.2023	15.00	1.00	0.75	1.00

Source: Central Bank of the TRNC

e. Deposit Interest Rates

The Executive Board has changed the interest rates for the deposits within the Central Bank three times in 2023, 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	\$	€	£
26.07.2023	20.25	1.50	1.00	1.25
11.10.2023	26.00	1.50	1.00	1.25
01.12.2023	36.00	2.00	1.25	2.00

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 2023, a total of 43 security issue auctions were made; 6 in USD, 11 in Euro and 26 in GBP. As of December 31, 2023, the distribution of unexpired securities by currency types is as follows:

Table 3.8 3Unexpired Central Bank Securities as of 31.12.2023

Term	TRY	USD	EURO	GBP
1-3 Month	-	72,500,000	164,550,000	433,850,000

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. 1340 and dated May 3, 2023, the Executive Board raised the overall limit for IMM transactions to 2 billion 500 million 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 2023, 10 banks obtained financing amounting to 6,326 million TRY in total against USD collateral. Upon the decision of the Executive Board No. 1364

dated October 12, 2023, the Bank decided to abolish the instruction on Turkish Lira Transactions against US Dollar Collateral.

As of December 31, 2023, 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	10,477,650,000,-	206,575,000-	188,775,000,-	227,000,000-
1-Week	45,100,000,-	-	1,600,000,-	1,350,000-
2-Week	-	-	-	-
1-Month	-	-	-	-
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 2023 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)

The “Notification on Risks Undertaken (Amendment)” issued based on the authority granted 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. 214 dated October 13, 2023. With the amendment of the Notification,

- The amounts in Articles 9(2)(A) and 11(1) of the main notification have been redefined.
- Subparagraph 16(3)(A)(a) of the Notification has been revised and the transactions with zero consideration ratio in Table 1 of the Notification have been added to the transactions within the legal limits up to thirty percent of the equity.
- Subparagraph (Ç) was added to Article 17(2) of the Notification and it was ruled that the specific provision amounts set aside for non-performing loans should be deducted from the risk amount in the calculation of the large risk limit.

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

The “Notification on Accounting Systems and Document Storage (Amendment)” was published in the Official Gazette No. 87, dated April 25, 2023, pursuant to the authority granted to the Bank under Articles 26, 31, 50, 53, and 60 of the Banking Law No. 62/2017. Through this amendment, paragraph 17(1) of the Main Notification has been revised, stipulating that the deadline by which banks operating in the TRNC must submit their solo and consolidated financial reports to the Central Bank for public disclosure may be extended on a bank-by-bank basis.

c. Notification on Consumer Credits (Amendment)

The “Notification on Consumer Credits (Amendment),” issued under the authority granted to the Bank by Article 22 of the Consumer Credits Law No. 31/2020, was published in the Official Gazette No. 177, dated August 31, 2023. Through this amendment, Articles 8 and 9 of the Main Notification have been revised. Specifically, with the amendment to Article 9(1) of the Notification, examples of discount applications—applicable in cases of early repayment of one or more installments not yet due or the full loan—have been added to Annex-4 and Annex-5 of the Notification.

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

The “Notification on Measurement and Assessment of Capital Adequacy of Banks (Amendment),” issued under the authority granted to the Bank by Articles 46(1)(B), 48, and 49 of the Banking Law No. 62/2017, was published in the Official Gazette No. 39, dated February 15, 2023. Through this amendment, paragraph (15) was added to Article 5 of the Notification, outlining the conditions for applying a fifty percent risk weight to commercial loans secured by first-degree mortgages on real estate. Additionally, it was stipulated that financial analysis and intelligence reports, prepared to verify the fulfillment of these conditions, must be available for audit at the bank and reviewed at least

once a year. Furthermore, Annex 1 to Article 5 of the Notification has been revised, and a temporary Article 2 has been added.

e. Notification on Independent Audit Institutions (Amendment)

The “Notification on Independent Audit Institutions (Amendment),” issued under the authority granted to the Bank by Article 67 and Article 70, paragraph (2), of the Banking Law No. 62/2017, was published in the Official Gazette No. 172, dated August 24, 2023. Articles 14, 15, 18, and 25 of the Notification have been amended. Notably, with the amendment to Article 14(1) of the Notification, the requirement for independent audit firms to submit Audit Contracts to the Central Bank has been abolished.

With the addition of subparagraph (F) to Article 15(1) of the Notification, external audit firms providing non-audit services to an organization are now required to disclose the nature of these services, the related fee agreements, and the measures taken to ensure the independence of the audit.

Article 18(1) of the Notification was amended to clarify that audit firms and auditors must be independent both in substance and form, further defining the term “independence.” Additionally, Article 18(12) was revised to specify that subsidiaries of institutions, as well as institutions authorized by the Central Bank and directly or indirectly controlled by the same shareholders, should be considered as a single entity. The amendment also determined the method to be followed regarding audit periods. Furthermore, Article 25(1)(E) was amended to update the rules concerning the temporary suspension of the authorization of independent audit firms.

