

## CORPORATE GOVERNANCE RATING REPORT ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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CORE BUSINESS:

PARTICIPATION BANKING

NEW:

☒

UPDATE:

☐

COMPANY PROFILE		
<p>ALBARAKA TÜRK KATILIM BANKASI A.Ş.</p> <p>Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No:6 34768 Ümraniye/ İSTANBUL</p> <p>Tel: +90 216 666 01 01</p> <p><a href="http://www.albaraka.com.tr">www.albaraka.com.tr</a></p> <p><a href="mailto:yatirimciliskileri@albarakaturk.com.tr">yatirimciliskileri@albarakaturk.com.tr</a></p> <p><b>CHAIRMAN:</b> Mazin Khairy Shaker MANNA</p> <p><b>GENERAL MANAGER:</b> Melikşah UTKU</p> <p><b>INVESTOR RELATIONS:</b> Mansur ÇELEPKOLU</p> <p><b>INVESTOR CONTACT #:</b> +90 216 666 03 03</p>	<p>Albaraka Türk Participation Bank (Albaraka Türk or the Bank), based on Council of Ministers Decision No. 83/7506 of December 16, 1983 on the Establishment of Special Finance Institutions was established with the title Albaraka Türk Özel Finans Kurumu A.Ş. on November 5, 1984. The Bank was authorized by the Central Bank of the Republic of Turkey letter no. 10912 on 21 January 1985 to do banking. With the "Regulation on Credit Transactions of Banks" published in the Official Gazette No. 26333 dated November 1, 2006, the Bank continues its activities according to the Banking Law No. 5411 published in the Official Gazette No. 25983 dated November 1, 2005.</p> <p>The Bank, whose General Directorate is located in Istanbul, serves with 228 branches in the country and 2 branches abroad and 3.390 employees as of December 31, 2020. As of 31 December 2020, 36.29% of the Bank's shares belong to Albaraka Banking Group, 15.38% to Dallah Albaraka Holding, 7.84% to the Islamic Development Bank and 36.81% of it consists of publicly traded shares on Borsa Istanbul (BIST). The remaining part of the partnership shares belong to different real and legal persons.</p> <p>At the end of 2020, its assets increased by 34.9% compared to the previous year and rose to 69.3 billion TL, the funds used to 40.6 billion TL, the collected funds to 51.6 billion TL, the equity to 4 billion TL and its net profit increased to 255 million TL. Being the pioneer of the participation banking sector with a market share of 15.9%, the capital adequacy ratio of 13.5% of the Bank is above the minimum rate determined by the BRSA.</p>	
OVERALL RATING	9.12 *	
	NR	Summary Commentary
SHAREHOLDERS	9.12 NR	Albaraka Türk highly complies with the legislation, articles of association and internal regulations created to ensure the use of the rights of shareholders.
PUBLIC DISCLOSURE AND TRANSPARENCY	9.30 NR	The public disclosure and transparency policy implemented, financial statements, annual reports and material disclosures by the bank are at the level of global practices.
STAKEHOLDERS	9.22 NR	Relations with stakeholders, managed according to policies determined within the framework of corporate governance principles, are above local standards.
BOARD OF DIRECTORS	8.95 NR	Although the board of directors fulfills its duties and responsibilities effectively, there are issues that need to be developed strategically and organizationally.

\*Previous ratings are at the right bottom of the cells. NR: Not rated by DRC RATING.



Grades for compliance with corporate governance principles reflects our view of the efficiency of the Bank's Investor Relations Department, the absence of privileged partnership shares, the preparation of the information on the website in English for the benefit of international investors, the professionally prepared annual reports, the protection of the rights of the stakeholders through legislation, agreements and detailed policies, and the board management of the Bank by considering its short-medium-long term interests through strategic decisions.

## Shareholders

### Albaraka Türk Shareholding Structure (March 31, 2021)

	Partnership Share (1,000 ₺)	%
Albaraka Banking Group B.S.C.	489,961	36.29
Dallah Al Baraka Holding Co B.S.C. ©	207,585	15.38
Islamic Development Bank	105,861	7.84
Local Partners	13,916	1.03
Other	35,197	2.61
Public <sup>1</sup>	497,481	36.85
<b>Total</b>	<b>1,350,000</b>	<b>100</b>

Operations of the Investor Relations Department are carried out by a group of 4 employees with licensed high level knowledge and experience. Statements made on the website of the PDP (Public Disclosure Platform) and the Bank, taking care of their timing, are within the scope to meet the needs of potential investors as well as shareholders. During the general assembly meetings, questions from both physical participants and the e-general assembly system are announced to all participants, questions raised are answered by the General Manager or senior management and recorded in

the minutes of the general assembly.

## Public Disclosure and Transparency

The information on the Bank's website has been prepared in English, with the same content as Turkish. The publication of the Bank's financial statements, footnotes and material disclosures on the website in English in an accurate, complete and understandable form has been evaluated positively within the framework of global corporate governance principles. Annual reports cover in detail, general information, financial rights provided to members of the management body and senior executives, research and development studies, Bank's activities and important developments regarding the activities, financial status, risks, management body's assessment and other issues.

## Stakeholders

Stakeholders' rights are protected by legislation, contracts and policies. The opinions and suggestions of the Personnel Committee, the results of which are directly related to employees, are taken into consideration in the decisions taken by the Bank's senior management. Employees' rights are protected with the employment contracts created in line with the local standards. Active and proactive measures were taken to ensure customer satisfaction regarding the products and services offered by the Bank. The wishes, demands and suggestions of the customers on all kinds of issues are received via the "Let's Solve Problems" platform, which works on the principle of 7 days 24 hours.

## Board of Directors

The Board of Directors manages the Bank by keeping the risk, growth and income balance at the most appropriate level with the strategic decisions it takes, with a rational and cautious risk management approach, taking into consideration the short-medium-long term interests of the Bank. At the meeting of the board of directors held at the beginning of the fiscal period, what could be the negative effects of the Covid-19 Outbreak on the real sector and the financial sector and what the risks that would affect the Bank in the short term were determined and what should be done regarding the management of the risks was decided. The financial resources and workforce that the Bank will need are determined by the approval of the Board of Directors of the work carried out by the Head Office units. Within the board of directors; there are executive, credit, audit, remuneration, corporate governance, sustainability and information technology governance committees.

<sup>1</sup> 23.278 shares and 1.72% of them belong to Albaraka Banking Group. Thus, the total share of Albaraka Banking Group becomes 38.02%.



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