

## Corporate Credit & Issue Rating

New  Update

Sector: Banking

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Senior Chief Analyst

Gökhan İYİĞÜN

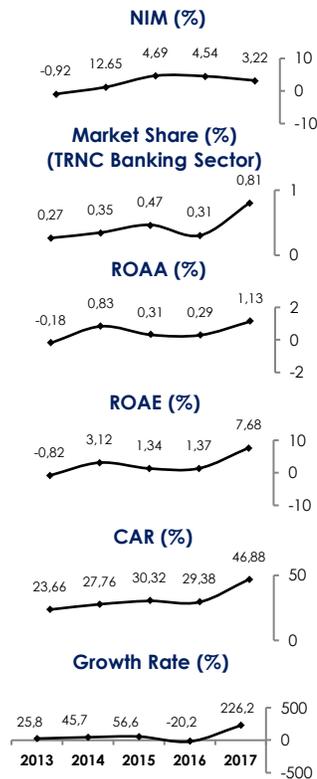
+90 212 352 56 73

gokhan.iyigun@jcrer.com.tr

### RATINGS

		Long	Short	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating	BBB (Trk)	A-3 (Trk)	
	Outlook	Positive	Stable	
Sponsor Support		2	-	
Stand-Alone		C	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

\*Affirmed by JCR on November 10, 2017



## Kıbrıs Faisal İslam Bankası Ltd.

### Company Overview

Financial Data	2017*	2016*	2015*	2014*	2013*
Total Assets (000 USD)	55,791	18,267	27,807	22,264	16,638
Total Assets (000 TRY)	210,438	64,515	80,852	51,629	35,446
Total Deposit (000 TRY)	183,225	47,948	63,192	35,379	26,870
Total Net Loans (000 TRY)	38,543	34,828	32,536	25,285	21,398
Equity (000 TRY)	24,822	15,638	15,512	15,292	7,941
Net Profit (000 TRY)	1,099	126	173	281	-121
Market Share (%)	0.81	0.31	0.47	0.35	0.27
ROAA (%)	1.13	0.29	0.31	0.83	-0.18
ROAE (%)	7.68	1.37	1.34	3.12	-0.82
Equity/Assets (%)	11.80	24.24	19.19	29.62	22.40
CAR - Capital Adequacy Ratio (%)	46.88	29.38	30.32	27.76	n.a
Asset Growth Rate (Annual) (%)	226.19	-20.21	56.60	45.66	-2.40

\* End of Year

**Kıbrıs Faisal İslam Bankası Ltd.** (hereinafter referred to as Kıbrıs Faisal İslam Bank (FIB) or the Bank), was established in October 1982 and became operational in March 1983. FIB is the very first bank capitalised by foreign investors in Turkish Republic of Northern Cyprus (TRNC). 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 42 as of report date.

Kıbrıs Faisal 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 FYE2017, 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 Faisal İslam Yatırım Şirketi Ltd. with a 26.91% stake as of FYE2017, through which cost-plus financing services were provided before 2014.

The Company's Long Term National grade was upgraded one notch to **'BBB (Trk)'** with a **'Positive'** outlook.

### Strengths

- Above sector equity level and CAR, fulfilling the minimum equity requirement of TRNC Banking Law and enabling room for future growths
- Improved and more sustainable income generation capacity
- Decreased operating, interest and provision expenses, contributing positively to profitability indicators
- High collateral and liquidity level partially compensating the adverse effects of above sector NPL ratio
- Upward trend in market share regarding asset size
- Comparatively high adaptation level to changing market conditions

### Constraints

- Below sector average profitability indicators despite improvement
- Above sector average NPL ratio
- Low provisioning ratio, generating suppression potential on future profitability figures together with high collateral level
- Improvement need in corporate governance practices
- Highly short-term weighted and concentrated structure of deposits
- 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