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

Pursuant to the Banking Law No. 62/2017, banks are required to obtain approval from the Central Bank of TRNC for any amendments to their articles of association and bylaws. In 2023, amendment requests submitted under the framework of the Banking Law No. 62/2017 were reviewed, 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. Authorization to Open a Branch

Based on the authority granted to the Bank under Articles 8 and 9 of the Banking Law No. 62/2017, Denizbank A.Ş. was granted permission to open a branch in the TRNC. This approval was issued through Executive Board Decision No. 1320, dated January 31, 2023, and subsequently published in the Official Gazette No. 41, dated February 17, 2023.

h. Operating License Issuance

Based on the authority granted to the Bank under Article 10 of the Banking Law No. 62/2017, Denizbank A.Ş. was granted an operating license through Executive Board Decision No. 1349, dated July 25, 2023. This decision was published in the Official Gazette No. 155, dated July 27, 2023.

i. Revocation of Operating License

In 2023, the Executive Board of the Bank approved the revocation of the operating license of Eurodeniz IBU Ltd., following its application to terminate its activities. This decision was made in accordance with paragraph (3) of Article 22 of the Notification on International Banking Units, issued under the International Banking Units Law No. 41/2008. The revocation was formalized through

Executive Board Decision No. 1373, dated December 14, 2023, and was subsequently published in the Official Gazette No. 259, dated December 18, 2023.

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

In 2023, the Bank's Executive Board initiated proceedings for the defense of nineteen cases under the Banking Law No. 62/2017 and the International Banking Units Law No. 41/2009. Of these cases, six were carried forward to 2024, nine resulted in warnings, and four were subjected to fines.

k. Complaints

Complaints made to the Bank by both corporate and individual customers regarding disputes with banks or IMMs were communicated to banks and IMMs 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.

l. Assembly Activities

The Bank contributed to the preparation of the following Amendments to the Law, Decree Laws and Laws published in the Official Gazette in 2023:

- Decree Law No. 13/2023 on the Restructuring of Foreign Currency Loans (Published in the Official Gazette No. 123 dated June 14, 2023)
- Law No. 56/2023 on Refunds for Retail Goods and Service Purchases made with Credit and Debit Cards (Amendment) (Published in the Official Gazette No. 221 dated October 23, 2023)
- Savings Deposit Insurance and Financial Stability Fund (Amendment) Law No. 61/2023 (Published in the Official Gazette No. 228 dated October 31, 2023)

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 2023 within the scope of its supervision duties are presented in detail below.

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

i. KF100A (Monthly Stock Loan Information):

To analyze the weighted average interest rates, annual cost rates, minimum and maximum interest rates, and average remaining maturities of loans extended by banks on a monthly basis by type and maturity, a form table, form prospectus, and magnetic media definition were prepared, resulting in the creation of Form KF100A.

ii. KF100H (Weekly Current Loan Information):

The KF100H form was developed by preparing a form table, form prospectus, and magnetic media definition to analyze the “flow” amounts, weighted average interest rates, annual cost rates, minimum and maximum interest rates, and average remaining maturities of loans extended by banks on a weekly basis by type and maturity.

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 3499 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 9 banks and 2 IBUs were reviewed in 2023 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.

b. Pre-Audit Reports

For the 9 banks and 1 IBU included in the audit program in 2023, pre-audit information notes were prepared and presented to the on-site audit teams. In addition, issues identified during the course of the audit and deemed necessary to be examined on-site were also shared with the teams.

c. Reports on Profit Distribution

In 2023, detailed information notes were prepared on the profit distribution requests of 3 banks, including the periodic development of profit distribution rates and various scenario studies on the impact analysis of profit distribution.

II. 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 on-site supervision activities is to form an opinion on the financial soundness and risk profile of the bank, to identify areas where corrective measures need to be taken, and to make recommendations on the measures to be taken. The Central Bank supervises all kinds of banking transactions by using the authority granted to it by the Banking Law No. 62/2017 and other relevant laws. The Central Bank audits the relationship and balance between the assets, receivables, equity, debts, profit and loss accounts of banks, the determination and analysis of all other factors affecting the financial structure and the information systems of banks.

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 2023, a total of 51 reports were prepared, including 46 reports on audits conducted at banks, IBUs and financial institutions and 5 reports on internal audit. A total of 12 regulatory reports, 12 financial structure assessment reports and 10 special audit reports were prepared for 12 banks and 7 banks, respectively. In addition, 6 capital audit reports for 3 banks and 2 special audit reports on various issues for 2 financial institutions were prepared. Two audit reports were prepared for International Banking Units. In addition, 2 information notes were prepared for 1 bank and presented to the Bank management. As of year-end 2023, audits are ongoing in 4 banks. Within the scope of Information Systems Audit, 7 reports and 1 information note were prepared. In 2023, the share of banks with completed and ongoing audits in the total assets of the sector is 84 percent.

As part of the internal audit activities of the Central Bank of TRNC, 5 reports were prepared as a result of the audits conducted at the Financial Reporting and Accounting Department, Financial Markets Department, Human Resources and Support Services Department, Savings Deposit Insurance and Financial Stability Fund and Central Bank of TRNC Pension Fund.

