

# Agile Organization Sustainable Success





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## Contact

We have been rendering our services in accordance with interest-free banking principles, our values, and principles of banking ethics since our inception. We contribute to the progress of Türkiye's economy with our 40 years of experience, skilled human capital, and technology infrastructure.

We complement our customer-focused approach with digital transformation initiatives, create an unparalleled banking experience, and broaden our customer base with each passing year.

Crafting our organizational structure according to the future, we generate positive results with our updated operation and continue to raise our targets higher.

# 151.1% Increase in Net Profit

We reported TL 3.4 billion  
net profit in 2023, thanks to  
our correct strategies.

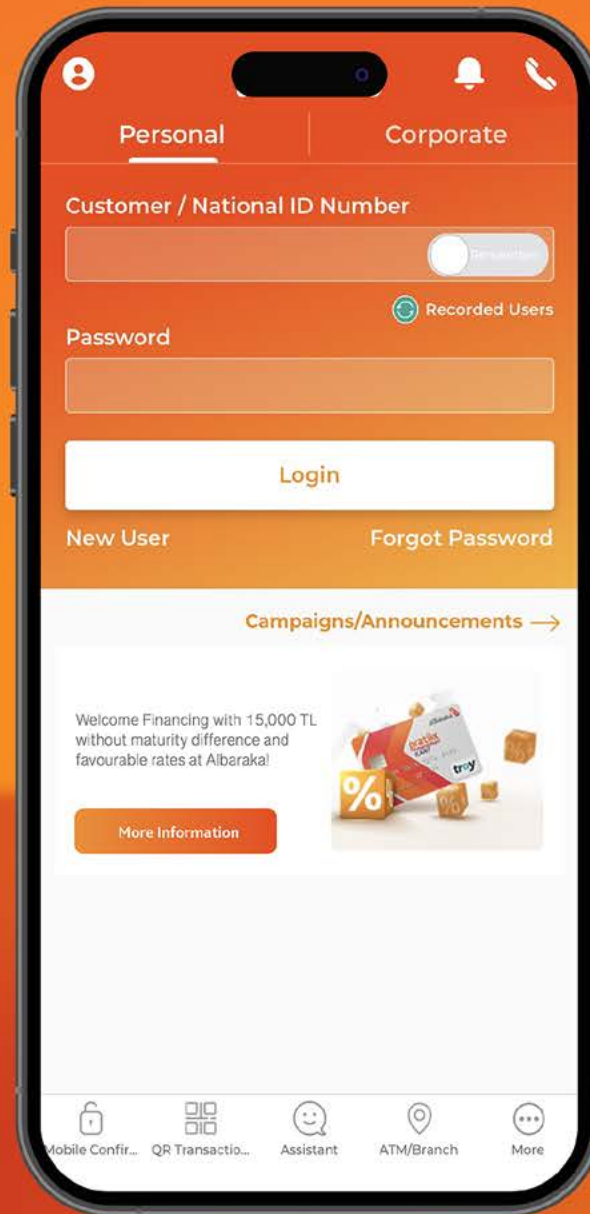


# Rising Value

We are a destination of trust for millions of customers with an expansive service network consisting of 223 domestic and two international branches as well as alternative distribution channels. With the right strategies and foresights, we continue our progress even in difficult economic conditions, adding to our achievements and shaping the banking of the future.

# 350% Increase in Customer Acquisition from Digital Channels

We increased the number of our mobile users by more than 350%.



# Digital Transformation Power

We strive to be a bank that pioneers a digital and sustainable future. We blend our reliable, innovative and solution-oriented banking vision with technological advancements and provide an accessible and simple experience. We are wherever our customers are thanks to the large number of products and services that we extended to the mobile platform.

# **58.7% Increase in Total Assets**

We raised our assets to TL 232.2 billion with our robust capital structure.

# **40 YEARS**



# To Many More 40 Years

We have been a pioneer in our industry with our sustainable accomplishments since our foundation. We modernized ourselves constantly over time and adapted to the present day and to the future. Thanks to our updated organizational structure, we have now become a much more agile and flexible organization in line with evolving needs and expectations. We are moving forward toward many more 40 years in unity.

We are here to leave  
memorable marks with each  
new day.



**2,723**  
**Employees**

We employ 2,723  
people, and  
march together  
toward new  
accomplishments.

# **We Are One, We Are Together**

We updated our vision, mission, and values in accordance with our strategic goals by focusing on our corporate culture and the requirements of the present day. We launched our new employer brand which encompasses all employees under the “We Are One” umbrella. We aim to further strengthen our unity and solidarity under the guidance of our new employer brand, and we see the happiness of our employees as one of our essential duties.

# Resetting emissions with YEK-G certificate

In 2023, we have zeroed our Indirect Emissions from Scope 2 Purchased Electricity with the YEK-G certificate.



# Responsible and Mindful Approach

As Albaraka Türk, we see our Participation Banking activities as the reflection of a social responsibility approach focused on creating value for the society, and we strive to be a pioneer financial institution in sustainability and corporate social responsibility in the course of our operations. We convert our sustainability approach to concrete values through such projects as Carbon Disclosure, Green Building, and Zero Waste.



# About the Report

## **Nature, Period and Scope of the Report**

The Integrated Annual Report includes Albaraka Türk's financial and non-financial performance in 2023 and the Board of Directors Annual Report to be submitted to the General Assembly, covering the period from January 1 to December 31, 2023.

The report has been drawn up on an unconsolidated basis, excluding the independent audit report in the Financial Statements and Footnotes section, and does not cover Albaraka Türk's subsidiaries and foreign operations.

## **Approach to Capital Elements**

The report presents the current outputs and effects of Albaraka Türk's value creation model, its risk and opportunity management and the Bank's future plans and goals based on integrated thinking principles proposed by the IFRS Foundation-Integrated Reporting framework and capital classification.

## **Report Content**

Albaraka Türk aims to showcase the value it creates from its financial and non-financial activities in various fields, ranging from economy to environment, corporate management to social investments, to the attention of its stakeholders within its sphere of influence.

The report describes Albaraka Türk's multifaceted contribution to inclusive and sustainable development by adhering to the principles of participation banking and covers the economic, social, and environmental aspects of the Bank's operations. The report also addresses the Bank's contribution to the United Nations 2030 Sustainable Development Goals, which the Bank supports.

## **Publication of the Report**

Albaraka Türk places importance and priority on ensuring that the integrated annual report is accessible to all stakeholders. In this context, the report was prepared with an environmentally friendly approach and made available on electronic media. The report can be accessed from the Public Disclosure Platform and the website, at [www.albaraka.com.tr](http://www.albaraka.com.tr).

## **Compliance with Legislation and Regulatory Framework**

This report has been prepared in accordance with the IFRS Foundation-Integrated Reporting framework and the GRI Standards 2021 published by the Global Reporting Initiative (GRI). The content of the report was established

according to the methods of determining content, primarily the prioritization principle, as set out in the GRI Standards Guide, with performance statements broadly adhering to the same guidelines.

The 2023 Integrated Annual Report of our Bank, whose shares are traded on the Borsa Istanbul, is also in compliance with the minimum requirements set out by the BRSA, the Capital Markets Board (CMB) and the TCC regarding activity reporting.

## **Audit**

For the selected non-financial indicators in the report, statements of assurance within ISAE 3000 (Revised) and ISAE 3410 standards have been obtained by an independent auditor, PwC Independent Auditing and Independent Accountant Mali Müşavirlik A.Ş. Limited. The report of the Independent Assurance Statement, which includes the list and scope of indicators receiving assurance can be viewed on page 204. The financial information in the report has been audited by the same independent audit firm. Statements from Independent Auditors are presented on page 172 and 173 of the report.

## **Statement from the Senior Management**

Financial and non-financial information, goals and key performance indicators in the Integrated Annual Report are reviewed by the senior management of Albaraka Türk. The Management Statement is presented on page 174.





## Message from the Chairman

### Total Assets Increase

# 59%

*Our Bank increased its total assets 59%.*

**Our Bank's net profit rose 151% on the previous year and reached TL 3.43 billion. Our Bank increased its total assets 58.7%. Further, funded credits and funds collected grew 44.6% and 43.6%, respectively.**

Esteemed stakeholders,

First and foremost, I congratulate the 100<sup>th</sup> anniversary of Republic of Türkiye and emphasize that, as Albaraka Türk, are working tirelessly in accordance with the "great and strong Türkiye" mission to increase our contribution to the national economy and to the participation finance industry.

Following the devastating earthquakes, with an epicenter near Kahramanmaraş, which struck on February 6, 2023, as Albaraka Türk, we mobilized all of our resources in an effort to heal our wounds. Once again, I wish condolences and swift recovery to all Turkish citizens who survived the earthquake.

Both the global and Türkiye's economy witnessed major developments in 2023. We tried to heal the wounds of the earthquake disaster, and also observed the effects of this disaster and the ensuing reconstruction process on the economy.

We witnessed a major tightening and combating inflation theme in the global economy. While the central banks of developed countries pursued tightening measures to fight inflation, expectations began for the start of interest rate cuts as a favorable trend began to present itself in inflation statistics.

Geopolitical risks also began to rise in 2023. Even though the fading out of the Russia-Ukraine war created a positive macroeconomic effect particularly in energy prices, the conflicts in the Middle East ongoing since the fall and progressively taking on a more international character began to constitute a major risk element especially in maritime logistics.

In terms of GDP growth, Türkiye lost momentum toward the end of the year as a result of macroprudential policies as well as monetary tightening measures that were implemented within the framework of combating inflation. The 0.3% quarter-over-quarter growth recorded in the third quarter 2023 demonstrated this trend.





# Our Bank achieved a performance in parallel with the sector.

After falling below 40% in the spring of 2023, inflation rose above 60% in the summer as a result of tax regulations implemented within the frame of macroprudential policies and the rising foreign exchange rates. Inflation trended below expectations toward the end of the year and closed the year at 64.77%.

The Turkish banking industry had another productive year in 2023. The sector's total assets grew 64% on end-2022 to reach TL 23.5 trillion while the net profit for the period was up 39% on the previous year to TL 604 billion. Total cash credits and deposits of the sector increased 55% and 68%, respectively, to TL 12.4 trillion and TL 14.9 trillion.

The Turkish banking sector had positive developments in terms of both asset quality and reducing non-performing credits in 2023. The non-performing loan (NPL) ratio declined from 2.0% to 1.6% at the end of 2022.

The participation banking sector had a more productive year than the overall banking industry in 2023 in terms of all of the aforementioned indicators. Total assets of participation banks increased 72% and reached TL 2 trillion. Participation banks' total net profit for the year rose 79% on the previous year to reach TL 53.2 billion. Total funded credit and deposit growth of participation banks also outpaced the overall banking industry. Total funded credits grew 64% to TL 1.1 trillion while total deposits were up 70% to TL 1.5 trillion.

In stark difference from the overall sector, participation banks reduced their non-performing credits while also increasing their third group reserve ratios. The NPL ratio declined from 1.4% to 1% at the end of the year while the NPL provisioning ratio at end-2023 stood at 95.2%, identical to the previous year's level.

In the light of economic developments, we increased our net profit more than the average of the Turkish banking and participation banking sectors in 2023, where we followed a balanced growth strategy. Compared to the previous year, our net profit for 2023 amounted to 3.4 billion TL, with an increase of 151%. Our total asset size reached 232 billion TL, with an annual increase of 59%. Our total funded credit portfolio and collected funds grew by 45% and 44%, respectively.



## Message from the Chairman

### NPL Ratio

*While reducing its NPL ratio from 1.9% to 1.7% during the year, Albaraka Türk raised its NPL provisioning ratio from 88.7% at year-end 2022 to 95.2%.*

**In May 2023 we unveiled Biriz (“We Are One”), the new employer brand that emphasizes our Bank’s human-centered innovative and encompassing power as well as our refreshed mission, vision, and values in accordance with our strategic goals.**

Our Bank used its 2023 profit to shore up its balance sheet. While reducing its NPL ratio from 1.9% to 1.7% during the year, Albaraka Türk raised its NPL provisioning ratio from 88.7% at year-end 2022 to 95.2%. With the TL 3.4 billion in free provisions set aside against potential risks in 2023, the Bank’s total free provisions reached TL 5.2 billion.

In May 2023 we unveiled Biriz (“We Are One”), the new employer brand that emphasizes our Bank’s human-centered innovative and encompassing power as well as our refreshed mission, vision, and values in accordance with our strategic goals.

Within the scope of the ABC Goals which were announced in line with the vision and philosophy of Albaraka Group B.S.C. in 2016, first steps were taken toward the Group’s sustainability and corporate responsibility initiatives.

As the 10<sup>th</sup> year of the ABC Goals nears, Albaraka Türk maintains its funding and social support initiatives toward its education, health, and renewable energy goals. The Bank set out on its Net Zero Emissions journey by focusing on the Sustainable Development Goals and the ABC Goals. It announced the reduction target in emissions by 2030 in the 2023 CDP Survey. Carrying out sustainability initiatives at full speed within this frame, Albaraka Türk will continue to monitor global developments continuously and structure its operations accordingly.

In accordance with our new vision, mission, and values in the new year, we will continue to offer digital-oriented and sustainable products and services for the demands and needs of our society consistent with participation finance principles, and to contribute to the economy of our country.

Respectfully,

**Housseem Ben Haj AMOR**  
*Chairman of the Board of Directors*

By the UK-based  
*Global Business  
Outlook Company*

**Türkiye's  
Most Innovative  
Api Service  
Provider!**

alBaraka  
api

Global  
Business  
Outlook

alBaraka



## Message from the CEO

In 2023, we shifted our focus to digitalization after launching our new vision, mission, and values in May. We initiated a comprehensive transformation process to empower our customers to fulfill all their financial requirements through digital channels without the need to visit a branch.

### Total Free Provisions

**5.2** TL billion

*We increased our total free provisions to TL 5.2 billion, with 3.4 billion TL allocated for the year 2023.*

Dear stakeholders,

First of all, I would like to extend my sincere congratulations on the 100<sup>th</sup> anniversary of the Republic of Türkiye. During this important time period, I wholeheartedly wish the continuation of our union and solidarity for many years to come in an environment of trust, tranquility, and peace. As Albaraka Türk, we will continue to work resolutely for the economic advancement of our country and progress of participation finance.

We have experienced a devastating earthquake disaster in early 2023 that impacted all of us deeply. During the days after the earthquake, we endeavored to provide the utmost assistance to the victims of the earthquake, utilizing all the resources at our disposal. I wish God's mercy on the souls of those who lost their lives in this earthquake disaster and extend my condolences to their loved ones.

The banking industry was one of the major stakeholders of the growth in 2023. The banking sector increased its profits by 39.3% on year-end 2022, and the banks used their profits to shore up their balance sheets. Improving its liquidity, profitability, and capital adequacy indicators throughout the year, the banking sector's non-performing loan (NPL) ratio declined to 1.6% at the end of 2023.

Despite maintaining our prudent provisioning policy, Albaraka Türk exhibited a successful performance in terms of profitability in 2023 in keeping with the prevailing trends in the banking industry. We raised our profit to TL 3.4 billion, a 151% increase on the same period of the previous year. Also, we increased our total free provisions to TL 5.2 billion, TL 3.41 billion of which was set aside in 2023. In addition to this cautious approach, we strengthened our asset quality as evidenced by reducing our NPL ratio to 1.7% from 1.9% at end-2022 while raising our NPL provisioning ratio from 88.7% to 95.2%.



## Our Bank exhibited a successful performance in terms of profitability in 2023.

In accordance with the Central Bank's liraization strategy, we aimed to increase the TL share of our balance sheet. As a result, we increased our total funded credits and funds collected by 44.6% and 43.6%, respectively, in 2023 compared to the end of 2022.

We are continuing our operations in the entrepreneurship field with Albaraka Garaj, which was established to support innovative projects. The Albaraka Garaj Pre-Acceleration Program, which was organized for the sixth term this year, was participated in by 13 startups. At the end of the "Demoday" event, we decided to proceed with seven startups. We continue to work hard to partner with entrepreneurs, help them grow their companies, and make important contributions to the industry.

As Albaraka Türk, we will continue to take steps to meet the needs of the entrepreneurs who participate in the pre-acceleration program and support the startup ecosystem in light of our previous experiences. In this context, nearly 450 applications were received for our seventh pre-acceleration program.

In 2023, we shifted our focus to digitalization after launching our new vision, mission, and values in May. We initiated a comprehensive transformation process to empower our customers to fulfill all their financial requirements through digital channels without the need to visit a branch. To achieve this, we integrated our existing products and services with digital channels. Additionally, we initiated projects for new products aligned with the needs and demands of our customers.

In line with our digitalization strategy, we accelerated our efforts to offer our traditional products through digital channels. In this context, in addition to the "Jet Finansman" product, which is one of our digital products that we offer to our commercial customers, we have made available to our customers the use of our insurance products and capital market transactions such as fund buying/selling through digital channels.

We established an ATM sharing cooperation with Yapı Kredi, after forging a similar arrangement with PTT last year, thereby offering service at 8,500 ATM locations.



## Message from the CEO

### Total Assets

**232.2** TL billion

*Our total assets increased to  
TL 232.2 billion in 2023.*

**We achieved more awards to recognize our accomplishments in 2023. Albaraka Türk, rose one position compared to last year to secure the 51<sup>st</sup> position in the annual ranking of Brand Finance, which is an international brand valuation organization that selects the 100 most powerful and valuable brands in Türkiye every year.**

We achieved more awards to recognize our accomplishments in 2023. Albaraka Türk rose one position compared to last year, securing the 51<sup>st</sup> position in the annual Brand Finance ranking, which is an international brand valuation organization that selects the 100 most powerful and valuable brands in Türkiye every year. Furthermore, We received the Diamond award in the participation banking category at the eighth A.C.E Awards for our outstanding performance in customer experience, as assessed through Şikayetvar's analysis of over 1.5 million data points.

As a result of our initiatives in the financial technology segment, we were counted among the functionally most innovative API platforms in the world in the Q1 2023 report of INNOPAY, an independent platform that assesses the

open banking platforms of banks across the globe. We were recognized as the most innovative API Service Provider in Türkiye by the U.K.-based Global Business Outlook in 2023. In addition, Albaraka Publishing, which has been operating under the bank and making many prestigious works available to the readers for many years, was deemed worthy of the Community Publishing Award.

Over the past decade, our Bank has made significant strides in sustainability. We have actively contributed to the Zero Waste Project since 2015, and to the Carbon Disclosure Project (CDP) since 2016. We have been working hard to improve our rating score at Refinitiv since we began reporting in connection to the BIST Sustainability Index, which we were included in as of 2019.

*Your seat is ready on  
**THY Flights with  
Yuvam Account!***

Albaraka Türk's sustainability journey will continue with increasing momentum while maintaining its leading position among participation banks. As we move forward on our journey towards achieving Net Zero, we are committed to take the necessary steps and fulfill our responsibilities for building a sustainable future.

Respectfully,

**Malek Khodr TEMSAH**

*CEO, Member of the Board of Directors*





## Albaraka Türk in 2023 at a Glance



### Financial Capital

Total Assets: **TL 232.2 billion**  
Funds Extended: **TL 109.2 billion**  
Capital Adequacy Ratio (%): **17.25%**



### Manufactured Capital

Number of Branches: **225**  
Number of ATMs: **279 (over 8,500 including  
Yapı Kredi and PTT ATMs agreements)**



### Intellectual Capital

Number of Paperless Transactions Through  
Digital Channels: **39,874,950**  
Digital Development Training Time:  
**11,474 hours**  
Ratio of Synchronous (Live Virtual Classroom)  
and Asynchronous Trainings Conducted in  
Digital Environment: **55.40%**  
Albaraka Culture, Art and Publishing Book  
Types: **20+**  
Albaraka Culture, Arts and Publishing Number  
of Books: **~200**





### Human Capital

Total Staff: **2,723**

Average Age of Employees: **37**

Average Seniority of Employees: **10.02 years**

Total Training Hours: **171,910 hours**



### Social and Relationship Capital

Total Number of Customers: **2,523,900**

Amount of Financing Realized in Education\*:  
**TL 73,332,930**

Amount of Financing Realized in Healthcare\*:  
**TL 899,545,603**

Amount of Financing Realized in Renewable  
Energy\*: **TL 2,834,894,961**

Total Amount of Support: **TL 46,924,569**



### Natural Capital

#### LEED GOLD Green Building Certification for the Headquarters Building

Number of Sheets Saved with Paperless  
Banking: **2,146,658**

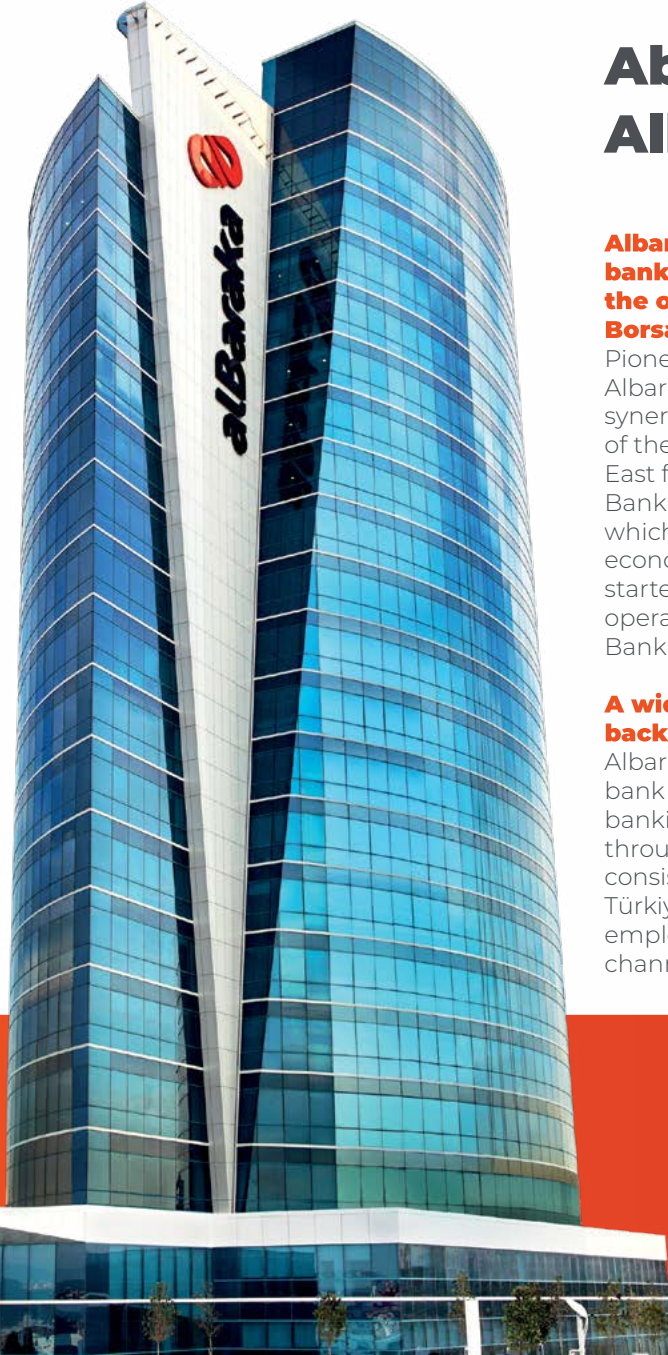
Number of Trees Saved with Paperless  
Banking: **257**

CDP Climate Change Score: **B-**

CDP Water Safety Rating Note: **B-**

2023 Total Carbon Footprint: **6,453.26 tCO<sub>2</sub>e**

\* Remaining for education, health, renewable energy areas  
for 2023 funded credit risk balance (cash/funded credits)



## About Albaraka Türk

### **Albaraka Türk was the first participation bank to be established in Türkiye and the only participation bank traded on the Borsa Istanbul.**

Pioneering interest-free banking in Türkiye, Albaraka Türk was established in 1984 with the synergy between Al Baraka Group (ABG), one of the most distinguished groups in the Middle East finance sector, the Islamic Development Bank (IDB) and a domestic industrial group which has been operating in the Turkish economy for more than half a century, and started to operate actively from 1985. The Bank operates in Türkiye in accordance with the Banking Law No. 5411.

### **A widespread physical service network backed by superior digital capabilities**

Albaraka Türk serves as a global participation bank offering a practical, fast, and flawless banking experience to its 2.5 million customers through its widespread service network consisting of 223 domestic branches across Türkiye and 2 international branches, 2,723 employees, and alternative distribution channels.

### **A regional solution partner for the Turkish private sector**

Albaraka Türk, strengthened by the solid capital structure of its parent company ABG, continues to add value to its customers' values in both retail banking and small business banking while maintaining its mission of being one of the most important solution partners of Turkish industrialists and investors in global markets. With two branches abroad, in Erbil and Baghdad in Iraq, and insha, a digital bank operating in Germany, Albaraka Türk operates with the vision of becoming the best regional bank in providing financial products and services in the Gulf, Middle East, and North Africa geographies and takes firm steps towards becoming a regional financial power.

### **Offering contributions with a rich and diversified range of products, services and solutions**

Albaraka Türk supports the real economy by fulfilling its mission of financing production and trade in the most effective way in line with the principles of participation banking. The Bank collects funds through special current accounts and participation accounts, and directs funds to the real sector in segments such as individual finance, corporate finance, leasing and project-based profit/loss sharing.

**Albaraka Türk serves as a global participation bank offering a swift and flawless banking experience to more than 2.5 million customers through its widespread service network consisting of 223 domestic and 2 international branches, 2,723 employees, and alternative distribution channels.**

### A qualified and strong contribution to the enterprise ecosystem

Albaraka Türk, which is a pioneer in the development of the start-up ecosystem in Türkiye, provides incubation and acceleration opportunities to entrepreneurs with technology-based business ideas and projects with Albaraka Garage, which is the first startup acceleration center in the world established under the roof of a participation bank where technology-based startups are supported with valuable acceleration opportunities that is a first for participation banks, making a qualified contribution to the development of the entrepreneurship ecosystem in Türkiye.

insha Ventures, which was founded by Albaraka Portföy Yönetim A.Ş. Innovation Venture Capital Investment Fund in 2020, proceeds with its activities to develop and manage financial technology (FinTek) projects.

### Seamless, high quality and secure service

Albaraka Türk reinforces its high service standards with its sincerity and friendly service approach. It carries out all its business processes within the scope of the ISO 9001: 2015 Quality Certificate. The ISO 22301 Business Continuity Certificate, which Albaraka Türk has been in possession of since 2016, upholds the Bank's competencies and standards in the field of uninterrupted operation of business processes.

### A pioneering and leading participation bank in sustainability

Albaraka Türk is a pioneering and leading participation bank which has completed important steps in the process of internalizing the concept of sustainability and ESG (environmental, social and governance). Albaraka Türk launched the Sustainable Banking Program with the support of ABC.

Within the scope of the program, the Bank works with the aim of being a leading financial institution that is sensitive to people and the environment, supports economic and global development while working with all of its stakeholders to build a sustainable world, in line with its relevant policies and procedures.

Acting with a responsible banking approach, Albaraka Türk is focused on fulfilling its obligations to the environment and society, and diligently applying the principles of sustainability and ESG in its activities.

Albaraka Türk operates with an awareness of social problems, increasing the total value it generates through the projects it implements within the scope of corporate responsibility, which it defines as an integrated element of its business model. Albaraka Türk, which is very meticulous in fulfilling its responsibilities towards its society, plans its corporate responsibility activities every year in four categories as education, environment, health and sensitive groups in line with its corporate values.

### Guiding steps in environmental sustainability

Albaraka Türk sourced 100% of its electricity consumption from renewable energy sources in 2023, and the acquisition of a 14,000,000 kWh YEK-G certificate has enabled the elimination of Scope 2 indirect emissions from purchased electricity.

Albaraka Türk, the only participation bank whose shares are traded in Borsa Istanbul (BIST), has achieved inclusion in the Borsa Istanbul Sustainability Index since 2019.

Operating in line with the United Nations 2030 Sustainable Development Goals, the Bank demonstrates the value it adds to the economy, society, and people through its Sustainability and Integrated Annual Reports and takes pioneering and exemplary steps in its sector. Since 2017, the Bank has been voluntarily responding to the Carbon Disclosure Project (CDP) Climate Change and Water Safety surveys.

Albaraka Türk has planned to submit its emission reduction goals and commitments to the Science Based Goals Initiative (SBTi) by calculating its climate burden holistically by measuring its environmental and social impacts.

#### TRADED STOCK EXCHANGE



**BORSA  
İSTANBUL**

Ticker Symbol **ALBRK**

#### INDICES AND REPORTING FRAMEWORKS IN WHICH ALBARAKA TÜRK IS INCLUDED



DRIVING SUSTAINABLE ECONOMIES



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



#### INDICES IN BIST

- BIST Participation 100
- BIST Corporate Management
- BIST Stars
- BIST All
- BIST 100-30
- BIST PARTICIPATION 50
- BIST Participation All
- BIST Sustainability Participation
- BIST Buyback
- BIST Participation 30
- BIST 100
- BIST Sustainability
- BIST Liquid Bank
- BIST Financial
- BIST Banks

#### GUIDING FRAMEWORKS

- CDP: Carbon Disclosure Project
- SBTi: Science Based Goals Initiative
- GRI: Global Reporting Initiative
- IFRS: International Financial Reporting Standards
- ISSB: International Sustainability Standards Board
- POA - TSRS: Public Oversight Authority - Turkish Sustainability Reporting Standards



## ABOUT ALBARAKA GROUP (ABG)

Albaraka Group B.S.C., which conducts interest-free banking operations in Türkiye as well as in a wide geography spanning from the Middle East to Europe, serves a population totaling around one billion customers in more than 600 branches.

### Adhering to Islamic finance principles

*Offering financial services in a wide range of industries, the Group provides retail, corporate, treasury, and investment banking services based on the principles of Islamic finance through its subsidiary banks.*

Al Baraka Group B.S.C (“ABG” / the “Group”) was established in 2002 in Manama, the capital of Bahrain, and is licensed as an Investment Business Firm – Category 1 (Islamic Principles) by the Central Bank of Bahrain.

It is a leading international Islamic financial group providing a wide range of financial services, offering retail, corporate, treasury and investment banking services, strictly in accordance with the principles of Islamic finance through its subsidiary banks. The Group has a wide geographical presence with operations in Jordan, Egypt, Tunisia, Bahrain, Sudan, Türkiye, South Africa, Algeria, Pakistan, Lebanon, Syria and Germany, in addition to two branches in Iraq and a representative office in Libya and provides its services in more than 600 branches. ABG's network serves a population totaling around one billion customers.

By the end of 2023, ABC's total asset volume stood at USD 25.3 billion with equity of around USD 2 billion. In the same period, the Group reported USD 1.14 million in operating income and a net profit of USD 283.3 million.

#### Social and Sustainable Finance

Al Baraka Group operates with a social and sustainable finance approach, which is one of the core values of the Islamic banking finance system. The Group aims to contribute to the real economy and benefit the communities in the regions where it operates. In line with Islamic principles and values, the Group acts with the responsibility of improving the living conditions of the community of which it is a part and the quality of life of individuals by supporting educational and social projects.

The Group's mission is to meet the financial needs of communities around the world with an ethical and customer-centric approach in line with the digital age and share its achievements with its customers, employees, shareholders, and society, who have a part in its success. In line with this approach, the Group has contributed over half a million dollars to initiatives/activities related to employment, education, health, and sustainable energy.

# The first participation bank of Türkiye





# OUR VISION, MISSION, VALUES, AND QUALITY APPROACH

## Our Vision

To be the trusted, innovative and digital pioneer of participation finance by providing financial services through the best customer experience, and ensuring sustainable profitable growth.

## Our Mission

To fulfill the financial needs of society through a customer-centric approach, in accordance with the principles and moral values of participation finance, and to provide high value to all our stakeholders in a solution-oriented manner by acting with a socially responsible awareness.

## Our Values

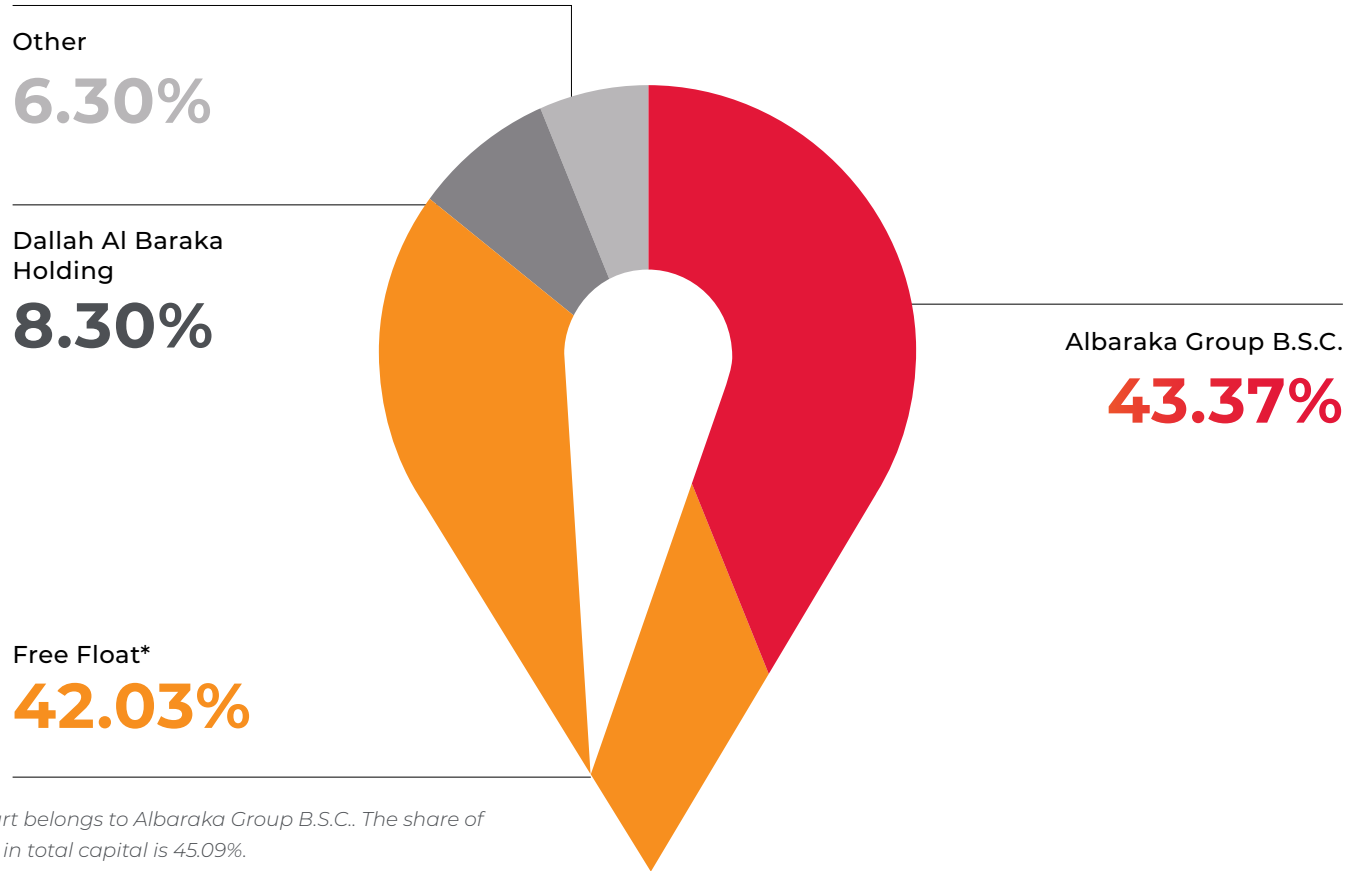
- Trust
- Cooperation
- Innovation & Agility
- Customer & Solution Oriented
- Development

## Our Quality Policy

By working hand in hand with our well-trained employees who embrace quality as a way of life and continuously renew themselves

- To offer products and services to meet the current and future expectations of our customers,
- To boost customer satisfaction through “personalized customer attention” and a “cheerful service” approach,
- To continuously improve all our business processes as well as our product and service quality,
- Keep a close watch on technology and business developments and rapidly transform them into added value.

