

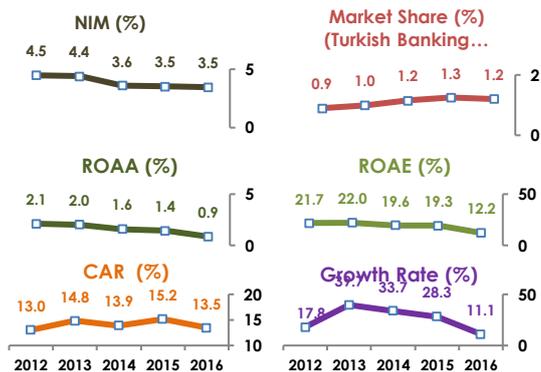
Corporate Credit Rating
(Update)

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

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

Head of Group: Şevket GÜLEÇ

+90 212 352 56 73 sevket.gulec@jcrer.com.tr



| Albaraka Türk Katılım Bankası A.Ş. | | | | | |
|------------------------------------|----------|--------|--------|--------|--------|
| Financial Data | 1Q2017** | 2016* | 2015* | 2014* | 2013* |
| Total Assets (mn USD) | 9,081 | 9,287 | 10,152 | 9,925 | 8,081 |
| Total Assets (mn TRY) | 33,021 | 32,800 | 29,517 | 23,014 | 17,216 |
| Total Deposit (mn TRY) | 23,668 | 23,151 | 20,341 | 16,643 | 12,529 |
| Total Net Loans (mn TRY) | 22,892 | 22,722 | 19,505 | 16,184 | 12,060 |
| Equity (mn TRY) | 2,278 | 2,273 | 2,096 | 1,786 | 1,497 |
| Net Profit (mn TRY) | 36 | 220 | 301 | 248 | 241 |
| Market Share (%) *** | 24.22 | 24.68 | 24.55 | 22.08 | 17.92 |
| ROAA (%) | n.a. | 0.85 | 1.42 | 1.60 | 2.02 |
| ROAE (%) | n.a. | 12.17 | 19.28 | 19.56 | 22.03 |
| Equity/Assets (%) | 6.90 | 6.93 | 7.10 | 7.76 | 8.69 |
| Capital Adequacy Ratio (%) | 16.53 | 13.45 | 15.16 | 13.89 | 14.82 |
| Asset Growth Rate (%) | 0.52 | 11.12 | 28.26 | 33.68 | 39.65 |

* End of year ** 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. Albaraka Türk went public in 2007 and is currently trading on the Borsa Istanbul A.Ş. (BIST) under the ticker "ALBRK" with a current free float of 24.84%. The qualified shareholder, the Bahrain-based Al Baraka Banking Group B.S.C., is listed on the Bahrain stock exchange and NASDAQ Dubai and is one of the leading groups in the Middle East with an asset size of USD 23,425mn. The group held 54.06% of shares at the end of FY2016 and is engaged in banking activities strictly conformable to the principles of Islamic Shari'a in the Middle East, Europe and Africa through its subsidiaries and affiliates with a wide geographical presence and nearly 700 branches/offices.

At FYE2016, Albaraka Türk's assets, loans, deposits and equity growth rates reached 11.12%, 16.49%, 13.81% and 8.45%, respectively, higher than the Participation Banking Sector average. Albaraka Türk, the largest subsidiary of the Al Baraka Banking Group, had a widespread branch network (212 domestic and 1abroad) with nearly 3,800 employees.

Strengths

- Maintenance growth performance in assets, deposits and loans portfolio
- Preserved income generation power, despite deterioration in profitability indicators
- Competence in accessing fund resources in overseas markets coupled with diversified funding mix
- High level of compliance with corporate governance best practices
- Qualified and visionary management team along with sound operational track record
- Satisfactory capital adequacy base recently converged to the sector average

Constraints

- Notable increase in non-performing loans book and NPLs ratio, outpacing both Turkish and Participation Banking Sector averages
- Deterioration in profitability metrics, particularly those of ROAA and ROAE, which underperformed the sector
- Tapering of net profit share income margin (NIM) pressuring profitability indicators
- Sector-wide structural maturity mismatches and short maturity deposits profile
- Continuity of high credit risk concentration among the top 100 customers
- Adversities to be exerted on debt-servicing through subdued growth accompanied by weakened demand and rising unemployment though partially eased by counter-cyclical fiscal stimulus package