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 presents the number of transactions in Turkish Lira, US Dollar, Sterling, and Euro conducted through the Electronic Payment System (EPS) since 2016, categorized by the payment channels of banks. In 2023, a total of 779,684 transactions were processed, comprising 273,677 branch-based transactions, 495,559 via internet banking, and 10,448 through other channels. This represents a 37 percent increase in the total number of payments compared to 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
2023	273,677	495,559	10,448	779,684

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 2023.

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 Money Transfers

In 2023, the TRY equivalent of remittances received from abroad on behalf of banks amounted to 63.5 billion TRY, representing a 108 percent increase compared to the previous year. Within these incoming remittances, Turkish Lira remittance amounts reached 25.6 billion TRY, reflecting an increase of 12.1 billion TRY compared to the previous year. When analyzed by currency type, incoming remittances showed year-over-year increases of 28.78 percent in US dollars, 28.20 percent in pounds sterling, 89.50 percent in Turkish Lira, and 114.80 percent in euros. Turkish Lira accounted for 40.36 percent of the total incoming remittances.

In 2023, outgoing remittances on behalf of banks amounted to 49.6 billion TRY across all currencies, exceeding the total outgoing remittances of the previous two years. Turkish Lira remittances within this total increased by 6.7 billion TRY compared to the previous year, reaching 17.4 billion TRY. An analysis of the year-over-year rate of change in outgoing remittance amounts shows increases of 100.36 percent in pounds sterling, 47.30 percent in US dollars, 6.31 percent in euros, and 62.46 percent in Turkish Lira. Turkish Lira accounted for 35 percent of the total outgoing remittances.

Table 3.11 Money Transfers on Behalf of Banks

YEAR	TRY		FX (TRY Equivalent)		TOTAL (TRY+FX)	
	INCOMING	OUTGOING	INCOMING	OUTGOING	INCOMING	OUTGOING
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
2023	25,646,390,832	17,396,038,500	37,894,946,790	32,064,171,369	63,541,337,622	49,460,209,869

Source: Central Bank of the TRNC

3.8 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 2023, TRY-denominated manageable reserves increased by 150.95 percent year-on-year, rising from 7,114 million TRY to 17,854 million TRY. USD-denominated manageable reserves grew by 22.66 percent to 612 million USD, euro-denominated manageable reserves increased by 20.04 percent to 694 million EUR, and sterling-denominated manageable reserves rose by 15.20 percent to 1,181 million GBP.

3.9 Public Treasurership and Debt Management

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

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

The Central Bank is assigned to carry out the secretariat works of the Debt Management Committee pursuant to the Article 5 (2) of the Public Finance and Debt Management Law of the Turkish Republic of Northern Cyprus. The Bank made 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 held for the first time. In 2023, a total of 13 Government Domestic Borrowing Bonds (7 in USD and 6 in EUR) were auctioned through the Bank. In these auctions, 78.1 million US dollars and 35.7 million euros were borrowed. To address the short-term financing needs of public institutions and organizations in 2023, the TRNC Ministry of Finance issued special category treasury bonds. In the bond auctions organized through the Bank, a total of 26 special bond auctions were held in US dollars. 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.

3.10 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	2021	2022	2023	% Change 2021-2022	% Change 2022-2023
Foreign Company	8	27	22	237.50	-18.52
Local Company	3,617	4,260	4,762	17.78	11.78
Cooperatives	4	1	0	-75.00	-100.00
Natural Persons	43,474	54,832	63,517	26.13	15.84
Public Institutions and Organizations	9	15	31	66.67	106.67
Unlimited and Limited Partnership	63	79	82	25.40	3.80
International Company	5	6	6	20.00	0.00
Free Port Company	34	61	77	79.41	26.23
Overseas Company	1	0	2	-100.00	0.00
Total	47,215	59,281	68,499	25.56	15.55

Source: Central Bank of the TRNC

3.11 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 2023.

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
	2022 - IV
	2022 IV (English Version)
	2023 - I
	2023-I (English Version)
1) Central Bank of the TRNC Quarterly Bulletins	2022 - II
	2023-II (English Version)
	2023 -III
	2023 III (English Version)
2) Central Bank of the TRNC Annual Report	2022 Annual Report
	2022 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 center, 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 2022, prepared in 2023 in accordance with international standards and updated with new content, was published to include data for the years 2019, 2020, and 2021, enabling comparisons with previous years. During the transition from the old Balance of Payments format to the Sixth Manual format, certain items in the "Current Account" were revised. Additionally, the "Capital Account" from the old format was completely restructured and divided into two components: the "Capital Account" and the "Financial Account." Furthermore, "Movements in Reserves," previously a separate item, has been integrated into the "Financial Account."

The preparation of Balance of Payments Statistics requires records of all economic activities, underscoring the critical importance of fast access to administrative records. To ensure that the Balance of Payments Statistics provide policymakers with the most accurate data, plans are underway to update survey applications for determining tourism and education revenues and to conduct field studies in line with international standards. Additionally, the ultimate goal is to enhance administrative records, enabling the provision of fast and reliable data directly from the source.