## Shareholding Structure



\*4.10% of the public part belongs to Albaraka Group B.S.C.. The share of Albaraka Group B.S.C. in total capital is 45.09%.

### Capital Distribution of the Bank as of 31.12.2023

Shareholder	Share Amount (TL)	Percentage (%)
Albaraka Group B.S.C.	1,084,167,314.26	43.37
Dallah Al Baraka Holding	207,585,000.00	8.30
Other	157,480,145.35	6.30
Free Float	1,050,767,540.39	42.03
<b>Total</b>	<b>2,500,000,000.00</b>	<b>100.00</b>



# Market Capitalization and Share Information

	Market Value	TL 9,550.000.000
31.12.2023 As of Year End	Last-Day Closing Share Price	3.82
	Price/Earnings (P/E) Ratio*	3.27
	Market Value (MV)/Book Value (BV)**	0.89
During the Year	Highest Price	4.81
	Lowest Price	2.27

\*P/E: Price/Earnings Ratio

\*\*MV/BV: Market Value / Book Value Ratio

## Information on Share Buyback

Within the framework of the Buyback Program approved at the Ordinary General Assembly meeting of Albaraka Türk held on March 27, 2023, 27,739,521 shares were bought back in 2023. The share of buyback in total capital is 1.110%.



## OUR GEOGRAPHY OF OPERATIONS

Albaraka Türk offers a unique banking experience to its customers with its wide-ranging participation banking service network.



Istanbul  
Adana  
İzmir  
Erzincan  
Sakarya  
Karaman  
Ankara  
Malatya  
Tokat  
Bursa  
Trabzon  
Konya  
Kahramanmaraş  
Antalya  
Adıyaman  
Kayseri

Yalova  
Kocaeli  
Düzce  
Denizli  
İçel  
Osmaniye  
Amasya  
Elazığ  
Uşak  
Gaziantep  
Aydın  
Samsun  
Diyarbakır  
Zonguldak  
Çankırı  
Kastamonu

Manisa  
Balıkesir  
Isparta  
Giresun  
Kütahya  
Karabük  
Tekirdağ  
Eskişehir  
Şanlıurfa  
Erzurum  
Hatay  
Ordu  
Sivas  
Muş  
Aksaray  
Mardin

Afyon  
Çorum  
Siirt  
Bolu  
Batman  
Van  
Rize  
Edirne  
Nevşehir  
Çanakkale

Domestic

**223**



Overseas

**2**

Erbil  
Baghdad



## OUR AWARDS

According to the report prepared by the international brand valuation organization, Brand Finance, Albaraka Türk was also included in the list of Türkiye's 100 most valuable brands in 2023.

### **Türkiye's most innovative API service provider**

*Albaraka Türk was named "Türkiye's Most Innovative API Service Provider" in the banking category by the UK-based Global Business Outlook in 2023.*

- Albaraka Türk was awarded the "Diamond" award in the field of Participation Banking at the 8<sup>th</sup> A.C.E Awards based on the results of the "Customer Experience Index" survey conducted by Şikayetvar.com.
- According to the report prepared by the international brand valuation organization, Brand Finance, Albaraka Türk was also included in the list of Türkiye's 100 most valuable brands in 2023.
- Albaraka Türk was named "Türkiye's Most Innovative API Service Provider" in the banking category by the UK-based Global Business Outlook in 2023.
- In the Respect for People Awards, one of Türkiye's leading human resources awards organized by Kariyer.net, Albaraka Türk was selected as one of 206 employers among more than 30 thousand companies.

# A year full of awards





## MACROECONOMIC OUTLOOK

### Developments affecting 2023

*In 2023, geopolitical risks and tightening policies in developed economies had a strong influence on the global economy.*

**Interest rate hikes had an adverse impact on economic activity, especially in Europe. While credit growth in the Eurozone came to a standstill, economic growth data also indicated a serious pause.**

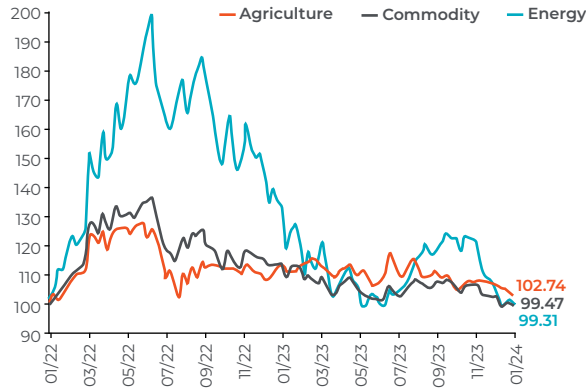
In 2023, geopolitical risks and tightening policies in developed economies had a strong influence on the global economy. High levels of inflation in developed economies such as the USA, Europe and the United Kingdom prompted central banks to raise interest rates, with the Federal Reserve, the European Central Bank and the Bank of England all raising interest rates significantly during the year.

The effects of monetary tightening were seen in the last months of 2023 and, as inflation figures started to outperform expectations towards the end of the year, central banks commenced a pause in raising interest rates.

At the same time, interest rate hikes had an adverse impact on economic activity, especially in Europe. While credit growth in the Eurozone came to a standstill, economic growth data also indicated a serious pause. The effects of the Russia-Ukraine war at the beginning of the year, along with other geopolitical risks, lifted commodity prices in particular. Although the impact dissipated as the Russia-Ukraine war fell from the agenda, Israel's attacks on Gaza, ongoing since the Hamas incursion into Israel on October 7, placed further pressure. However, this impact was limited, and the year concluded with a considerable decline on the commodity side.

### Commodity Prices

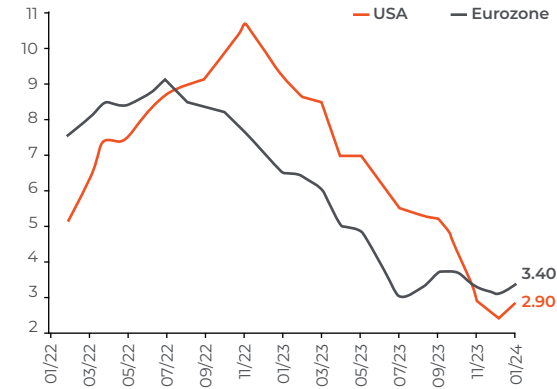
Bloomberg Commodity Index, 2022=100, 31.12.2023



In 2024, one of the most important debates is expected to center around when developed countries will start reducing interest rates. Market expectations have been raised by the moderate data received so far, especially in terms of the USA, and interest rate cuts are anticipated for 2024.

### Inflation

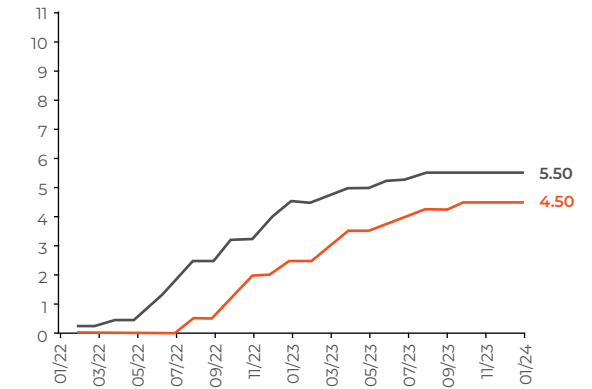
CPI, Annual Change %, December 2023



In Europe, the data reveals a more complex picture. Similar to the USA, inflation has fallen faster than projected in recent months; however, both market expectations and policymakers' communication on interest rate cuts point to a later date compared to the USA. Despite these elements, the moderate data suggests a revised expectation for the first rate cut, which is now expected in the second rather than the third quarter of the year. If the follow-on effects of past rate cuts continue to be more favorable than expected, the first rate cut could potentially take place as early as the beginning of the second quarter.

### Policy Interest

%, December 2023



## DEVELOPMENTS IN THE TURKISH ECONOMY

### Simplification policies

*Within the framework of simplification policies, the CBRT has taken a number of steps on the regulatory side. One of the most momentous steps was the exit from the FEPDA (Foreign Exchange Protected Deposit Account).*

The implementation of a tightening policy, followed by successive rate hikes from June 2023, was an important development in the second half of the year. By the end of the year, the CBRT had gradually raised the policy rate from 8.5% to 42.5%.

The chief macroeconomic developments in the Turkish economy differed from the first to the second half of the year. The first half of 2023 was characterized by low policy rates, a stable exchange rate, and high credit growth. Retail credit growth, especially that led by state-owned banks, reached record levels.

Concurrently, the earthquake disaster affected a significant part of our country, with subsequent impacts on the economy. In particular, resources allocated for items such as post-earthquake reconstruction activities had a growing impact on the budget deficit.

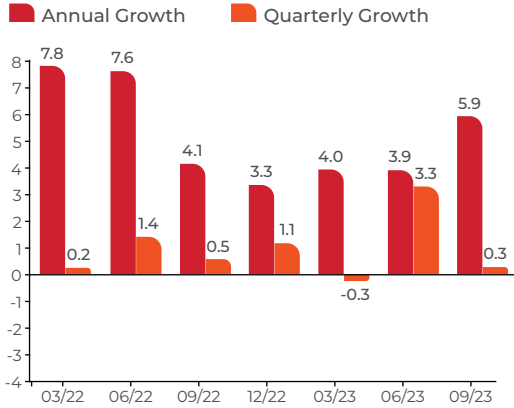
During the second half of the year, macroprudential measures and related instruments were deployed intensively, and critical changes occurred in economic policy. The tightening policy, which had been followed by successive rate hikes since June, was one of the important developments during this period: By the end of the year, the CBRT had gradually raised the policy rate from 8.5% to 42.5%. On the other hand, exchange rate volatility, along with the summer hikes in the VAT and fuel SCT

(Special Consumption Tax), pushed inflation upwards. With the contribution of the negative base effect, inflation exceeded 65% by the end of 2023.

Within the framework of simplification policies, the CBRT has taken a number of steps on the regulatory side. One of the most momentous steps was the exit from the FEPDA (Foreign Exchange Protected Deposit Account). With goals set for banks' exit from the FEPDA, the total FEPDA balance dropped from TL 3.4 trillion to below TL 2.7 trillion within a few months. A remarkable consequence of the exit was that funds leaving FEPDAs shifted to TL deposits rather than foreign currency deposits, thus expanding the share of standard TL deposits in the deposit composition. Moreover, in the second half of 2023, the aforementioned macroprudential measures included a series of regulations, such as the termination of mandatory security purchase practices, the simplification of required reserve practices, an increase in required reserve ratios for FX-denominated accounts and FEPDAs, and the launch of TL deposit purchase tenders.

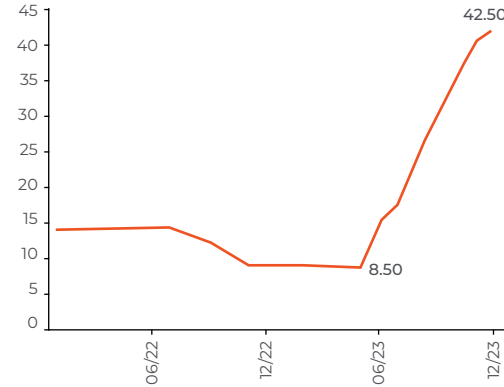
### GDP Growth

Change %, Seasonal and Calendar Adjusted, September 2023



### CBRT Policy Rate

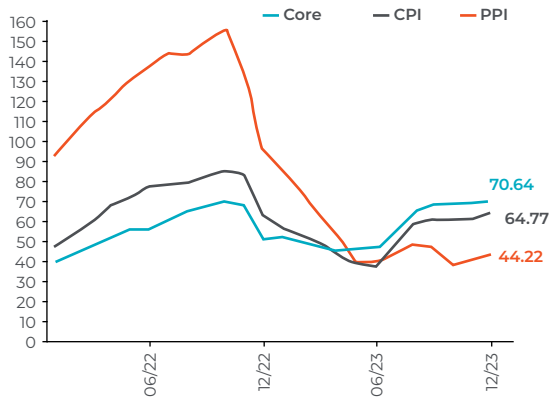
%, December 2023



In 2024, a prominent agenda item for the Turkish economy includes reigning in inflation and ensuring a disinflation trend. Annual inflation, which will rise until May, is expected to slope downwards after peaking in the May-June period and dropping to around 40% by the end of the year. The stable upward trend in the exchange rate is expected to be maintained next year and, furthermore, in the CBRT's year-end monetary policy report, published on December 29, 2023, it was noted that steps would be taken to maintain the increase in CBRT reserves, thus suggesting that these macroprudential measures will continue in 2024.

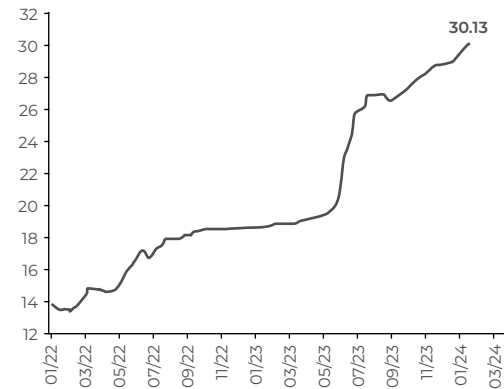
### Inflation Indicators

Annual Change %, December 2023



### USD/TL

Exchange Rate Level, 17.01.2024





## OVERVIEW OF THE BANKING SECTOR

### Improvement in asset quality, increase in profit

*Positive developments were also seen in the Turkish banking sector's asset quality in 2023.*

The sector's total assets rose by 64% to TL 23.5 trillion, while annual net profit increased by 39.3% to TL 604 billion. Total cash credits and deposits in the sector surged by 55.2% and 67.6% to TL 12.4 trillion and TL 14.9 trillion, respectively.

The banking sector enjoyed another fruitful year in 2023. Compared to year-end 2022, the sector's total assets rose by 64% to TL 23.5 trillion, while annual net profit increased by 39.3% to TL 604 billion. Total cash credits and deposits in the sector surged by 55.2% and 67.6% to TL 12.4 trillion and TL 14.9 trillion, respectively.

Positive developments were also seen in the Turkish banking sector's asset quality in 2023. The non-performing credit ratio, which was 2% at the end of 2022, decreased to 1.6% by the end of 2023. The reserve ratios for the third group also relatively decreased from 86.7% to 82%, while the CARs in the sector moderately declined from 19.5% at the end of 2022 to 18.9% by the end of 2023.

With the tightening in monetary policy, credit demand in the sector is expected to decline and banks are expected to focus on low-risk retail customers, robust companies in terms of their balance sheets, and selective sectors. Furthermore, with the increase in digitalization within the sector, it is anticipated that existing banks will deepen their focus on digital channels and that new digital banks will enter the sector.



## ALBARAKA TÜRK'S POSITION IN THE SECTOR

### Superior performance

*Albaraka Türk outperformed the sector in net profit increase in 2023.*

Albaraka Türk ended the year with a total profit of TL 3.4 billion, increasing its total assets by 58.7% while achieving 44.6% and 43.6% growth in total funded credits and funds collected, respectively.

Albaraka Türk, Türkiye's first participation bank, has been contributing to the national economy and to participation finance since its establishment.

Maintaining its operations with the mission of being a reliable, innovative and digital pioneer in participation finance, Albaraka Türk strives to offer financial services with the best customer experience, while ensuring sustainable profitable growth. In 2023, the Bank achieved annual growth in legal equity above the sector and participation averages. In addition, Albaraka Türk outperformed the sector in increasing special provision ratios and reducing foreign currency-denominated funded credits and funds collected.

This achievement also testifies to the Bank's support for the liraization strategy implemented by the Central Bank. By the first half of the year, Albaraka Türk had already achieved profit equivalent to that of year-end 2022, ending 2023 with a total profit of TL 3.4 billion. Furthermore, maintaining its prudent approach against potential risks, the Bank increased its free provisions, at TL 1.8 billion at the beginning of the year, to TL 5.2 billion.

Albaraka Türk increased its total assets by 58.7% while achieving 44.6% and 43.6% growth in total funded credits and funds collected, respectively. Moreover, the Bank strengthened its asset quality, reducing its non-performing credit ratio to 1.7% and increasing its specific provision ratio to 95.2%.

# ALBARAKA TÜRK'S VALUE CREATION MODEL

## Inputs

## Business Operations



## ALBARAKA TÜRK AND ITS ECOSYSTEM



## Outputs

## SDGs

- Net profit TL 3.4 billion
- Profit growth rate 151.1%
- Total assets TL 232.2 billion



- Total number of customers 2.5 million+
- Number of paperless transactions made through digital channels 39,874,950



- Pratik Finansman (Practical Financing) Card
- Dealer Financing OTS
- insha Ventures -Getinsha, Alneo
- AlbarakaTech Global-A new lever for digital transformation
- Albaraka Portfolio Management invested in 24 companies



- Team of 2,723 people
- 180,893 hours of total training
- In-house idea development with BigBang
- Corporate culture based on unity and solidarity
- Young University Students from Albaraka



- Social Investments TL 46,924,569
- The amount of financing provided in the field of education TL 73,332,930
- The amount of financing realized in the field of health TL 899,545,603
- Microcredit support to 575 micro-entrepreneurs in cooperation with Türkiye Grameen Microfinance Program-TGMP



- Renewable energy financing of TL 2,834,894,961
- CDP Climate Change Score: B-
- CDP Water Security Score: B-
- Borsa Istanbul Sustainability Index
- Eliminating indirect Scope 2 emissions



Albaraka Türk operates with the vision of being the reliable, innovative, digital pioneer of participation finance by providing financial services with the best customer experience and ensuring sustainable profitable growth, and conducts its activities with the understanding of “responsible banking” caring for sustainability and ESG principles under the guidance of participation banking principles.

**SUSTAINABILITY STRATEGY - “RESPONSIBLE BANKING”**

Sustainable Banking Program - ESG-supported business model

- Supporting innovation in every aspect of participation banking,
- Contributing to the sustainable development of the Turkish economy,
- Improving the value it adds to society and human welfare.



## Our Sustainability Journey

**2015**

- In the field of global climate change, Albaraka Türk participated in the Carbon Disclosure Project for the first time.
- Al Baraka Banking Group (ABG) announced its "ABC Goals" (2016-2020) in line with the UN Sustainable Development Goals.

**2016**

- Albaraka Türk launched the Sustainable Banking Program. Within the scope of the program, education, health, environment and vulnerable groups were determined as focus areas.
- The Head Office Building of Albaraka Türk was granted LEED GOLD Certification.

**2017**

- Within the scope of the Sustainable Banking Program, the activities conducted on sustainability gained momentum. In this context, Albaraka Türk responded to the Carbon Disclosure Project (CDP) Climate Change surveys voluntarily and achieved a rating of "C" for the first time.
- Albaraka Garage was launched, as the first start-up accelerator center in the world established by a participation bank.

**2018**

- Responding to the Carbon Disclosure Project (CDP) Climate Change and Water Security surveys, Albaraka Türk achieved a rating of "C" in both surveys.
- Valuing employee satisfaction, Albaraka Türk was evaluated by the Great Place to Work Institute to identify Türkiye's best employers.

**2019**

- Albaraka Türk became the first and only participation bank to be included in the Borsa Istanbul (BIST) Sustainability Index in the 2019-2020 period.
- Achieving a "B" rating in the Climate Change survey and a "B-" in the Water Security survey within the scope of the Carbon Disclosure Project, Albaraka Türk managed to increase its ratings in both surveys.
- ABG Goals Program achieved high target realization rates in the fields of education, health, employment and sustainable energy.

**The first participation bank to  
publish an integrated annual report**

**2020**

- By breaking new ground, Albaraka Türk presented its 2019 Sustainability Report to the attention of its stakeholders on its corporate website.
- Albaraka Türk CDP Climate Change and Water Security surveys were responded to. The Bank's CDP Climate Change score is "A-" and the Water Security score is "B-."
- Calculating its entire climate load, Albaraka Türk committed to determining SBTi - Science Based Targets within two years and reducing its carbon emission.
- Albaraka Türk focused on arranging its financial statements to reflect climate risks and putting the TCFD-Task Force on Climate-Related Financial Disclosure recommendations into practice.

**2021**

- Albaraka Türk's 2020 Sustainability Report was made available to all stakeholders on the Bank's website.
- Albaraka Türk CDP Climate Change and Water Security surveys were responded to. The Bank's CDP Climate Change score is "B-" and the Water Security score is "B-."
- In 2021-2022, Albaraka Türk was included in the Istanbul Stock Exchange Sustainability Index once again and maintained its title as the first and only participation bank in this index.
- Albaraka Türk continued to contribute to the Zero Waste Project launched by the Ministry of Environment, Urban Planning and Climate Change.
- Albaraka Türk commenced activities with the SBTi (Science Based Targets Initiative) to calculate its entire climate load.
- Reclaiming the LEED Gold Green Building Certification once again, Albaraka Türk's head office maintained its title of being the first bank head office building certified as a green building.

**2022**

- Albaraka Türk answered the CDP Climate Change and Water Security questionnaires. The Bank's CDP Climate Change and Water Security evaluation grades were announced as B.
- Albaraka Türk completed its Sustainable Sukuk infrastructure work.
- Infrastructure work carried out in the Bank's credit processes for the calculation of indirect emissions gained momentum.

**2023**

- Albaraka Türk sourced 100% of its electricity consumption from renewable energy sources in 2023. The acquisition of a 14,000,000 kWh YEK-G certificate has enabled the elimination of Scope 2 indirect emissions from purchased electricity.
- Albaraka Türk continued its efforts to calculate its climate burden holistically by measuring its environmental and social impacts. Accordingly, it planned to submit its emission reduction goals and commitments to the Science Based Goals Initiative (SBTi) in 2024.
- The Bank's CDP Climate Change and Water Safety evaluation grades were announced as B-.
- Albaraka Türk, the Bank of Firsts, became the first participation bank to publish an integrated annual report.
- Albaraka Türk, Türkiye's first participation bank, announced its new employer brand along with its Vision, Mission, and Values, which were renewed in line with its strategic goals in the "We Are Together" program, which was followed live by all employees across Türkiye.



## OUR SUSTAINABILITY ORGANIZATION

Acting with a responsible banking approach, Albaraka Türk considers sustainability activities while setting its goals and develops its business model within the scope of the Environmental Social Governance framework.

### Sustainable Banking Program

*With the Sustainable Banking Program, Albaraka Türk aims to be a pioneering financial institution that is sensitive to people and the environment in line with its relevant policy and procedures, supporting economic and global development and working together with all its stakeholders for a sustainable world with the committed support of its employees.*

Albaraka Türk is a leading financial institution that is sensitive to people and the environment, supports economic and global development, and works with all its stakeholders for a sustainable world with the support of its employees under the Sustainable Banking Program.

The Bank's sustainability strategy envisages the realization of the Bank's activities and the effective management of the risks associated with these activities through roadmaps created in specific areas. In this context, Albaraka Türk carries out its Sustainable Banking Program within the framework of the United Nations 2030 Sustainable Development Goals. Corporate responsibility activities are also carried out within the scope of the program. These activities have mainly focused on education, health, the environment and vulnerable groups.

#### **Sustainability Strategy and Goals**

Albaraka Türk launched the Sustainable Banking Program with the support of its main partner, ABG.

Within the scope of this program, the Bank aims to be a pioneering financial institution that is sensitive to people and the environment in line with its relevant policy and procedure. The Sustainable Banking Program also demonstrates that Albaraka Türk supports economic and global development and works together with all its stakeholders for a sustainable world with the committed support of its employees.

Acting with a responsible banking approach while meeting its obligations to its environment and society, Albaraka Türk considers sustainability activities while setting its banking goals and develops its business model within the scope of the Environmental Social Governance framework (ESG).



# Active reporting to CDP since 2016

Albaraka Türk, the first participation bank in our country and the only participation bank traded on the Borsa Istanbul (BIST), achieved significant successes in 2023 thanks to its technological competencies as well as its specialized human resources.

Initiated in 2015, the Zero Waste Project has led to many improvements in waste management and energy consumption control within the Bank, and as a result, the Bank was awarded the title of the first Leed Gold Certified Bank Headquarters building. Since 2016, Albaraka Türk has been voluntarily responding to the Carbon Disclosure Project's Climate Change and Water Safety surveys and has continuously improved its CDP scores. In CDP disclosure, our Bank aims to reduce Scope 1 and 2 emissions by 50.4% until 2030.





## OUR SUSTAINABILITY ORGANIZATION

**Albaraka Türk, which has been included in the BIST Sustainability Index since 2019, continued to develop its ESG activities built on its banking model.**

### **SBTi targets**

*In the SBTi project, initiated in 2021, Albaraka Türk has made significant progress in 2023 and completed its work to a greatest extend.*

Albaraka Türk, which has been included in the BIST Sustainability Index since 2019, continued to develop its ESG activities built on its banking model.

In the Science Based Targets initiative (SBTi) project, initiated in 2021, the Bank has made significant progress in 2023 and completed its work to a greatest extend. In the first quarter of 2024, the Bank aims to make a goal commitment to SBTi to reduce greenhouse gas emissions arising from commercial real estate, long-term corporate credits, the power generation sector in the corporate credit portfolio, and the power generation project finance portfolio.

Since 2016, Albaraka Türk has been measuring and disclosing Scope 1 and Scope 2 emissions to fulfill its environmental obligations. The announcement of emission reduction goals in the SBTi (Science Based Target Initiative), an internationally recognized platform,

contributes to our principles of transparency and reliability and prepares the Bank for the Sustainable Banking ecosystem. Preparing the infrastructure for future sustainable banking policies will become more feasible with concrete targets to be presented to the SBTi.

SBTi mandates that banks disclose their targets encompassing Scope 1, 2, and 3 emissions. These targets, submitted to SBTi, must utilize the most recent year as the base year, with 2022 designated as such. The overarching aim of these targets is to maintain global warming within a 1.5°C threshold.

Scope 1 emission refers to gasoline and diesel emissions from the Bank's vehicles and natural gas emissions from heating and cooling processes.

Scope 2 emissions refer to emissions resulting from electricity consumed.

Scope 3 emission refers to emissions resulting from

- Employee transportation and waste
- Business travels, paper consumption, the supply chain in procurements, employee transport and waste,
- Credits,
- Partnered projects and investments,
- Securitized fixed income,
- Private equity funds and private debt.

Albaraka Türk aims to be a leader in this field by taking voluntary steps to resolve many environmental challenges such as the climate crisis, within the framework of its net zero emission goal and Environmental Social Governance framework.

Albaraka Türk is proud to be the first participation bank to publish an integrated annual report in 2023 and continues its sustainable and digital banking activities without slowing down.

Moreover, the Bank acts in compliance with the decisions taken by local authorities, regulatory agencies, and the legislation, and regulates its policies. The Bank, which closely follows the agenda in the field of sustainability, also supports national and international initiatives in this area.

Within the scope of sustainability efforts, Albaraka Türk aims to;

- Continue its activities to reduce Scope 1 and 2 emissions through the Carbon Disclosure Project,
- Calculate Scope 3 emissions and commit to reduce it with the guidance of SBTi in order to achieve net zero emissions and limit the temperature increase to 1.5°C in line with the 2015 Paris Climate Agreement,
- Maintain its position in the BIST Sustainability Index and increase its rating in Refinitiv disclosure,
- Contribute to the solution of many environmental problems such as the climate crisis, water and solid waste pollution problems, with the Environmental Social Governance System established within the Bank,
- Expand the portfolio of sustainable finance products such as renewable energy financing, solar power plants, gray water credits,
- Contribute to the ESG by evaluating the funds provided by sustainable sukuk in sustainable projects that comply with the standards,
- Develop projects such as LEED Gold Green Building Certification, Zero Waste etc.,
- Inform its stakeholders transparently about sustainability,
- Develop a reporting infrastructure compatible with the ESG strategy,
- Support the Sustainable Development Goals carried out by the United Nations Development Program and align its business processes with these goals.

### Sustainability Structuring

Albaraka Türk conducts its sustainability activities through the Corporate Management and Sustainability Committee at the Board level and the Sustainability Execution Committee that directly Reports to the General Manager.

### Corporate Management and Sustainability Committee

The Committee consists of at least two members elected by the Board of Directors. The purpose of the Committee is to monitor and evaluate the Bank's compliance with the Corporate Management Principles, to carry out improvement activities, to ensure that the Bank adopts the best practices in the field of sustainability and to offer suggestions to the Board of Directors on all these issues.

### Areas of Activity and Use of Resources

- Sustainability and Corporate Governance Activities
- Corporate Responsibility Activities
- Sponsorship and Communication Activities

The duties and responsibilities of Albaraka Türk Corporate Management and Sustainability Committee and Sustainability Executive Committee are set out below.



## OUR SUSTAINABILITY ORGANIZATION

**Albaraka Türk conducts its sustainability activities through the Corporate Management and Sustainability Committee at the Board level and the Sustainability Execution Committee that directly Reports to the General Manager.**

### **Dynamic and agile structure**

*Albaraka Türk acts in compliance with the decisions taken by local authorities, regulatory agencies, and the legislation, and regulates its policies. The Bank, which closely follows the agenda in the field of sustainability, also supports national and international initiatives in this area.*

#### **Duties and Responsibilities of the Corporate Management and Sustainability Committee (Sustainability Function)**

- The Committee provides guidance to the Sustainability Executive Committee on the following topics within the framework of Albaraka Türk's relevant procedures.
- Within the scope of sustainability goals; Implementation of sustainability and corporate responsibility projects that can convey the vision, mission, and corporate values of Albaraka Türk the bank to the entire society, stakeholders, and business partners,
- Following national and international practices and standards in the fields of sustainability and corporate responsibility, and making projects and studies comply with these practices and standards,
- Creating sustainability strategies and policies and integrating them into company activities and monitoring sustainability performance,
- Establishing an environmental, social and governance system and integrating it with the credit risk assessment system,
- Determining the risks, opportunities and goals of climate change and preparing the necessary reports for the relevant senior management and committees.
- Evaluates the corporate responsibility projects submitted for the approval of the Corporate Management and Sustainability Committee.
- Discusses the issues reported by the Sustainability Executive Committee and takes the necessary decisions for their conclusion,
- Ensures that the awareness of Corporate Sustainability is internalized within the organization, establishes the sustainable banking goals in a concrete way and to establish long-term values.

### Roles and Responsibilities of the Sustainability Executive Committee

- Within the scope of sustainability goals; Providing recommendations to the Sustainability Committee on the implementation of sustainability and corporate responsibility projects that can convey the vision, mission, and corporate values of Albaraka Türk to the entire society, stakeholders, and business partners,
- Formulating sustainability strategies and policies; incorporating them into the Bank's activities; and monitoring the Bank's sustainability performance.
- Establishing an environmental, social and management system so as to ensure this system works in integration with the credit risk assessment system.
- Identifying the risks, opportunities and objectives in relation to climate change and ensuring that necessary reports are drafted and submitted.
- Monitoring national and international practices and standards for sustainability and corporate responsibility, while ensuring the Bank's projects and efforts in this field comply with such practices and standards.
- Conducting evaluations on the budget, scope, and partners of the requested CSR projects; submitting these evaluations to the Sustainability Committee for approval; and evaluating the projects that are being implemented at the meetings of the Executive Committee.

### Structuring of Albaraka Türk Sustainability Management



### 2021-2025 Al Baraka Objectives

Albaraka Turk has identified the following priorities within the scope of the 2021-2025 ABG Objectives:

- Providing Financing for Health Projects: USD 198 million (Group Target: USD 445 million)
- Targeted Donation Amount for Health Projects: USD 275,000 (Group Target: Approximately USD 5 million)
- Providing Financing for Education Projects: USD 55 million (Group Target: USD 416 million)
- Targeted Donation Amount for Education Projects: USD 4.5 million (Group Target: Approximately USD 10 million)
- Providing Financing for Sustainable/Renewable Energy Projects: USD 150 million (Group Target: USD 444 million)
- Providing Financing for Circular Economy Projects: USD 5.5 million (Group Target: USD 226 million)
- Providing Financing for Agricultural Projects: USD 450 million (Group Target: USD 682 million)



## OUR SUSTAINABILITY AND CORPORATE RESPONSIBILITY PRINCIPLES

Acting with the awareness of its social responsibility, Albaraka Türk Katılım Bankası A.Ş. makes in-kind and cash donations and grants to individuals, institutions, or non-governmental organizations active in areas such as health, education, environment, vulnerable groups, culture, etc.

Albaraka Türk bases its sustainability and corporate responsibility activities on the following principles.

- Sustainability and Social Responsibility activities are conducted in target areas such as education, healthcare, environment, vulnerable groups, disaster, and emergency, and in collaboration with persons, institutions, or NGOs operating in these fields.
- Albaraka Türk carries out all its activities within the framework of the principles of honesty, trust, impartiality and transparency, without making any discrimination based on language, religion, race, gender, philosophical belief and sect in accordance with Albaraka Türk's Ethical Principles.

- In selecting the persons, institutions or NGOs for collaboration in Sustainability and Social Responsibility efforts, interest-free finance and participation banking principles, as well as Albaraka Türk's vision, mission and ethical principles are taken into consideration.
- Carbon Disclosure Project (CDP), BIST Sustainability Index, SBTi, and LEED Green Building Certification efforts are undertaken as part of sustainability activities.
- The Bank supports the social responsibility activities of the Social Responsibility Club founded by employees.
- While extending cash and non-cash credits, the Bank prioritizes projects that will create new employment opportunities and contribute to the easy access of all members of society to quality education and healthcare services.

- Best practices in sustainability and social responsibility around the world are monitored to enable the Bank to implement social responsibility projects that comply with its core values and ethical principles, and contribute to economic development.
- In order to keep cultural values alive and contribute to the achievement of the United Nations Global Goals, projects are carried out on the topics that the Bank prioritizes.

In light of the principles in question, Albaraka Türk plays a pioneering role in the combat against climate change.

# Corporate citizenship awareness

## Principles of Donations and Contributions

- With the decision of the Senior Management, the principles of interest-free finance and participation banking, Albaraka Türk's vision, mission and ethical principles, and annual budget allocations are taken into consideration in determining the persons, institutions or non-governmental organizations to which all donations and aids will be made.
- Albaraka Türk provides in-cash and in-kind donations and contributions to the socially-responsible persons, institutions or NGOs with activities in the fields of healthcare, education, environment, vulnerable groups, culture, etc. in accordance with the framework specified in the Banking Law No. 5411.
- Donations and contributions are provided by considering the laws and regulations the Bank is subject to.
- According to Article 59 of Banking Law No. 5411, "The amount of donations to be extended by banks and institutions subject to consolidated supervision in a fiscal year shall not exceed four per thousand of the Bank's equity. However, a minimum of half of the donations and contributions shall be composed of donations and contributions that may be considered as expenditure or deductible costs in the calculation of the corporate tax base. The principles and procedures applicable to the implementation of this provision shall be set by the Board."
- Within the framework of Principle 1.3.10 of the CMB's Corporate Management Communique No. II-17.1, a policy on donations and aids is established and presented for the approval of the General Assembly. Information regarding the amounts and beneficiaries of all donations and contributions made within the term in line with the policy approved by the general assembly and the amendments in the policy shall be provided to the shareholders through a separate agenda item at the general assembly meeting."
- Shareholders are provided with detailed information on the donations and contributions made by the Bank at the first Ordinary General Assembly Meeting of the relevant year. The compliance and effectiveness of the Bank's practices and activities in relation to donations and contributions with the provisions of applicable laws and this Policy is subject to regular audits and assessments as part of internal audit activities.



