



## 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. Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No:6 34768 Ümraniye/ İSTANBUL Tel: +90 216 666 01 01 <a href="http://www.albaraka.com.tr">www.albaraka.com.tr</a> <a href="mailto:yatirimciliskileri@albarakaturk.com.tr">yatirimciliskileri@albarakaturk.com.tr</a></p> <p><b>CHAIRMAN:</b> Mazin Khairy Shaker MANNA <b>ACTING GENERAL MANAGER:</b> Malek Khodr TEMSAH <b>INVESTOR RELATIONS:</b> Cihat KESKİN <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. Albaraka Türk continues its activities in accordance with the "Regulation on Credit Transactions of Banks" published in the Official Gazette dated November 1, 2006 No. 26333 and the Banking Law No. 5411 published in the Official Gazette No. 25983 on the day of November 1, 2005.</p> <p>Headquartered in Istanbul, the Bank provides services with 231 domestic branches, 2 branches abroad and 2,918 employees as of 31 December 2021. As of May 13, 2022, 45.09% of the Bank's shares were owned by Albaraka Banking Group and 10.1% by Cengiz AVCI. 8.3% is owned by Dallah Albaraka Holding, 7.84% is owned by Islamic Development Bank and 28.67% is listed on Borsa Istanbul (BIST) and consists of other shareholders, including publicly traded shares.</p> <p>At the end of 2021, compared to the previous year its assets increased by 57.2% to ₺109 billion, its used funds to ₺ 56.9 billion, its collected funds to ₺ 91.2 billion, and its shareholders' equity to ₺4.6 billion, while its net profit decreased to ₺104 million. As the pioneer of the participation banking sector with a market share of 15.2%, the Bank's capital adequacy ratio of 14.9% is higher than the minimum rate set by the BRSA.</p>	
<b>OVERALL RATING</b>	<b>9.14</b> *	
	<b>9.12</b>	<b>Summary Commentary</b>
<b>SHAREHOLDERS</b>	<b>9.21</b>	Albaraka Türk highly complies with the legislation, articles of association and internal regulations established to ensure the exercise of the rights of the shareholders.
	<b>9.12</b>	
<b>PUBLIC DISCLOSURE AND TRANSPARENCY</b>	<b>9.30</b>	The Bank's public disclosure and transparency policy, financial statements, annual reports and material disclosures are close to global practices.
	<b>9.30</b>	
<b>STAKEHOLDERS</b>	<b>9.22</b>	Relations with stakeholders managed in accordance with the policies established within the framework of corporate governance principles are in accordance with Turkish standards.
	<b>9.22</b>	
<b>BOARD OF DIRECTORS</b>	<b>8.95</b>	Although the board of directors fulfills its duties and responsibilities, the issues that need to be developed strategically and organizationally have not changed during the monitoring period.
	<b>8.95</b>	

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



DRC Rating Services Inc., has determined Albaraka Türk Participation Bank's (Albaraka Türk or the Bank) overall compliance rating with the corporate governance principles as 9.14. Since the previous compliance ratings of the Bank with corporate governance principles was announced to the public on May 17, 2021, according to our opinion regarding the evaluations we have made for the monitoring period since that date, the Bank's rating in the shareholders' section has increased, while its ratings in the public disclosure and transparency, stakeholders and board of directors sections have remained constant.

## Shareholders

<b>Albaraka Türk Shareholding Structure (May 13, 2022)</b>		
	<b>Partnership Share (1,000 ₺)</b>	<b>%</b>
Albaraka Banking Group B.S.C.	1.127.275	45,09
Cengiz AVCI	252.376	10,10
Dallah Al Baraka Holding Co .S.C. ©	207.585	8,30
Islamic Development Bank	196.038	7,84
Other	716.726	28,67
<b>Total</b>	<b>2.500.000</b>	<b>100</b>

- Within the scope of increasing the paid-in capital of Albaraka Türk from ₺1,350 million to ₺2,500 million, the necessary approvals were obtained and the capital increase was completed without restricting the right of shareholders to purchase new shares.
- At the ordinary general assembly meeting of 2021 held on March 30, 2022, the discussion of the 3, 4, 5, 6, 7, 8, 10, 12, 13, 15 and 16th agenda items has been postponed in accordance with Article 420 of the TCC; due to this, the 2021 ordinary general assembly meeting was held on May 16, 2022 to discuss the relevant agenda items.

- Regarding agenda item, the questions asked by the shareholders at the Ordinary General Assembly meeting held on March 30, 2022 and deferred to be discussed next General Assembly meeting, were answered verbally and in writing at the General Assembly meeting held on 16 May 2022.

## Public Disclosure and Transparency

- The information document regarding the Bank's ordinary general assembly meeting for 2021, the participation procedure, the general assembly meeting minutes, the general assembly meeting announcement and the list of attendees have been published in Turkish on the Public Disclosure Platform and in Turkish, English and Arabic on the Bank's website.
- The independent audit firm has expressed a qualified opinion on the unconsolidated financial statements and independent audit report of the Bank for the fiscal year ended 31 December 2021. The basis of the qualified opinion is that the free provision of 100 million TL disclosed, all of which has been set aside in the current period due to the possible effects of adverse developments in the economy and markets determined by the Bank's management in the unconsolidated financial statements as of 31 December 2021, as is stated in TAS 37 "Provisions, Contingent Liabilities and Contingent Assets", is not meeting the recognition criteria.

## Stakeholders

- The number of employees, which was 3,390 at the end of 2020, decreased to 2,918 at the end of 2021. All rights and compensations of employees who quit their job during the monitoring period were given.
- The sustainability report for 2020 has also been published on the Bank's website in Turkish and English, and Albaraka Türk is the only participation bank that has been included in the BIST sustainability index since 2019.
- In 2021, the Bank was included in the list of "Europe's Best Employers" organized by the "Great Place to Work Institute" and Ekonomist magazine.

## Board of Directors

- Independent member of the board of directors Süleyman KALKAN and non-independent member İbrahim Fayeز Humaif ALSHAMSİ resigned from the board. Azhar Aziz DOGAR was brought in place of İbrahim Fayeز Humaif ALSHAMSİ by the decision of the board of directors until the first general assembly to be held.



- Melikşah UTKU requested from the board of directors to resign from the duties as board member and general manager due to retirement. At the meeting of the board of directors, where the request for resignation was discussed and accepted, it was decided to appoint Malek Khodr TEMSAH as the acting general manager, and to appoint Melikşah UTKU temporarily as the board member vacated by Süleyman KALKAN.

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