Furthermore, in addition to the bank reports currently collected, new bank reports will be prepared to align with the objectives of the Balance of Payments Statistics.

3.12 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, 42 board meetings were held in 2023.

b. Corporate Relations

In 2023, the development of relations with both domestic and foreign banking and financial institutions continued. The communication with Central Bank of the Republic of Türkiye (CBRT) and Banking Regulation and Supervision Agency (BRSA) also continued in this period. In 2023, a Memorandum of Understanding was signed between the Central Bank of TRNC and the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI). Subsequently, meetings were held in Bahrain on November 29-30, 2023.



The Memorandum of Understanding (MoU) was signed in the Kingdom of Bahrain during the globally recognized 18th AAOIFI Islamic Banking and Finance Conference, which was attended by 1,700 delegates from 35 countries. The signing ceremony was broadcast live, underscoring the commitment of both parties to foster stronger communication and enhance cooperation in the field of Islamic finance.

Prior to the conference, Bank officials participated in workshops covering various topics in the field of participation banking and finance. These workshops were part of the Capacity Building Week Workshop Program, jointly organized by the Bahrain Institute of Banking and Finance, AAOIFI, and the Central Bank of Bahrain, held from November 28 to December 4, 2023.

c. Elementary School Building Project as a Corporate Social Responsibility

In response to a request from the Ministry of National Education and Culture, the financing required for the construction of the Rauf Raif Denктаş Vocational High School, planned for the Nicosia region, was provided by the Bank in 2023. The construction of the school, which is scheduled to open in the 2024-2025 academic year, is currently ongoing.

d. Accessible Living House Project

As part of the Accessible Living House Project under the Social Services Department, and in response to a request from the Ministry of Labor and Social Security, the Bank provided the necessary financial support for completing the electrical components of the living house (including the generator, cables, and breakers) as well as the mechanical and structural elements.

e. Aid Provided After the Earthquake Disaster in Türkiye

In February 2023, following the earthquake disaster in Turkey, a total of 2,500 families in need—including earthquake victims and TRNC citizens who temporarily relocated to the TRNC—were provided with food parcels during Ramadan through the Turkish Red Crescent Society of Northern Cyprus. Additionally, to raise awareness about earthquakes, the Bank provided financial support to the 15th Congress on Developments in Civil Engineering, organized by the Civil Engineering Department of Eastern Mediterranean University, which featured a special session on earthquake-related issues.

f. Electronic Payment System (EPS) Transition to 24/7 Uninterrupted Operation

In 2023, the necessary developments were implemented to enable the Electronic Payment System (EPS), which facilitates domestic money transfers in four currencies—Turkish Lira, US Dollar, Euro, and Sterling—to operate 24/7 without interruption. Upon completion of the required testing by participating banks, the system will support uninterrupted operations, allowing money transfers to be conducted outside the regular working hours established by the Bank, within predetermined limits. The system is expected to become operational in 2024.

3.13 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 2023, the total amount of TRY - FX investments made annually by banks to the SDIFSF amounted to 574,735,048 TRY, while TRY-denominated investments amounted to 84,944,739 TRY and FX-denominated investments amounted to 489,790,309 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 2023, 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 2023. In 2023, prescribed deposits increased by 163.69 percent in Turkish Lira and 46.98 percent in pounds sterling compared to the previous year, while decreasing by 91.21 percent in euros and 91.41 percent in US dollars. Overall, the total Turkish Lira equivalent of prescribed deposits decreased by 64.54 percent.

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
2023	2,863,383	216,143	85,091	372,210	25,934,166

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
01.12.2023	3.33	3.83	0.98	1.48
01.10.2023	2.98	3.48	0.97	1.47
01.08.2023	2.72	3.22	0.96	1.46
01.06.2023	1.99	2.49	0.93	1.43
01.03.2023	1.99	2.49	0.93	1.43

Source: Central Bank of the TRNC

FINANCIAL TABLES

4. FINANCIAL TABLES

4.1 Balance Sheet

Asset Accounts

As of end-2023, the total assets of the Central Bank of TRNC balance sheet increased by 102.5 percent compared to the previous year and reached 107,365.2 million TRY. Cash assets, receivables from banks and securities portfolio, which constituted 96.3 percent of the total assets of the Central Bank's balance sheet in 2022, constituted 95.7 percent of total assets as of end-2023.