# OUR INTEGRATED MANAGEMENT SYSTEMS POLICIES

Albaraka Türk carries out its activities within the scope of different policies and strategies that guide the service and value creation cycle as well as stakeholder relations and environmental activities.

## Environment



[Environmental Policy](#)

[Sustainability And Social Responsibility Policy](#)

## Social



[Remuneration Policy](#)

[Human Values Policy](#)

[Donation and Aid Policy](#)

## Governance



[Banking Ethical Principles](#)

[Policy on the Prevention of Laundering and Financing of Proceeds of Crime](#)

[Disclosure Policy](#)

[Customer Satisfaction Policy](#)

[Dividend Distribution Policy](#)

[Albaraka Türk's Quality Policy](#)

*Details on these policies can be accessed from the web links and/or the sections in the report.*



## OUR STRATEGIC OBJECTIVES

In line with its new vision, Albaraka Türk aims to provide its customers with an end-to-end digital product experience by making the necessary investments to increase the product capacity of digital channels with a focus on providing the best customer experience and being the digital pioneer of the sector and to complete its digital transition process, reaching the leading channel and customer experience level in the sector. Moreover, in order to achieve sustainable profitability goals, it is aimed to establish a framework in which the branch network will be utilized more efficiently.

In this context, the Bank aims to gradually increase its active digital customer ratio, which stood at 74.7% in 2023, to over 90%. In the same process, efforts are underway to increase the ratio of financial transactions carried out through digital channels from 86.2% to 95%. Besides, in order to achieve sustainable profitability goals, it is aimed to establish a framework using the branch network more efficiently.

In line with its new vision, Albaraka Türk operates with a focus on providing the best customer experience and being the digital pioneer of the sector.

### Financial

- Rendering growth and profitability sustainable.

### Customers

- Improving customer experience and being more effective in customer acquisition.
- Consolidating brand image with sustainable banking and continuous communication model.

### Process

- Increasing efficiency with digitalization-oriented projects and achieving an innovative business model.

### Competency and Organization

- Achieving strong IT competencies and a competent and agile organizational structure.
- Maintaining employee satisfaction and improving corporate performance through a team spirit based on trust.

### Sustainability

- Achieving net zero emissions through sustainability and ESG activities.





## PRIORITY ISSUES

**Distinguished by its identity as Türkiye's first participation bank, Albaraka Türk's stakeholders and the issues they identify to be of priority are a vital component of the Bank's sustainable value creation strategy.**

Distinguished by its identity as Türkiye's first participation bank, Albaraka Türk's stakeholders and the issues they identify to be of priority are a vital component of the Bank's sustainable value creation strategy.

The Bank maintains effective communication and interaction with its individual and corporate stakeholders, both in Türkiye and the broader region. This process is applied in employment, the banking service cycle and a variety of different platforms.

Learning about the priorities and expectations of stakeholders contributes to all processes at the Bank, from risk management to quality management.

Information concerning Albaraka Türk's stakeholders and communication and interaction channels is presented in the Social and Relational Capital section of the report.

Determining priority issues in line with the expectations of stakeholders is crucial for Albaraka Türk, which reflects its integrated perspective to its business strategy and business processes.

### **Double Materiality**

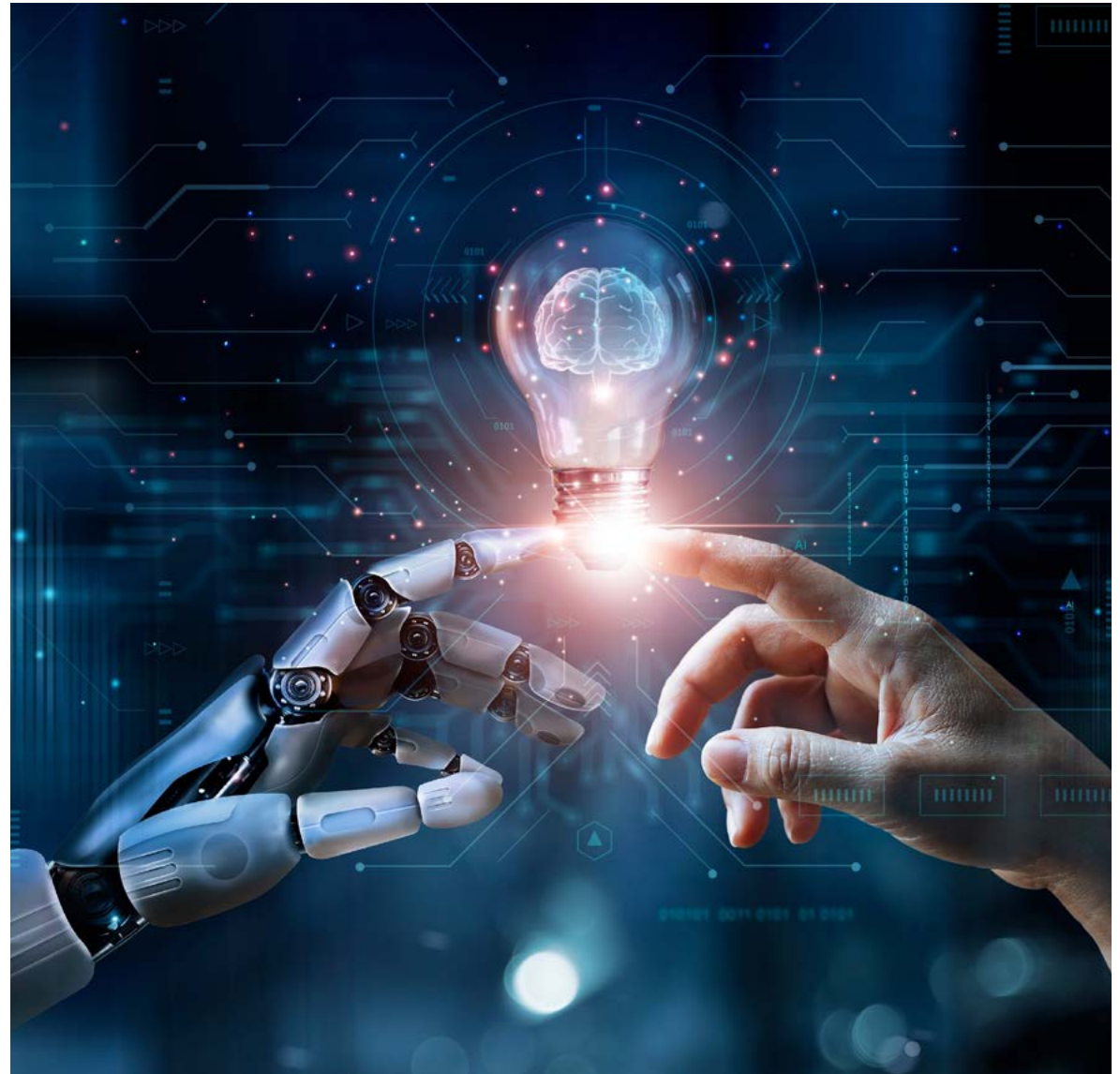
At Albaraka Türk, we attach great significance to the sustainability and transparency principles. Accordingly, we intend to incorporate the "double materiality" approach into the integrated activity report scheduled in the following years. The double materiality involves a comprehensive assessment of our company's performance in terms of environmental, social, and governance (ESG) issues. It considers not only how these factors influence our financial results but also reviews our company's broader impact on society and the environment. Adopting this approach will enhance our ability to understand sustainability-related risks and opportunities better, and communicating our commitments to stakeholders clearly.

This strategic initiative aims to bolster our leadership in sustainability, emphasizing the principles of transparency and accountability, all while creating value for our stakeholders. We intend to provide a comprehensive assessment of our strategic approaches and performance in the field of sustainability in our reporting in the following years.

We are confident that this new approach will enhance our ability to manage sustainability performance effectively and communicate more efficiently with our stakeholders. Our 2023 report represents the initial phase of this crucial transformational journey, designed to mirror the shift toward the double materiality approach we intend to unveil next year.

## Material Issues
























Economic Performance  
Digital Transformation  
Market Presence  
Indirect Economic Impact  
Emissions  
Energy Management  
Use of Natural Resources  
Water Consumption  
Anti-corruption  
Occupational Health and Safety  
Human Rights  
Customer Health and Safety  
Occupational Training  
Cybersecurity/Information Security  
Sustainable Supply Management  
Procurement Practices






















*\*The priorities in the table also form the basis of the Integrated Annual Report for 2023.*



# OUR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

Material issues	Stakeholder	Related capital element / strategic area	Contributed SDG
Economic Performance	Shareholders and Employee	Financial capital	 
Digital Transformation	Customers	Manufactured capital/ Intellectual capital	 
Market Presence	Shareholders and Employee	Financial capital	 
Indirect Economic Impact	Shareholders and Employee	Financial capital	       
Emissions	All stakeholders	Natural capital	  
Energy Management	All stakeholders	Natural capital	  
Use of Natural Resources	All stakeholders	Natural capital	  

Water Consumption	All stakeholders	Natural capital	  
Anti-corruption	All stakeholders	Governance	
Occupational Health and Safety	Employees	Human capital	
Human Rights	Employees	Human capital	
Customer Health and Safety	Customers	Social and relationship capital	
Occupational Training	Employees	Human capital	  
Cybersecurity/Information Security	Customers	Manufactured capital	
Sustainable Supply Management	Suppliers	Social and relationship capital	   
Procurement Practices	Suppliers	Social and relationship capital	   



# SUSTAINABILITY RISKS AND TRENDS MANAGEMENT

## TRENDS, EXTERNAL FACTORS

### Energy

#### Realizations:

The World Energy Outlook 2023 Report, issued by the IEA, points out the advancements in decarbonizing the energy industry, emphasizing the measures taken toward achieving a carbon-free future and transitioning to clean energy. The report indicates a recent 40% increase in investments in clean energy, attributing this rise not only to efforts aimed at reducing emissions but also to challenging economic factors. This transition is driven by factors such as the maturation of clean energy technologies, and creating job opportunities in energy security and clean energy industry.

Based on data tracking the progress of clean energy investments, between 2020 and 2023, investments in clean energy surged by over 2 trillion dollars, reaching a total of 3 trillion dollars. This demonstrates a growing interest in clean energy, signaling a further increase in investments within this field.

#### Projections:

Based on the International Energy Agency's (IEA) oil market report, the Organization of the Petroleum Exporting Countries (OPEC) achieved a crude oil production of 27 million 20 thousand barrels in December 2023, representing an increase of around 50 thousand barrels per day. Non-OPEC unconventional countries achieved a daily crude oil production of 5 million 500 thousand barrels in this period. The daily oil production of non-OPEC countries decreased by 540 thousand barrels during the same period, dropping off to approximately 69 million 750 thousand barrels.

The global oil supply is expected to increase in 2024 by approximately 1 million 500 thousand barrels per day, reaching 103 million 500 thousand barrels. In this increase, the USA, Brazil, Guyana, and Canada are expected to contribute approximately 1 million 300 thousand barrels per day, with the USA accounting for more than half of the total. Estimates suggest that countries outside the OPEC+ group will predominantly contribute to the global increase in oil supply. On the other hand, the production of OPEC+ countries is generally expected to remain stable year-over-year basis, as the extra voluntary cuts are anticipated to be phased out starting in the second quarter of the year. It is also anticipated that the most significant decrease in production will occur in Russia, based on current conditions.

This surge in demand suggests a substantial slowdown in growth compared to last year. However, the overall demand outlook continues to heavily be centered around China, with estimates suggesting that China will contribute to almost 60 percent of the global oil demand growth this year.

## The Climate Crisis

#### Realizations:

The Global Stocktake (GST), providing a comprehensive assessment of global progress in climate action, was launched during the COP27 in 2022. Outputs of the GST, encompassing data collection, technical, and policy phases, were first addressed at the COP28. They were tackled in three categories: reduction, adaptation, and implementation tools. Furthermore, the "Loss and Damage Fund" agreement was reached on the first day of the COP28. At the COP28 Summit, leaders reached an agreement on various topics including greenhouse gas emissions, sustainable agriculture, and renewable energy.

The need to extend the measures to reduce greenhouse gas emissions and meet the 1.5 degrees target to cover all industries is highlighted. It was noted that the critical role in achieving this goal will involve phasing out fossil fuels and tripling renewable energy capacity.

At the COP28 summit, over 130 participating countries signed the Declaration on Sustainable Agriculture, Durable Food Systems, and Climate Action. The declaration aims to immediately address the impacts of food systems and agriculture on climate change, implementing national-scale action plans.

Another important decision made at the COP28 was to triple the capacity of renewable energy. The target also involves raising renewable energy capacity to at least 11 terawatts by 2030 and doubling the global energy efficiency increase from 2 percent to 4 percent.

It is estimated that the cost of this target for the European Union is EUR 2.3 billion in two years. The purpose of the financial support to be provided is to boost eco-friendly employment, promote sustainable growth, invest in emerging technologies, and reduce emissions.

### Projections:

The further decarbonization of the energy system is crucial for achieving the climate targets set for 2030 and 2050. More than 75% of the European Union's greenhouse gas emissions stem from energy production and usage in economic industries. Energy efficiency must be prioritized, particularly in this field. A predominantly renewable-based energy industry must be created, accompanied by the immediate phase-out of coal and the decarbonization of gas. It is also crucial to ensure that the European Union's energy supply remains secure and affordable for both consumers and enterprises.

This requires maintaining technological objectivity and achieving full integration, interconnection, and digitization of the European energy market.

Achieving a climate-neutral and circular economy requires the complete dedication of the industry. The transformation of an industry and its value chains entirely is projected to take approximately 25 years. To be prepared for 2050, ambitious decisions and actions must be realized within the next five years.

Based on the results of the study titled "Potential Impact of the Carbon Border Adjustment Mechanism on the Turkish

Economy," performed in collaboration with the European Bank for Reconstruction and Development (EBRD), which aims to forecast the effects of the Carbon Border Adjustment Mechanism (CBAM) on the Turkish economy overall and on specific industries under various European Union Emissions Trading System (EU ETS) and national carbon pricing scenarios, it is suggested that the iron and steel industry will experience the most significant impact from the Carbon Border Adjustment Mechanism (CBAM), with the cement industry following as the second most affected industry. The results of the model report that the national carbon pricing practice will lead to a decrease in the CBAM costs.

Given a CBAM fee of EUR 75 per ton of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) for Scope 1 and Scope 2 emissions within the framework of target products exported to the European Union, the potential annual CBAM costs for the industry are projected to amount to EUR 138 million in 2027. On the other hand, it is projected that should the CBAM fee rise to 150 EUR/tCO<sub>2</sub>e, these costs could escalate to EUR 2.5 billion annually by 2032. Indeed, the escalating CBAM fees over time bring a growing burden for industry branches, particularly impacting the iron-steel and cement industries.

In a scenario where Türkiye implements a national carbon price of 20 EUR/tCO<sub>2</sub>e, the potential CBAM costs are projected to decrease to EUR 56 million per year in 2027. In a higher national carbon price scenario of 50 EUR/tCO<sub>2</sub>e, the CBAM costs are anticipated to decline further, reaching EUR 1.08 billion per year by 2032, resulting in a reduction of EUR 1.5 billion in the CBAM costs.



The study titled "Potential Impact of the Carbon Border Adjustment Mechanism on the Turkish Economy" emphasizes that through the implementation of its own ETS, Türkiye can internalize these costs as ETS revenues rather than indirectly absorbing the expenses associated with the ETS. This strategic approach is anticipated to enhance the competitiveness of Turkish exporters in trade with the European Union by reducing carbon emissions and adopting more carbon-efficient production technologies.

In conclusion, the implementation of the CBAM drives the Turkish economy to the green transformation. The green transformation will trigger innovations including green hydrogen and new battery technologies. It is evident that regulatory bodies will enact legislation across various markets and industries, including manufacturing, trade, and finance. In response to this, markets and industries will take measures to adhere to these regulations.



# OUR PERFORMANCE IN 2023

## Financial Capital

Financial capital consists of assets entrusted to the Bank by shareholders and investors, interest-free funds provided from a diverse range of sources and formats in domestic and foreign markets and the generated internal capital. Albaraka Türk applies its financial capital in productive areas in accordance with the principles of participation banking and directs capital to the investments realized within the scope of other capital items.

Albaraka Türk transfers its financial capital to the real sector in accordance with the risk management criteria and within the scope of the participation banking service cycle, and supports economic development. The Bank directs its financial capital to investments in technology, infrastructure and superstructure, marketing activities, product and process innovation, and human capital development. These investments ensure the continuous improvement of the value proposition offered to the customer, the preservation of competitiveness, the presence of social and relational axis, and the Bank's healthy growth performance.



## Manufactured Capital

The capital produced by Albaraka Türk consists of physical and non-physical service infrastructure and logistics facilities. All manufactured capital is used to reach customers and keep the wheels turning in the Bank's services. In order to continuously improve the value proposition it offers to customers and ensure the efficiency and security of its operations, the Bank invests in its digital infrastructure and intangible distribution network, its capacities and capabilities and its manufactured capital, in addition to its physical service platforms. These investments not only increase the Bank's reputation and ensure growth, but also contribute to the improvement in customer satisfaction.



## Intellectual Capital

Albaraka Türk's intellectual capital consists of its collective knowledge, policies, systems, procedures, information technology (IT) know-how, financial R&D competencies and the Albaraka Türk brand which facilitates the development and delivery of qualified products and services. Intellectual capital is deployed in many areas, such as increasing our process efficiency, optimizing resource use and improving customer and employee satisfaction. Albaraka Türk contributes to its intellectual capital by investing in its technological infrastructure, knowledge and the competencies of human assets. All these efforts play a key role in Albaraka Türk's delivery of innovative participation banking products and services to its customers using up-to-date technology platforms.





## Human Capital

Albaraka Türk's human capital consists of its employees, who make it possible to create value for all stakeholders. They are "human assets." in the original definition of the word.

Albaraka Türk invests in improving human value, professional knowledge, competencies and individual well-being. Human capital investments enable the workforce to be provided and maintained with a safe and healthy working environment to maximize corporate performance.



## Social and Relationship Capital

Albaraka Türk's social and relational capital consists of relations and interaction mechanisms based on trust and respect with its customers, its stakeholders and the wider society. The Bank's unwavering goal is to be sensitive and solution-oriented, to add value to the lives of the wider public and to develop its social and relational capital by establishing a productive ecosystem.



## Natural Capital

Albaraka Türk's natural capital consists of all renewable and non-renewable resources needed in its service cycle. These include energy, water and paper. Another channel through which activities interact indirectly but significantly with natural capital is in the Bank's lending efforts. In both focus areas, Albaraka Türk's goal is to reduce its environmental footprint and produce less waste.





## FINANCIAL CAPITAL

### Full support to the entrepreneurship ecosystem

*Albaraka Türk provides incubation and acceleration opportunities to entrepreneurs with technology-based business ideas and projects with Albaraka Garaj, a first of its kind for participation banks, offering a qualified contribution to the development of the enterprise ecosystem in Türkiye.*

**Albaraka Türk further strengthened its strong equity structure by expanding its shareholders' equity to TL 13.4 billion, an increase of 65% compared to the previous year. The Bank achieved significant success, writing a net profit of TL 3.4 billion in 2023, by increase of 151.1%.**

Albaraka Türk applies its financial capital in productive areas in accordance with the principles of participation banking and directs capital to the investments realized within the scope of other capital items.

Aiming at effectively fulfilling its mission of financing production and trade in line with the principles of participation banking, meeting the financial needs of the society with a customer-centered approach in accordance with the principles of participation finance and moral values, providing high value to all our stakeholders in a solution-oriented manner by acting with the awareness of social responsibility, Albaraka Türk supports the real economy.

The Bank directs the funds it collects through special current and participation accounts to the real sector through individual finance, corporate finance, leasing and project-based profit/loss sharing products and services.

A pioneer in the development of the start-up ecosystem in Türkiye, Albaraka Türk provides incubation and acceleration opportunities to entrepreneurs with technology-based business ideas and projects with Albaraka Garaj, a first of its kind for participation banks, offering a qualified contribution to the development of the enterprise ecosystem in Türkiye.

The Bank makes the funds it collects and its diversified financial resources available to its customers, in an approach focused on proactive risk management, while maintaining the health of its financial capital.

Despite the impact of the Kahramanmaraş-centered earthquake striking on February 6, and the fluctuations, Albaraka Türk had a very successful year financially in 2023, improving its asset quality and strengthening its balance sheet.

### Successful performance, impressive results

In 2023, Albaraka Türk's total assets rose impressively by 58.7% to TL 232.2 billion, in line with the positive trend observed in the sector. Albaraka Türk further strengthened its strong equity structure by expanding its shareholders' equity to TL 13.4 billion, an increase of 65% compared to the previous year. The Bank achieved significant success, writing a net profit of TL 3.4 billion in 2023, by increase of 151.1%. Increasing its operating income by 67% to TL 18 billion, the Bank raised its provisions by 30% to TL 7.8 billion.

Both funded credits and funds collected showed strong growth, with a significant increase of 44.6% and 43.6%, respectively.

Demonstrating prudent financial management, the Bank used the income it generated in 2023 to strategically strengthen its balance sheet. The special provision ratio, which was 88.7% at the end of the previous year, has increased to an impressive level of 95.2%. Simultaneously, the Bank managed its non-performing credits effectively and reduced its ratio from 1.9% to 1.7% throughout the year. In addition, the Bank has allocated a total of TL 5.2 billion of free provisions, of which TL 3.4 billion was allocated during the year, in preparation for possible risks in 2023. The capital adequacy ratio, which was 14.9% at the end of 2022, increased to 17.25%.



### 249% increase in fee and commission income

Albaraka Türk's income from insurance and brokerage increased by 272.6% in 2023 when compared to the previous year. Increasing its total fee and commission income by 249.3% on an annual basis, the Bank's banking service income increased by 215% compared to 2022.

### Contribution to the real economy

Albaraka Türk, continuing its support to the real economy in 2023 as well, has increased funded credits (cash credit) to TL 109 billion with an increase of 45% compared to the previous year-end. Share of the funds made available in the total assets have actualized as 47%.

In the challenging conditions which prevailed in 2023, Albaraka Türk applied the principle of providing payments to the extent of collections for corporate and commercial customers. The year-end growth targets had already been achieved in the funds made available to the corporate and commercial segments at the end of November 2023.



## FINANCIAL CAPITAL

### Valuable and value-creating collaborations

*In cooperation with the international non-governmental organization SPARK, the Bank provided support to tradesmen and SMEs in 11 provinces affected by the earthquake.*

In cooperation with the international non-governmental organization SPARK, the Bank provided support to tradesmen and SMEs in 11 provinces affected by the earthquake. With the endeavors carried out within the scope of the project, it is aimed to guide tradesmen and SMEs in the region in business development, access to finance, and establishing business networks for new opportunities. The Project aims to provide tradesmen and SMEs with access to advantageous business credits in order to allow them to continue their activities and provides a total of EUR 1.1 million in financing. The Project aims to achieve sustainable development goals by contributing to economic recovery of the region.

After completing its collaboration with SPARK, Albaraka Türk plans to continue similar activities in the areas of sustainability and social development. With this project, which has been carried out to support the normalization process after the earthquake, it is aimed to contribute to the reactivation of businesses in the region.

#### **44% growth in funds collected**

The total volume of funds collected by Albaraka Türk through participation funds grew by 44% in 2023.

By establishing the main objective of reducing costs by expanding the fund base, efforts were taken to ensure that the funds collected would grow in individual and SME business lines, with reducing the rates of concentration.

In 2023, participation accounts grew by 42.5%, while private current accounts grew by 44.9%. Retail customers made the largest contribution to the growth in participation accounts with 94%. The contribution of retail customers to the growth in private current accounts was 56.4%.

Following the individual segment's contribution to private current accounts, the commercial segment was the second largest contributor to the growth in volumes.

#### **Liraization or tendency towards TL**

Albaraka Türk developed and implemented new strategies and roadmaps in order to quickly adapt to the measures taken by the institutions responsible for managing the economy in respect to the "liraization" policy.

In order to increase the share of Turkish Lira in the funds it collects, the Bank expanded its product range in the field of fundraising.

One of the key targets and items on the agenda in 2023 was to demonstrate maximum care and effort in complying with the ratio thresholds for increasing the share of TL by encouraging people to exit from exchange rate-protected participation accounts and turn to TL current and participation accounts, and by meticulously applying the communiqués published by the public authorities.

As of the end of 2023, Albaraka Türk has succeeded in increasing the weight of TL funds in total participation funds to 50.2%. (By the end of 2021 and 2022, the shares of TL funds in participation funds: 22.1% and 45.7%)

### Investment funds

Investment funds managed by Albaraka Portföy Yönetimi A.Ş. and offered to customers through Albaraka Türk achieved significant growth in 2023. As of the end of the year, its equity capital reached 470 million and the fund size reached 63 billion. In parallel with the increase in the size of the fund, the Bank's commission income from these transactions also increased significantly.

### A change in focus in capital markets funding endeavors

The corporate sukuk issuance service offered by Albaraka Türk to its customers for private sector companies to raise funds from capital markets gained significant momentum in 2023. In line with the new period strategies and market developments, the Bank prioritized corporate sukuk issuances and established contacts with many companies and market stakeholders to meet the financing needs of companies operating in sectors aimed at increasing production, employment and exports. As a result of the negotiations, the funding needs of many companies have been met from capital markets, and for some others, the preparation process has begun.

Within the scope of these transactions, Albaraka Türk acted as an intermediary, through its subsidiary Değer Varlık Kiralama A.Ş., in the issuance of corporate lease certificates totaling TL 800 million by four different companies. In addition, the necessary approvals have been obtained from regulatory authorities for two of Türkiye's leading companies in the sector, and lease certificate issuances will be carried out in line with the needs of the companies in the coming period.

With the intermediation transactions carried out, Albaraka Türk contributed to its profitability growth targets by generating commission income.

Issuing lease certificates totaling TL 8.2 billion in 2022, Albaraka Türk turned to alternative instruments to raise funds in Turkish Lira due to the conjuncture, and in this context, the total issuance volume in 2023 amounted to TL 3.3 billion. As of year-end 2023, the Bank's total amount of lease certificates in circulation amounted to TL 2.1 billion.

### International sukuk issuances

In July 2023, the Bank established the Medium Term Note sukuk program, which enables the issuance of foreign currency sukuk with different maturities and amounts abroad. Within the scope of the Medium Term Note program, a USD 150 million senior sukuk with a maturity of 15 months was issued in August and a EUR 50 million senior sukuk with a maturity of 1 year was issued in November. This Euro sukuk transaction is the first Euro sukuk transaction carried out by an organization in Türkiye.

In addition to the transactions carried out, USD 205 million worth of additional Tier 1 capital issued by the Bank in 2018 is in circulation.

Finally, Albaraka Türk carried out collateralized murabaha transactions with various international banks to increase the diversity of its medium- and long-term foreign currency resources, raising approximately USD 150 million in additional funds from abroad through three different transactions.

### The first sustainable/green lease certificate issuance

One of the most important items among Albaraka Türk's strategies for 2024 will be sustainability. Having started its efforts for sustainable/green finance themed issuances, the Bank plans to complete the first phase of its efforts by preparing the Sustainable Finance Framework Document and obtaining second party opinions. Following the completion of the work, the first sustainable/green lease certificate is planned to be issued in 2024.

### Retail products and services were expanded

Albaraka Türk develops its products and services in accordance with the principles of participation banking, customer-friendly, fast, easy and for digital transformation.

In 2023, when the importance of digitalization was felt more, the Bank carried out harmonious studies on new service models, new communication-marketing models and inclusion in order to establish policies in line with changing conditions.



## FINANCIAL CAPITAL



### **Expanding product and service portfolio**

*In 2023, Albaraka Türk expanded the scope of products that will support the growth in the individual consumer financing item.*

Legal directives were quickly complied with, and efforts were focused on providing 24/7 service to customers through digital channels with Credits, Fund Collection, Insurance and PPS, Foreign Trade Products, and Reporting services. Products were successfully offered through digital channels, Call Centers, and Branches, and relevant units were supported in all areas.

Moreover, in the Foreign Exchange Protected Accounts, targets were successfully surpassed, exceeding the limits set by the legal authority.

In 2023, Albaraka Türk expanded the scope of products that will support the growth in the individual consumer financing item.

Retail funded credits grew at a rate in excess of the annual target. The Bank's success in exceeding the year-end targets was demonstrated in vehicle and consumer funded credits. Although the growth in housing funded credits fell short of the target, the growth strategy in the retail segment was successfully implemented under the market conditions.

In 2023, 73% of retail financing support transactions were carried out through digital channels.

Albaraka Türk aims to add value to its customers with a wide variety of card products.

As part of broad-based growth efforts, the Trend Card for young people, the Eflatun Card for women, and the Karz'ı Hasen Pratik Finansman Card for new customers are some of the products introduced.

The Trend credit card offers our customers aged between 18 and 25 the opportunity to shop in installments, refunds on sectoral purchases, and opportunities to earn Worldpuan, in addition to rich brand collaborations. As of year-end 2023, the number of Trend card customers reached 16,583.

The Eflatun Credit Card for women customers has made a significant contribution to customer loyalty with its rich content, sector campaigns, and brand collaborations.

The Bank also met the needs of needs of company customers for Business Card and POS throughout the year. This work carried out within the framework of a quality and efficient service model enriched the products offered by member merchants while reducing operational costs.

- Work on the digitalization of individual consumer funded credits was completed. In this context;
  - Digital Approval has been introduced in Financing at the Dealer TIS (Tuition Installment System) transactions.
  - Digital Approval has been introduced for TIS Transactions carried out at branches.
  - Digital Approval has been introduced for consumer funded credits carried out through branches.
- The “Karz’i Hasen Pratik Finansman Card” product has been developed to increase retail customer gain.
- As part of the Social Responsibility projects, the Spark Project has been developed with the Spark Association for SMEs affected by the earthquake.

- AlbaFX Investment Portal has been developed. Foreign stock and foreign fund transactions are traded.
- An agreement was signed with IFIN and an API system is being developed for Branchless Consumer Financing.
- Branchless Vehicle Financing has been developed. Tests are ongoing in the pilot environment.
- Branchless Rent Financing and Branchless Umrah Financing have been developed.
- Interest-Free Hajj Financing Campaign was organized in agreement with Presidency of Religious Affairs.

The Bank’s insurance intermediation services income rose from TL 55.8 million to TL 203.6 million.

The number of digital products in the Internet and Mobile Branch increased. Currently, digital insurance products are as follows:

- PPS
- Early PPS (Under 18 years old)
- Traffic
- TCIP

In 2023, new products were integrated for sales/marketing through branches:

- Cybersecure Workplace Fire Insurance,
- SME Package Insurance,
- Unlimited Employer’s Liability Insurance,
- Guaranteed Life Insurance,
- Green Card Insurance,
- Private Health Insurance

## Broad-based banking services

*The Trend Card for young people, the Eflatun Card for women, and the Karz’i Hasen Pratik Finansman Card for new customers are some of the products introduced in 2023.*



# FINANCIAL CAPITAL

## Digital banking applications

In 2023, 73% of retail financing support transactions were carried out through digital channels.

### Institution Payments

Payment Type	2022 (TL)	2023 (TL)	Difference (TL)	(%)
Invoice Collections	4,438,311,002	5,747,856,759	1,309,545,757	30%
SSI Collections	1,917,695,174	3,807,947,998	1,890,252,824	99%
Tax Collections	28,320,708	107,708,199	79,387,490	280%
Donation Payments	409,170,000	820,805,000	411,635,000	101%
Payments to the Presidency of Religious Affairs	235,685,000	811,708,000	576,023,000	244%

### Development of Collected Funds

In 2023, TL 45,206,308,525 of funds were collected within the framework of the DDM targets implemented by the public authority as part of its efforts to stabilize the exchange rate and protect the value of the Turkish Lira. Total fund size is TL 191,217,565.

Account Type	2022 (TL)	2023 (TL)	Change
Treasury	8,116,650,217.96	9,993,148,028.11	23%
Foreign Exchange Protected Account Transferred from Physical Gold	9,221,777.74	4,980,897,926.88	53912%
Central Bank	16,217,392,835.72	20,595,648,454.49	27%
Yuvam	3,394,184,848.78	9,636,614,115.26	184%
	27,737,449,680.20	45,206,308,524.74	

### Sales through digital channels

	TL	Number of Transactions
Digital Sales	204,848,272	36,400
Total Sales	5,218,974,336	50,053

**Scope of Digital Sales:** Pratik Finansman Card, Financing at the Dealer, Branchless Consumer Financing, Online Shopping Financing

**Scope of Total Sales:** Housing, Car, Consumer (all retail funded credits)



### Gains from marketing activities

Albaraka Türk focused on broad-based growth in 2023 and aimed to increase the number and use of individual credit cards and expand the use of Tatil Finansman cards.

In 2023, the number of Pratik Finansman Cards offered as part of consumer financing activities increased by 11,784, with disbursements amounting to TL 199 million during the year.

As a result of the marketing activities carried out to increase the number of credit cards and promote the use of credit cards in 2023, the number of customers using credit cards increased by 24% while the turnover of credit cards increased by 83%.

The number of the Bank's active retail customers increased by 5.6% to reach 791,835.

### Growth Strategy in International Banking

In 2023, Albaraka Türk continued to cooperate with many foreign banks and organizations and established new relationships in order to provide more cost-effective and faster services to its customers in treasury and foreign trade transactions with the privileged services and products it offers in the field of international banking.

Considering its growth strategy, Albaraka Türk participated in international events such as SIBOS, Bonds&Loans and Turkish Arab Economic Forum, Euromoney, as well as paid visits to target countries and banks in order to strengthen existing correspondent relationships and establish new ones with countries in the Americas, Europe, the Middle East, Central Asia, and Africa.

### Global Transaction Network of Over One Thousand Correspondent Banks

As a result of the work carried out with domestic and foreign correspondent banks, in order to respond to the international banking needs of Albaraka Türk customers, new correspondent banks were added, new foreign currency accounts were opened, and the number of treasury transaction correspondents was aimed to be increased.

In 2023, the demands of customers regarding treasury and foreign trade transactions were effectively met through 135 foreign currency accounts in 19 different currencies at 58 banks located in 24 countries with over 1,000 transaction correspondents located in 113 different countries.

### International Cooperation for Financing Foreign Trade Transactions

**Asian Development Bank (ADB):** The Trade and Supply Chain Finance Program (TSCFP), an ADB-initiated program, continued in 2023, and export transactions with target countries and banks included in the program were intermediated with ADB risk sharing.

**Factors Chain International (FCI):** The FCI program, of which Albaraka Türk is a member as the first participation bank of Türkiye, aims to provide financing to open-account exporter customers in such a way that their deferred receivables are paid before maturity. Product activities continued in order to offer the relevant product to customers under the name "Non-Delayed Export Financing (NDEF)" independent of FCI, and the product was launched in January 2024.

**AfreximBank, Trade Facilitation Program (AFTRAF):** With the cooperation and guarantee of AfreximBank, confirmation can be added to export letters of credit expected to be opened in African banks that do not have a limit at the Bank. It is aimed to intermediate the transactions of customers exporting to African countries included in this program through AfreximBank based in Egypt, without taking the risk of these countries.



