

Corporate Credit Rating
(Update)

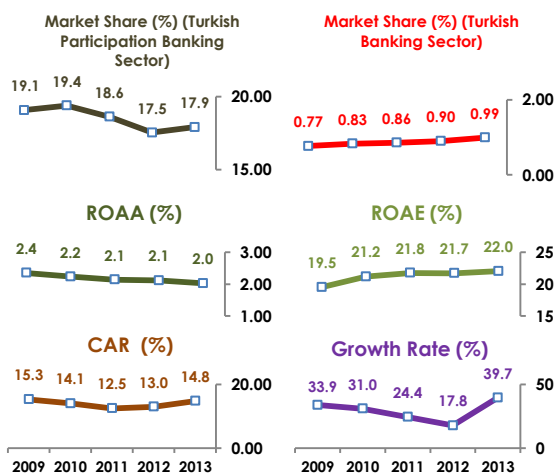
Banking

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

alBaraka Türk Katılım A.Ş.					
Financial Data	2013*	2012*	2011*	2010*	2009*
Total Assets (000,000 USD)	8,081	6,935	5,538	5,467	4,313
Total Assets (000,000 TRY)	17,216	12,328	10,461	8,406	6,415
Equity (000,000 TRY)	1,497	1,218	1,004	853	711
Net Profit (000,000 TRY)	241	192	160	134	105
Market Share (%) **	17.92	17.54	18.63	19.40	19.08
ROAA (%)	2.02	2.12	2.14	2.24	2.35
ROAE (%)	22.03	21.71	21.77	21.20	19.54
Equity/Assets (%)	8.69	9.88	9.60	10.14	11.08
CAR - Capital Adequacy Ratio (%)	14.82	13.03	12.53	14.09	15.33
Asset Growth Rate (Annual) (%)	39.65	17.85	24.44	31.04	33.95

*Assigned by Japan Credit Rating Agency, JCR on May 23, 2013

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Strengths

- Outperformance of the sector in assets, deposits, loans growth and enhancement of net profit
- High, above sector-average level of provisioning against non-performing loans, ensuing prudent management policy
- Sound return on equity and assets ratios outstripping the sector average
- High asset quality, backed by significant amounts of tangible collaterals covering loans book, along with the traditionally low level of below-sector NPLs
- Ability to access the international financial market,
- High level of compliance with corporate governance best practices
- Experienced management and sound operational record

Overview

Albaraka Türk Katılım Bankası A.Ş. (hereinafter referred to as "Albaraka" or "the Bank"), the first finance institution in the interest-free banking field in Turkey, was incorporated in 1984 and commenced operations in the beginning of 1985. 54.06% shares of the Bank are held by the Bahrain-based Al Baraka Banking Group B.S.C. Currently, 23.08% of shares are traded on the Borsa İstanbul A.Ş. (BIST). Al Baraka Banking Group it is one of the prominent groups in the Middle East, with subsidiaries in ten countries and 478 branches/offices and a consolidated assets size of USD 20,968 at the end 2013. The Bank provides retail, corporate and investment banking and treasury services strictly conformable to the principles of Islamic Shari'a.

Albaraka Türk offers services in the corporate, commercial, SME and retail banking fields as well as provides services in financial leasing and profit/loss sharing based projects through its widespread network of 166 branches in Turkey and 1 in Iraq. In 2013, the Bank established a joint venture company with Kuveyt Türk Bank to operate in the private pension system. The Company, Katılım Emeklilik ve Hayat A.Ş., will begin operations in April 2014.

In 2013, the Bank outperformed both the Turkish Banking and Participation Banking sectors in growth of assets, deposits, loans and profit, accompanied by below -sector NPL ratios. In addition, the Bank strengthened its capital adequacy ratio through a ten year maturity subordinated debt in the amount of USD 200mn from the overseas Sukuk financial market.

Constraints

- Rapid growth in the portfolio of overdue but not impaired loans
- Sector-wide structural maturity mismatches and short maturity deposits profile
- Despite exhibited improvement in interest free products and fund resources recently, maintenance of limited number of products and fund resources available compliant with the principle of Islamic Sharia,
- Ongoing high political tension, upcoming presidential election, decrease in risk appetite of investors and increases in interest rates may lead to economic slowdown and exert pressure on profit margin while pushing up NPLs
- Although manageable, a high credit risk concentration among the top 100 customers