Table 4.1 Central Bank of the TRNC– Balance Sheet

ASSETS	2022	2023	Percentage Share		Percentage Change
			2022	2023	
Cash Assets and Receivables from Banks	31,476,935,775	55,267,151,477	59.37	51.48	75.58
Securities Portfolio	19,588,548,445	47,506,902,644	36.94	44.24	142.52
Loans	638,083,191	634,742,925	1.20	0.59	-0.52
Market Operations	124,191,500	29,438,200	0.23	0.03	-76.30
Fixed Assets (Net)	11,117,238	11,564,042	0.02	0.01	4.02
Other Assets	1,183,409,381	3,915,405,034	2.23	3.65	230.86
Total	53,022,285,530	107,365,204,322	100.00	100.00	102.49
LIABILITIES					
Public Deposits	1,098,650,049	2,204,474,502	2.07	2.05	100.65
Bank Deposits	12,816,543,916	19,610,294,651	24.17	18.27	53.01
Other Deposits	17,788,720	42,544,835	0.03	0.04	139.17
Reserve Requirements	7,989,843,275	15,013,380,580	15.07	13.98	87.91
Funds	4,571,945,717	8,025,160,594	8.62	7.47	75.53
Market Operations	24,059,745,888	54,974,958,496	45.38	51.20	128.49
Other Liabilities	119,692,019	421,790,681	0.23	0.39	252.40
Equity	2,348,075,946	7,072,599,983	4.43	6.59	201.21
Total	53,022,285,530	107,365,204,322	100.00	100.00	102.49

Source: Central Bank of the TRNC

Cash Assets and Receivables from Banks

Cash assets and receivables from banks, which have the largest share in total assets, increased by 75.6 percent compared to the end of the previous year. The cash and receivables from banks, which stood at 31,476.9 million TRY as of end-2022, increased to 55,267.2 million TRY as of end-2023, with a share of 51.5 percent in total assets. Deposits with banks increased by 153.4 percent in 2023 compared to the previous year, rising from 19,588.6 million TRY to 49,637.4 million TRY.

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

	2022	2023
Cash Assets and Receivables from Banks	31,476,935,775	55,267,151,477
Cash	2,387,349,833	5,570,400,541
Gold	27,466,269	48,366,433
Bank Deposits	19,588,548,445	49,637,355,073
Foreign Correspondents	2,307,907	11,029,430

Source: Central Bank of the TRNC

Securities Portfolio

The securities portfolio item, which accounted for 36.9 percent of total assets in 2022, increased by 142.5 percent in 2023, rising from 19,588.6 million TRY to 47,506.9 million TRY.

Loans

In 2023, the loans item on the balance sheet of the Central Bank of the TRNC decreased by 0.5 percent compared to the previous year and amounted to 634.7 million TRY, and consisted entirely of short-term advances to the treasury. No loans were extended to the banking sector in 2023.

Table 4.3 Central Bank of the TRNC– Loans

	2022	2023
Loans	638,083,191	634,742,925
Short-Term Advances to the Treasury	638,083,191	634,742,925
Banking	-	-

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 2023, as it was at the end of 2022, 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 4 percent at the end of 2023 compared to the end of 2022 and reached 11.6 million TRY.

Table 4.4 Central Bank of the TRNC– Fixed Assets

	2022	2023
Fixed Assets	11.117.238	11.564.042
Immovables	1.068.735	980.191
Fixtures	10.048.503	10.583.851

Source: Central Bank of the TRNC

Other Assets

In 2023, total other assets, which was 1,183.4 million TRY in 2022, increased by 230.9 percent compared to the previous year and reached 3,915.4 million TRY.

Table 4.5 Central Bank of the TRNC– Other Assets

	2022	2023
Other Assets	1,183,409,381	3,915,405,034
Temporary Receivables	498,788	566,573
Transitory Account	1,182,910,593	3,914,838,461

Source: Central Bank of the TRNC

Liability Accounts

Market operations, which have the largest share in total liabilities, increased by 128.5 percent, while bank deposits, which has the second largest share increased by 53 percent as of the end of 2023.

Bank Deposits

Bank deposits item showing the deposits in the Central Bank of the Turkish Republic of Northern Cyprus increased by 53 percent compared to the end of 2022 and reached 19,610.3 million TRY as of the end of 2023. Bank deposits also include the amounts blocked as collateral by banks for IMM transactions.

Table 4.6 Central Bank of the TRNC– Bank Deposits

	2022	2023
Bank Deposits	12,816,543,916	19,610,294,651
Bank Deposits	12,745,211,257	19,363,883,146
Blocked Accounts	71,332,659	246,411,505

Source: Central Bank of the TRNC

Money Market Operations

As of the end of 2023, the total amount of Central Bank securities included in market operations reached 23,738.4 million TRY. Meanwhile, the total amounts of IMM (Interbank Money Market) and OMO (Open Market Operations) transaction debts under the same category were 31,207.3 million TRY and 29.3 million TRY, respectively. Over the course of one year, total Central Bank securities increased by 221.2 percent, while total IMM transaction debts rose by 88.3 percent.

Table 4.7 Central Bank of the TRNC – Market Operations

	2022	2023
Market Operations	24,059,745,888	54,974,958,496
Central Bank Securities	7,390,436,630	23,738,386,290
Money Market Operations	16,575,680,658	31,207,250,038
Open Market Operations	93,628,600	29,322,168

Source: Central Bank of the TRNC

Reserve Requirements

As of the end of 2023, reserve requirements held at the Central Bank increased by 87.9 percent compared to the previous year and reached 15,013.4 million TRY.