# FINANCIAL CAPITAL

## Global collaborations

*Albaraka Türk realized various international collaborations throughout 2023 to expand its banking services and offer superior banking experience to its customers.*

**Saudi Exim Bank, Line of Credit:** A Line of Financing agreement was signed with Saudi Exim Bank in 2023. With this cooperation, the Bank's customers who wish to import from Saudi Arabia in 2024 will be offered financing with a maturity of up to two years.

**Islamic Corporation for the Development of the Private Sector (ICD), Credit Line:** Due diligence started in 2023 for the provision of credit in the negotiations with ICD, an organization of the Islamic Development Bank. Once appropriate conditions are met, the relevant funded credit agreement is expected to be signed in the first quarter of 2024.

**International Finance Corporation (IFC), Global Trade Finance Program (GTFP):** Negotiations to be included in the GTFP program of the IFC, a branch of the World Bank Group, started in 2023. The aim is to be included in the program by the second quarter of 2024.

### **International Cooperation for International Transfers**

**Unicredit AG, PayFX:** As a result of the negotiations held with Unicredit AG in 2023, a PayFX agreement was signed and the use of the related product started. The product offers the opportunity to make fast and low-cost transfers in different currencies from the euro account at the relevant bank.

**BUNA Payment Systems:** Negotiations with the BUNA payment system, which was established by the Arab Money Fund (AMF) to enable fast and low-cost payments in the currencies used by Arab countries, started. Within the scope of this cooperation, as the first Turkish bank to become a member of the BUNA system in 2024, we aim to provide fast solutions to customers who want to make transfers to Arab countries.

### **Fund Raising for Sustainability**

**Funded Credit Disbursement under the Guarantorship of Spark AG:** In 2023, a funded credit guarantee agreement was signed with Spark AG, a Dutch aid organization with which relations were previously established, within the scope of sustainability. Within the scope of this agreement, branches in 11 provinces in the region affected by the earthquake in 2023 provide micro-enterprise customers with access to low-cost financing to enable them to resume their operations. Throughout 2023, disbursements were made. It is aimed to disburse the entire allocated fund in the first quarter of 2024.



### International Cooperations for Business Development

**International Islamic Liquidity Management Corporation (IILM), Market Making:** Within the scope of cooperation with IILM, an international Islamic liquidity management organization, we carry out sukuk trading on behalf of clients as the first and only market maker in Türkiye and contribute to the liquidity management processes of many local and international financial institutions in terms of global Islamic liquidity management.

**Foreign Economic Relations Board (FERB), Country Desks:** The Bank continued to cooperate with FERB in 2023 as it does every year. The Bank became a member of the business councils of countries determined in line with the demands of existing and prospective customers and the Bank's

strategies. The agenda and developments in these countries were closely followed and customer gains were achieved. In 2024, the Bank will expand the scope of the business councils of which it will become a member and continue its cooperation with FERB.

### Management of our Overseas Branches

In 2023, through its Baghdad and Erbil branches in Iraq, the Bank contributed to increasing the foreign trade volume between the two countries by mediating the international payments of customers.

Within the framework of International Legislation and Compliance standards, the Dow Jones system integrations implemented at the branches during the year also enabled more effective regulatory controls in international money transfers.

### Working to maximize the health and productivity of financial capital

Albaraka Türk monitors the credit risks of the companies in its portfolio within a special model and with early warning codes and takes the necessary steps.

Early Warning System classification at Albaraka Türk

- **Green Status:** This status applies to customers whose limits are open to use and with no negative record found in the early warning system.
- **Blue Status:** Even though an early warning signal was detected, this situation was resolved and it was concluded that it did not affect the customer's credibility. Their limits are available for use.
- **Yellow Status:** This status refers to customers where there are findings observed in the early warning system. Their relationship with the bank would be subject to evaluation.
- **Red Status:** Customers in this status have been flagged in the early warning system and are considered to have a negative impact on the company's activities. Their limits are unavailable.

As of the end of 2023, Albaraka Türk's funds, including net financial leasing receivables which exhibit wide sectoral diversity, reached TL 109,168,865 thousand.

As of the end of 2023, 71.1% of the funds provided by the Bank were classed as blue status.



# FINANCIAL CAPITAL

## Strong financial results

*Despite challenging global and local market conditions, Albaraka Türk maintained its steady development and increased its assets by 58.1%, shareholders' equity by 64.9%, and collected funds by 43.6% in 2023.*

### Distribution of financing risk in selected areas (31.12.2023)

Financing Type	Extended Amount (TL)	Percentage Share in Total Extended Funds (%)
Business Funded Credits	51,321,690	47
Export Funded Credits	8,873,832	8
Import Funded Credits	5,723,396	5
Commercial Car Funded Credits	4,941,161	5
Profit/Loss Credits	6,538,964	6
Housing Funded Credits	5,179,534	5



**A financial performance exceeding targets**

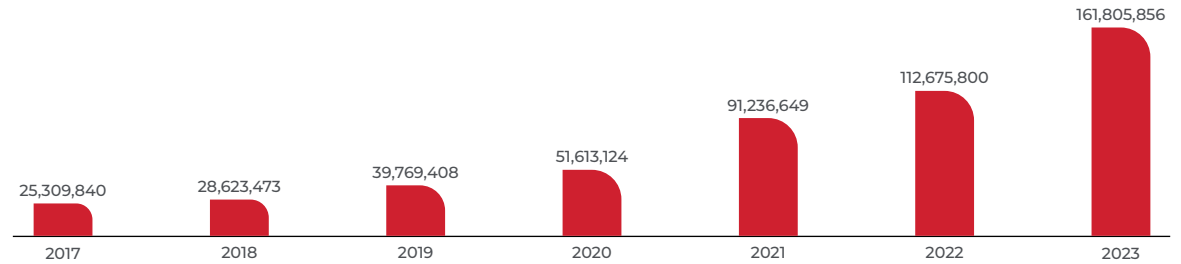
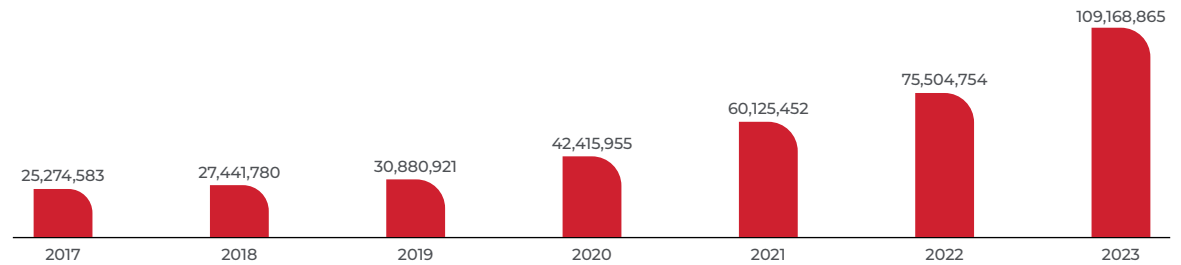
Despite challenging global and local market conditions, Albaraka Türk maintained its steady development and increased its assets by 58.7%, shareholders' equity by 64.9%, and funds by 43.6% in 2023.

**TL 232,169 million Total Assets**

2017	36,229,077
2018	42,223,652
2019	51,392,368
2020	69,315,799
2021	108,955,123
2022	146,340,105
2023	232,169,495

**TL 13,387 million Shareholders Equity**

2017	2,481,506
2018	3,261,451
2019	3,821,929
2020	4,044,227
2021	4,626,853
2022	8,118,972
2023	13,387,419

**TL 161,805,856 million Funds Collected****TL 109,168,865 million Funds Extended****Major Financial Ratios**

Major Financial Ratios (%)	2017	2018	2019	2020	2021	2022	2023
Funds Extended/Total Assets	69.8	65.0	60.1	61.2	55.2	51.6	47.0
Funds Extended/Funds Collected	99.9	95.9	77.6	82.2	65.9	67.0	67.5
Total Funds/Total Assets	69.9	67.8	77.4	74.5	83.7	77	69.7
Non-Performing Credits Ratio	4.7	6.9	7.2	4.8	6.3	1.9	1.7
Net Non-Performing Credits Ratio	2.0	3.6	4.1	1.9	1.9	0.2	0.1
Ratio of Provisions for Non-Performing Credits	57.7	47.3	42.6	61.0	70.3	88.7	95.2
Capital Adequacy Ratio	17.1	14.7	15.0	13.5	14.9	14.9	17.25



## MANUFACTURED CAPITAL

### Integrated digital channel strategy

*In line with its integrated digital channel strategy which focuses on Albaraka Mobile, Albaraka Türk offers all the services offered at its branches on digital channels.*

**On the digital side, customer-oriented activities continued uninterrupted in 2023. The customer base was expanded through investments such as the migration of our products and services to digital channels with an ever-increasing set of functions and digital customer acceptance.**

The capital produced by Albaraka Türk consists of physical and non-physical service infrastructure and logistics facilities. All manufactured capital is used to reach customers and keep the wheels turning in the Bank's services.

In line with its integrated digital channel strategy which focuses on Albaraka Mobile, Albaraka Türk offers all the services offered at its branches on digital channels.

Believing that the digital transformation will achieve success with a model that puts people at the center, Albaraka Türk aims to digitalize and provide an easy and user-friendly experience in all of the channels which it serves, adhering to its corporate values.

Contributing to financial inclusion by internalizing the latest developments in technology, Albaraka Türk makes effective use of the digital transformation process and provides its customers with high-quality and high-value services through digital channels, without restrictions on the basis of time or space.

On the digital side, customer-oriented activities continued uninterrupted in 2023. The customer base was expanded through investments such as the migration of our products and services to digital channels with an ever-increasing set of functions and digital customer acceptance.

The number of customers using Albaraka Mobile has increased by more than 200% in the last three years, while the share of basic digital transactions has risen to 86%. In this context, the number of customers acquired digitally has increased by more than 350% in the last year.

All these developments have motivated the Bank to carry forward its activities on the digital front. The service model, which is designed to place the customer at the center, emphasize user experience, and ensure that branches and digital channels complement each other, has been expanded to include data-driven decision-making mechanisms.

The Bank's data-oriented transformation efforts, which started in previous years, were accelerated with the establishment of the Data & Analytics unit in 2023. Thus, data quality was reviewed and improvement activities were carried out in order to improve data-based decision-making processes, increase efficiency by using business intelligence tools, and benefit from the advantages of the big data system. All these studies have constituted an important input for the capabilities obtained / to be obtained with advanced data analytics and artificial intelligence.

The Bank has focused on service banking and open banking in line with regulatory changes. The previously developed Albaraka API portfolio was enriched with new APIs, enabling customers to monitor their other bank accounts and make money transfers through digital channels.

As part of efforts to transfer the work carried out in branches to digital channels, both to make life easier for customers and to enable branch employees to provide more qualified service to customers, the instruction process via the branch phone was transferred to Albaraka Mobile. Customers can now perform transactions that require a handwritten signature with NFC authentication via mobile.

In line with customer demands and suggestions, many new services have been started to be offered through digital channels. Transactions such as overseas money transfers, pension transactions, bank transactions, remote customer acceptance for sole



proprietorships, products such as PPS and TCIP within the scope of insurance products, ID card/passport/driving license within the scope of tax payments, phone brought by passengers, international departure fee payments, school installments and other new institution payments have been added to the digital function set.

Investment services offered through digital channels were enriched, and in addition to the existing services, transactions such as TL funds along with free foreign exchange funds and public offerings were made available to customers.

Also, activities to increase the number and quality of services provided to corporate customers through digital channels were carried out. Corporate financing transactions, monitoring of contracts and collaterals, 24/7 TL transfers for corporate accounts, foreign currency transfers, documents required to be received during the transfer, and missing invoices after corporate financing disbursement were added through digital channels.

Albaraka Assistant, a trilingual smart bot in Turkish, English, and Arabic, has been enhanced with new transaction sets, thus increasing the number of interactions with the Assistant by more than 50% in the last year.



## MANUFACTURED CAPITAL

### Significant increase in the number of digital users

*Albaraka Türk achieved to increase the number of digital banking users by 20% compared to 2022. 36% of the Bank's new retail customers in 2023 were acquired digitally end-to-end via courier and the "remote customer acquisition" service on the Albaraka Mobile application.*

New collaborations were developed on the ATM side. In addition to ATM sharing with PTT, an agreement was signed with Yapı Kredi Bank, bringing the number of ATMs through which services are provided to over 8500.

All ATMs have been adapted for visually impaired customers. The panel on the device is covered with a special alphabet. It also has a headphone jack. In addition, information signs for the visually impaired persons, walking paths, ramps for wheelchair access, and bells for in-branch notifications on the doors of each branch were added.

The preparations for Albaraka Troy credit/debit and chip debit cards are completed in 2023, with plans for availability to customers scheduled for the first quarter of 2024.

With the efforts carried out to expand the merchant product range, new brands and models were added to BKM (Interbank Card Center) TechPOS, and services were started to be provided to customers.

In order to minimize paper production, slips of payment transactions were made available through digital channels.

Transactions such as CVV exchange and contactless payment authorization on/off have also started to be carried out through digital channels to increase the security of online and contactless transactions.

### Excellent customer experience with digital transformation

Today, rapidly increasing digitalization and changing customer preferences have made the banking and finance sector one of the most affected areas. Banks that struggle to keep up with innovations and fail to offer inclusive solutions to customers fall behind the competition. For this reason, one of Albaraka Türk's primary goals is to strengthen customer communication through digital banking activities and offer solutions in line with today's trends.

The Bank's priority strategy for 2023 is determined as transforming banking services by offering the best customer experience. The Bank aims to provide a maximum customer experience in the areas of new digital customer acquisition, deepening with existing customers, increasing wallet share, recovering lost productive customers, and achieving strategic goals through sales and marketing activities of digital products, as well as providing personalized and innovative services and a smooth end-to-end experience while performing digital banking activities.

Albaraka Türk's goal is to closely monitor innovative technologies in line with its digital banking strategy, which focuses on a seamless customer experience, and to produce products and services tailored to customers' needs.

Accordingly, the Bank developed the banking ecosystem through investments and innovations in digital banking channels, while offering customers many new services and conducting marketing and sales activities on digital channels. As a result, the numbers of



digital-active and mobile-active customers, customer acquisition, customer interaction, and the number of transactions and digital penetration figures increased.

Albaraka Türk achieved to increase the number of digital banking users by 20% compared to 2022. 36% of the Bank's new retail customers in 2023 were acquired digitally end-to-end via courier and the "remote customer acquisition" service on the Albaraka Mobile application.

Regular communication was carried out to encourage customers to make their investments in public offerings and stock transactions, and by the end of the year, the number of customers opening investment accounts had increased by 322% compared to the previous year.

In 2023, in line with customer expectations, Albaraka Mobile's transaction diversity was increased and its product sales and application capabilities were enhanced. The percentage of financial transactions that can be made on Albaraka Mobile rose to 86%. In order to provide customers with a smooth end-to-end experience in the products and services offered through digital channels, continuous improvements are made and digital channel competencies are continuously enhanced by making use of the facilities provided by technology.

In order to achieve the 2023 targets, numerous customer campaigns and brand collaborations with important companies were carried out. Thanks to this approach, the number of new customers acquired through digital platforms increased by 233% compared to the previous year.

Thanks to the various campaigns and communications carried out during the year for the customers acquired through digital channels, compared to the previous year, a sales growth of nearly 350% in PPS sales and a sales growth of nearly 250% in credit card sales were achieved.

Albaraka Türk will further increase the number of active digital and mobile users in 2024 by continuing its customer-focused projects in line with its digitalization strategy.

As part of its 2023 strategy, Albaraka Türk aims to deepen with existing customers and reach new customers by maximizing loyalty. In order to achieve this goal, the Bank plans to launch a loyalty program and make agreements with major brands in 2024.

Albaraka's Digital Banking targets for 2024 are as follows:

- Providing end-to-end digital services and innovative solutions through which customers can meet all their banking needs
- Meeting customers' banking product needs by increasing the sales competency of digital channels
- Increasing the Bank's new customer acquisition through digital channels
- Creating value for both the Bank and customers by increasing customer satisfaction
- Developing new business models to expand the banking ecosystem
- Conducting marketing and campaign activities according to the needs of the customer

Digital segmentation, behavioral segmentation, and digital customer service model developments are planned to be completed and implemented during the year.

A transformation project is planned to be implemented to enable not only customer acquisition but also product and service sales and marketing through the Video Transaction Center.

In 2024, it is planned to further improve the remote authentication service and enable customers to access sales and portfolio representatives via Mobile. This project aims to ensure that all customers with digital behaviors can access remote banking products and services and benefit from the portfolio management service.

During the year, the online CRM infrastructure was developed and new campaign fictions were designed to ensure digital customer acquisition. The "Refer to a friend" campaign will ensure a significant rate of digital customer acquisition in 2024.



# MANUFACTURED CAPITAL

## Centralization of Applications Project

*The “Centralization of Applications” Project, which was launched in 2023 and targeted to be implemented in 2024, aims to manage the requests received through forms that are the point of contact with the Bank under a single roof.*

Albaraka Türk's service policy in digital banking is based on providing customers with a customized banking experience. In this regard, studies that blend CRM data, segmentation, and banking models are being carried out. Customization will be implemented primarily through automation in communication activities. In addition, special campaigns will be organized for narrow target groups and the frequency of customer promotion activities will be increased.

With the improvements planned to be implemented, it is aimed to provide customers with a high quality banking service in the digital environment. The innovations and developments planned to be implemented include:

- A new organizational structuring for remote sales and portfolio management
- Infrastructure developments for the transformation of products and services in line with remote sales and marketing
- Redesign of the digital communication and call management infrastructure to meet all deliverable demands of customers

The “Centralization of Applications” Project, which was launched in 2023 and targeted to be implemented in 2024, aims to manage the requests received through forms that are the point of contact with the Bank under a single roof.

This project will transform the Bank's sales infrastructure, enabling effective centralization of applications while optimizing the customer experience and increasing sales opportunities.

The Bank makes calls to customers who wish to acquire products and services by filling out forms on its website to increase customer acquisition and product activation. These calls are made in two different ways: live calls and IVR calls. Calls targeting continuous and regular communication cover the following topics:

- “Welcome” calls to digital customers to provide general information about the Bank's products and special campaigns and to promote them
- Calls for sales in order to increase the number of active products by communicating with existing customers
- Calls to increase Mobile Branch ownership/ activation and expand the use of mobile branches
- Credit card sales in line with the card applications of customers requesting credit cards
- Calls to provide information about the products requested through the application forms on the website and to direct prospective customers to digital channels
- Hot sales activities over the phone to sell insurance to existing customers and meet their insurance policy requests
- Calls for campaign and information purposes

## Products and Services Developed in Individual Banking/Projects and Campaigns:

- **Karz'ı Hasen (Benevolent Funded Credit) Pratik Finansman Card:** New customers were given a special interest-free Pratik Finansman Card.
- **Hajj Financing: Presidency of Religious Affairs Interest-Free Hajj Financing:** Within the scope of social responsibility and the Bank's values, interest-free financing support was provided.
- **AlbaFX Investment Portal:** Foreign stock and foreign fund transactions are traded.
- **Customer-specific "Ready Limit Works":** Ready limit works were carried out without customer request.
- Campaigns were organized for all customers with advantageous rates specific to the **Pratik Finansman Card**, resulting in a significant increase in volume.
- **Branchless Rent Financing** was developed.
- **Branchless Umrah Financing** was developed.
- **Branchless Car Financing** product was introduced.
- **Integration with Institutions:** In order to increase the number of retail customers and products, protocols were signed with 21 new institutions and renewed with five institutions. In addition, infrastructure renovation work was carried out to increase the service quality of 10 existing institutions.
- **MJE Fund:** An investment fund issued to allow customers to invest their Euro-denominated funds within the scope of the public authority's efforts to increase the share of TL funds in the total share of funds in banks. The volume of the MJE fund in 2023 amounted to EUR 299,448,666.49.



### Pension Promotion Campaign

In 2023, promotional payments were made to customers who brought their pensions to Albaraka Türk and who currently receive their pensions from the Bank. Customers who wished to receive promotion signed a letter of commitment to receive their salaries from the Bank for three years and benefited from the pension promotion. By the end of 2023, promotional payments were made to 5,770 customers. With the effect of the campaign, the number of customers receiving their pensions from the Bank increased by 138% from 4,170 to 9,920 at the end of 2023.

### Western Union Campaign

In December 2023, a Western Union Campaign was organized for employees. With the impact of the campaign, the number of transactions and commission amounts increased by 16% and 17%, respectively, compared to December 2022, and 1,000 new accounts were opened for retail segment customers as part of the broad-based growth strategy. In 2023, the commission amount received from Western Union transactions increased by 47% compared to 2022.



## MANUFACTURED CAPITAL

### Innovative solutions

*Albaraka Türk has become a new pioneer in the sector with its Pratik Finansman Card, Dealer Financing TIS, Dealer Financing Car and Personal, Jet Financing and Jet Personal Financing, Online Shopping Financing, and albaFX Investment Portal products.*

#### **MVT (Motor Vehicle Tax) campaign**

Motor Vehicle Tax is paid in January and July in our country. However, in this year, an additional Motor Vehicle Tax (MVT) was collected in two installments (in August and in November) for once only. In this time of increased tax burden on customers who own cars, the Bank has organized a three-installment campaign for credit card payments to provide ease of payment.

#### **Automatic Payment Campaign**

A campaign was organized to increase the number of automatic payment orders, rewarding customers and employees. As of the end of 2023, the number of automatic payment orders increased by 11% compared to 2022.

#### **Products and services developed and/or with improved processes**

Albaraka Türk developed innovative products and offered them to its customers in 2023.

Among participation banks, instant financing through digital channels and on-site financing methods stand out.

Albaraka Türk has become a new pioneer in the sector with its Pratik Finansman Card, Dealer Financing TIS, Dealer Financing Car and Personal, Jet Financing and Jet Personal Financing, Online Shopping Financing, and albaFX Investment Portal products.

The Online Shopping Financing product for the retail segment offers individual customers the opportunity to shop in accordance with their budget by paying their expenses in installments.

Albaraka Türk will continue to offer new products to its customers and develop the Bank's infrastructure in the upcoming period.

#### **The Consumer Finance at the Dealer**

This product allows the Bank's customers to apply for financing and use consumer funded credits 24/7 while at the dealership. The product offers customers the opportunity to use credit comfortably outside the branch.

In 2023, certain performance improvements were achieved in this product. Albaraka Türk's goal is to increase the effectiveness of the product with new improvements and developments in terms of customer experience and to reach higher sales volumes in 2024.

The Financing at the Dealer TIS product allows parents to instantly finance their school installments while they are at the educational institution without having to go to the branch and complete the enrollment process. Very significant levels of customer acquisition and improved efficiency were achieved, especially during school registration periods. After this important performance in 2023, it is predicted that this product will also follow a rising trend in 2024.

**Car Financing at the Dealer:** The Car Financing at the Dealer product, which is also available to those who are not Albaraka Türk customers, is a product in which it is possible to apply for financing on a 24/7 basis through vehicle dealers and receive approval, revised approval, pre-approval or rejection of the financing request as a result of this application.

**Pratik Finansman Card:** Pratik Finansman Card, application and usage processes of which can be carried out digitally, was launched in 2022, offering customers the opportunity to use consumer finance with a limit of up to TL 70,000, a grace period of up to three months and a maturity of up to 36 months.

Limits were offered to 13,749 customers through the Pratik Finansman card and approximately TL 276 million was disbursed. More recently, the Pratik Finansman Card was opened to e-commerce, so it can be used not only with physical POS machines but also in online retail.

**Charitable Account:** A regular payment order account product that allows customers to carry out periodic transfers to the accounts of aid organizations that have a Participation Account, Current Account, Credit Card, World Point, or Albaraka Türk account.

**FATSi:** This is a participation account that allows natural persons or legal entities residing in Türkiye to open an exchange rate-protected participation account with the scrap gold they bring to Albaraka Türk on gold collection days and benefit from additional returns. (This account is called FATSi by the CBRT).

**Yuvam Account:** This participation account allows non-residents to convert their savings in US Dollars/EUR/British Pounds/Swiss Francs into TL at the CBRT's special conversion rate, and to protect their savings from potential changes in the exchange rate and provide additional income in addition to the profit share.

**CBRT Supported Foreign Exchange Protected Participation Account:** The right to open an account has been granted for natural persons residing in Türkiye up to the balance in the banks on 30.06.2023 if there is a decrease until the day the account is opened, and for legal entities residing in Türkiye up to the balance in the banks on 30.06.2023 if there is a decrease until the day the account is opened, and for gold accounts of legal entities residing in Türkiye up to the balance in the banks on 31.12.2021 if there is a decrease until the day the account is opened. Customers who meet these conditions can benefit from the Conversion Supported TL Participation Account. The accounts are under Central Bank protection against exchange rate fluctuations. Where there is any exchange rate difference that exceeds the profit share at the end of the maturity date, this difference is paid by the Central Bank.

**Gold Collection System through Jewelers (GCS Turk):** Within the scope of the Gold Savings Ecosystem coordinated by the Ministry of Treasury and Finance, the Gold Collection System through Jewelers product was introduced in October 2023 in order to bring the under-the-mattress golds of citizens

into the economy. Within the scope of the product, we established integration with Nadir Metal Refinery, from which we currently receive support services for "Physical Gram Gold Delivery" and "Scrap Gold Collection through Branches" products. Customers who have a Gold Current Account at the Bank were allowed to have the gold in their hands valued and transferred directly to their accounts in gram equivalents without waiting for gold collection days through contracted jewelers. As of October 2023, 71 kg of gold was collected through the system.

### Products Developed and Processes Improved in 2023

**Jet Letter of Guarantee:** The Jet Letter of Guarantee is a new product that allows our legal entity customers to receive Public Procurement Provisional and Public TOKİ Tender Provisional Letters of Guarantee online and send them to the addressees via Corporate Internet Banking without visiting our branches. In 2023, the new product was made available to all branches. Customers will be able to access Public Tender Provisional and Public TOKİ Tender Provisional letters of guarantee types up to TL 2,000,000 in a practical way via Internet Banking. This product will make a significant contribution to the Bank's digitalization processes.

**Jet Commercial Financing:** This is a product where legal entity customers can use business financing up to TL 2,000,000 online via Corporate Internet Banking without visiting our branches. It is aimed to make it available to all branches in early 2024. This product will make a significant contribution to the Bank's digitalization processes.



## MANUFACTURED CAPITAL

### Support for corporate finance

*In corporate banking, 17% growth was achieved in cash funded credit products at year-end 2023 compared to year-end 2022.*

**Practical SME Card:** A product that enables the card to mediate corporate financing in POS purchases by defining an automatic limit for the debit card issued. This product is expected to provide high efficiency as a serious credit instrument for the Bank. The Practical SME Card will provide customers with digitalization and 24/7 banking experience.

**Katılım Finans Kefalet A.Ş.:** With the establishment of Katılım Finans Kefalet A.Ş., the guarantee projects provided by the Credit Guarantee Fund in 2023 are now being carried out through KFK. The first version of the work to integrate the main banking system with the relevant institution was completed, and Albaraka Türk became the first bank among participation banks to complete the relevant version. The "Equity Support Package," the first support package provided by Katılım Finans Kefalet A.Ş., was quickly put into operation and the first funded credit disbursements based on the KFK guarantee were made.

**Sell & Lease Back:** A product that went live in March 2023. Contract documents, product information presentation, and documents explaining the Bank's application structure were prepared and renewed. Allocation structure was finalized with Allocation Department. In 2023, a volume of TL 2.5 billion was achieved through 103 transactions. With the introduction of the said product, the Bank's leasing volume has increased significantly.

**Support for the Conversion of Moneys in Foreign Currency of the Companies Sourced Abroad into TL:** Within the scope of the "Communiqué on Supporting the Conversion of Moneys in Foreign Currency of the Companies Sourced Abroad into TL" published

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Pratik SME Card is Ready Anytime!

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in the Official Gazette on 26.01.2023, domestic legal entities/companies will receive a support payment of 2% of the converted amount for their balances in US Dollar-Euro-British pound sterling if they sell them to the Central Bank of the Republic of Türkiye (CBRT). Within the scope of this application, they will undertake not to purchase any foreign currency/gold for one month. Within the scope of the relevant foreign currency conversion support application, those who wish to do so can also use the converted amount by opening an exchange rate-protected participation account.

By converting their savings into TL, business owners will contribute to the liraization policy, earn additional returns, and secure themselves against exchange rate shocks by opening an exchange rate-protected account.

The CBRT product was introduced in February 2023 and customers started to benefit from the application immediately. In 2023, 14,740 transactions amounting to USD 569,193,538.37 were carried out.

### **Albaraka Türk's Funding and Financing Policy and Development of Funds**

#### **Volumes reached based on customer-product-service segments and their development**

As of 2023, a 35.06% growth was recorded in the funds collected. A 31.74% improvement was recorded in Corporate Participation accounts. The growth rate in Corporate Current accounts is 28.99%. Corporate Alternative Funds increased by 52.05% in 2023.

As of 2023, there was a 58.74% growth in TL funds collected compared to the previous year. A 77.22% improvement was recorded in Corporate TL Participation accounts. The growth rate in Corporate TL Current accounts is 11.47%. Corporate Alternative Funds increased by 52.05% in 2023.

The Bank's total TL fund grew by 47.7% in 2023 compared to 2022, while Corporate grew by 57.73%, Commercial by 101.92%, and SME by 86.28%. 46.45% of the Bank's total funds originate from these segments.

In TL terms, the Bank's total fund grew by 34% in 2023 compared to 2022, while Corporate, Commercial, and SME grew by 58%, 38%, and 41%, respectively. 41% of the Bank's total funds originate from these segments.

While the Bank's total cash risk in TL terms grew by 37% in 2023 compared to 2022, SME financing ended the year with 88% growth. 73% of the Bank's cash risks originate from these segments.

The TL equivalent of the Bank's total commission grew by 64% in 2023 compared to 2022, while Corporate, Commercial, and SME grew by 57%, 79%, and 98%, respectively. 72% of the Bank's total commission originates from these segments.

#### **Developments in the volume of corporate financing support**

In corporate banking, 17% growth was achieved in cash funded credit products at year-end 2023 compared to year-end 2022. In commercial banking, on the other hand, 66% growth was achieved in cash funded credit products compared to year-end 2022.

### **Evaluation of developments in non-cash funded credit volume**

Non-cash funded credit products grew by 44% compared to 2022. In commercial banking, on the other hand, 46% growth was achieved in non-cash funded credit products compared to year-end 2022.

#### **2023 Highlights**

In the face of rising inflation, households seeking to preserve the value of their money turned to high-yielding products, which led to the shift of cost-free funds in banks to participation accounts and alternative funds.

In order to quickly adapt to the measures taken by the economic administration for the "liraization" policy, the Bank, which develops new strategies and road maps, has recently carried out works open to transformation in existing products and development in new products to increase the share of TL in the funds it collects. One of the most important items on the Bank's agenda in 2023, was the conversion of existing foreign currency funds into Foreign Exchange Protected Deposit accounts. In this respect, the Bank has meticulously followed the communiqués issued by the public authority and has shown utmost care and diligence in complying with the ratio thresholds set for increasing the TL share.



## MANUFACTURED CAPITAL

### **An innovative product: The Jet Letter of Guarantee**

*The Jet Letter of Guarantee is a new product allowing you to receive Public Procurement Provisional and Public TOKİ Tender Provisional Letters of Guarantee online and send them to the addressees via Corporate Internet Banking without visiting our branches.*

Nationwide liraization policies have led to an increase in TL funds in banks and a relative decline in foreign currency accounts. It is expected that highly profitable investments can be made with TL assets. Therefore, customer mobility in fund collection activities is expected to continue for some time.

#### **Campaigns Implemented and Their Results**

In 2023, it was aimed to capitalize on dormant customers by offering a value proposition to the expenditures of corporate credit card customers in different sectors and to support the product acquisition of existing customers who do not have a card. For this purpose, customer expenditures in many sectors, such as clothing, fuel, food, travel, health, accommodation, and transportation, were analyzed and examined monthly. Based on these analyses, various credit card campaigns were organized in the fuel, travel, and food sectors

The Jet Letter of Guarantee is a new product allowing you to receive Public Procurement Provisional and Public TOKİ Tender Provisional Letters of Guarantee online and send them to the addressees via Corporate Internet Banking without visiting our branches. Communication activities and activity assignments were carried out through bank channels and social media accounts regarding the Jet Letter of Guarantee.

Activity management is an important aspect of supporting objectives and reaching prospective customers. Activity assignments were made for customer acquisition and product sales, especially in the field of foreign trade.

DDS (Direct Debit System) assignments are among the regular activity assignments where dealers contracted with the parent company are acquired, and commissions and product sales are obtained. When making assignments, prospective customers are examined in many ways, and actions are taken to improve shortcomings through accurate analysis.

Launched in 2023 for 360-degree Portfolio Management, the Deck Sales Dashboard is a new screen that enables branch employees to monitor portfolio screens, products in portfolios, and daily and monthly portfolio balance sheet status and developments from a single screen. In addition to branches, the application allows branch managers, regional coaches, and regional managers to access portfolio manager details by applying the relevant filters.

The Cross-Selling Campaign, organized to help asset managers increase their sales, aimed to increase the number of active products per active client. With this campaign, the number of active products increased, and branches were encouraged to reach their targets thanks to the additional points awarded to portfolio managers.



### Targeted activities in Retail Banking

- Making Branchless Vehicle Financing available to customers
- Increasing the use of Branchless Consumer Financing through dealers in cooperation with IFIN
- Adding domestic stocks, domestic funds, and news feeds to AlbaFX Investment Portal
- Going-Live of the PPS-Secured Loan product
- Increasing the availability of Branchless Rent Financing and Branchless Umrah Financing with the infrastructure of the Branchless Personal Financing product
- Launching the Pratik Finansman Umrah Card
- Implementation of a new structure enabling to organize campaigns by diversifying the Pratik Finansman Card.
- Bringing the My Loan is Ready infrastructure to the My Financing menu.

In 2024, in line with the planned targets, we will continue our efforts to promote new products focused on the Digital Transformation strategy for Retail customers and integrate existing products into the digital environment. Focusing more on the broad-based growth policy during the year, the Bank will work in line with the objectives of facilitating customer operations and minimizing operational burdens. The Special Project Preferred Fund Pool, which is aimed to provide high fund inflows to the Bank, will also be launched during the year.

### Targeted activities in MSMEs and SMEs

In terms of credits, it is foreseen that it will be more difficult to obtain credits in 2024 due to the increase in funded credit costs. The fund flow will also decrease due to the inability to access credit easily, and cash flow management will become more important, especially for MSMEs and SMEs. It is also foreseen that large companies will turn towards capital efficiency and slowdowns and postponements may be observed in investments. These forecasts are expected in the first half of the year when the elections will be held.

In parallel with this process, it is expected that the yields of fundraising products will increase and firms will tend to utilize their cash flow savings in high-yielding instruments. In line with the new regulations, we shall endeavor to continue activities to support the liraization in banking services for corporate savings. In addition, a revival in banking services for foreign currency savings is also expected.

The possibility for companies to become customers remotely is expected to accelerate the digitalization of commercial banking products and services and increase innovations in commercial products and services in the field of digital banking.

2022 and 2023 were a period in which the public authority frequently steered the market through banks and periodically intervened in the market through financial regulations as part of its efforts to stabilize the exchange rate and protect the value of the Turkish lira.

In 2023, the slowdown and halt in the increase in inflation observed towards the end of the year, in line with the measures taken by the economic administration and the fiscal disciplines implemented, will continue to be felt in 2024.

