

TURKEY

Corporate Governance Rating Report

This Report has been prepared by JCR-ER in compliance to the regulations of Capital Market Board of Turkey

alBaraka		8.59 AAATrk)/a (Stable)		
Corporate Governance Score & Outlook	Shareholders	8.31 AA(Trk)/bbb (Stable)		
	Public Disclosure & Transparency	8.89 AAA(Trk)/a (Stable)		
	Stakeholders	8.56 AAA(Trk)/a (Stable)		
	Board of Directors	8.58 AAA(Trk)/a (Stable)		

Senior Analyst: Ceyhun KIR/ +90 212 352 56 73 ceyhunk@jcrer.com.tr

Company Information				
<u>Trade Name</u>	ALBARAKA TÜRK KATILIM BANKASI A.Ş.			
Address	Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6 34768 Ümraniye/İstanbul			
<u>Chairman</u>	Adnan Ahmed Yusuf ABDULMALEK			
<u>CE0</u>	Fahrettin YAHŞİ			
Investor <u>Relations</u>	Phone: +90.216.666.03.03 yim@albarakaturk.com.tr			
<u>Web</u>	www.albarakaturk.com.tr			
<u>Corporate</u> <u>Governance</u>	Mustafa ÇETİN			

<u>Strengths</u>

- Board members and top managers were provided assurance with liability insurance
- Utilization of its website as an effective transparency platform
- Well-preparedness against emergent and unexpected circumstances
- Provision of safe, healthy and spacious staff working areas
- An efficient capital structure for sustainability of existing growth trend without any deterioration in its corporate structure

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

<u>Overview</u>

Albaraka Türk Katılım Bankası A.Ş. (Albaraka Türk or Bank) {credit ratings by JCR-ER on June 30, 2015: [FC:BBB-/BBB- Stable, LC:AA(Trk)/(A-1+)(Trk) Stable]} is a small-scale bank carrying out activities in the field of interest-free banking. Established in 1984 in Turkey through the leadership of the middle eastern ABG-Albaraka Banking Group (with financial activities in the Gulf Region, Middle East and North Africa), the IDB-The Islamic Development Bank and Turkish entrepreneurs, Albaraka Türk has continued its operations since the beginning of 1985 with a network of 208 branches and a staff force of 3650 as of May 30, 2015. Shares of Albaraka have been publicly traded on the Borsa Istanbul (BIST) since 2007. As of the second quarter 2014, the Bank's shareholding structure was as follows; 66.03% of the shares were held by foreign shareholders, 9.91% by local investors and 24.06% were publically traded shares.

The Board of the Bank is composed of 12 members, 10 of whom have non-executive positions and 2 work actively in the Bank. One member of the Board is independent and three members of the audit committee are accepted as independent members in according to the Communique II-17.1.

Constraints

- Absence of female in the Board and top management
- Continuation of the non-disclosure of remuneration provided for senior management per person
- Absence of a performance evaluation system for the Board members
- Non-disclosure of the law suits against the Bank
- Absence of internal regulations to broaden the exercise of minority rights beyond the current legislation

Publication Date: July 10, 2015

"Global Knowledge supported by Local Experience"

Copyright © 2007 by JCR Eurasia Rating. 19 Mayıs Mah., 19 Mayıs Cad., Nova Baran Plaza No:4 Kat: 12 Şişli-İST Tel: +90.212.352.56.73 Fax: +90 (212) 352.56.75 Reproduction is prohibited except by permission. All rights reserved. All information has been obtained from sources JCR Eurasia Rating believes to be reliable. However, JCR Eurasia Rating does not guarantee the truth, accuracy and adequacy of this information. JCR Eurasia Rating ratings are objective and independent opinions as to the creditworthiness of a security and issuer and not to be considered a recommendation to buy, hold or sell any security or to issue a loan. This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Turkey), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations. http://www.jcrer.com.tr

Revised Report BANKING