Public Deposits

As of the end of 2023, public deposits increased by 1,105.8 million TRY compared to the previous year. This represents a 100.7 percent increase from the end of 2022, bringing the total public deposits to 2,204.5 million TRY.

Other Deposits

As of the end of 2023, other deposits item increased by 139.2 percent and reached 42.5 million TRY, compared to the end of 2022.

Funds

As of the end of 2023, public deposits increased by 1,105.8 million TRY compared to the previous year. This represents a 100.7 percent increase from the end of 2022, bringing the total public deposits to 2,204.5 million TRY.

Table 4.8 Central Bank of the TRNC – Funds

	2022	2023
Funds	4,571,945,717	8,025,160,594
Central Bank Funds	25,425,872	222,079,284
Treasury Funds	3,660,922	3,599,338
Other Funds	4,542,858,923	7,799,481,972

Source: Central Bank of the TRNC

Equity

As a result of the 46.3 percent, 63.9 percent and 346.7 percent year-on-year increases in the reserves, provisions and profit accounts, respectively, the total equity reached 7,072.6 million TRY at the end of 2023. Following these changes, reserves, provisions and profit items amounted to 936.5 million TRY, 824.3 million TRY and 5,291.8 million TRY, respectively, at the end of 2023. 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 – Equity

	2022	2023
Equity (Including Profit)	2,348,075,946	7,072,599,983
Equity (Excluding Profit)	1,163,375,168	1,780,800,362
Capital	20,000,000	20,000,000
Reserves	640,353,810	936,529,005
Provisions	503,021,358	824,271,357
Profit	1,184,700,778	5,291,799,621

Source: Central Bank of the TRNC

4.2 Profit and Loss Statement

In 2023, the Central Bank's profit increased by 346.7 percent compared to the previous year and reached 5,291.8 million TRY. In 2023, total revenues increased by 290.4 percent and total expenditures by 228.3 percent compared to the previous year.

Profits from Turkish lira transactions, which accounted for 43.5 percent of revenues in 2023, increased by 273.9 percent year-on-year to 3,839.5 million TRY. In the same period, the foreign exchange gains item increased by 304.1 percent to 4,982.4 million TRY.

Total expenditures, which amounted to 1,075.2 million TRY in 2022, rose by 228.3 percent to 3,530.4 million TRY in 2023. Among expense items, total TRY transaction expenses, holding the highest share, increased by 239.9 percent year-on-year, reaching 1,742.1 million TRY by the end of 2023. Foreign exchange expenses, which constituted the second largest share in expenditures at 26.8 percent in 2023, rose by 222.4 percent compared to the previous year. Personnel expenditures, accounting for 9.3 percent of total expenses, saw a significant year-on-year increase of 302.4 percent, primarily due to the Central Bank's contribution to the Central Bank Pension Fund. The share of TRY and currency insurance premiums in total expenditures declined to 7.2 percent. Additionally, other expenditures and losses rose to 181.1 million TRY.

Table 4.10 Central Bank of the TRNC – Profit/Loss

	2022	2023	% Share		% Change
			2022	2023	
REVENUES					
Profit on Foreign Currency Exchange	1,232,992,311	1,232,992,311	54.56	56.48	304.09
Profit on Turkish Lira Transactions	1,026,889,498	1,026,889,498	45.44	43.52	273.89
Miscellaneous Profits	45,998	45,998	0.00	0.00	572.68
Total Revenues	2,259,927,807	2,259,927,807	100.00	100.00	290.38
EXPENDITURES					
Personnel Expenditures	81,448,020	81,448,020	7.58	9.28	302.37
Administrative Expenditures	7,463,998	7,463,998	0.69	0.18	-13.21
Insurance Premiums for Banknotes and Foreign Exchange Banknotes	67,103,862	67,103,862	6.24	1.90	0.06
Insurance Premiums for TRY Cash and Foreign Exchange Banknotes	100,000,000	100,000,000	9.30	7.20	154.10
Foreign Currency Exchange Expenditures	293,735,253	293,735,253	27.32	26.82	222.39
TRY Transaction Expenditures	512,517,706	512,517,706	47.67	49.35	239.91
Depreciation Charges	3,466,529	3,466,529	0.32	0.14	38.42
Other Expenditures and Losses	9,491,661	9,491,661	0.88	5.13	1,807.88
Total Expenditures	1,075,227,029	1,075,227,029	100.00	100.00	228.34
Profit	1,184,700,778	1,184,700,778			346.68

Source: Central Bank of the TRNC

4.3 Profit Distribution - 2023

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. 5,291.8 million TRY, which is the profit for 2023 is distributed as shown in the table below.