Although no intense regulatory flow will be seen as in previous years, the serial interest rate hikes in 2023 in line with the resolutions taken by the new economic management, the strong signals of the Central Bank that the tight monetary policy will continue, the increase in the costs of accessing credits for companies, and the difficulty in the methods of accessing credits will narrow demand in the domestic market and therefore, 2024 will be a year in which both the banking sector and other locomotive sectors will be expected to focus on exports.

However, the fact that freight prices, which increased during the pandemic, lost their upward momentum and turned downward is another aspect that will increase the resistance of global competitors against Türkiye's foreign trade volume.

2024 is also expected to be a year of bottlenecks in terms of the ability to collect credits. In this sense, focusing on products with high collection capability and a strong collateral structure will prevent developments that will deteriorate the bank's balance sheet.



# MANUFACTURED CAPITAL

## 2024 Targets

*2024 will be a year when digitalization will again be at the forefront for Albaraka Türk. The Bank's digital migration journey will continue with the digitalization of existing products and new product activities to be carried out through digital applications.*

2024 will be a year when digitalization will again be at the forefront for Albaraka Türk. The Bank's digital migration journey will continue with the digitalization of existing products and new product activities to be carried out through digital applications.

Thanks to Jet Letter of Guarantee and Jet Financing products, some transactions carried out through branches have shifted to digital channels. This change alleviates the operational burden of the branch and enables transactions to be carried out by the customer. In this respect, it has a direct impact on profitability. In addition, it allows branch portfolios to utilize their sales and marketing functions for new customers thanks to the transactions made by existing customers through digital channels. The Bank will strive to increase utilization rates of these products by encouraging branches to use them more.

In addition, the introduction of the Practical SME Card product in 2024 is aimed at providing customers with a banking experience to be offered as a credit instrument on a 24/7 basis.

In the Supplier Financing with Early Payment project, it is planned to develop an alternative financing method to enable suppliers that produce and sell goods to major companies to collect their invoices early. Suppliers can regulate their cash flows by collecting their receivables without waiting for the invoice due date, and gain a competitive advantage in cash purchases thanks to the early collection. They also provide operational efficiency.

In addition, with the "No-Wait Export Financing" product, the infrastructure of which has been prepared on the Foreign Trade side and which is ready for launch, customers will have an instrument that will enable them to receive payment without waiting for the due date in their export transactions against goods.

### **The first acceleration center in participation banking**

Albaraka Garaj Startup Acceleration Center, which started its operations in 2017 as the first acceleration center to be implemented within a participation bank, completed its 6<sup>th</sup> term in 2023 and started to receive the applications for 7<sup>th</sup> term. Albaraka Garage, which has reached the highest number of applications ever with more than 420 applications, is an acceleration center established by Albaraka Türk to offer innovative and technological products to its customers and strengthen its generated capital, offering incubation and acceleration facilities to entrepreneurs. Benefits offered to entrepreneurs include grants, mentoring, training, networking, API, and office support.

Applications were mainly received in SaaS, Social Enterprise, AI, Edutech, and FinTech fields and 24 startups were accepted to the pre-accelerator through a rigorous selection process, taking into account the suitability to Albaraka's strategic goals, the experience of the team, the market and the maturity level of the startup.

### Guiding entrepreneurs through the start-up lifecycle

In the Albaraka Garaj Acceleration Program, startups have been supported in many areas including FinTech, SaaS (Software as a Service), Artificial Intelligence and regulation technologies as well as education and health technologies.

Focusing on guiding throughout the start-up life cycle, Albaraka Türk's subsidiaries including AlbarakaTech Global, Albaraka API, APY Ventures, Albaraka Portfolio Management, and insha Ventures offer global tools such as Amazon Web Services, Microsoft, Hubspot, Notion, and Twilio to startups, as well as opportunities for cooperation.

Since its inception, Albaraka Garaj has supported over 120 startups by providing financial assistance through grants and product/service purchases, and it will continue to contribute to the intellectual capital of Albaraka Türk while also supporting entrepreneurship.

### Innovation Champions Program

As a bank that embraces innovation as a corporate culture, Albaraka Türk launched the "Innovation Champions" program to increase the interest of its employees in innovation. Nearly 350 applications were submitted for the program, and a 30-member team consisting of branch and head office employees was created.

Within the scope of the program, artificial intelligence, innovation, process, robotic process, and open banking trainings will be provided. The team completed their first trainings on RPA (Robotic Process) and API (Open Banking).



### In-house Idea Management Platform

The platform demonstrates the importance Albaraka Türk attaches to employee ideas and rewards employees who generate ideas. In 2023, 383 employee ideas were collected and processed through the platform under five different thematic calls, and the owners of these ideas, which will shape the future of the bank, were rewarded.

### Business Excellence and Innovation

Highlights from the digital transformation-oriented projects carried out by the Albaraka Türk Business Excellence and Innovation Department in 2023 include:

**Paperless Banking:** The Bank aims to increase customer satisfaction by minimizing transaction times and operational costs by enabling the customers to digitally approve the documents, papers, and agreements that are signed by the customers in transactions carried out at branches.

Within the scope of the Paperless Banking project, nine products and 45 documents within the scope of these products were digitized. Nearly 60,000 transactions were approved digitally, saving a total of 9,200 hours (13 FTE-Full Time Equivalent) and 257 trees as no paper was used. The approximate value of unused papers is over TL 500,000. In the Paperless Banking project, work is underway to digitize nearly 40 documents.



# MANUFACTURED CAPITAL

## Digital transformation efforts

*In 2023, Albaraka Türk continued its efforts in Robotic Process Automation (RPA), a critical component of digital transformation, without slowing down.*

**Field Project:** The project aims to improve sustainable operational efficiency and customer satisfaction by enabling users who are not in front of a screen during activities such as sales activities, meetings, and customer visits to perform their main banking activities on the mobile Field platform.

**Artificial Intelligence Project:** It is aimed at creating a chat bot that will enable the staff to get information where they get stuck in their work and answer their questions about the products in a conversational tone. In addition, it is aimed to read the data currently entered manually when making transactions with customer orders for Money Transfer and SWIFT transactions, and the information in the letters received from the enforcement offices for enforcement letters, through OCR over the order and automatically bring them to the relevant flow/screen in the system.

### **Product enrichment efforts**

Albaraka Türk continued its work on projects that will increase customer acquisition and enhance the presentation and sales of digital products and services to customers in 2023 as well. API banking activities continued with the aim of creating a financial ecosystem, which is one of the Bank's key goals. Improvements and upgrades for the current API portal are ongoing. In terms of API portal development in the banking industry, Albaraka Türk is positioned among the top ranks.

**Robotic Process Automation:** In 2023, Albaraka Türk continued its efforts in Robotic Process Automation (RPA), a critical component of digital transformation, without slowing down. With the integration of RPA, a software that automates tasks that do not require rule-based and decision-making as a human does in any application, the Bank increased its cost savings, speed, digital workforce, and error reduction gains, and automation work was successfully completed in over 350 processes. The RPA processes developed by the Robotic Process Automation Service are expanding with new needs and demands, and the Bank continues to contribute to workforce efficiency with its digitalization targets.

**RPA Robot Fleet:** In 2023, Albaraka Türk added four new robots to its robot fleet, bringing the total number of robots to 20 in order to meet RPA process demands and make capacity utilization more efficient.

**Open Banking Services:** The Bank launched Open Banking Services, where customers can manage their accounts from a single location, view other bank accounts, and transfer money from other bank accounts. Customers can access Open Banking services via mobile and internet branches.

The Albaraka API Platform was ranked among the most functional API platforms in the Open Banking Monitor, a report by INNOPAY, an independent organization assessing the API platforms of all banks around the world.

Albaraka APIs were named Türkiye's most innovative API Service Provider by Global Business Outlook, a UK-based company.

In the most recent report of BİRAPI, an independent organization that assesses the API platforms of banks, Albaraka's API platform ranked fourth among all banks and first among participation banks in the ranking of API numbers of banks in Türkiye.

### Five themes of Albaraka Türk's digital transformation roadmap

- **Products and services that directly touch the customer to improve customer experience:** In order to boost customer acquisition and enhance the customer experience, projects are carried out to develop critical and innovative products for target customers, to improve existing products and to offer them, especially through digital channels.
- **New business models and integration into the ecosystem:** Activities are carried out to close the gap between the Bank and the industry's leading digital players, with projects aimed at increasing customer acquisition and improving their experience.

On the other hand, FinTech cooperation projects are being implemented to enable the Bank to quickly adapt to developments in the digital world and the banking sector and bring profitability and cost advantages, in order to place the Bank as a pioneer in the sector.

- **Improvement, simplification, and optimization of internal processes:** Projects that will provide cost optimization by increasing the efficiency of Albaraka Türk's resources are implemented by achieving better levels of service (SLA, OLA) which exceed sector averages, as well as improving and simplifying the Bank's internal processes through the effective and efficient use of new technologies.
- **Improving competencies, capabilities, and infrastructure:** In order to provide customers with the best products and services using the latest technology, projects are carried out to strengthen the Bank's capabilities and infrastructure, rendering it more agile and ready for the future.
- **Sustainable growth/profitability and effective risk management:** In order to ensure sustainable growth and profitability, effective risk management projects are implemented as well as projects that will improve the control environment, reduce banking and cyber risks, and support the Bank's compliance with legal regulations.

### Activities for Information Security

As an indication of the importance Albaraka Türk attaches to information security, the Information Security Department was established. The Department aims to design, operate, monitor, and improve the Bank's information security structure under national and international laws, regulations, and standards, as well as in line with the requirements of ABG Holding, and to provide reporting to the relevant Senior Management and committees. Also, to select security products and services in the creation and operation of the information security structure, to integrate them into the bank's infrastructure, to operate and manage them, and to carry out related activities based on the outputs of the applications.





# MANUFACTURED CAPITAL

## Legal compliance studies

*Carries out and monitors projects related to compliance with laws and regulations on information security and IT, especially the BRSA Regulation on Information Systems and Electronic Banking, ISO 27001 standards, and other international standards.*

In this context, the following general activities are carried out regularly every year and presented to the relevant committees.

- Establishing, updating, and publishing necessary policies, procedures, plans, and instructions,
- Developing and monitoring strategic plans and targets,
- Carrying out activities to inform all stakeholders and raising their awareness,
- Designing, monitoring, and improving processes in accordance with standards, regulations, and best practices,
- Assessing all IT and information security risks and creating and monitoring risk and action inventory,
- Commissioning and ensuring the continuity of relevant resources, products, and systems within the scope of process operation,
- Carrying out process improvement activities,
- Improving information security processes continuously

The Information Security Department carries out its activities through five separate services. The duties and responsibilities of these services are generally as follows:

**Business Continuity Service:** Responsible for establishing, operating, and developing the necessary processes to meet the business continuity requirements set out in the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks and the Regulation on Information Systems and Electronic Banking Services of Banks published by the BRSA. Establishes, operates, and monitors the necessary processes to meet the requirements of the international ISO 22301 Business Continuity Management Standard. Plans business impact analysis and risk analysis activities for business continuity together with the relevant stakeholders, conducts drills, and follows up on the necessary additional activities.

**Fraud Analytics and Security Service:** Responsible for investigating transactions that are not in line with the Bank's operating principles, and examining transactions made through credit cards, POS, ATMs, Mobile/ Internet, and Alo Albaraka that are deemed to be risky in order to eliminate or minimize the risks involved in transactions that may cause the Bank to incur losses. It works under the following general headings:

- Submitting proposals for new fraud rules and changes to existing rules by analyzing fraud trends and fraud cases experienced within the Organization in particular
- Reviewing and analyzing the transactions communicated by the monitoring team (Analyzing and reporting actual Fraud cases)

- 24/7 real-time monitoring of transactions reflecting the fraud rules defined based on products/channels
- Obtaining confirmation from customers for risky transactions and taking necessary actions
- Checking the amounts sent to newly opened accounts via Internet Banking

#### **Risk, Compliance, and Data Security Service:**

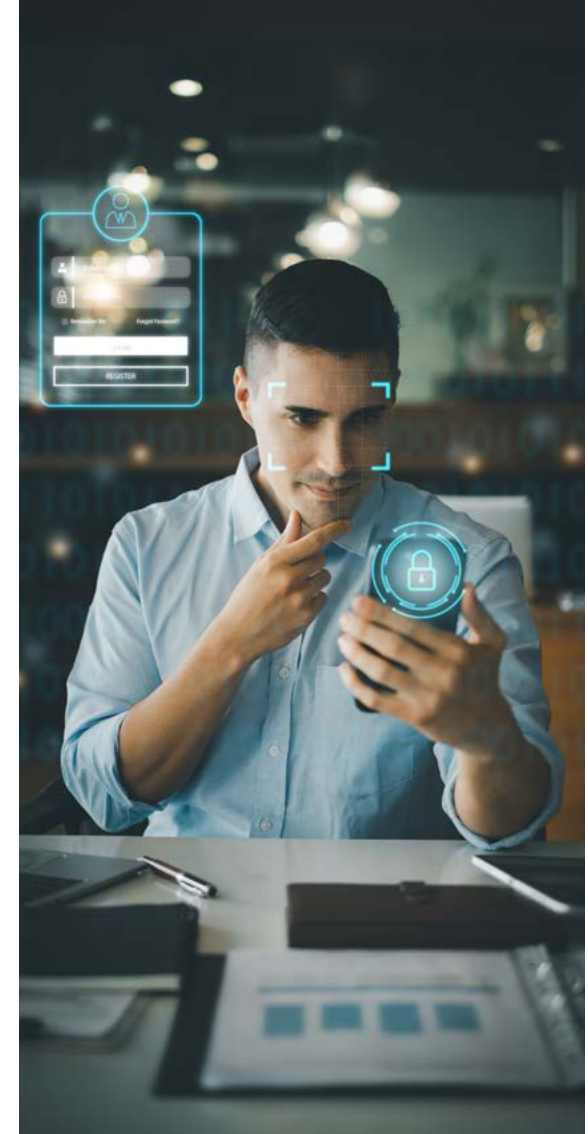
Carries out and monitors projects related to compliance with laws and regulations on information security and IT, especially the BRSA Regulation on Information Systems and Electronic Banking, ISO 27001 standards, and other international standards. Coordinating Information Security and IT internal and external audits, creating and tracking audit evidence, tracking and reporting audit reports and findings, creating, tracking, and reporting information security and other related committees, carrying out activities such as information asset management, risk management, process improvement, and KPI monitoring. It also carries out the selection, integration into the system, management, operation, and reporting processes of security products in the areas of data classification, protection and control, monitoring of database movements, and monitoring of movements related to users' data output and usage to ensure data security. In case of detection of extraordinary and risky transactions, it follows and reports the relevant process. It ensures that all Information security and IT processes are designed, documented, updated, and measured in accordance with relevant laws and regulations. It plans and carries out information security awareness activities.

#### **Security Test Management Service:**

Responsible for designing, writing, operating, monitoring, and reporting the process related to the security tests carried out in order to detect and fix the security vulnerabilities of the system before they are exploited. Plans security tests in accordance with the Bank's policies and procedures, such as BRSAs laws and regulations, Information Security Management Standards, such as ISO 2700, etc., and follows up the activities for detecting and fixing vulnerabilities. It also carries out scans and studies, such as security tests, security configuration scans, etc. in all structures such as mobile applications, web applications, internal networks, ATMs, servers and systems, etc., and reports, monitors, and verifies the detected vulnerabilities and incompatibilities. Additionally, it performs security tests of projects, creates SDLC process, and performs code security tests. Plans and carries out social engineering activities.

#### **SOC and Cyber Incident Management Service:**

Responsible for collecting the SOC and Cyber Incident Management Process and performing the operation and follow-up of this process. Monitors the log movements in the entire structure, such as systems, servers, privileged administrators, etc., follows extraordinary and risky transactions, and take actions and reports them in accordance with the process in case of an incident. It also designs, operates, and manages the process of securely connecting privileged administrators to systems with the PAM product and monitoring them. Moreover, it designs the Cyber Incident management process, creates response plans, and conducts and reports drills. It carries out activities on the detection, prevention, etc. of all cyber incidents and violations.





## INTELLECTUAL CAPITAL

### **insha Ventures**

*Established in 2018 as a subsidiary of Albaraka Türk, Türkiye's strongest participation bank, insha Ventures has taken important steps towards changing and transforming the conventional financial system with its wide range of innovative products.*

**As well as enabling fast, reliable, easy-to-use, and accessible services to be carried out on a 24/7 basis, the digital transformation efforts in Albaraka Türk also allow access for much wider target audiences.**

Albaraka Türk's intellectual capital consists of its collective knowledge, policies, systems, procedures, information technology (IT) know-how, financial R&D competencies, and the Albaraka Türk brand which facilitates the development and delivery of qualified products and services.

Digital transformation and innovation are among the most important issues on the agenda in the banking sector.

As well as enabling fast, reliable, easy-to-use and accessible services to be carried out on a 24/7 basis, the digital transformation also allows access for much wider target audiences.

The digital transformation activities initiated at Albaraka Türk in 2017 with the aim of offering customers the new products and services they need with new business models, to become a global digital brand preferred by customers and to ensure that the digitalization process becomes an organizational culture continue comprehensively at the Bank.

The digital transformation is also planned to support Albaraka Türk's sustainability activities.



## Affiliates

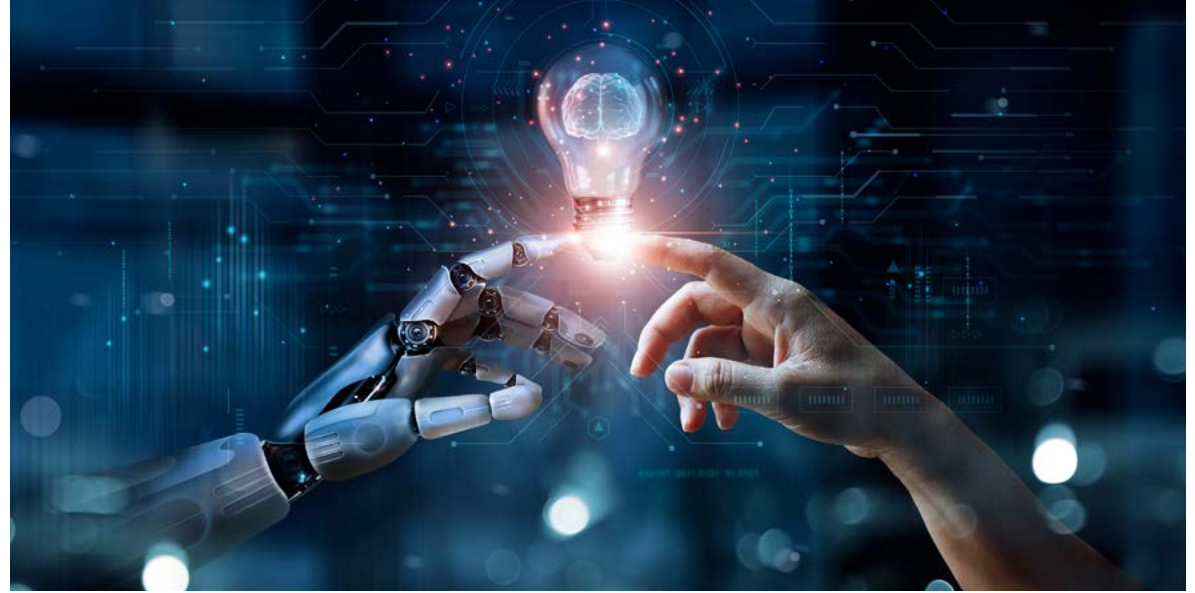
### insha Ventures

insha Ventures, examines financial technologies in order to provide innovative answers to the needs of its customers, subjects them to comprehensive evaluations, transforms the outputs it obtains into solution proposals and puts innovation at the heart of its processes in order to achieve this.

Established in 2018 as a subsidiary of Albaraka Türk, Türkiye's strongest participation bank, insha Ventures has taken and continues to take important steps towards changing and transforming the conventional financial system with its wide range of innovative products.

**Alneo:** Alneo is Türkiye's first artificial intelligence-powered fast and easy payment platform developed by insha Ventures. Alneo member enterprises can accept free payments via QR, OCR, SMS, and Link without any physical POS device. In addition, wallet customers can easily make payments with Alneo, which offers installments to all credit cards. By collecting with their mobile phones, customers receive an end-to-end digital service. Customers were also offered the opportunity to make payment via NFC in the year:

In 2023, the volume growth was approximately 300% compared to 2022. With this growth, Alneo continued to be the leading CepPos (Mobile POS) product in 2023.



**Revenue in 2023:** TL 55,817,907.65  
**Total volume in 2023:** TL 7,180,000,000  
**Number of new customers in 2023:** 2,283  
**Total number of transactions in 2023:** 232,418

**The easiest dues payment and collection solution is Kozmos:** A multi-channel collection platform that provides finance and accounting, property management, community management, and payment services to all types of companies that collect regular payments from their participants. Kozmos is an application where participants can track their memberships, payments, and other relevant information and make their payments effectively and quickly.

By the end of 2023, 40 projects and 2,200 houses were included in the Kozmos product, which started to be sold in the market in June 2023. In 2024, sales are expected to accelerate and increase.

**Revenue in 2023:** TL 355,570.00  
**Current number of customers in 2023:** 40



## INTELLECTUAL CAPITAL

### Sustainable technological solutions

*AlbarakaTech Global was established to support the Bank's digital transformation and to provide the software it needs to achieve its strategic goals, while leveraging the power of the R&D ecosystem and economies of scale.*

**PosBasit:** PosBasit aims to provide the best online payment experience with fast, secure, and innovative payment solutions. It is a virtual POS platform that provides online payments with all debit and credit cards for e-commerce platforms. Customers can easily access solutions for technical support, agreements, and other processes that they need to complete separately with each bank by integrating on a single platform with PosBasit.

**Revenue in 2023:** TL 1,857,281.63  
**Total volume in 2023:** TL 376,000,000  
**Number of new customers in 2023:** 77  
**Total number of transactions in 2023:** 339,000

**Semosis:** Semosis is an application that brings together the creditors and debtors at the point of drafting, tracking, and payment of promissory notes independent of a specific bank, and offers the necessary security measures in all these borrowing processes. Semosis product aims to manage all manual and physical promissory note processes in a digital environment. It aims to improve the process in terms of both functionality and efficiency by analyzing the risks that exist in manual processes in a digital environment. It aims to prevent problems such as loss, theft, damage to the material of promissory notes given within the debtor-creditor relationship.

**Revenue in 2023:** TL 512,240.82  
**Total volume in 2023:** TL 426,125,971  
**Number of transactions in 2023:** 11,127

**KimlikBasit:** KimlikBasit basically offers a solution that digitizes Digital Onboarding and approval processes. Provides fast and effective process management. KimlikBasit is a KYC platform that facilitates customer acceptance processes with video call center support and combines many identity verification services. KimlikBasit reduces transaction fraud in compliance with AML/KYC regulations designed for customers and businesses. As a result of the activities carried out, one customer entered the active onboarding process and three new contracts were signed in 2023. In 2024, four customers will be actively supported in customer acquisition processes.

**Revenue in 2023:** TL 1,848,237.20  
**Current number of customers:** 9

**Fintech Creation and Growth Platform FLYP:** It is a product that brings together the open banking and licensing infrastructure needed by fintechs on a single platform and offers growth and building services. It offers financial function APIs (billing, insurance, collection, payment, money transfer) of e-money, payment, and banking organizations to fintech companies with cost and easy integration. It functions as an open banking and service banking platform that brings together hundreds of functions from 12 companies under one roof.

In 2023, infrastructure services were started to be provided to two new customers, and the processes of three customers with whom contracts were signed in the previous period were activated. In 2024, two new customers are expected to start operations at the B2C level.

**Revenue in 2023:** TL 176,761.65

**Current number of customers in 2023:** 10

### **AlbarakaTech Global**

AlbarakaTech Global was established in 2020 to support the Bank's digital transformation and to provide the software it needs to achieve its strategic goals while leveraging the power of the R&D ecosystem and economies of scale. It is a technology company that closely follows the developments in the financial sector and offers its customers sustainable success and solution-oriented cooperation.

Having started its operations at the Teknopark Istanbul campus in December 2020, the number of employees at AlbarakaTech Global has reached 270. The Company has adopted the principle of providing financial solutions at superior speed and quality with low cost by combining Albaraka Türk's know-how and experience with a young perspective, focusing on customer needs and utilizing state-of-the-art technologies.

AlbarakaTech Global develops technological solutions to help the Bank achieve its strategic goals while also selling products and services to the major players in the financial ecosystem. Offering customers the solutions it has developed using state-of-the-art technologies such as Open Banking, mobile technologies, security applications, artificial intelligence, and blockchain, AlbarakaTech is a company that constantly renews itself and implements innovative projects.

Opportunities where artificial intelligence models will offer added value are always assessed. In addition to our basic models of text classification, fraud detection, and pricing, artificial intelligence models developed in many areas such as artificial intelligence-supported legal entity intelligence model, automation of customer instructions in foreign trade transactions, signature detection, and compatibility in global promissory notes, and classification of REM official letters are currently used in the Bank. In addition, training activities and seminars are organized throughout the year both in AlbarakaTech and in the Bank to increase the active use of artificial intelligence.

The API Banking efforts that continue in line with the Bank's goal of creating a financial ecosystem and the developments in the API Portal product currently in use bring Albaraka Türk to the front ranks in open banking.

The @guard application, developed with internal resources in response to the ever-increasing security threats at the mobile applications layer, ensures the security of mobile applications and the devices on which these applications are installed by creating security layers in addition to multi-factor user authentication methods. The @guard application's development activities have been completed and its pilot implementation is underway. Thanks to @guard, the mobile applications of all company customers, especially Albaraka Türk, will become more secure.

The improvement of the NAR infrastructure developed for the modernization of the Core Banking system continued in terms of function, developer experience, and performance, and this infrastructure was used in major projects during the year. EasySign, a digital platform that enables documents to be shared with relevant parties on a single platform, signed (E-Signature, Mobile Signature), and stored in a legally valid manner, is an example of these projects.

The myco application, which has been built on blockchain and cloud architecture with the increasing experience and competence of the Bank in developing products ready for Cloud technology, the usage areas and rates of which are increasing in our country, went live. Myco stands out as a highly innovative employee loyalty application with gamification elements.



## INTELLECTUAL CAPITAL

### Increasing fund size

*In 2023, eight new funds were established, bringing the number of funds to 24. By the end of 2023, total fund size increased by TL 1.3 billion, reaching TL 3 billion.*

In addition, AlbarakaTech Global has made employee satisfaction and development a part of its strategy in order to maintain and continuously develop its competent employees. It offers its employees programs that support career development not only in technical subjects but also in personal development areas, such as foreign language, communication skills, and leadership. Thanks to the emphasis it has placed on employee development and satisfaction, it achieved to be included in the "Türkiye's Best Employers" list in its second year of operation, as well as in the "Best Workplaces for Women" and "Best Workplaces for Innovation" lists as a result of the research conducted by Great Place To Work. In addition, it has also been included in the list of "Türkiye's Happiest Workplaces" by Happy Place to Work, which measures the employee happiness index.

#### **Albaraka Portföy Yönetimi A.Ş.**

In 2023, Albaraka Portföy Yönetimi A.Ş. established various types of funds for four different participation banks in addition to Albaraka Türk Katılım Bankası A.Ş., meeting the portfolio management company needs of these banks.

As of the end of year, APY's shareholders' equity reached TL 470 million and the size of the funds under management reached TL 63 billion. The Company manages 19 real estate, 24 venture, 16 securities, and 6 pension funds.

The Venture Capital Investment Funds Department of Albaraka Portföy Yönetim A.Ş. carries out fund establishment, securitization, corporate advisory under funds, and fund management activities. In 2023, eight new funds were established, bringing the number of funds to 24. By the end of 2023, total fund size increased by TL 1.3 billion, reaching TL 3 billion.

During 2023, the Venture Capital Investment Funds Department of Albaraka Portföy Yönetim A.Ş. held meetings with more than 300 startups in various sectors ranging from robotics to software, from artificial intelligence to gamification. In dozens of events, it has told thousands of people about Albaraka's contribution to the entrepreneurship ecosystem. It has invested more than 270 million TL through the Fintech VCIF (Venture Capital Investment Fund), Start-up VCIF, Informatics Valley VCIF, and Ostim VCIF, bringing the total number of investments to 50, of which 22 are new investments and 18 are follow-on investments.

The Venture Capital Investment Funds Department of Albaraka Portföy Yönetim A.Ş. is in contact with dozens of investors for potential collaborations in order to make the startups, which it invests in and walks with on their journey with the aim of making Türkiye a production center for new technologies in the world, a brand known all over the world from America to Asia. It conducts research, creates feasibility studies, and performs advertising optimizations in order to support startups that include Albaraka Türk in their journeys in all processes from finance to marketing, from production to sales.

### Albaraka Culture, Arts and Publishing

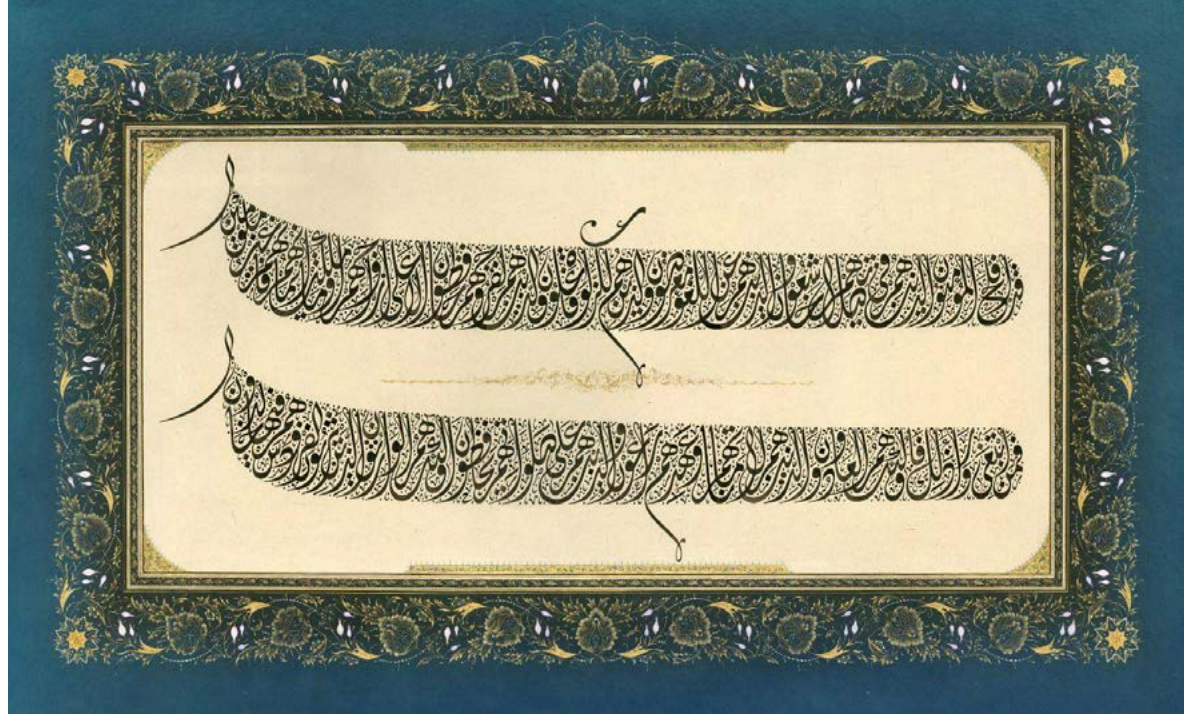
Albaraka Türk's 40 years of experience and knowledge in the fields of culture, art, and publishing have been institutionalized within Albaraka Culture, Art, and Publishing, which started publishing in 2018. Albaraka Culture, Arts and Publishing, which publishes works in more than 20 areas ranging from literature to history, philosophy to psychology, economics to sociology, and Islamic thought to the history of medicine, continued to deepen its publishing categories in 2023.

Albaraka Culture, Arts and Publishing, which continues its journey aiming to reach readers and art lovers by prioritizing moral and ethical concerns with a sense of social responsibility, has delivered nearly 200 books to readers as of year-end 2023.

The Albaraka Art Academy maintains its educational activities in the fields of calligraphy, illumination, marbling, miniature, and tiles with a wide participation, and contributes to the training of dozens of students every year.

### Recent developments at Albaraka Culture, Arts and Publishing

- Albaraka Publications was awarded the 2022 Public Publishing Award by the Writers' Union of Türkiye (TYB).
- Fatma Kandemir was appointed as the General Manager of Albaraka Kültür Sanat Yayıncılık A.Ş.





## HUMAN CAPITAL

### Albaraka Türk's cultural principles

*Giving value, open communication, agility, customer focus, cooperation and empowering leadership are Albaraka Türk's cultural principles.*

**Albaraka Türk invests in improving the knowledge, competencies, and well-being of its human resources. These investments enable maximization of corporate performance and provide a safe and healthy working environment for the workforce.**

Albaraka Türk's human capital consists of its employees, who make it possible to create value for all stakeholders. They are "human assets," in the original definition of the word.

Albaraka Türk invests in improving human value, professional knowledge, competencies and individual well-being. Human capital investments enable the workforce to be provided and maintained with a safe and healthy working environment to maximize corporate performance.

Giving value, open communication, agility, customer focus, cooperation and empowering leadership are Albaraka Türk's cultural principles.

It is essential to be aware of how the behavior of bank employees fosters cultural principles, to develop their point of view and behavior in this direction, to provide constructive feedback in the event of behaviors which are contrary to the cultural principles and to offer appreciation to those behaviors which foster the cultural principles.

#### **Albaraka Türk's Human Resources Policy**

In accordance with the purpose, vision, mission and corporate values of the Bank's activities, the Human Resources Policy aims to employ qualified and talented personnel who have the qualifications needed at a national and international level and are specialized in their fields, to develop their qualifications and to ensure their stability, so employees carry out their activities effectively, quickly, safely and efficiently and with the right content.

Albaraka Türk's recruitment policy, which is implemented within the framework of the Bank's strategies and objectives, strives to understand the temperament and motivations of individuals as well as their competencies, and candidates are placed in areas where they can work most efficiently by prioritizing their personality traits.

Youth Albaraka Academy reaches talented university students and provides them with the opportunity to work part-time. The young talented individuals discovered within the scope of the program both gain experience that will guide their personal careers and are placed in suitable positions in line with the Bank's employment strategy.

The Deputy General Manager of Human Resources is responsible for the implementation, development and monitoring of Albaraka Türk's Human Resources Policy determined by the General Directorate. This responsibility also covers the managers related to the fields they are in charge of.

In line with the principles of its Human Resources Policy, Albaraka Türk is committed to the following;

- Providing equal opportunity during recruitment,
- Ensuring fair work, improvements in labor standards and avoiding any discrimination on the basis of gender, religious belief, language, race, ethnicity, age, disability, immigration status in dealings with employees, suppliers, stakeholders and all other stakeholders.



While establishing its employment targets with the principle of inclusion and diversity, the Bank undertakes to ensure that up to three percent of the number of positions are filled by disabled personnel in jobs suitable for their occupational, physical, and spiritual conditions, pursuant to Article 30 of the Labor Law No. 4857. Demonstrating the value it attaches to "people" with the policies and practices of the

"Human Resources Department," the Bank offers its employees a wide array of financial and social rights and opportunities in addition to fundamental rights. In this context, the Bank has promotion increases, bonuses, premium payments, overtime and vacation work wages, foreign language allowance, per diem, travel expenses and relocation expenses, marriage, birth, clothing, children, road, food, health benefits, karz-ı hasen and compensation support for safe deposit boxes.



