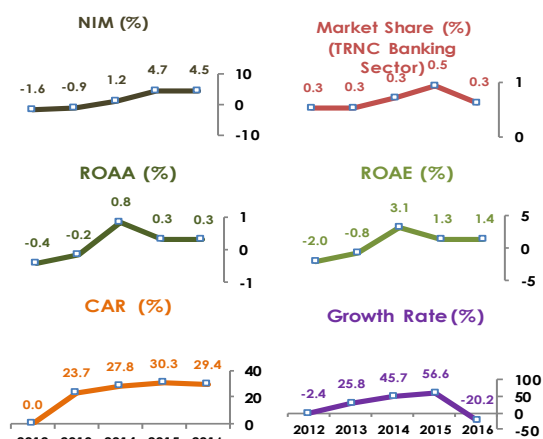


FIB		Long Term	Short Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	BBB- (Trk)	A-3 (Trk)
	Outlook	Positive	Stable
Sponsor Support		2	-
Stand Alone		CD	-
Sovereign*	Foreign currency	BBB-	-
	Local currency	BBB-	-
	Outlook	Stable	-

*Assigned by Japan Credit Rating Agency, JCR on October 07, 2016

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Strengths

- Relatively high equity level and CAR together with realized registered and paid-capital increases, fulfilling the minimum equity requirement of TRNC Banking Law Draft and enabling room for future growths
- Improved profit generation capacity and increased operating activities leading to positive profit figures over the last three years
- Remarkably below sector average ratio of 'non-performing loans to equity' and high liquidity position contributing positively to the risk level
- Comparatively high share of non-costly liabilities and equity in resource distribution, contributing positively to profit generation capacity
- High collateral level partially compensating the adverse effects of increased NPL ratio
- Comparatively small scale, improved lending processes, shareholding structure with high support appetite leading to high equity level and high liquidity position enabling a quickly responding structure to changes in market conditions

KIBRIS FAİSAL İSLAM BANKASI LİMİTED					
Financial Data	2016*	2015*	2014*	2013*	2012*
Total Assets (000,000 USD)	18,267	27,807	22,264	16,638	15,848
Total Assets (000,000 TRY)	64,515	80,852	51,629	35,446	28,171
Total Deposit (000,000 TRY)	34,427	33,404	29,948	21,260	17,393
Total Net Loans (000,000 TRY)	34,828	32,536	25,285	21,398	18,664
Equity (000,000 TRY)	15,638	15,512	15,292	7,941	5,946
Net Profit (000,000 TRY)	126	173	281	-121	-90
Market Share (%)	0.31	0.47	0.35	0.27	0.26
ROAA (%)	0.29	0.31	0.83	-0.18	-0.43
ROAE (%)	1.37	1.34	3.12	-0.82	-2.04
Equity/Assets (%)	24.24	19.19	29.62	22.40	21.11
CAR - Capital Adequacy Ratio (%)	29.38	30.32	27.76	23.66	n.a
Asset Growth Rate (Annual) (%)	-20.21	56.60	45.66	25.82	-2.40

* End of Year

Overview

Kıbrıs Faısal İslam Bankası Ltd. (hereinafter referred to as Kıbrıs Faısal İslam Bank (FIB) or the Bank), the very first bank capitalised by foreign investors in Turkish Republic of Northern Cyprus (TRNC), was established in October 1982 and became operational in March 1983. The Bank provides conventional banking services to the extent that the isolated economic and political structure of the TRNC allows. The Bank offers services through its 5 branches in the cities of Nicosia (Lefkoşa) (2), Famagusta (Magosa), Kyrenia (Girne) and Gönyeli and staff force of 51 as of FYE2016 (FYE2015: 42).

Kıbrıs Faısal İslam Bank has the status of 'public company' due to its multi-shareholder structure. On the other hand, Mr. Bensen SAFA became the majority shareholder in 2013 and held an 85.02% stake as of July 13, 2017, following the registered and paid-capital increases in 2014 and 2017. Following 2013, the bank has entered into a large-scale ongoing restructuring process to enhance the effectiveness of operational, audit and risk monitoring processes. The Bank had an inactive affiliate named Faısal İslam Yatırım Şirketi Ltd. with a 26.91% stake as of FYE2016, through which cost-plus financing services were provided before 2014.

Constraints

- Profitability indicators remarkably below the sector averages and far from the level to support equity adequately
- Above sector average operating expenses level, suppressing profit generation capacity
- Volatility potential on future total income figures due to relatively high share of other operating income
- Increased and exceeding sector average NPL ratio
- Low provisioning ratio, generating suppression potential on future profitability figures
- Need for improvement in corporate government practices
- Isolated economic and political structure of the TRNC together with the limitations of island economy mostly dependent on tourism, education and chance games signifying a major complication for the sector

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Global Knowledge supported by Local Experience

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