Table 4.11 Central Bank of the TRNC - Profit Distribution

	Retained Profit	Percentage Share
Retained Reserve	1,322,949,905	25.00
Received on Treasury Debt Account	2,122,122,800	40.10
Law on Assistance and Preparedness for Earthquakes and Other Natural Disasters	400,000,000	7.56
Transferred to the Treasury	1,446,726,916	27.34
2023 Profit	5,291,799,621	100.00

Source: Central Bank of the TRNC

TABLES

5. TABLES

Central Bank of the TRNC Balance Sheet- 31.12.2023 (TRY)

Assets	TRY	FX	TRY Total	FX Total	Grand Total
I- Current Assets			17,827,267,509	84,946,786,612	102,774,054,121
Cash	456,339	5,569,944,202			
Gold		48,366,433			
Securities Portfolio	86,563,347	47,420,339,297			
Bank Deposits	17,740,247,823	31,897,107,250			
Foreign Correspondents		11,029,430			
II- Fixed Assets			11,564,042		11,564,042
Immovables	1,577,090				
Depreciation Charges (-)	596,899				
Fixtures	23,917,448				
Depreciation Charges (-)	13,333,597				
III- Loans			634,742,925		634,742,925
Advance Accounts			634,742,925		
a- Short Term Advances to the Treasury	634,742,925				
b- Advance Under Treasury Guaranteed Bills					
c- Commercial Bank Securities					
IV- Market Operations				29,438,200	29,438,200
a- IMM Transactions					
b- Open Market Operations		29,438,200			
V- Other Assets			3,910,983,218	4,421,816	3,915,405,034
A- Temporary Receivables	566,573				
B- Non-Performing Loans (Net)					
a- Non-Performing Loans	12,511,964				
b- Provisions for Non-Performing Loans (-)	12,511,964				
C- Transitory Account	3,910,416,645	4,421,816			
TOTAL					107,365,204,322

Source: Central Bank of the TRNC

Central Bank of the TRNC Balance Sheet- 31.12.2023 (TRY)

Liabilities	TRY	FX	TRY Total	FX Total	Grand Total
I - Equity			1,780,800,363		1,780,800,363
Capital	20,000,000				
Reserves	936,529,005				
Provisions	824,271,358				
II - Foreign Sources			17,216,257,527	82,654,556,132	99,870,813,659
A- Deposits			3,100,197,597	18,757,116,392	
a- Public Deposits	999,359,701	1,205,114,802			
b- Bank Deposits	2,095,917,079	17,267,966,067			
c- Blocked Accounts		246,411,505			
d- Personal Deposits	4,919,490	37,624,018			
e- Other Deposits	1,327				
B- Reserve Requirements			2,272,980,989	12,740,399,591	
C- Market Operations			10,506,972,168	44,467,986,328	
a- Central Bank Securities		23,738,386,290			
b- Money Market Operations	10,477,650,000	20,729,600,038			
c- Open Market Operations	29,322,168	-			
D- Funds			1,336,106,773	6,689,053,821	
a- Central Bank Funds	222,079,284				
b- Treasury Funds	3,245,166	354,172			
c- Other Funds	1,110,782,322	6,688,699,649			
III - Other Liabilities			276,498,257	145,292,422	421,790,679
a- Temporary Debts	131,928				
b- Transitory Account	276,366,329	145,292,422			
IV - Profit			5,291,799,621		5,291,799,621
TOTAL					107,365,204,322

Source: Central Bank of the TRNC

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 - 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 Profit and Loss Table by Years (TRY)

Date	Profit (Loss)	Date	Profit (Loss)
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
2011	60,793,021	2023	5,291,799,621

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. 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
31 Dec. 23	102,774,054,121	634,742,925	3,956,407,276	107,365,204,322

Source: Central Bank of the TRNC

Central Bank of the TRNC Selected Liability Items (TRY)

Date	Equity (Excluding Profit)	Deposits	Reserve Requirements	Other Liabilities	Total Liabilities
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
31 Dec. 23	1,780,800,363	21,857,313,989	15,013,380,580	68,713,709,390	107,365,204,322

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. 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
31 Dec. 23	5,570,400,541	48,366,433	17,740,247,823	31,897,107,250	11,029,430	47,506,902,644	102,774,054,121

Source: Central Bank of the TRNC

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

31 Dec. 19	-	-
31 Dec. 20	5,028,243	5,028,243
31 Dec. 21	4,477,238	4,477,238
31 Dec. 22	-	-
31 Dec. 23	-	-

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. 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
31 Dec. 23	999,359,701	1,205,114,802	2,095,917,079	17,267,966,067	2,272,980,989	12,740,399,591	4,920,818	284,035,523	36,870,694,569

Source: Central Bank of the TRNC

Central Bank of the TRNC Exchange Rates

Years	Months	USD		EURO		GBP	
		Buying	Selling	Buying	Selling	Buying	Selling
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		18.6983	18.7320	19.9349	19.9708	22.4892	22.6065
2023	1	18.7876	18.8215	20.4525	20.4894	23.2356	23.3568
	2	18.8632	18.8972	19.9061	19.9419	22.5272	22.6447
	3	19.1460	19.1804	20.8021	20.8396	23.5943	23.7174
	4	19.4268	19.4618	21.3604	21.3989	24.1829	24.3089
	5	20.3104	20.3470	21.7607	21.7999	25.1280	25.2590
	6	25.8231	25.8696	28.1540	28.2048	32.8076	32.9786
	7	26.9394	26.9879	29.5700	29.6233	34.4740	34.6537
	8	26.5763	26.6242	28.7308	28.7825	33.4427	33.6170
	9	27.3767	27.4260	29.0305	29.0828	33.4816	33.6562
	10	28.2043	28.2552	29.8143	29.8681	34.1217	34.2996
	11	28.8596	28.9116	31.7037	31.7608	36.5710	36.7617
	12	29.4382	29.4913	32.5739	32.6326	37.4417	37.6369

Source: Central Bank of the TRNC

Note: Month-end and year-end rates.