# HUMAN CAPITAL

## A structure based on fairness and equal opportunity

*Albaraka Türk determines its remuneration policy with a merit-oriented approach.*

### Remuneration

Albaraka Türk determines its remuneration policy with a merit-oriented approach. The Bank sets out its remuneration policies in accordance with the principles outlined below.

- The Remuneration Management System should reflect the Bank's corporate culture, mission and structure.
- It should be designed with consideration to the bank's budget figures and solvency.
- Pay practices should be fair and based on equal opportunity.
- Salaries should be open and transparent, supportive and following the performance system.
- Salaries should offer encouragement and support in career targets.
- Pay plans should be arranged in such a way that they do not encourage excessive market risk taking, and the overall pay policy should not conflict with the market risk strategy.
- The Remuneration process should be in line with the Bank's risk appetite, risk capacity, financial targets and long-term strategies, and the risk-reward balance in particular should be well established.
- The Bank's remuneration policy and performance criteria should not encourage sudden increases in the level of KKR (Counter Party Credit Risk) or excessive risk taking.
- Pay policy should not be excessively associated with the short-term profitability of the Bank.
- The pay policy should be in line with the long-term financial strength and capital adequacy of the Bank and should be set in a manner that avoids conflicts of interest.
- The Board of Directors at the Bank is responsible for approving the remuneration policy, reviewing it regularly, and overseeing its implementation.

### Career Planning

#### Online Assessment Center Applications:

With online assessment center applications, the development points of job candidates can be observed objectively, and actions related to promotions/appointments can be taken as needed. In 2023, a total of 103 candidate executives and managers from internal systems and units/branches participated in online assessment center practices; thanks to online assessment center practices, accommodation, food, and transportation costs were saved.

#### Manager Candidate Pool Studies

The Bank attaches great importance to and invests in its internal resources. In this context, managers who will take Albaraka Türk forward into the future are trained as a result of meticulous evaluations. In 2023, "Manager Candidate Pool" studies continued with a focus on performance, potential and development, and 32 Branch Managers were appointed from within the institution.

#### 2023 Promotion Processes

The 2023 promotion processes; training, certification, and promotion certificate exams were successfully completed at all stages within the planned schedule, using predominantly digital resources.

All in-house promotion certificate trainings were given on online platforms and certificate exams were held online at our exam centers.

In 2023, 79 branch manager candidates and 24 executive candidates participated in the Assessment Center processes online.



### Multidimensional New Title Structure Project

The Bank has adopted a gradual title structure within the scope of career path practices. Thanks to the new graded title structure designed in line with the Bank's needs, a structure that is free of different and complex title names, where personal rights are tracked by grades and role names indicating the duties of the employees are used.

Integration into the new title structure was completed and title transitions were finalized by year-end 2023.

### General Training Activities

- Basic Banking training programs were organized for 200 new recruits at the Bank's Head Office and branches.
- Stage 1 and Stage 2 training programs were organized for four employees who started to work as Assistant Auditors.
- In the training programs organized by associations/organizations dealing with the field of finance;
  - 195 Bank employees participated in 79 different training programs organized by the Participation Banks Association of Türkiye,
  - 260 Bank employees participated in 122 different training programs organized by the Banks Association of Türkiye,
  - 14 Bank employees participated in six different training programs organized through the Interbank Card Center,
  - Nine employees participated in training programs organized by the ICC (International Chamber of Commerce).

- For employees preparing for the Capital Markets Licensing examinations, a four-module training program for the Level-1 License was organized and the training programs were completed with the participation of 483 employees.
- Stage 1 and Stage 2 training programs were organized for newly recruited (Corporate/ Commercial/ SME/ Retail) assistant sales specialists in branches, with the participation of 298 employees in total.
- Within the scope of the Segmentless Sales Project in Branches, New Branch Service Model Trainings were organized and 639 sales employees were trained.
- "Manager Development" training programs were held for 86 branch portfolio managers to be included in the branch manager

candidate pool. In these training programs, an average of 85 hour/person training was provided.

- The Orientation Training Program was organized for 31 new branch managers.
- In line with the Bank's strategic objectives, trainings on various topics related to issues to be considered in branch operations were provided. 1018 participants received training in these trainings. Training activities were organized at the Head Office, regions, branches, common provinces, hotels, and in a live virtual classroom environment.
- 17 employees participated in the "Participation-Based Private Pension Activities" training program and 700 employees participated in the "PPS Complementary" training program. These programs must be completed by employees holding a PPS Certificate.



# HUMAN CAPITAL

## Educational programs

*Throughout the year, Albaraka Türk provided more than 180 thousand hours of training to all its employees on various subjects in different fields.*

- Training programs that must be conducted in accordance with legal and regulatory requirements continued in 2023. "Emergency (Fire Safety/Evacuation-Search/Rescue/Protection) and Crisis Management," "Occupational Health and Safety," "Business Continuity," "Prevention of Laundering Proceeds of Crime and Financing of Terrorism," "Information Security," "LPPD," and "Basic First Aid" programs have been organized.
- As a result of training needs analysis studies, all employees in the Branch Operation Service were provided with training on Negotiable Instruments "Check Operation Procedures." A total of 722 employees participated in the training activities organized in a virtual classroom environment.
- The "Participation Banking By Cases" training program developed according to adult learning methodologies was organized for branches. Training activities shall also continue in 2024.
- On-the-job training programs on "Credit Allocation Business Processes" have been planned for branch sales personnel, who will have the opportunity to examine the funded credit files sent to the regional allocation units and learn the functioning and decision-making methods of allocation committees first-hand on the spot. During the program, all sales personnel received on-the-job training at the Regional Directorate Allocation Service to which they are affiliated. In this context, a total of 5,000 hours of training has been provided.
- In order to improve the competencies of the employees and contribute to their careers, the following trainings have been carried out:

- Financial Analysis Techniques
- Funded Credit File Preparation
- Participation Banking
- Training of Instructors

In this context, a total of 6,249 hours of training has been provided.

- Screen videos were prepared in order for the newly recruited employees in the branches to learn about the screens in Albatros to be used in their business processes, to use the relevant screens more effectively and to increase their awareness, and they were paired with Albatros from Akademi TV and broadcast accordingly.
- In addition to technical trainings, NLP and Communication trainings were organized to develop employees in many aspects through soft skill trainings.
- As of February 7, 2023, 1-hour Economic Indicators and Capital Markets Webinars have been held on Tuesdays every week. In these webinars, expert researchers discuss economics and provide information on critical points, aiming to make it easier for employees to answer questions received from customers about economic indicators. In 2023, a total of 4,585 people participated in 40 sessions.

Data on the trainings received by employees in 2023 are presented in the following tables.

**Basic Trainings**

Program Name	Number of Participants	Hours of Training
Basic Banking Training Package (Branch Personnel)	111	82
Basic Banking Training Package (Head Office)	89	42
Retail Marketing Assistant Specialist Training 1 <sup>st</sup> Stage	13	40
Retail Marketing Assistant Specialist Training 2 <sup>nd</sup> Stage	45	76
Commercial/SME Sales Program 2 <sup>nd</sup> Stage	27	77
Basic Sales Training Program (1 <sup>st</sup> Stage)	108	77
Basic Sales Training Program (2 <sup>nd</sup> Stage)	105	84
Assistant Auditor 1 <sup>st</sup> Stage Training Program	5	105
Assistant Auditor 2 <sup>nd</sup> Stage Training Program	4	63

**Leadership Training**

Program Name	Number of Participants	Hours of Training
Executive Development Training	86	85
New Branch Manager Program	31	22
Executive Workshop Development Journey	14	42
Unit Manager Development Journey	19	21

**Project Trainings**

Program Name	Number of Participants	Hours of Training
Foreign Language: English	268	13,043
Foreign Language: Arabic	64	2415
New Branch Service Model (Segmentless Sales)	639	8,946
Strategic Branch Training Programs	1,018	1,442+

**Union/Association Trainings**

Program Name	Number of Participants	Hours of Training
Participation Banks Association of Türkiye (TKBB)	195	3,196
The Banks Association of Türkiye (TBB)	260	4,490
Interbank Card Center (BKM)	8	84
ICC (International Chamber of Commerce)	8	36
Borsa Istanbul	8	55

In 2023,

- Total training hours: **171,910** hour,
- Training hours per person amounted to **63** hours.

**Increasing Digitalization in Training Activities****Ratio of Online Trainings to Face-to-Face Trainings**

In 2023, trainings were held both in virtual classrooms and face-to-face.

- Ratio of synchronous (live virtual classroom) and asynchronous trainings conducted in digital environment is 55.40%,
- Ratio of trainings held in the classrooms is 44.60%.

**Digital Development Training Programs**

The Training and Career Management Department placed priority on Digital Development trainings in 2023.

All employees were provided with MS Office, Power BI, Python Programming, and SQL trainings in relation to their duties.

Accordingly, a total of 11,474 hours of digital development training has been provided.



# HUMAN CAPITAL

## Education for Children

*As of 2021, Basic Level Coding, Advanced Level Coding, and Python Programming education are provided for the children of Albaraka Türk employees. In 2023, the total number of children receiving education was 250.*

### Robotic Processes in On-the-Job and Rotation Trainings

As a result of robotic process automation, the orientation, training assignment and training follow-up of newly recruited employees is carried out by robots. The completion status of these assigned training is also followed by robots.

The Robotic Automation process has been developed at Albaraka Türk to follow the compulsory training programs which are provided in accordance with legal regulations. The completion status of the compulsory training for employees can be reported automatically to managers in the same way.

In the trainings, it was aimed to reduce the operational burden through robots by meticulously working on operational business processes with RPA analysts. In this context, training information e-mails, reminder e-mails about assessment and evaluation, and guidance on tasks that require follow-up were carried out with robotic processes.

The planning processes for the on-the-job training of employees who were transferred within the scope of rotation were completed by Robot. Employees whose services have been changed are assigned training through the system for at least two working days, and participants are expected to fill out a form at the end of the program.

### Coding Education for Children

As of 2021, Basic Level Coding, Advanced Level Coding, and Python Programming education are provided for the children of Albaraka Türk employees. In 2023, the total number of children receiving education was 250.

Coding Trainings	Number of Participants	Term
Basic Level Coding	65	3
Advance Level Coding	50	3
Python Programming	28	3
Basic Level Coding	110	4
Advance Level Coding	24	4
Python Programming	42	4

### Foreign Language Education

As a first in the sector, the Bank started to organize foreign language education in its education halls. The third term of the Foreign Language Education Programs has been successfully completed with a 95% satisfaction rate.

**English:** The English Education Program project, launched in 2022, continued in 2023 with the participation of 194 employees. A placement test was conducted together with the education institution and groups were formed. Education programs were held on weekdays after working hours and 6 hours a week. In this context, a total of 10,482 hours of English language education has been provided between 01.01.2023 and 31.12.2023.

**Arabic:** The number of existing and potential foreign customers is increasing day by day. In this context, an online Arabic education program was launched to better serve foreign customers and explain better the advantages of products/services to them. The education program received a large number of applications and three group education programs were planned, with a particular emphasis on the employees of branches with a high number of foreign customers. The education programs, which started on November 6, 2023, continue with 60 employees per quota. To date, 2415 hours of Arabic language training has been provided. oplamda 2415 saat Arapça eğitimi verilmiştir.

#### Postgraduate Education Support

Education support payments were made to 21 staff members who graduated from postgraduate programs and five staff members who graduated from doctoral programs to encourage the professional and personal development of the employees.

Postgraduate Education Programs	Those Received in 2023
Master's Degree	21
PhD	5

#### Foreign Language Education Support

Within the scope of the Foreign Language Education Implementation Directive, 11 employees who wanted to improve their knowledge and skills in the professional field received education assistance payments.

Foreign Language Education Programs	Those Received in 2023
English	11

#### Outdoor Trainings

Outdoor trainings based on the experimental learning method with the theme of Vision, Mission, and Values were organized for the personnel working with the title of "Executive" at the Head Office. A total of 152 employees participated in Experimental Learning - Outdoor Trainings.

#### Search and Rescue Trainings

As part of the Bank's Corporate Social Responsibility efforts, it was planned to establish the Albaraka Türk Search and Rescue Team to take part in disasters and emergencies with the voluntary participation of employees, and trainings have been started to be carried out in this regard. Trainings are provided by the experienced team of NESAR National Emergency Search and Rescue Association, which is accredited by AFAD and has participated in all disasters in the last 20 years. 30 employees are participating in the training program launched in 2023.

#### Endeavors for Our Vision, Mission and Values

In 2023, an interactive online training program was prepared with a professional team to ensure that all Bank employees adopt the renewed vision, mission, and values. Vision, Mission, and Values topics were included to the training programs planned for new recruits. In addition to these, an award-winning quiz contest on "Our Vision, Mission and Values" was organized, and awards were given to employees who provided the correct answer as soon as possible on the Çeviribil platform.

#### November 24 Teachers' Day Program for Our In-House Instructors

A November 24 Teachers' Day Program has been organized for in-house instructors, who play an active role in the transfer of knowledge, skills, and corporate culture and contribute to the reduction of training costs, and certificates of appreciation and gifts were presented to them.

#### 2023 Training Awards

In 2023, the employees who received the most training, either in the classroom or online, were presented with gifts from the General Manager through a program organized.



# HUMAN CAPITAL

## 24/7 access to training

*In 2020, Albaraka Academy launched its e.Mobile application with a design compatible with mobile browsers. As a result, the app can be accessed from anywhere and training sessions can be viewed quickly and easily 24/7.*

### **Virtual Classroom**

In line with the digitalization process that the Bank is going through, the digital period and transformation continued in the training of the Bank's human assets.

In virtual classrooms, employees may communicate in both video and audio format online with the trainers, ask questions, take notes and reinforce their learning with the training evaluation questions carried out during the program.

During online training programs, trainers make the process interactive by conducting surveys with the participants. In addition, the recorded training sessions are shared with the participants, providing the opportunity to review the information.

### **The e.MOBILE+ App**

In 2020, Albaraka Academy launched its e.Mobile application with a design compatible with mobile browsers. As a result, the app can be accessed from anywhere and training sessions can be viewed quickly and easily 24/7.

Albaraka Academy introduced the e.Mobile application to better support learning anytime and anywhere with its new interface specially designed for mobile devices. In 2023, 27,337 log-ins were recorded to the Albaraka Academy mobile platform via mobile devices.

Thanks to Albaraka Academy's "e.Mobile+" app, Bank staff can continue their personal development and learning anywhere: on the road, on the service bus or at home.

### **Employee Experience**

The employee experience is an important priority area at Albaraka Türk. Employee experience practices listen to the voices of employees and contribute to the regulation and development of processes in line with their feedback.

Albaraka Türk listens to the opinions and suggestions put forward by its employees by using corporate mobile, mail, Skype, Microsoft Kaizala, WhatsApp and social media communication channels over GSM lines.

In addition to the communication channels listed above, which provide staff with the opportunity to offer feedback, an Employee Head event is organized for employees who have completed their first six months. Albaraka Türk personnel may also provide feedback through the Employee Committee Meetings, where employees are able to convey their demands through representatives elected by voting in events gathered annually, and the Performance Evaluation Process, which is held once a year.

Employees who provide successful solutions are rewarded, with their suggestions given attention on the platform called "Discover" created within Albaraka Türk.



The Explore Intra-Corporate Enterprise Program created within Albaraka Türk aims to increase the innovation performance of the institution and to enrich the culture of discovery. In this vein, the Free Idea Sharing Platform, BigBang, is a platform that encourages employees to generate and implement ideas which offer high innovation potential for the Bank or address areas which require development, and aims to turn these ideas into successful innovations.

Various aspects of the experience of bank employees throughout their working life, including the interviews, promotion, remote working and dining hall usage are measured through the eNPS (Employee Net Promoter Score), and new contact points are added every year.

Insights gained from employees' positive and negative experiences are evaluated together with all relevant stakeholders, with the aim of embedding the employee-oriented process improvement perspective throughout the Bank.

Our Bank offers its employees the opportunity to work from home and office with 4 different working models, including fully remote and hybrid.

In addition to the services of in-house doctors, nurses, psychologists and nutritionists provided through contracted companies, their services are now available online with the aim of providing employees with easier access to health services. The Bank also provides laboratory (analysis) services from home and at work through its contracted health institution. In addition, the Head Office building in Ümraniye, Istanbul includes a gym, which is open to the use of employees.



## HUMAN CAPITAL

### Integrating “We Are One” into the Bank’s culture

*In order to integrate Albaraka Türk’s employer brand “We Are One” into the Bank’s culture and communication language, Albaraka Türk aims to establish close contact with employees, increase interaction, and continue culture building.*

In 2023, some of the activities carried out to strengthen team spirit are as follows:

- **Strategy and Vision Meeting:** On October 6, a Strategy and Vision meeting was organized with the participation of all managers and senior management.
- **We Are Together Event:** The “We are Together” event was held, where Vision Mission Values, the new employer brand “We Are One” was launched, the Cultural Ambassadors award program took place, Sales Performance Awards were given, and the event was completed with an open-air cinema event.
- **April 23 Children’s Festival Event:** As part of the April 23 National Sovereignty and Children’s Day, an event was organized for the children of the Bank’s employees, where the Hacivat-Karagöz show and various entertaining activities took place.
- **Children’s Cinema School Gala Event:** A gala night was organized with the participation of Bank executives and the families of the children, where short films prepared by the children of Bank employees who received filmmaking training were screened.
- **Outdoor Cinema Event:** An open-air cinema event was organized at the Head Office campus with the participation of the Bank’s employees.

- **November 11 Sapling Planting Event:** As part of November 11 National Afforestation Day, a sapling planting event was organized with the participation of the Bank’s employees.

In order to integrate Albaraka Türk’s employer brand “We Are One” into the Company’s culture and communication language, Albaraka Türk aims to establish close contact with employees, increase interaction, and continue culture building. In addition, it continues to benefit from the speed and convenience of the digital world, with some processes transferred to digital media, preventing paper waste and accelerating processes.

The new personnel request process and recruitment paperwork processes have been completely transferred to the digital platform.

There are four clubs in Albaraka Türk that aim to contribute to the development of human resources in many aspects, especially socially and culturally.

**The Healthy Life and Sports Club** was established to introduce sports to the lives of employees, bring them closer to nature, train athletes, and help them fill their spare time in a healthy way. Employees participated in a wide array of activities, including nature walks, basketball and table tennis tournaments.



**The Lifelong Development Club** was established with the vision of encouraging employees to develop their creativity by directing them to research and be critical, and to be individuals who add value to the Bank and our country by acting with a sense of social responsibility. Many activities were organized, from reading activities to ceramic workshops.

**The Culture and Art Club** was established to help employees get away from their work stress, to help them develop their artistic aspects, to organize events in all branches of art, and to keep our cultural values alive. Employees were offered many activities, including plays, concerts and information-culture competitions.

**The Social Responsibility Club** involves the organization of responsibility projects, events, and aid campaigns and reaching out to people in need with the voluntary participation and support of Albaraka Türk employees.

### **Basic Principles of Albaraka Türk's Human Resources Policy**

- Respecting the personality of the personnel and ensuring the protection of their rights regarding the business relationship,
- To ensure that the corporate culture is shared, to establish commitment to corporate values and culture, and to ensure that all personnel unite around common goals,
- Ensure that there are a sufficient number of employees suitable for the positions; to employ personnel with intellectual, professional knowledge and skills necessary and to ensure that the personnel work in accordance with the target of maximizing efficiency and profitability,

- To provide vocational training, growth and development opportunities to all personnel in accordance with the job to be performed,
- To provide an environment that will encourage personnel to think innovatively and develop new ideas and products,
- To strive to train personnel within the Bank for its executive and authorized staff, and to place priority on trained personnel from within the Bank in appointments to vacant positions,
- Developing communication procedures and principles in order to inform personnel on matters concerning themselves and to enable the personnel to convey their opinions and ideas to the managers easily,
- To create a working environment that will support the work motivation of personnel and to strive to develop social relations,
- To encourage personnel to achieve success, to develop practices which promote success and to reward outstanding personnel.

### **Our Ethical Principles;**

- **Integrity-Halal Earnings:** Our Bank adheres to the principle of honesty in its relations while fulfilling its activities. All our activities are carried out in accordance with the basic interest-free economic principles.
- **Impartiality:** Our Bank does not discriminate against any of its stakeholders or employees.
- **Reliability:** Our Bank provides clear, understandable, and accurate information to all its stakeholders within the scope of its "Disclosure Policy."
- **Transparency:** Our Bank informs its customers in a clear, understandable, and unambiguous manner on issues such as rights and obligations, benefits, and risks regarding the products and services offered

to them. It effectively assesses its customers and their financial capacities, situations, and needs before offering a product or service. Finalizes product and service delivery within this framework.

- **Observing Social Benefit and Respect for the Environment:** Our Bank supports social and cultural activities in the light of the principles of observing social benefit and respect for the environment. In addition, when disbursing funds, supporting health, education, or projects that create new areas of employment is as important as the principles of participation banking.
- **Combating Laundering of Proceeds from Crime and Financing of Terrorism:** Within the scope of the "Policy on Compliance with the Obligations Regarding the Prevention of Laundering Proceeds of Crime and Financing of Terrorism," our Bank adopts the fight against the laundering of assets arising from crime, corruption, and similar crimes as an important principle within the framework of international norms and national legislative provisions, and pays attention to cooperate with other banks, other relevant institutions and organizations, and competent authorities.
- **Abuse of Information:** Within the scope of the "Confidentiality Agreement" and "Information Transfer Policy," our Bank takes all necessary measures to prevent the abuse of information learned from insiders belonging to itself and its customers.

The management, implementation, and monitoring of our principles and values are carried out in accordance with the Ethical Principles Policy, the Banking Code of Ethics, the Bank's Personnel Regulation, and the principles of Participation Banking.



# HUMAN CAPITAL

## Number of employees by age groups

Title Name	Number of Employees	Average Age
Senior Management	11	45.73
Unit/Regional Manager	52	43.89
Branch Manager	224	42.55
Executive	384	41.79
Director/Specialist	1,491	37.28
Assistant Specialist/Authorized	554	29.06
Auxiliary Personnel	7	41.36
<b>Total</b>	<b>2,723</b>	<b>36.84</b>

## Gender Distribution

Level	Number of Employees	Male	Female
Senior executive	11	10	1
Mid-level executive	276	273	3
Low-level executive	426	392	34
Official	2,003	1,590	413
Other	7	7	-
<b>Total</b>	<b>2,723</b>	<b>2,272</b>	<b>451</b>

Ratio of Female Employees in STEM Roles	36.6%
Ratio of Female Managers in Income Generating Roles	5.1%

**Seniority Distribution**

Title Name	Number of Employees	ABAT Seniority
Senior Management	11	17.2
Unit/Regional Manager	52	15.9
Branch Manager	224	15.8
Executive	384	15
Director/Specialist	1,491	10.5
Assistant Specialist/Authorized	554	2.12
Auxiliary Personnel	7	14.9
<b>Total</b>	<b>2,723</b>	<b>10.0</b>

**Employee Turnover Rate**

Employee Turnover Rate	13.8%
Volunteer Turnover Rate	9.1%
Number of Employees on Paternity Leave	85
Number of Employees on Maternity Leave	27
Rate of Employees Returning to Work After Maternity Leave	93%
Newly-Recruited Employees	402
Newly-Recruited Male Employees	287
Newly-Recruited Female Employees	115
Newly-Recruited Employees Age Average	27.3
Newly-recruited Employee - Senior Executive	0
Newly-recruited Employee - Low-level Executive	23
Newly-Recruited Employee - Official	375
Number of Employees Leaving	374
Number of Male Employees Leaving	319
Number of Female Employees Leaving	55
Age Average of Employees Leaving	35.8
Employees Leaving - Senior Executive	1
Employees Leaving - Mid-level Executive	37
Employees Leaving - Low-level Executive	44
Employees Leaving - Official	290
Employees Leaving - Other	2

**Number of Disabled Employees**

Title	Number of Disabled Employees
Senior Management	0
Unit/Regional Manager	0
Branch Manager	2
Executive	7
Director/Specialist	41
Assistant Specialist/Authorized	13
Auxiliary Personnel	0
<b>Total</b>	<b>63</b>

**Educational Status**

Education Level	Rate (%)
PhD	0.26
Master's Degree	19.2
Bachelor's Degree	63.8
Open Education Faculty Graduate	11
Associate Degree	3.2
High School	2.3
Elementary School	0.24



# HUMAN CAPITAL

## Emergency preparedness

*In the aftermath of the earthquake, teams were organised in the fastest way possible and operated both at the Head Office and in the field. Teams in the field carried out the delivery of supplies.*

### OCCUPATIONAL HEALTH AND SAFETY

The Bank has implemented practices to monitor the occupational health and safety of its employees in its Head Office in Istanbul as well as in all its branches. Occupational Health and Safety activities within Albaraka Türk are carried out by the OHS Board. The OHS Board is responsible for the following;

- Determining the health and safety conditions required by Albaraka Türk and the measures and tools that will prevent any injury or illness that may arise due to the use of tools, equipment, machines or raw materials etc. used in the workplace,
- Fulfilling, implementing and checking the necessary tools and safety measures to be taken and the tools to be kept within Albaraka Türk to prevent work accidents, informing the employees of their requirement to comply with the procedures and conditions in this vein and informing employees of the necessary health and safety precautions,
- Carrying out activities aimed at preventing work accidents and occupational diseases by constantly processing the provisions of the relevant regulation.

The Albaraka Türk OHS Board convened on four occasions in 2023, at three-month intervals. Employee representatives, employer representatives, occupational safety specialists, institution doctors and subcontractor representatives attended the meetings.

### Emergency Activities

The following are the activities carried out in the aftermath of the earthquake that hit Kahramanmaraş in February and caused a major devastation.

In the aftermath of the earthquake, teams were organised in the fastest way possible and operated both at the Head Office and in the field. At the Head Office, management of the emergency situation, determination and procurement of the necessary logistic needs, and instant notification of the branches with the developing dynamic processes were ensured. On the other hand, the teams in the field carried out the installation of living containers sent for branch employees, distribution of other basic necessities (food parcels, clothing, sleeping bags, personal hygiene items, pots, pans, cutlery, etc.), and their delivery to those in need. In addition, they monitored the removal of the branch debris and the shipment of salvaged safes and archive folders to designated areas. The teams provided services in the earthquake zone with a total of 16 vehicles, including 1 mobile branch, 2 rented caravans, 2 rented land vehicles, 2 rented passenger cars, 3 marketing vehicles, and 6 service vehicles to provide support for transportation, security, coordination, and banking activities.

To ensure protection against any damages affecting customers, employees, assets, activities and systems of the Bank which could arise to the Albaraka Türk Head Office and branches in the event of extraordinary and unexpected situations including disasters, acts of terrorism, economic crises, public

uprisings, system damage, workplace actions or similar unexpected and extraordinary situations, emergency management activities were carried out with the aim of ensuring the security of employees, documents, computer systems and data.

Emergency training was provided to the emergency teams at the Head Office and the branches. An emergency drill was conducted at the Head Office and a drill report was prepared.

Emergency drills at all of our branches were managed centrally, and relevant drill reports were created.

### **COVID-19 Safe Service Certificate**

Albaraka Türk attaches the highest importance to the health of its human resources and society at all times and under all circumstances. From this point of view, a series of procedures, including protection and control measures, hygiene conditions, security measures and communication in difficult situations are implemented at the Head Office building in order to prevent any problems that may arise from the pandemic.

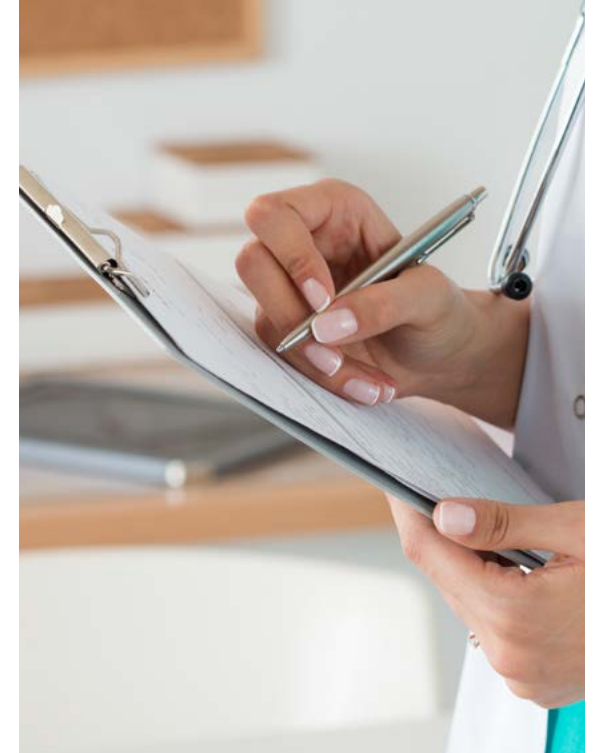
The Bank became the first bank to receive the COVID-19 Safe Service Certificate from the Turkish Standards Institute as a result of the audits carried out with its distinguished work in all these areas.

In 2023, the requirements for renewing the certification were fully met and the COVID-19 Safe Service Certificate was renewed.

Risk analysis assessments of Albaraka Türk branches that were relocated and the risk analysis period of which had expired were completed in 2023. Within the framework of the Occupational Health and Safety Law No. 6331, the following activities were carried out at Albaraka Türk's branches:

- Preparing risk analyses,
- Preparing emergency plan,
- Setting up emergency crews,
- Selecting an employee representative,
- Drafting floor plans,
- Conducting evacuation drills at all locations,
- Delivering occupational health and safety training (first aid training and OHS training),
- Determining OHS needs.

The Bank's Occupational Health and Safety Policy is carried out under the Occupational Health and Safety Law No. 6331 published in the Official Gazette No. 28339 dated 30.06.2012 and the directive issued as per Article 8, paragraph (a) of the "Regulation on Occupational Health and Safety Boards" published in the Official Gazette No. 28532 dated 18.01.2013. Within the scope of the law in question, Call Center employees, disabled employees, and night employees undergo regular health screenings every year. On the other hand, all employees undergo periodic health screenings every five years.





# HUMAN CAPITAL

## Increasing understanding of quality

*The quality journey, which started in 2004 with the philosophy of "Write what you do, do what you write" and continues with the understanding of "Turn the Culture of Excellence into a Lifestyle," has been in practice for 19 years and is growing ever more effective with each passing day with the inclusion of new management standards.*

### Quality management system

The quality journey, which started in 2004 with the philosophy of "Write what you do, do what you write" and continues with the understanding of "Turn the Culture of Excellence into a Lifestyle," has been in practice for 19 years and is growing ever more effective with each passing day with the inclusion of new management standards.

Bank processes are scrutinized regularly every year with internal and external audits, and their compliance with Quality Management System standards is analyzed. The internal and external audit processes of the Quality Management System in 2023 were successfully completed, with the resolutions taken to extend the validity of the ISO 9001:2015 Quality Management System certification.

Other ISO quality certificates held by the Bank are as follows:

- ISO 22301 / Business Continuity Management System Certificate
- ISO 27001 / Information Security Management System Certificate
- ISO 10002- 2014 / Customer Satisfaction Management System Certificate

### Albaraka Türk Occupational Health and Safety Data

	Albaraka Türk Employees	Supplier Company Employees
Number of Accidents	2	0
Working Days Lost due to Accidents	21	0
Number of Work-Related Deaths	0	0
Injury Ratio	168	0
Occupational Disease Ratio	0.00%	0.00%
Number of Occupational Disease Cases	0	0





## SOCIAL AND RELATIONSHIP CAPITAL

### Banking model for the youth

*Trend banking, Albaraka Türk's banking model for young people, offers a range of benefits such as brand collaborations and free offers, with the aim of providing a privileged experience.*

In 2023, Albaraka Türk implemented a wide array of developments, campaigns, brand collaborations and activities which increase customer satisfaction and enhance the experience offered to its customers through digital channels.

#### APPLICATIONS THAT ENHANCE CUSTOMER EXPERIENCE

Banking customers demand a seamless omnichannel experience as well as affordable innovative products. To build a lasting advantage and maintain trust, banks need to gain and evaluate insights into the current and future needs of customers and learn how to meet them.

Albaraka Türk is focused on increasing customer loyalty with customer experience outputs. The loyalty campaigns which it has rolled out are aimed at deepening the financial relationship between customers and the Bank with products, services and even process designs implemented to respond to the demands, requirements and complaints received in the field and in line with the results of the research conducted by the Customer Experience Service. This process supports the delivery of products and services that meet the expectations of customers, and strengthens the added value that is produced and shared.

In 2023, Albaraka Türk implemented a wide array of developments, campaigns, brand collaborations and activities which increase customer satisfaction and enhance the experience offered to its customers through digital channels.

#### Trend Banking

Trend banking, Albaraka Türk's banking model for young people, offers a range of benefits such as brand collaborations and free offers, with the aim of providing a privileged experience.

The Trend Banking service, aimed at customers between the ages of 18-25, organized long-term and short-term campaigns and brand collaborations aimed at customer acquisition and loyalty.

The campaigns, which continued throughout the year, were aimed at maintaining customer satisfaction and positioning Albaraka as the main bank for customers by prioritizing their needs.



Various sectoral campaigns in areas such as supermarkets, education, café-restaurant, and transportation are examples of campaigns organized within the scope of Trend Banking, with EspressoLab and GastroClub being examples of brand collaborations.

### Eflatun Banking

Within the scope of Eflatun Banking, which includes women-specific products and services, many brand collaborations were made. Based on the need for an exclusive and featured campaign for Eflatun credit card holders, a 10% cashback campaign for TL 100 and above is offered to Eflatun customers to be repeated on certain days of each month (between 15-20<sup>th</sup>).

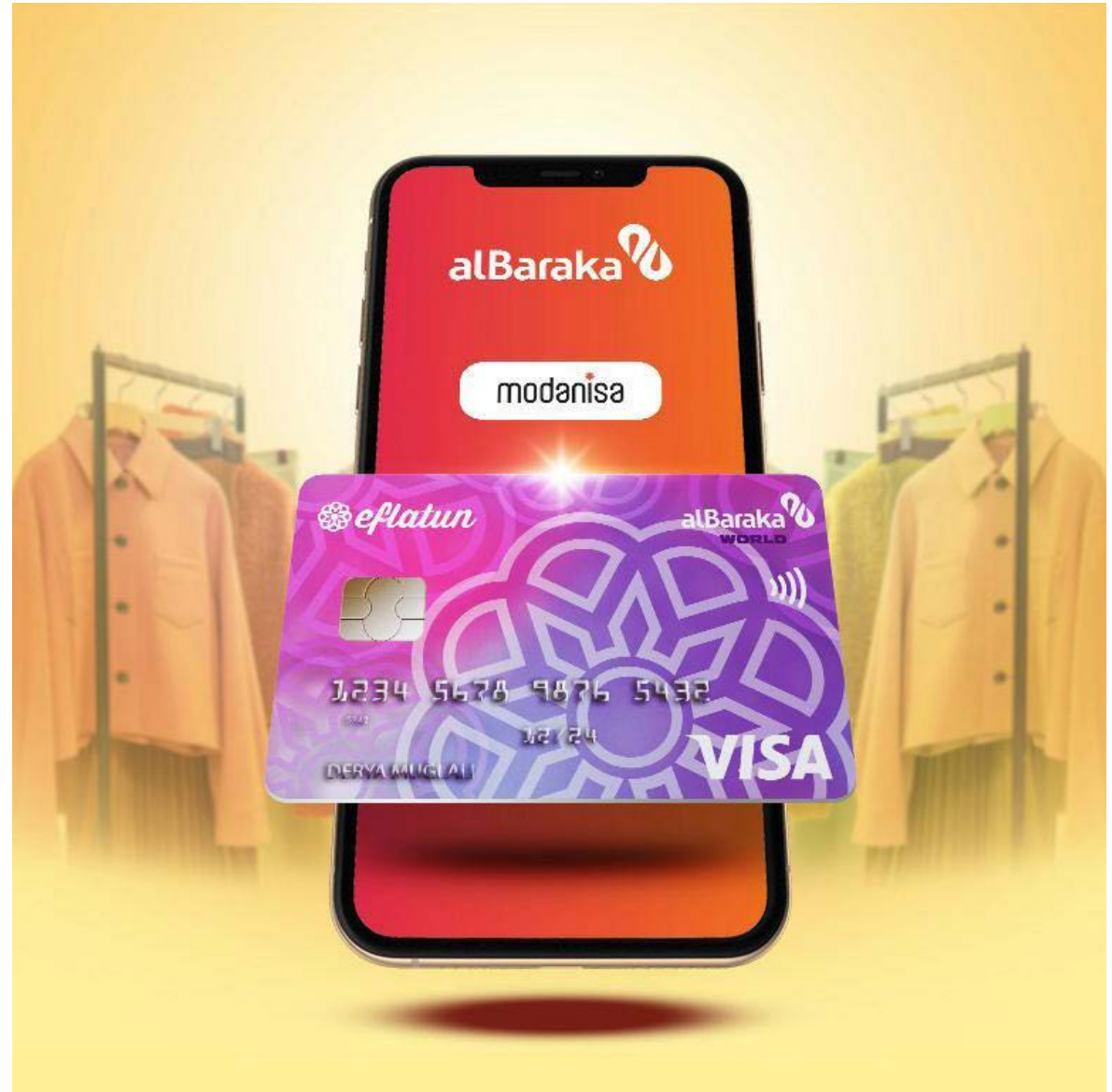
During the year, campaigns were also organized for brands and sectors, such as grocery stores, clothing, and cosmetics, on which women concentrate their spending and to which they pay attention.

