Corporate Credit Rating (Update)

Banking

alBaraka			Long Term	Short Term
International	Foreign currency		BBB-	A-3
International	Local currency		BBB-	A-3
International	Outlook	FC	Stable	Stable
International	Outlook	LC	Stable	Stable
National	Local Rating		AA (Trk)	A-1+(Trk)
National	Outlook		Stable	Stable
Sponsor Support			3	-
Stand Alone			AB	-
Sovereign*	Foreign currency		BBB-	-
Sovereign*	Local currency		BBB-	-
Sovereign*	Outlook	FC	Stable	-
Sovereign*	Outlook	LC	Stable	-

*Assigned by Japan Credit Rating Agency, JCR on July 11, 2014

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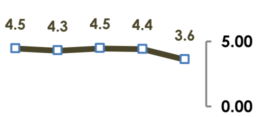

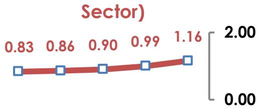

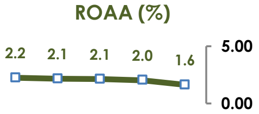

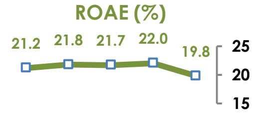

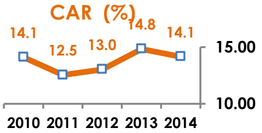

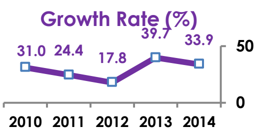

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Financial Data	2014*	2013*	2012*	2011*	2010*
Total Assets (000,000 USD)	9,939	8,081	6,935	5,538	5,467
Total Assets (000,000 TRY)	23,046	17,216	12,328	10,461	8,406
Total Deposit (000,000 TRY)	16,643	12,529	9,225	8,045	6,882
Total Net Loans (000,000 TRY)	16,184	12,060	9,100	7,287	6,297
Equity (000,000 TRY)	1,791	1,497	1,218	1,004	853
Net Profit (000,000 TRY)	253	241	192	160	134
Market Share (%) **	22.11	17.92	17.54	18.63	19.40
ROAA (%)	1.62	2.02	2.12	2.14	2.24
ROAE (%)	19.80	22.03	21.71	21.77	21.20
Equity/Assets (%)	7.77	8.69	9.88	9.60	10.14
Capital Adequacy Ratio (%)	14.15	14.82	13.03	12.53	14.09
Annual Asset Growth Rate (%)	33.87	39.65	17.85	24.44	31.04

* End of year ** On solo basis among the Participation Banking Sector

Overview

Albaraka Türk Katılım Bankası A.Ş. (hereinafter referred to as "Albaraka" or "the Bank"), operates in the fields of SME, corporate, commercial, investment and retail banking services strictly conformable to the principles of Islamic Shari'a. The first finance institution in the interest-free banking field in Turkey, the Bank was incorporated in 1984 and launched operations in the beginning of 1985. The qualified shareholder, the Bahrain-based Al Baraka Banking Group B.S.C., one of the leading groups in the Middle East with an asset size of USD 23,464mn, held 54.06% of shares at the end of FY2014. The group operates in fifteen countries through its subsidiaries and affiliates with a wide geographical presence through over 500 branch networks. Albaraka Türk's shares, with a current free float of 24.06%, have been traded on the Borsa Istanbul A.Ş. (BIST) since 2007.

Albaraka Türk, the largest subsidiary of the Al Baraka Banking Group, attained its organic growth and expanded geographic coverage through inauguration of 35 new branches in 2014 to a total 202 branches and over 3,500 employees.

In 2014, the Bank outstripped both the Turkish Banking and Participation Banking sectors in growth of assets, deposits, loans and enlargement of profit, coupled with below -sector NPL ratios. Furthermore, the Bank has made efforts to diversify and extend the maturity of its funding base through overseas financial markets. In this sense, the Bank provided debt of USD 350mn in the form of Sukuk with a 5 year maturity in June 2014 and USD 268mn in April 2015 with two years maturity Murabaha Syndicated loans provided by 14 participant banks.

Strengths

- Sound growth performance in assets, deposits and loans book, outperforming the sector averages
- Constant and progressive profit throughout the reviewed period subsidizing the capital base through retention of large portion of profit
- Maintenance of asset quality through below sector NPL ratios associated with above sector-average level of provisioning against non-performing loans
- Satisfactory earning power with recurring income streams
- Competence in accessing fund resources in overseas markets coupled with diversifying funding mix
- High level of compliance with corporate governance best practices and continuity coupled with well-established risk management framework
- Continuity of experienced and visionary management team along with sound operational track record
- Steady increase in market share in the Turkish Banking Sector

Constraints

- Remarkable tapering of net profit share income margin (NIM) stemmed from an increase of expenses of collected funds, exerting pressure on profitability
- Sector-wide structural maturity mismatches and short maturity deposits profile
- Probable strain of upside risks via weakened and fluctuated TRY along with downside risks to growth in economic activities on profit margins due to deteriorating asset quality through weakened debt-servicing capabilities of the real sector
- High credit risk concentration among the top 100 customers, despite improvement
- Expected increase in competition through new state-owned entrants
- Improvement needs with respect to diversity of products and fund resources compliant with the principle of Islamic Sharia compared to conventional banking services

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