Cross Rates

Foreign Currency / USD				
Years	Months	£	€	
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		1.2048	1.0661	
2023	1	1.2389	1.0886	
	2	1.1963	1.0553	
	3	1.2344	1.0865	
	4	1.2469	1.0995	
	5	1.2393	1.0714	
	6	1.2726	1.0903	
	7	1.2819	1.0977	
	8	1.2605	1.0811	
	9	1.2251	1.0604	
	10	1.2119	1.0571	
	11	1.2694	1.0986	
	12	1.2740	1.1065	

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
01.03.2015	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
26.07.2023	20.25	1.50	1.00	1.25	25.07.2023	1348	26.07.2023	153
11.10.2023	26.00	1.50	1.00	1.25	10.10.2023	1360	10.10.2023	210
1.12.2023	36.00	2.00	1.25	2.00	27.11.2023	1370	28.11.2023	245

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 Date	Currency				Executive Board Decision		Official Gazette	
	TRY	\$	€	£	Date	Number	Date	Number
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	8.00	0.20	0.05	0.10	17.02.2021	1178	19.02.2021	40
02.04.2021	9.00	0.20	0.05	0.10	01.04.2021	1190	02.04.2021	75
28.10.2021	6.00	0.20	0.05	0.10	27.10.2021	1233	27.10.2021	237
20.05.2022	6.00	0.25	0.10	0.15	17.05.2022	1276	20.05.2022	99
23.06.2022	6.00	0.50	0.25	0.30	22.06.2022	1280	23.06.2022	128
26.07.2023	6.00	0.75	0.50	0.65	25.07.2023	1348	26.07.2023	153
01.12.2023	15.00	1.00	0.75	1.00	27.11.2023	1370	28.11.2023	245

Source: Central Bank of the TRNC

Rediscount Interest Rates

Effective Date	Currency																
	TRY					\$				€				£			
	Trad.	Ind. Tour. Agri. Edu.	Exp.	Small Business	Advances Against FX	Trad.	Ind. Tour. Edu.	Exp.	Advances Against FX	Trad.	Ind. Tour. Edu.	Exp.	Advances Against FX	Trad.	Ind. Tour. Edu.	Exp.	Advances Against FX
27.12.10	14	12	12	11	11	4	4	4	4	4	4	4	4	4	4	4	5
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
26.07.23	35.00	30.00	30.00	28.00	29.00	4	4	4	4	4	4	4	4	4	4	4	4
11.10.23	40.00	32.75	32.75	30.75	32.00	4	4	4	4	4	4	4	4	4	4	4	4
1.12.2023	50.00	42.75	42.75	40.75	42.00	5	5	5	5	5	5	5	5	5	5	5	5

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 equity	12
2. If it exceeds <u>two</u> times of the equity	14
3. If it exceeds <u>three</u> times of the equity	16
4. If it exceeds <u>four</u> times of the equity	18
5. If it exceeds <u>five</u> times of the 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

Tariffs

A	Turkish Lira Transactions	Commissions, Fees and Costs
1	Received transfers in TRY	0 (Zero)
2	Sent transfers in TRY	0.0005 commission
3	Sent transfers in TRY	Minimum fee: 250.00 TRY
4	Communication costs charged from sent transfers in TRY	-
B	Foreign Currency Exchange Transactions	Commissions, Fees and Costs
1	Received transfers in FX	-
2	Sent transfers in FX	0.001 commission
3	Sent transfers in FX	Minimum fee: 250.00 TRY

Source: Central Bank of the TRNC

Dishonored Cheques

Years	Months	People Restrained from Using Cheque Books (Number of persons)	
		Monthly Total	Cumulative Total
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			757
2023	1	54	54
	2	52	106
	3	57	163
	4	53	216
	5	53	269
	6	57	326
	7	64	390
	8	62	452
	9	63	515
	10	58	573
	11	43	616
	12	43	659

Source: Central Bank of the TRNC

Money Supply (Million TRY)

Year	Term	M1	Percentage Change	M2	Percentage Change	M3	Percentage Change
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
2023	I	40,071.5	16.74	116,406.7	9.91	121,302.0	8.94
	II	54,532.1	36.08	156,930.8	34.81	163,014.6	34.39
	III	60,041.8	10.10	169,304.5	7.88	176,924.2	8.53
	IV	67,886.8	13.07	191,745.2	13.25	200,015.7	13.05

Source: Central Bank of the TRNC

*Central Bank of the Turkish Republic of Northern Cyprus
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For information and suggestions: www.kktcmerkezbankasi.org