### Campaigns and Brand Collaborations

In 2023, 14 campaigns exclusive to Trend, Eflatun, and individual credit cards were organized.

As a result of the marketing activities carried out to increase the number of credit cards and promote the use of credit cards in 2023, the number of customers using credit cards increased by 24% while the turnover of credit cards increased by 83%.

Within the scope of the value proposition offered to the spending of individual credit card customers in different sectors in 2023, the Bank aims to capitalize dormant customers





## SOCIAL AND RELATIONSHIP CAPITAL

### Customer satisfaction measurement

*Approximately 150,000 responses are received annually from customers to measure the Albaraka Türk's overall NPS and customer experience.*

and bring products to existing customers who do not have cards. To this end, Worldpuan and Cashback campaigns took place in a variety of sectors including clothing, food, fuel, health, accommodation and transportation. By keeping track of the sectors where expenditures tend to take place on a monthly basis, credit card campaigns were carried out in line with the periodic needs of customers.

There were also promotional campaigns targeting active customers, almost all of which were well attended, and appreciated by customers. Based on the need for an exclusive and featured campaign for Eflatun credit card holders, a 10% cashback campaign for TL 100 and above is offered to our Eflatun profile to be repeated on certain days of each month.

During the year, brand collaborations were made or existing collaborations were developed with eight different brands with high brand recognition.

With EspressoLab for Trend customers, the campaign, which was initially offered as "1+1 coffee," started to be offered as "1 coffee a week as a gift," resulting in a three-fold increase in the number of uses.

Within the scope of the cooperation with GastroClub, it was decided to continue working to benefit Trend profile customers, and the contract was renewed. The number of uses increases steadily every month.

A campaign of 10% discount (in addition to all discounts) that is valid on the Armine website and mobile application and includes all credit cards with Armine, was launched and made available to customers.

A 10% discount campaign for Albaraka World Card and Debit cards, valid for all physical textile product purchases with Civil, a mother and baby brand, was launched and made available to customers.

Negotiations were held with Enuygun.com, a vacation booking, car rental, and bus and flight ticket application, for brand cooperation, and an agreement was reached with the company. Following the completion of these activities in 2023, the benefits provided by the brand cooperation will be offered to customers in 2024.

Negotiations were held with Modanisa, one of the leading companies in online shopping, for brand cooperation, and an agreement was reached with the company. Following the completion of these activities in 2023, the benefits provided by the brand cooperation will be offered to customers in 2024.

An agreement was reached on brand cooperation with the Fullegitsin application, which provides discounted fuel benefits to its users. Following the completion of these activities in 2023, the benefits provided by the brand cooperation will be offered to customers in 2024.

### Projects for Customer Experience and Strategies to Increase Customer Loyalty

Customer experience surveys are conducted at 32 contact points. Approximately 150,000 responses are received annually from customers to measure the Bank's overall NPS and customer experience.

In addition to the experience measurements made at branch contact points in customer experience, warning e-mails are sent to branch managers in case of undesirable scores at these contact points. These warning e-mails enable branch managers to intervene immediately in negative experiences and turn them into positive ones.

In line with the Bank's new organizational structure, measurement channels have been separated into corporate and individual channels. The measurement methods that will be most efficient depending on the characteristics of the business lines are tested and used. All Head Office units, branch managers, and services have been given access to screens where they can review their own processes, and they have started to use these screens.

The text analytics system was integrated into the customer experience assessment module and the tests of the outputs of this module were completed.

Long- and short-term campaigns and brand collaborations are carried out throughout the year with the aim of customer acquisition and loyalty. When organizing card campaigns, we aimed to find the most suitable sectors by taking into account the expenditures and periodic needs of customers.

The World Business credit card is a product that serves only business customers and makes them feel special. The World Business credit card offers customers the ease of use they are familiar with by taking advantage of features such as installments, contactless features, and the ability to create virtual cards, just like personal customer cards. In addition, they can also withdraw money from accounts linked to the credit card at other banks' joint ATMs in Türkiye. The card can be used at all partner ATMs with Visa and Mastercard logos in Türkiye and abroad. With Worldpuan and cashback campaigns, the World Business Card transforms purchases made in certain sectors or brands into a profitable customer experience.

The Bank aims to increase recognition and customer satisfaction through customized banking services and products tailored to specific customer profiles, such as legal, commercial, corporate, and SME banking, as well as communication language and planning.

The financing campaigns, which offer advantageous rates, facilitate SME, commercial, and corporate customers' access to financing, helping them adapt to changing economic conditions, and facilitate cost management.

The Bank aims to increase customer satisfaction by offering customized services based on customer needs in different banking services.

Carrying out activities for customer expectations and satisfaction with its expert sales organization, the Bank strives to stand by the companies, especially those that produce and trade.

### Research and development implementations for new products, services, and activities

In the coming period, the Bank will utilize its correspondent network to increase its foreign trade volume with the countries in which ABC operates and increase its synergy with banking group stakeholders.

By focusing on "Term Export Financing" (TEF), which the Bank already offers to its customers, and "Non-Delaying Export Financing" (NDEF), for which infrastructure work has been completed to offer to customers in 2024, the Bank will increase the number of customers working with foreign trade products and receive a larger share from Türkiye's growing foreign trade volume.





## SOCIAL AND RELATIONSHIP CAPITAL

### Sponsorship support

*Albaraka Türk provides sponsorship support for activities in various fields. Sponsorship support was provided to many events in 2023.*

#### **Social media strategy**

The basic principles of Albaraka Türk's social media strategy are as follows:

- Increasing brand reputation and recognition
- Listening to what is said about the brand on social media
- Ensuring easy and fast communication with the Bank
- Announcing products and campaigns
- Acquiring new customers
- Preventing crises that will damage brand reputation
- Giving the right messages on behalf of the organization with the right strategy
- Bringing qualified employees to the organization
- Increasing the loyalty of existing staff to the organization
- Providing stakeholders with accurate information about the Bank

In this context, the social media activities carried out in 2023 are as follows:

- **“Hello Albaraka”:** In 2023, four different commercials were prepared with the concept of “Hello Albaraka” and aired on digital channels. In addition, active communication activities were carried out in TV, radio, digital, and outdoor media with the new advertising jingle and communication materials prepared with the new advertising concept.
- **Trend Credit Card Privileges:** Communication activities were carried out in digital channels with the animation video we prepared for the Trend credit card offered exclusively to young people.

- **Ramadan Pratik Finansman Card Campaign:** Communication activities were carried out on TV, radio, outdoor, and digital media for the Interest-Free TL 10,000 Pratik Finansman Card campaign for Ramadan.
- **Pension Promotion Campaign:** Communication activities were carried out on radio and digital channels regarding the promotion campaign organized for retired customers.
- **Car Financing Campaign:** Communication activities were organized on TV, radio, and digital channels in relation to the campaign organized specifically for car financing.
- **Pratik Finansman Card Interest-Free TL 15 Thousand Campaign:** Communication activities were organized on TV, radio, outdoor, and digital media for the Pratik Finansman Card campaign, which offers interest-free TL 15 thousand consumer financing.
- **8500+ ATM Network:** A commercial was prepared and communication activities were carried out in digital channels regarding the value proposition that increased to 8500+ ATMs network with Yapı Kredi and PTT agreements.
- **Special Day Communications:** Celebration video works and creative productions were realized for special days such as Mother's Day, Father's Day, Bankers' Day, Religious days, etc.
- **Communication with Albaraka Ecosystem social media accounts:** Communication activities, such as RT, quoting, etc., were carried out with social media accounts in the Albaraka Ecosystem, such as ABG, Albaraka Culture and Arts, Albaraka Garage, APY Ventures, and insha Ventures.
- **Albaraka Personnel and Experience Communication:** LinkedIn-based employee-oriented social media content was created and shared.

**Sponsorships**

Albaraka Türk provides sponsorship support for activities in various fields. Sponsorships undertaken in 2023 are as follows:

- Orakaf'23 Central Anatolia Career Fair
- Türkiye Entrepreneur Meeting and 10<sup>th</sup> Giv Entrepreneurship Awards Stand Sponsorship
- Albaraka Publishing Ümraniye Book Fair Participation Sponsorship
- AAOIFI 18<sup>th</sup> Annual Islamic Banking and Finance Conference 2023 Activity
- AAOIFI 21<sup>st</sup> Shari'ah Conference Sponsorship
- Boğaziçi Business Academy 2023-2024 Support Sponsorship
- Albaraka Publishing Üsküdar Book Fair Participation Support Sponsorship
- Albaraka Publishing Tüyap Book Fair Participation Support Sponsorship
- Sponsorship Agreement for IILM Islamic Liquidity Management Roundtable
- IDEX Istanbul 2023-18<sup>th</sup> Istanbul Oral-Dental Health, Device, and Equipment Fair
- Support Sponsorship for Izmir Economic Congress
- Career event sponsorship for various universities
- Sponsorship of the October 29 reception organized by the Consulate General of Erbil within the scope of the 100<sup>th</sup> anniversary of our Republic
- Yıldız Technical University Business Club
- Gazi University Faculty of Engineering

**TRANSPARENT AND ACCOUNTABILITY-BASED RELATIONS WITH STAKEHOLDERS**

One of the main elements of Albaraka Türk's sustainability approach is to set accountable, traceable and transparent integrated targets and periodically present the progress it has achieved in this context for the consideration of its stakeholders.

Albaraka Türk has adopted a communication approach with its stakeholders based on the participatory banking model. This model aims to create a reciprocal flow of communication with all stakeholders, prioritizing openness, transparency, and efficiency.

Albaraka's stakeholder communication platforms consist of the corporate website, social media, e-mail newsletters, press releases, investor relations presentations, events, and internal communication channels.

Albaraka Türk attaches tremendous importance to being in sustainable dialogue with its stakeholders;

- Determining and updating the corporate strategy,
- Creating and updating policies in different fields,
- Development of corporate responsibility projects,

and many similar subjects and fields which are considered as valuable and guiding inputs.

**Long-term relationships with suppliers**

*Albaraka Türk has adopted the principle of developing long-term relationships with its suppliers. In this context, it shares its expectations and standards with its suppliers within the framework of its sustainability/environmental policies and takes into account many criteria in supplier selection.*



## SOCIAL AND RELATIONSHIP CAPITAL

### Transparent communication with investors

*Albaraka Türk aims to continuously increase stakeholder value by implementing corporate governance at international standards in investor relations. Investor relations are carried out with the priority of establishing long-term relationships with investors and providing accurate and up-to-date information.*

Albaraka Türk communicates and interacts with its stakeholder groups through various platforms.

The Bank has structured strong communication and interaction channels for its stakeholders by utilising the opportunities offered by its digital infrastructure.

#### **Investor Relations**

Albaraka Türk aims to continuously increase stakeholder value by implementing corporate governance at international standards in investor relations. Investor relations are carried out with the priority of establishing long-term relationships with investors and providing accurate and up-to-date information.

In 2023, interaction was increased by organizing visits with sector analysts and portfolio managers. A total of 31 institutions were visited during the year, including 15 investment institution companies, 10 portfolio management companies, 5 foreign institutions, and 1 public institution. In this context, 64 analysts were contacted.

The activities and priorities of the Investor Relations Department include General Assembly Meetings, investor presentations, introductory meetings, teleconferences with analysts, credit rating activities, corporate governance rating activities, responding

to shareholders' questions and daily communication activities as the Investor Relations Department, investor relations website, Public Disclosure Platform (KAP), Information Society Services Platform established under the Turkish Commercial Code, Sustainability, and Corporate Responsibility activities.

#### **Supplier Relations**

Within the scope of its business processes, Albaraka Türk works in cooperation with many suppliers from domestic and international markets.

The Bank conducts its relations with its suppliers, which it sees as a part of the value chain, in accordance with a series of corporate documents including Purchasing Procedure, Purchase, Sale, Construction, Rent, Service and Rental Regulations, the Supplier Information Form and the Supplier Evaluation Form.

Operating within the framework of the principle of full compliance with the law in every field, Albaraka Türk expects its suppliers to fully comply with the Bank's corporate values as well as the laws and regulations in place.

Albaraka Türk prefers suppliers that produce to international standards. In addition, the Bank contributes to the sustainable development of the national economy by selecting local suppliers in supplier selection.

### Long-term relationships with suppliers

Albaraka Türk has adopted the principle of developing long-term relationships with its suppliers. In this context, Albaraka Türk shares its expectations and standards with its suppliers within the framework of its sustainability/environmental policies, and in supplier selection, it is very sensitive and takes into account many criteria. Albaraka Türk seeks the following primary criteria in selecting its suppliers:

- Experience
- Management skills
- Quality
- Price
- On-time delivery process
- Sufficient capacity
- After-sales services (technical capability)
- Product efficiency
- Geographical location

### A process followed by effective control mechanisms

Albaraka Türk attaches the highest importance to ensuring that suppliers adopt the Bank's values in every sense. Audits of suppliers are conducted in the context of human resources covering the following areas;

- The ID, social security entry, health report and professional qualification certificates of employees of suppliers who will work in the Head Office building or branches are checked with documentation received before they start working.
- Social Security documentation belonging to employees of the suppliers working in their own place (such as production activities) may be obtained upon request.

Suppliers within the scope of support services may also be audited on-site by the Board of Inspectors.

Procurement contracts include provisions stating that the supplier will fully comply with all legislation in their work at the Bank, especially in respect to social security, and that any possible sanctions and penalties will be applied to the company if it fails to comply.

Albaraka Türk regularly inspects its suppliers on-site. Once a year, suppliers that provided services in the previous year are evaluated within the scope of the pricing policy, compliance with working criteria, reliability, prestige and product/service quality of the company. The Bank will terminate work with any company that falls short of a certain score.





# SOCIAL AND RELATIONSHIP CAPITAL

## Rate of Procurement from Domestic Suppliers

Number of Domestic Firms	307	97.46%
Number of Foreign Firms	8	2.54%
Total	315	100.00%

The table above shows the companies that made purchases over TL 100,000 (Excluding VAT).

Stakeholders	Communication Channels	Material Issues
Shareholders	Investor Presentations, Investor Trips, Investor Activities, General Assembly, Annual Report	Economic Performance Sustainable profitability Market Presence Indirect Economic Impact Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption
Rating Agencies	Credit Rating and Corporate Governance Compliance Rating Reports	All material issues
Employees	Internal Communication Channels, Professional and Personal Development Programs, Activities for Employees' Families	Economic Performance Career development Participatory management understanding Market Presence Indirect Economic Impact Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption Occupational Health and Safety Human Rights
Affiliates	Internal Communication Channels, Professional and Personal Development Programs, Activities for Employees' Families, Participation in Joint Projects and Events	Economic Performance Market Presence Indirect Economic Impact Contribution to the sector and development
Customers	Advertising Campaigns, Complaint and Suggestion Management Channels, Field Research Team, Ethnographic Field Research with Qualitative Methods, Participation in Joint Projects and Events, Corporate Website, Mobile Banking	Digital Transformation Profitability Customer satisfaction Customer Health and Safety Cybersecurity/Information Security Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption



Suppliers	Procurement Procedure, Purchasing, Sales, Construction, Rental, Services and Bidding Regulations; Supplier Information Form, Supplier Evaluation Form	Sustainable Supply Management Procurement Practices Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption Occupational Health and Safety
International Financial Institutions	Corporate Promotional Materials, Memberships, Representation at Events, One-on-one Visits and Exchanges	Economic Performance Market Presence Indirect Economic Impact Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption
Associations	Corporate Promotional Materials, Memberships, Representation at Events	Economic Performance Market Presence
Media	Press Releases, Visits aimed at Press Members, Leadership Communication, Social Media Channels, Interviews	Economic Performance Protection of corporate reputation Accurate information transfer Market Presence Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption
Public	Activities aimed at Full Compliance with Laws, Events Supporting Public Activities	Economic Performance Market Presence Anti-corruption Occupational Health and Safety Human Rights Producing solutions to environmental and social problems
National and International NGOs and Institutions	Sustainability and CSR Partnerships & Reportings	Economic Performance Market Presence Indirect Economic Impact Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption Occupational Health and Safety Human Rights

## Supporting local suppliers

*Prioritizing to choose local suppliers in its supplier network, Albaraka Türk selected 97% of its suppliers from local companies in 2023.*



# SOCIAL AND RELATIONSHIP CAPITAL

## A growing universe of stakeholders

*Activities carried out within the scope of memberships and platforms represented contribute to the prestige of Albaraka Türk and support the development of professional competencies and raising awareness.*

### **ALBARAKA TÜRK'S MEMBERSHIPS AND REPRESENTATIVE PLATFORMS**

Albaraka Türk is strongly represented in national and international professional platforms, reinforcing its respected position on the global finance stage and its corporate reputation with the support it extends to environmental and sustainability-oriented initiatives.

#### **Contribution to Türkiye and the Albaraka Türk brand**

Albaraka Türk participates in national and international initiatives, thus contributing to the Bank's brand value, as well as to Türkiye's promotion and image.

Activities carried out within the scope of memberships and platforms represented contribute to the prestige of Albaraka Türk and support the development of professional competencies and raising awareness.

Memberships, which allow communication and relations with stakeholders from different regions and cultures, support the perceptions about the improved level of development our country has reached in the field of participation banking.

#### **Memberships**

- Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)
- General Council for Islamic Banks and Financial Organizations (CIBAFI)
- Institute of International Finance (IIF)
- Islamic Financial Services Board (IFSB)
- Participation Banks Association of Türkiye (TKBB)

### **Supported Initiatives**

- Borsa Istanbul Sustainability Index
- GRI (Global Reporting Initiative)
- Carbon Disclosure Project
- Science Based Targets Initiative
- United Nations Sustainable Development Goals

### **STANDING BY THE SOCIETY WITH CORPORATE RESPONSIBILITY PROJECTS**

Adopting sustainability as the main business model for Türkiye's qualified development, Albaraka Türk is expanding its total value with the projects it has implemented within the scope of corporate responsibility, which it defines as an integrated element of the business model.

Albaraka Türk continued to heal the wounds of the earthquake disaster occurred in February 2023 throughout the year. In line with its mission of supporting Türkiye's sustainable development, Albaraka Türk also implemented a series of projects for education, health, environment, and sensitive groups.

Within the scope of its corporate responsibility activities, the Bank continued to provide scholarships to undergraduate and doctoral students, to provide health support to people with financial means, and to contribute to both nature and farmers through afforestation projects.



With these projects, the Bank contributes to increasing good practices in the business world, touching the lives of more people and developing an ecosystem based on sharing the value produced.

Projects and activities carried out in 2023 are as follows:

### **Support for the Earthquake Region**

Albaraka Türk began sending relief supplies to the region immediately after the earthquake. Organized with the Ministry of Interior Disaster and Emergency Management Presidency (AFAD), Ministry of National Education Kahramanmaraş Advanced Technical Institute, Turkish Red Crescent, and various NGOs, cash and in-kind support, particularly containers and search and rescue equipment, continued to be provided throughout the year in line with the needs in the region.

Albaraka Türk's support for the Kahramanmaraş Advanced Technical Institute under the Ministry of National Education's General Directorate of Lifelong Learning aimed to contribute to the recovery from the earthquake. Adopting the slogan "We heal by producing," the Institute provided sewing training for earthquake survivors. With the project, which was prepared with the belief in the healing power of production, the trainings, which started from scratch and where designs appealing to people from all age groups were made, resulted in need-based productions and product sales. Thus, the earthquake survivors who participated in the production contributed to their household economies to some extent.

The Bank also distributed winter clothes to hundreds of earthquake survivor children in the region in cooperation with Umuda Koşanlar Association, İnsan İzi Association, Mavera Foundation, and Tebessüm Association. In addition, support was provided for Umuda Koşanlar Association's library project in Elbistan, İnsan İzi Association's playground installation and children's festival project in Adıyaman, and the distribution of hot meals in the region together with the İnsan Foundation.

Gokido, one of the Startups of Albaraka Garage, is a technology startup that develops smart canes for visually impaired children. With the support of Albaraka Türk, events were organized in Adana, Gaziantep, and Hatay, the cities affected by the earthquake, and 75 visually impaired earthquake survivors were presented with smart canes.

### **Participation Youth Development Project**

Albaraka Türk supported the Participation Youth Development Project in order to contribute to the students affected by the earthquake. Within the scope of the Participation Youth Development Project of the Istanbul Finance Center, which was carried out under the auspices of the Finance Office of the Presidency of the Republic of Türkiye, increasing the human resource potential in the Participation Finance sector, talent development and certification processes were planned. The Participation Youth Development Project, a special development and certification program that will bring new talents, who are qualified and open to global competition, provides young talents with quality content suitable for both domestic and international dynamics with expert trainers.

### **Türkiye Grameen Microfinance Program**

Albaraka Türk continued its cooperation with the Turkish Foundation for the Prevention of Waste (Türkiye Grameen Microfinance Program-TGMP) started in 2022 and continued to extend microcredit to microentrepreneurs in the Aegean, Central Anatolia, Black Sea, Eastern, and Southeastern Anatolia regions in 2023.

With the project, Albaraka Türk has extended microcredit to 575 microentrepreneurs since its inception and continues to work with vulnerable groups. In this year's phase of the project, earthquake survivors affected by the earthquake disaster in February were prioritized and citizens in the earthquake region were identified as the focus group in order to contribute to their family economies to some extent.



## SOCIAL AND RELATIONSHIP CAPITAL

### Aid and solidarity activities

*After the earthquake disaster in February 2023, the Bank established the Albaraka Türk Search and Rescue Team (ATAK) consisting of 32 volunteer personnel.*

In 2021, the social impact analysis prepared by Social Value UK calculated that every TL 1 of support provided by the Turkish Grameen Microfinance Program generated a social impact of TL 4.05, and it was determined the support and re-disbursements provided by Albaraka Türk had a total social impact of TL 18 million 225 thousand.

The social value created by TGMP and the social return on investment was also measured by the Impact Investment Platform (Etkiyap). The report analyzed the investments undertaken by TGMP and institutions providing funds to TGMP, as well as micro-entrepreneurs.

The results of the analysis found that the positive effects included the expansion of the social circle, increased purchasing power, improved family relations, respect from others, increased self-confidence, increased emotional well-being, increased professional well-being, improved social life and improved ability to cope with financial problems.

#### **Andalusia Reading Project**

The Andalusia Reading Project is a reader training project. The project aims to instill in students a lifelong love and responsibility for reading. In 2023, Albaraka Türk provided support to the Andalusia Reading Project, which started to be implemented with 22 students in Van in the 2016-2017 academic year and is currently being implemented in 186 schools in 22 provinces. In the project, which consists of volunteer teachers and aims to build a reading culture along with reading habits, virtue, and morality, an approach focusing on student psychology is adopted. Students who

participated in the project and read books regularly increased their success and interest in lessons, boosting their self-confidence. This change in students has led to an increase in participation in reading activities day by day. The Andalusia Reading Project uses the same psychological techniques used by the world's largest companies to build brand value in order to create a love and habit of reading in students. "Unconscious Motivation" is one of these techniques. When applying this technique, sensory and emotional integration is created by combining the senses (sense of smell and taste) and positive emotions and behaviors that evoke good feelings in students (need for attention, love, and affection; need to be respected, appreciated, etc.) with books and reading.

In the 2022-2023 academic year, 15,916 students participating in the Andalusia Reading Project in 186 schools across Türkiye read a total of 180,715 books. Students who take part in the project finish 18-20 books per month on average, having the opportunity to read and tell about 200 books in an academic year.

#### **Çorbada Tuzun Olsun**

In order to support the regular meal distribution activities carried out every evening for the homeless in the Taksim region of Istanbul being carried out by the Çorbada Tuzun Olsun Association, Albaraka Türk covered the cost of hot meals for one month.

In this context, food packages containing soup, a main course and an additional meal/dessert/fruit were distributed to an average of 150 homeless or hidden homeless people per day. In addition, within the scope of Ashura Day, 150 people were served Ashura.

In the 2<sup>nd</sup> training of the Innovation Champions program, the champions were asked to sell a box of small-sized water. The champions divided into groups sold water in Eminönü and bought lentils for ÇOTUN with the proceeds of the water they sold. How much lentils they buy or how much water they sell is left to their discretion. As a result of the event, four boxes of water were sold and a total of 68.5 kg of lentils were donated to the ÇOTUN association by the champions.

After the champions were informed about the process at the Çorbada Tuzun Olsun Association, they packed and distributed meals for homeless citizens.

### Sapling planting

With the cooperation with ÇEKUD, more than 4,000 trees were planted in the soil.

Within the scope of the income generation model, a Pistachio Plantation Area was created in Kilis, and 4,140 pistachio tree seedlings were donated. Once these saplings, which will be nurtured by the farmers on their own land, start bearing nuts, they will earn the income from the sale of the nuts.

Albaraka Türk, furthermore, carried out the following activities in 2023:

- Through the Bereket Foundation, the Company provided scholarships to a total of 1,453 students, including 1,409 undergraduate and 44 doctoral students.
- It has donated books to the Ministry of Family and Social Services, as well as libraries and district directorates of national education in various provinces.
- Based on the needs of schools across Türkiye, it has provided material support that will contribute to improving their physical capacities.
- Provision was given to the members of the Turkish Disabled People's Association.

### Albaraka Türk Search and Rescue Team (ATAK)

After the earthquake disaster in February 2023, the Bank established the Albaraka Türk Search and Rescue Team (ATAK) consisting of 32 volunteer personnel. Throughout 2023, the ATAK Team received training in search and rescue techniques from officials of the NESAR National Emergency Search and Rescue Association, accredited by the Ministry of Interior Disaster and Emergency Management Presidency (AFAD). As a result of classroom and field training, the ATAK Team will be able to participate in search and rescue missions.





## SOCIAL AND RELATIONSHIP CAPITAL

### The power of social responsibility

*The Social Responsibility Club, in which Albaraka Türk employees voluntarily participate, organises events and aid campaigns, and reaches out to and supports individuals in need.*

#### **Albaraka Türk Social Responsibility Club**

The Social Responsibility Club, in which Albaraka Türk employees voluntarily participate, organises events and aid campaigns, and reaches out to and supports individuals in need.

In 2023, the Social Responsibility Club organized aid activities for the families and relatives of the personnel after the earthquake in February.

#### **Albaraka's Day**

In 2022, on Al Baraka Group's 20<sup>th</sup> anniversary, the Group launched the first Al Baraka's Day in the countries where it operates to share its success with vulnerable groups.

On Albaraka's Day, all employees of the Group and its subsidiaries and their families and friends participate in service activities in their local communities. On the first Al Baraka's Day, more than 200 Al Baraka Group employees, along with their families and friends, touched the lives of thousands of people across three continents.

In this context, clothes, boots and blankets, meals, and food parcels were provided to vulnerable people. In the field of health, insulin pumps were donated to children and sports equipment was donated to improve physical activity and coordination of children with autism and intellectual disabilities. Furthermore, funds have been allocated for providing wheelchairs to disabled people and diabetes devices, covering the cost of treatment of cancer patients, and providing glasses for children.

Employees and their families and friends have helped more than 2,500 people through community projects under Goal 3: "Health and Well-being" of the UN SDGs.

In 2023, members of the Social Responsibility Club visited Adiyaman, an earthquake region, as part of the November 11 Albaraka's Day Adiyaman Event. Boots and coats were given to earthquake survivor families in the event organized in cooperation with the İnsan İzi Association. With the support of the Bank, a playground was opened in the container city and activities were organized with children throughout the day.





## NATURAL CAPITAL

### Leaving a livable environment for future generations

*Albaraka Türk's Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), TSE COVID-19 Safe Service Certificate, Zero Waste Project, ISO 50001 Energy Management System Certificate, and lots of other activities demonstrate the Bank's sensitivity to the environment and in the use of world resources, and its contribution to the goal of leaving a livable environment for future generations.*

**Albaraka Türk, which closely monitors the work carried out in the world within the scope of the climate crisis, evaluates natural capital within the scope of its targets and actions and plays a leading role among participation banks.**

Albaraka Türk's natural capital consists of all renewable and non-renewable resources needed in its service cycle. These include energy, water and paper. Another channel through which activities interact indirectly but significantly with natural capital is in the Bank's lending efforts. In both focus areas, Albaraka Türk's goal is to reduce its environmental footprint and produce less waste.

#### **Sustainable Banking Program**

Within the scope of Albaraka Türk's Sustainable Banking Program, the Bank works in cooperation with all of its stakeholders for a livable world. The Bank, which closely monitors the work carried out in the world within the scope of the climate crisis, evaluates natural capital within the scope of its targets and actions and plays a leading role among participation banks.

Albaraka Türk's Environmental Policy sets out the main framework for the Bank's efforts to protect and develop natural capital.

Albaraka Türk's Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), TSE COVID-19 Safe Service Certificate, Zero Waste Project, ISO 50001 Energy Management System Certificate, and lots of other activities demonstrate the Bank's sensitivity to the environment and in the use of world resources, and its contribution to the goal of leaving a livable environment for future generations.

#### **Double Materiality**

As part of its compliance with sustainability and transparency principles, Albaraka Türk plans to include double materiality in its integrated annual report in 2024. This approach will ensure that sustainability-related risks and opportunities are understood and commitments are clearly communicated to stakeholders. It also aims to strengthen transparency and accountability principles and manage sustainability performance more effectively. The 2023 report is the first step in this transformation process and reflects the transition to a double materiality approach to be introduced next year.



### ISO 14001 Environmental Management Systems

Albaraka Türk carries out its environmental sustainability activities within the scope of ISO 14001 Environmental Management Systems.

Aware that its products and services interact with the environment, the Bank focuses on contributing to efforts to tackle the global climate crisis by minimizing the environmental impact of this interaction.

Considering sustainability efforts as an integral component of the corporate culture, Albaraka Türk is a pioneer among participation banks in the field of environmental sustainability.

The Bank carries out a wide array of projects in line with its environmental sustainability goals.

### ISO 50001 Energy Management System Certificate

ISO 50001 helps to establish the systems and processes necessary to improve energy performance and efficiency. It also provides guidance on reducing energy consumption and costs.

As part of its sustainability activities, Albaraka Türk completed its efforts to obtain ISO 50001 Energy Management System Certification in 2023 and was awarded the certificate.

This certificate will help Albaraka Türk Head Office to implement a robust energy management system.



### The only participation bank to be included in the BIST Sustainability Index since 2019

Albaraka Türk is included in the BIST Sustainability Index, which is composed of companies with high corporate sustainability performances and whose shares are traded on Borsa Istanbul.

The companies in the index are determined on the basis of the main titles of environmental policy, environmental management systems, biodiversity policy, climate change management, board structure, anti-bribery policy, anti-bribery systems, human rights policy, human rights systems and health and safety systems.



## NATURAL CAPITAL

### Integration of sustainability into the business model

*The Bank has designed its business model in accordance with the Environmental Social Governance (ESG) System and has linked its activities to the United Nations 2030 Sustainable Development Goals (SDGs) in the context of contribution.*

Albaraka Türk, which has been traded in the index since 2019, undertakes continuous improvements and developments in line with index rules, international regulations and best practices. Having internalized sustainability in its daily service cycle, Albaraka Türk aims to spread the requirements of the concept of sustainability to all stakeholders and encourage their adoption. Albaraka Türk works to leave a cleaner environment to future generations, to maintain a safe and fair business environment in line with ethical principles and to maintain a more robust financial structure.

The Bank has designed its business model in accordance with the Environmental Social Governance (ESG) System and has linked its activities to the United Nations 2030 Sustainable Development Goals (SDGs) in the context of contribution.

#### **Commitment to the Science Based Targets Initiative (SBTi)**

Declaring its commitment to the Science Based Targets Initiative (SBTi) in 2021, Albaraka Türk will announce its emission reduction targets in the coming period.

Sustainability indices are on the radar of investors seeking to invest in companies that adopt sustainability and ESG criteria and these investors play a decisive role.

#### **LEED GOLD Green Building Certified Head Office**

Albaraka Türk's state-of-the-art Head Office Building is Türkiye's first LEED GOLD certified Bank Head Office building. The document was obtained within the scope of the studies that commenced in 2016. Albaraka Türk was found eligible to receive this certificate on the basis of criteria such as its carbon footprint, water and energy efficiency, environmental sensitivity of materials and resources used, internal environmental quality and innovation.

#### **An active participant of the Carbon Disclosure Project (CDP)**

Aiming to collect and share information that will enable companies, investors, and governments to take action against the threat posed by climate change, in 2017, Albaraka Türk responded to the climate change survey of the CDP, which is considered the most comprehensive and prestigious environmental project in the world. The Bank has also been responding to the water and water safety survey since 2018.

#### **Albaraka Türk'S CDP Process**

Within the scope of the CDP in 2018-2023, Albaraka Türk shared;

- Scope 1, 2 and 3 greenhouse gas emission calculations and verification for the period,
- Climate Change risks, opportunities and targets,
- Water Management risks, opportunities and objectives,
- Calculations and verification of water consumption for the period,
- Responses to the CDP Climate Change Survey,
- Responses to the CDP Water Safety Questionnaire.



### Zero Waste Project

The Zero Waste Project initiated by the Ministry of Environment, Urbanization and Climate Change aims to prevent waste, use resources more efficiently, reduce the amount of waste generated and recycle waste.

The projects implemented by Albaraka Türk within the scope of Zero Waste Project are as follows:

- The reprogramming of copiers has prevented unnecessary print requests being sent to the printer and subsequently being forgotten about, or sent again. Double sided printing is set by default.
- Waste paper is referred to authorized recycling facilities.

- In order to prevent waste batteries from contaminating nature, batteries are collected separately in the Head Office building. In 2023, approximately 43 kg of waste batteries were separated and delivered to the official waste collection authority TAP (Portable Battery Manufacturers).
- Cardboard boxes used in the transportation activities of the Head Office building are used approximately 15 times, and cardboard boxes which have completed their useful lives are referred to municipal recycling facilities.
- Periodic maintenance work for vehicles, equipment and fixtures was carried out regularly, thus supporting the long-term use of equipment.
- Albaraka Türk contributed to the Zero Waste Project by saving a significant amount of paper in 2023 through its digital transformation process.

### Projects to reduce energy consumption

An approximately 5.5% reduction of electricity consumption equivalent to 780 MWh was achieved in 2023 with energy efficiency activities in the Head Office building, such as covering exteriors with window film, regulating lighting systems and the duration of lighting, adjusting the heat settings in the thermostats and regulating the operation periods for heating and cooling systems.

### Support to “Earth Hour” Application

To draw attention to the climate crisis, Albaraka Türk has been participating in the “Earth Hour” event, in which WWF has called for the lights to be turned off for one hour on the last Saturday evening each March since 2007. On March 25, 2023, Albaraka Türk supported the call by turning off all the lights in the head office building between 20.30 and 21.30 that evening.

The Head Office building was designed in such a way to utilize daylight to the highest level. In this way, it was possible to both reduce the amount of energy used on lighting and to use the positive effects of daylight on the employees in indoor spaces. Highly efficient lighting fixtures are used in the building and low-mercury fluorescent bulbs are selected.

### Measures to reduce water use

Water saving devices are placed on taps in the Head Office building, increasing water pressure and providing the same effect with less water. This measure paved the way for 20% savings in water consumption.

The water needed in green areas is met by a drip irrigation system and fountain method by using artesian water, contributing to the efficient use of water. Waste water used in the toilets and sinks at the Head Office is purified with the Gray Water project and used in reservoirs again.

Plant species which require relatively little water and are suitable for the climatic conditions of the region are used in the green areas and landscaping around the Head Office.



# NATURAL CAPITAL

## Minimizing carbon emissions

*The number of marketing tools used at Albaraka Türk has been greatly reduced, resulting in a decrease in the amount of exhaust gas emissions.*

### **Air conditioning and measures to ensure clean air**

By using high efficiency filters in air conditioning units, outside air is cleansed of dust, dirt and toxic gases and enters the Head Office building. The freshness of the air entering the building exceeds international standards. Air conditioning units supplying fresh air are monitored over the automation system, and the rate of fresh air supplied is kept under constant control. "No smoking" signs are placed at points where there is a risk of cigarette smoke entering the building.

The amount of refrigerant gas in the equipment used in the Albaraka Türk Head Office building is within the GWP and ODP values.

### **Measures within the scope of office cleaning**

Sustainable cleaning materials are preferred for cleaning the office floors in the Head Office building with cleaner, safer, healthier environmentally sensitive products used. In order to reduce the amount of dust carried on shoes of employees and visitors, there are polyamide surface, dust and moisture absorbing mats at least 3 meters long at the building entrances. On the other hand, within the scope of combating possible pests, pesticides approved by the Ministry of Health, General Directorate of Primary Health Care Services are used which respect nature.

### **An environmentalist approach to service vehicles and personnel transportation**

The number of marketing tools used at Albaraka Türk has been greatly reduced, resulting in a decrease in the amount of exhaust gas emissions.

The vehicle tracking system was installed in the vehicles that are used by branches for marketing and vehicle usage after working hours was tracked in detail and reported to the relevant manager. As a result, fuel consumption was reduced by raising awareness on reducing the out-of-service use of marketing vehicles.

Personnel shuttle vehicles are used to transport Head Office employees to work. This use of public transport helps reduce carbon emissions.

Albaraka Türk places priority on environmentally friendly products within the scope of its purchasing activities.

### **Products which contribute to natural capital**

Albaraka Türk believes that renewable energy will continue to play a critical role in the transformation process in the energy sector with increasing momentum in the coming period in terms of sustainable development and environmental awareness.

Therefore, while contributing to the implementation of Solar Power Plants (SPP) and Wind Power Plants (WPP) renewable energy projects with its financial support, it also adopts a positive perspective towards building a green and sustainable future.

In order to leave a clean environment for future generations, Albaraka Türk is committed to diversifying its energy portfolio and continuing its support for renewable energy in the coming period.

### Gray Water/Environmental Funded Credit

Albaraka Türk offers customers the Gray Water/Environmental Funded Credit which combines its innovative product approach and environmental responsibilities. The Gray Water Funded Credit Project aims to finance projects carried out to reuse the recycled water obtained from gray water in areas such as reservoir feeding, garden irrigation, vehicle washing, rough cleaning, cooling tower feeding and laundry.

The product's target audience includes individual and commercial customers who need financing for their system and environmental projects in this area for purposes such as contributing to sustainability, water efficiency, energy efficiency, environmental awareness of materials and resources, indoor and outdoor building environmental quality, recycling and preventing waste of resources. Within the scope of the Gray Water/Environmental Funded Credit, Albaraka Türk offers its customers the opportunity of grace periods and long-term, profit rate reduction, and contribution financing.

In addition, the Bank continues to take steps in line with its sustainability goals and plans to take important initiatives to develop a Solar Power Plant (SPP) project to meet its own electricity consumption.

In this context, the necessary processes for the detailed planning, execution, and operation of the SPP project were initiated in cooperation with a consulting firm that stands out with its expertise and experience.

The Bank believes that it will not only meet its own energy needs but also adopt a sustainable business model by minimizing its environmental impact thanks to this project.

In the coming period, with the strong support of the senior management, this important step will gain momentum and be successfully completed, and the Bank will move forward with determination to become an exemplary organization not only for its leadership in the finance sector but also for its impact on sustainability.

### Albaraka Türk CDP Scores

2018	2019	2020	2021	2022	2023
Climate Change C	Climate Change B	Climate Change A-	Climate Change B-	Climate Change B	Climate Change B-
Water Security C	Water Security B-	Water Security B-	Water Security B-	Water Security B	Water Security B-

### Albaraka Türk's Carbon Footprint

Year	Scope 1 (tCO <sub>2</sub> e)	Scope 2 - Location Based (tCO <sub>2</sub> e)	Scope 2 - Market Based	Scope 3* (tCO <sub>2</sub> e)	Scope 3 (1 and 2) (tCO <sub>2</sub> e)	Total
2022	4,036.68	5,942.19	N/A	92.10	9,978.87	10,071
2023	4,146.56	5,898.48	0	2,306.70	4,146.56	6,453.26

\*Fuel- and Energy-Related Activities (WTT), Waste, Employee Transportation, and Water Supply are included in Scope 3 emissions category calculations in 2023. Therefore, Scope 3 emission values have increased year-over-year basis.



# NATURAL CAPITAL

## “Zero Carbon” journey

Albaraka Türk is making maximum efforts to reduce its emissions in its journey towards the “Zero Carbon” target.

### 2023 Greenhouse Gas Emissions

Scope	Emission Source	tCO <sub>2</sub> e
Scope 1	Heating	1,485.39
	Natural gas	1,436.78
	Diesel	48.61
	Vehicles	<b>1,821.35</b>
	Gasoline	342.27
	Diesel	1,479.08
	<b>Refrigerants</b>	<b>839.82</b>
	A/C	839.82
	<b>Scope 1 total</b>	<b>4,146.56</b>
	Scope 2	Electricity (Location Based)
Electricity (Market Based)*		0
<b>Scope 2 total</b>		<b>0</b>
Scope 3	Purchased Products (Paper + Water Supply)	60.88
	Fuel and Energy Indirect Activities (WTT)	1,306.18
	Waste	16.45
	Business Trips	157.91
	Employee Transportation	765.28
	<b>Scope 3 total</b>	<b>2,306.70</b>
<b>TOTAL</b>	<b>6,422.57</b>	<b>6,453.26</b>

\*Albaraka Türk balanced the total electricity consumed in 2023 by acquiring the YEK-G certificate. Therefore, its Scope 2 market-based emissions value is 0.

### Albaraka Türk Energy Consumption Data (MWh)

Energy Consumption (MWh)	2021	2022	2023
Total Electricity Consumption	13,807	14,186	13,405.62 <sup>1</sup>
Grid Electricity	13,807	14,186	0
Renewable Electricity	-	-	13,405.62 <sup>2</sup>
Natural Gas	7,433.05	7,642.93	7,091.75
Gasoline	14.48	26.58	1,316.92
Diesel	6,456.25	6,419.37	5,638.11
Total Energy Consumption	27,710.78	28,274.88	27,452.41 <sup>3</sup>
Total Renewable Energy Consumption	-	-	13,405.62
Renewable Energy Consumption Rate (%)	-	-	48.83 <sup>4</sup>
Energy Density (MWh/number of employees)	9.49%	10.49%	10.08%

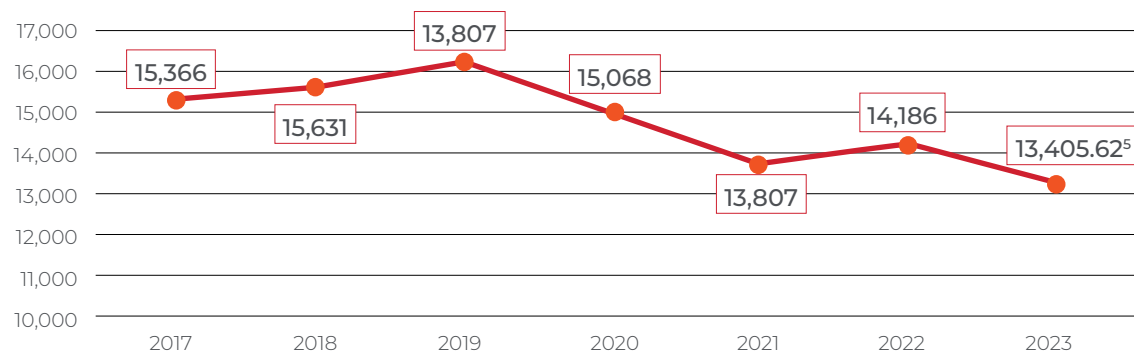
<sup>1</sup> With the energy efficiency initiatives carried out in 2023, approximately 5.5% reduction, equivalent to 780 MWh has been achieved in electricity consumption.

<sup>2</sup> All electricity purchased in 2023 was exclusively sourced from YEK-G certified renewable energy producers.

<sup>3</sup> In 2023, due to the energy efficiency measures implemented, energy consumption saw a decrease of about %3 equivalent to 822.47 MWh compared to the previous year.

<sup>4</sup> All electricity purchased in 2023 was exclusively sourced from YEK-G certified renewable energy producers, sourcing 50% of the total energy consumption from renewable energy sources.

### Total Electricity Consumption (MWh)<sup>5</sup>



<sup>5</sup> In 2023, a 5.5% decrease in electricity consumption, 780 MWh has been achieved in year-over-year basis.

<sup>6</sup> Looking at the graph of Albaraka Türk's electricity consumption values by years, it is seen that electricity consumption values are in a downward trend.

## 60% emission reduction

Emission reduction of approximately 60% was achieved in Scope 1&2 emissions compared to last year.



## NATURAL CAPITAL

### We zeroed our Indirect Scope 2 emissions

With the purchase of 14,000,000 kWh YEK-G certificate in 2023, we have zeroed our Scope 2 indirect emissions from purchased electricity.

#### Albaraka Türk Water Consumption Data

Water Consumption (m <sup>3</sup> )	2021	2022	2023
Municipal Water	46,863	44,771.95	32,306.66
Well Water (m <sup>3</sup> )			15,704
Water Density (m <sup>3</sup> /number of employees)	16.06	16.61	17.63
General Directorate Blue Water Footprint (m <sup>3</sup> /year)			48,839
General Directorate Grey Water Footprint (m <sup>3</sup> /year)			160,40
Branches Blue Water Water Footprint (m <sup>3</sup> /year)			23,091
Branches Grey Water Footprint (m <sup>3</sup> /year)			75.84

#### Albaraka Türk 2023 Waste Data

Type of Waste (kg)	2021	2022	2023
<b>Total Hazardous waste</b>	<b>68,772</b>	<b>10,269</b>	<b>48,904</b>
Recycled	63,870	1,467	38,782
Electronic Waste	63,600	1,170	38,712
Waste Oils	270	297	70
<b>Wastes Going to Regular Landfill</b>	<b>4,902</b>	<b>8,802</b>	<b>10,122</b>
Mixed waste from floors	3,102	5,448	6,265
Cafeteria Waste	1,800	3,354	3,857
<b>Total Non-hazardous waste</b>	<b>13,542</b>	<b>8,742</b>	<b>7,998</b>
<b>Recycled</b>	<b>13,542</b>	<b>8,742</b>	<b>7,998</b>
Paper/Cardboard	13,542	8,742	7,998

#### Fuel Consumption By Fuel Type And Purpose Of Use

Natural Gas Consumption (m <sup>3</sup> )	739,269.52
Electricity Consumption (kWh)	13,405,624.5
Diesel Consumption (lt)	572,741.41
Gasoline Consumption (lt)	148,164.11
Refrigerant Gas Usage R410A (kg)	262.45
Refrigerant Gas Usage R134A (kg)	162.00



## YEK-G renewable energy certificates

*A total of 5,898.48 tons CO<sub>2</sub>e of the carbon emissions occurring in the 2023 reporting period were balanced with YEK-G renewable energy certificates.*

The consumption data published in Albaraka Türk's 2023 Integrated Annual Report was calculated by Sustable, the first company licensed by the Turkish Standards Institute (TSE) in the field of carbon footprint calculation and reporting, and reported in full compliance with the reporting requirements of the Greenhouse Gas (GHG) Protocol and the ISO 14064-1:2019 standard.





## BOARD OF DIRECTORS AND EXECUTIVES



### **Housseem Ben Haj Amor** Chairman of the Board

In 1997, he received his bachelor's degree on Accounting and Finance from Higher Institute of Accounting and Business Administration (Tunis). He started his professional career at Andersen then he served as the Head of Accounting at Societe Generale banking group. He served as the General Manager of the SHUAA Capital, one of the leading investment banks in the GCC. He served as the CFO of Amlak Finance BA. He is a certified public accountant and, he serves as the General Manager of the Al Baraka Group B.S.C. Housseem Ben Haj Amor who has served at board of directors of several banks as well as financial institutions, has over 23 years of experience in the Finance industry across the GCC, Europe and North Africa. Housseem Ben Haj is the Chairman of Credit, Remuneration and Nomination and the Risk Committees.



### **Dr. Bekir Pakdemirli** Deputy Chairman (Independent Board Member)

He received his bachelor's degree from Bilkent University, Directorate of Business Administration, and his master's degree from Başkent University, Department of Business Administration, which is followed by his doctorate studies in Economics at Celal Bayar University. Throughout his professional career of over 20 years, he held senior management positions in significant national and international companies including Turkcell İletişim Hizmetleri A.Ş., BİM Birleşik Mağazalar A.Ş. and our Bank. In July 2018, by the Presidency of the Republic of Türkiye, he has been appointed as the Minister of Agriculture and Forestry. Dr. Pakdemirli who has served as the Minister of Agriculture and Forestry of the Republic of Türkiye until March 2022, has been elected as an independent member of the board of directors of Albaraka Türk in August 2022. Pakdemirli is a member of the Credit Committee and IT Governance Committee.



### **Mustafa Büyükbacı** Board Member

He received his bachelor's degree from the Industrial Engineering Department of Boğaziçi University in 1984. After completing his master's degree in the same department in 1987, Büyükbacı worked as a research assistant in the department for a while. He has assumed executive roles in capital markets and investment companies since 1989. He held senior management positions in various companies under Yıldız Holding, including Taç Investment Trust, Family Finance, and Bizim Securities. He served as a member of the board of directors at Borsa İstanbul A.Ş. and BİM Birleşik Mağazalar A.Ş. By the end of 2010, he established his own investment company. Currently, Büyükbacı is engaged in agriculture, animal husbandry, real estate, and capital market investments, at his own investment company. He also serves as the Deputy Chairman of the Board of Trustees of İstanbul Sabahattin Zaim University. Büyükbacı is the Chairman of Audit Committee and member of Remuneration and Nomination Committee.



**Dr. Mohamed Ali Chatti**  
Independent Board Member

In 2006, he earned his bachelor's degree in Finance from the Institute of High Commercial Studies in Tunisia. In 2008, he received his master's degree from Université Paris Nanterre University. He then completed his doctorate in Finance in 2010 at Université Paris Nanterre. Dr. Chatti began his professional career in 2010 as a Young Professional at the Islamic Development Bank (IsDB). Between 2011 and 2017, he worked as an "Investment Analyst" and "Senior Investment Officer" at the Investments Directorate of IsDB. He was also a lecturer about Islamic Finance at the ESSEC Tunisia in 2012. Dr. Chatti currently serves at the IsDB as the Manager of the AWQAF Investment Funds Division. Dr. Chatti has valuable experience and has represented IsDB on the boards of many international companies. Member of Audit and Remuneration and Nomination committees.



**Azhar Aziz Dogar**  
Board Member

In 1990, he received his bachelor's degree on Economics and Political Science from University of Pennsylvania. He received his master's degree in 1992, from Brown University as a result of his studies on development economics. He commenced his career with Citigroup in its investment banking division and later moved to ABN AMRO Bank taking on a variety of leadership roles including Deputy Regional Risk Manager for MENA and Head of Credit Portfolio Management. He served as Lead Risk Officer for DIB Capital, and for SAMBA Capital. At National Bank of Abu Dhabi, he served as the Lead Risk Officer and the Lead Credit Officer for Wholesale & International Banking. He has also been a board member of Dubai Islamic Bank in Pakistan. Mr. Dogar who currently serves as Senior Vice President in charge of Credit and Risk Management at Al Baraka Group B.S.C., has over 28 years of international banking experience. Mr. Dogar is a member of the Credit Committee.



**Akram "Mark" Yassin**  
Board Member

He received his bachelor's degree from the University of Surrey, Department of Structural Engineering in 1980, and his master's degree from Southern Methodist University, Department of Business Administration in 1986. Mr. Yassin who possesses a banking experience of over 30 years at an international level, has served in senior executive positions at significant financial institutions including the National Bank of Abu Dhabi, Arab Bank plc, Arab Banking Corporation, Gulf International Bank, Riyadh Bank, and Bank of Montreal. Mr. Yassin currently serves as an independent and non-executive Board Member at Falcon Group. He is a member of the Corporate Management and Sustainability Committee.



## BOARD OF DIRECTORS AND EXECUTIVES



### **Ghassan Ahmed M. Amodi** Independent Board Member

He received his bachelor's degree from "The American University" (California - USA) on Business Administration. He commenced his professional career in 1994, at SABB (Saudi British Bank) as a management trainee. Then, he promoted to Assistant Relationship Manager in Corporate Banking Division. Between 2007 and 2017, he served as the Head of Corporate Banking at SABB, responsible for all aspects of regional business in corporate banking. Between 2017 and 2019, he served as the CEO of the SABB. Between 2020 and 2022, he has been serving as the General Manager of Dar Altamleek. He is currently serving as the General Manager of ASYAD Group Holding. Amodi is the Chairman of the Corporate Governance and Sustainability Committee and a member of the Risk Committee.



### **Dr. Khaled Abdulla Mohamed Ateeq** Board Member

Dr. Ateeq holds a PhD in accounting from the University of Hull, UK, and has over 38 years of experience in banking, finance, auditing, and accounting. He is currently a board member at Al Baraka Group and General Manager and Board Member at Family House (Bahrain). Prior to these positions, Dr. Ateeq served as the Executive Director of Banking Supervision at the Central Bank of Bahrain (CBB). Prior to his position at the Central Bank of Bahrain, he was an assistant professor at the University of Bahrain. Dr. Ateeq served as a board member at Albaraka Türk between 2017 and 2020. Dr. Ateeq is the Chairman of the IT Governance Committee and a member of the Audit Committee and Risk Committee.



### **Malek Khodr Temsah** General Manager and Board Member

In 2003, he received his Bachelor of Business Administration from The George Washington University and in 2006 he completed his Master's Degree in Business Administration from Thunderbird, the Garvin School of International Management. In 2003, he began his career with Bank of America then between 2007 and 2009 he worked at the London-based European Islamic Investment Bank. In 2010 he joined Al Baraka Group, as Vice President of Treasury where he established & oversaw the global sukuk investment portfolios until 2014. Between 2017 and 2020, he served on the Board of Directors and Audit Committee of BTI Bank (Morocco). Temsah, who joined Albaraka Türk in 2014, served as the Assistant General Manager in charge of Treasury and Financial Institutions between 2017 and 2022. From October 2021 to August 2022, he has served as the Acting General Manager in addition to his above-mentioned duty. On 07.08.2022, Mr. Temsah was appointed as the General Manager of our Bank by the Board of Directors of Albaraka Türk. Temsah is a member of the Credit and Information Technologies Governance committees

## SENIOR MANAGEMENT



### **Malek Khodr Temsah**

#### **General Manager and Board Member**

In 2003, he received his Bachelor of Business Administration from The George Washington University and in 2006 he completed his Master's Degree in Business Administration from Thunderbird, the Garvin School of International Management. In 2003, he began his career with Bank of America then between 2007 and 2009 he worked at the London-based European Islamic Investment Bank. In 2010 he joined Al Baraka Group, as Vice President of Treasury where he established & oversaw the global sukuk investment portfolios until 2014. Between 2017 and 2020, he served on the Board of Directors and Audit Committee of BTI Bank (Morocco). Temsah, who joined Albaraka Türk in 2014, served as the Assistant General Manager in charge of Treasury and Financial Institutions between 2017 and 2022. From October 2021 to August 2022, he has served as the Acting General Manager in addition to his above-mentioned duty. On 07.08.2022, Mr. Temsah was appointed as the General Manager of our Bank by the Board of Directors of Albaraka Turk.

Member of Credit and Information Technologies Governance committees



### **Turgut Simitcioğlu**

#### **Lead Assistant General Manager**

He received his bachelor's degree from King Saud University, Faculty of Education in Saudi Arabia in 1989 and his master's degree in Business Administration from Fatih University, Institute of Social Sciences. Simitcioğlu started his professional career at Albaraka Türk in 1990 and worked at the Fund Utilization Department between 1990 and 1995 and at the Central Branch between 1995 and 2001. Between 2001 and 2003, he worked first as a Director at the Central Branch and then at the Corporate Banking Department, and between 2003 and 2009 he served as the Central Branch Manager. Appointed as Assistant General Manager in December 2009, Mr. Simitcioğlu served as Assistant General Manager responsible for "Funded Credit Operations," "Foreign Transactions Operations," "Payment Systems Operations," "Banking Services Operations," and "Risk Monitoring." Mr. Simitcioğlu assumed the position of Head Assistant General Manager in charge of Business Lines in January 2017 and served as Head Assistant General Manager in charge of Credit Risks between 2018 and 2022. As of December 2022, he has been serving as the Head Assistant General Manager.



### **Serhan Yıldırım**

#### **Assistant General Manager, Treasury and International Banking**

He completed his undergraduate education at Istanbul University, Department of Business Administration in 2006. After working in the precious metals sector for a while, he joined Albaraka Türk Participation Bank in 2009 in the Treasury Unit of the Foreign Affairs Department. Until 2018, Mr. Yıldırım worked in the Foreign Exchange and Precious Metals, Money Market and Lease Certificate Transactions services, respectively, and assumed managerial responsibility in the Investment Banking Department until 2019 and in 2016, he received her MA degree in the field of Islamic Economics and Finance at Istanbul University. Between 2019 and 2022, he worked as an Asset Liability and Capital Markets Unit Manager and then Treasury Unit Manager at Türkiye Emlak Katılım Bankası. Mr. Yıldırım joined Albaraka Türk in September 2022 as the Assistant General Manager and currently serves as Assistant General Manager in charge of Treasury and International Banking.



## SENIOR MANAGEMENT



### **Dr. Ömer Emeç**

#### **Assistant General Manager, Strategy and Transformation**

He received his bachelor's degree in Business Administration from Boğaziçi University, his master's degree in Business Administration from Istanbul City University and his PhD in Islamic Economics and Finance from Istanbul University. Pursuing his academic studies simultaneously with his professional life, Emeç served as a researcher at the Center for Ecopolitical Strategic Research during his undergraduate years. Having undertaken various responsibilities such as strategy, research, corporate performance, international business development and project management in the telecom and banking sectors in his professional career, Emeç started to work at Albaraka Türk in 2014 and worked as a Strategist until 2017, Lead Economist between 2017-2020, and Strategic Planning and Economic Research Unit Manager between 2020-2022. As of October 2022, Mr. Emeç has been serving as Assistant General Manager in charge of Strategy and Transformation and as a Board Member at Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. (AlbarakaTech Global). Emeç, who also works as an economics commentator in national and international broadcasting organizations, is an active manager in various non-governmental organizations and continues his academic career by lecturing on financial management, central banking, special topics in banking and finance.



### **Mehmet Uludağ**

#### **Assistant General Manager, Retail and Private Banking**

He completed his undergraduate education at Dumlupınar University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2001 and his master's degree in Business Administration at Gediz University in 2013. He started his banking career at Albaraka Türk in 2004 as an Assistant Specialist at the Denizli Branch as part of the executive training program. He worked in the branches of Ankara/Şaşmaz, Manisa and Bursa/ Uludağ. In 2017, Mr. Uludağ assumed the position of Aegean Regional Manager, and after serving simultaneously as Regional Sales and Allocation Manager, he was appointed as Unit Manager of the Commercial and SME Sales Department in 2019. Uludağ, who has 16 years of managerial experience in marketing and sales at all levels of the Bank's organization, was appointed as Director/ Ombudsman in the "Ombudsman Business Family," which was implemented for the first time in the banking sector in order to develop a feedback and solution-oriented culture between the head office and the field organization. He led the organization of this business family under the name of "Arbitration and Business Excellence," reporting directly to the General Manager. As of 2022 December, he continues to serve as the Assistant General Manager in charge of Retail and Private Banking.



### **Dr. Muhammet Faruk Torlak**

#### **Assistant General Manager, Credits**

He completed his undergraduate degree in Business Administration at Istanbul University in 2004. He started his professional career at Albaraka Türk in 2005 as an Assistant Inspector in the Inspection Board Department. After working for nearly six years at the Board of Inspectors, he completed his master's degree in International Money, Finance, and Investments at Brunel University London in 2011. Between 2012 and 2022, he worked as Assistant Manager for five years and Unit Manager for six years in "Commercial and SME Funded Credits Allocation" and "Corporate Funded Credits Allocation" Departments respectively at Albaraka Türk. In 2022, he completed his doctoral education at Bahçeşehir University with his doctoral thesis on "Factors Determining the Use of Debt / Equity Resources by SMEs and Corporate Firms and Sector-Based Differences." As of December 2022, he continues to serve as Assistant General Manager in charge of Credits.

**Yasemin Aydın****Assistant General Manager, Information Technologies and Digital Channels Development**

She received her bachelor's degree from Istanbul University, Faculty of Political Sciences, Department of Finance and her master's degree in Marketing Communications from Istanbul Bilgi University. She started her professional career in the banking sector in 1996. Between 1996 and 2011, she worked in marketing, operations, and information technologies in the fields of digital banking, card payment systems, retail banking, product development, organization, process, and quality. Between 2012 and 2017, she managed consultancy projects on issues such as restructuring, process development, digitalization in various sectors and selection and evaluation activities in the field of human resources. In 2017, she joined Albaraka Türk as Digital Channels and Payment Systems Development Manager. She was appointed as Director in July 2020. She assumed the responsibilities of "Digital Channels and Payment Systems Development," "Payment Systems Operations," and "Call Center" departments. As of December 2022, she continues to serve the Assistant General Manager in charge of Information Technologies and Digital Channels Development at the Bank. She also serves as Board Member at insha Ventures Teknoloji Geliştirme ve Pazarlama Anonim Şirketi (insha Ventures) and Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. (Albaraka Tech Global).

**Umut Çakmak****Assistant General Manager, Finance and Human Assets**

He completed his undergraduate education at Istanbul University, Department of Business Administration in 2004. Mr. Çakmak started his professional career at Albaraka Türk Risk Management Department in 2005 and served as Risk Management Specialist, Vice President of Risk Management and Head of Risk Management until 2022. As of December 2022, he continues to serve as Assistant General Manager in charge of Finance and Human Assets, to whom the Departments of "Financial Affairs," "Financial Reporting and Budget Management," "Human Resources" and "Training and Career Management" report.

**Muzaffer Çölmek****Assistant General Manager, Operations**

He completed his undergraduate education at Bilkent University School of Applied Accounting Information Systems Department in 2004. He started his professional career at Albaraka Türk in 2006 at Konya Industrial Branch. After working actively in the branch until May 2010, he was assigned to the Financial Institutions Service within the Foreign Transactions Operations Department. Between January and August 2012, he worked in the External Letters of Guarantee Service under the Foreign Transactions Operations Department. Between 2012 and 2014, he was the manager of Europe & Far East in the Fund Management and Financial Institutions Department and from 2014 until March 2019, he was the manager of Africa and America services in the Financial Institutions Department. From March 2019 to December 2022, Çölmek served as Unit Manager in the Financial Institutions Department, and as of December 2022, he continues to serve as the Assistant General Manager in charge of Operations.



## SENIOR MANAGEMENT



### **Serhan Akyıldız**

#### **Assistant General Manager, Corporate Banking**

He completed his undergraduate degree in the Department of English Business Administration at Istanbul University in 1998. In 2002, he started to work as a Specialist at Albaraka Türk Head Office Branch. He worked as Assistant Manager at Osmanbey Branch between 2008-2011, and as Manager at Osmanbey, Topkapı, and Central branches respectively from 2011 to 2022. Akyıldız, who served as Corporate Sales Manager between 2020 and 2022, continues to serve as the Assistant General Manager in charge of Corporate Banking as of December 2022.



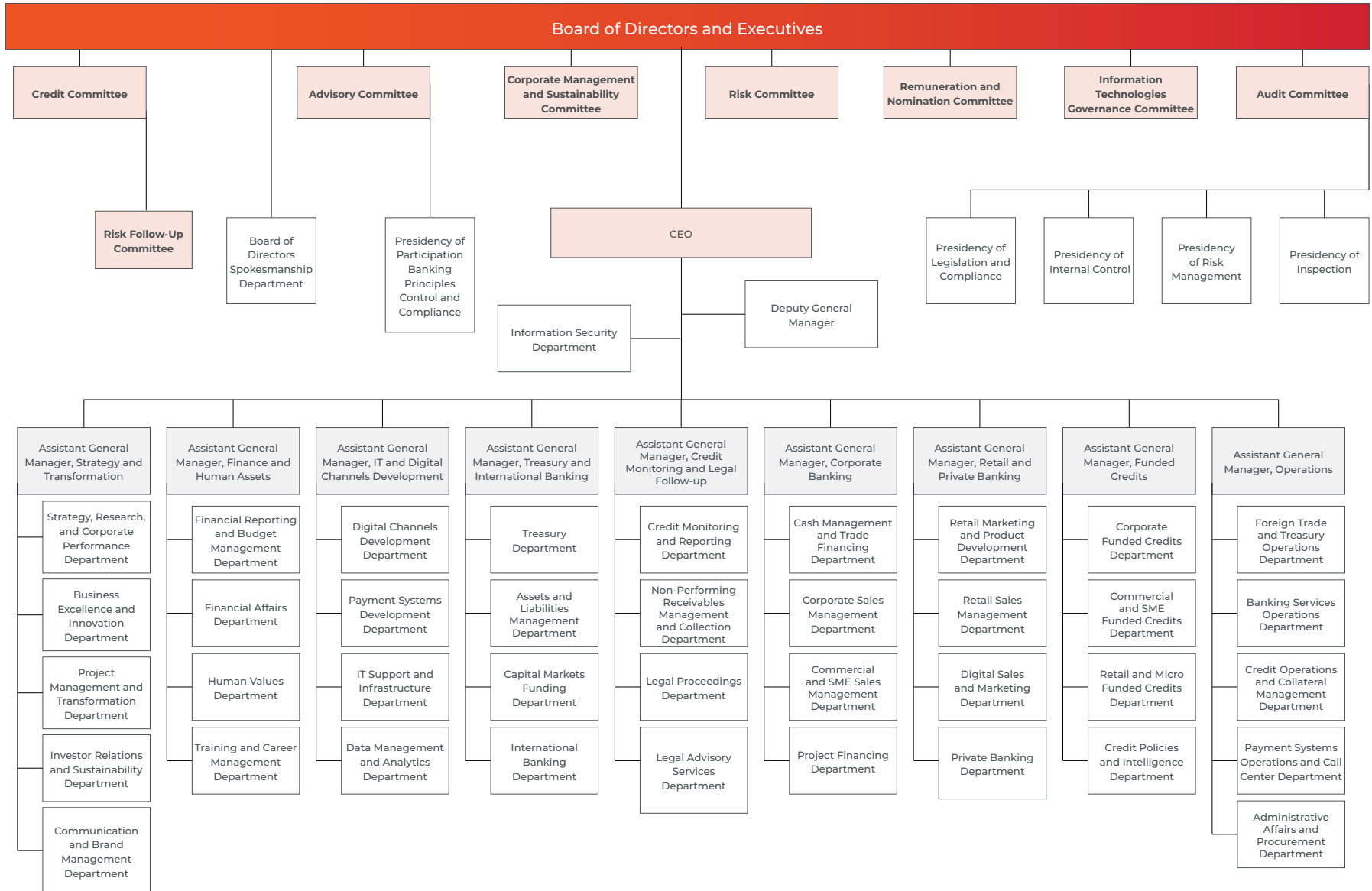
### **Mehmet Emin Çonkar**

#### **Assistant General Manager, Credit Monitoring and Legal Follow-up**

He completed his undergraduate education at Ankara University, Department of Theology in 1997. He started his professional career in 1998 at Albaraka Türk Head Office Branch with the title of Supervisor. Until 2019, he worked as Assistant Manager at the Central Branch and as Manager at Sefaköy and İncirli branches. Çonkar, who served as Collection Manager between 2019 and 2022, continues to work as Assistant General Manager in charge of Funded Credit Monitoring and Legal Proceedings as of December 2022.



# ORGANIZATION CHART





# INFORMATION ON THE BOARD OF DIRECTORS

Albaraka Türk Katılım Bankası A.Ş. The Board of Directors convened 6 times in 2023. The participation rate in these meetings, 3 of which were held physically and 3 of which were held digitally, was 98%.

## INFORMATION ON THE BANK'S BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### INFORMATION CONCERNING THE BANK'S BoD

Name and Surname	Position	Education Status	Terms of Duty	Current Term	Professional Experience in Banking and Business Administration
Housseem Ben Haj Amor	Chairman of the BoD	Undergraduate	2020-2023 2023-Continuing	2.	19
Dr. Bekir Pakdemirli	Deputy Chairman of the BoD (Independent)	PhD	2016-2017 2017-2018 2023-Continuing	2.	27
Mustafa Büyükbacı	Board Member	Master's Degree	2017-2020 2020-2023 2023-Continuing	3.	28
Dr. Mohamed Ali Chatti	Board Member (Independent)	PhD	2019-2020 2020-2023 2023-Continuing	2.	14
Ghassan Ahmed M. Amodi	Board Member (Independent)	Undergraduate	2020-2023 2023-Continuing	2.	30
Azhar Aziz Dogar	Board Member	Master's Degree	2022-2023 2023-Continuing	1.	30
Akram "Mark" Yassin	Board Member (Independent)	Master's Degree	2020-2023 2023-Continuing	2.	37
Khaled Abdulla M. Ateeq	Board Member	PhD	2017-2020 2023-Continuing	2.	26
Malek Khodr Temsah	Board Member/General Manager	Master's Degree	Natural Member 13.10.2021 (Deputy General Manager) 07.08.2022 (General Manager)- Continuing		21

\*Terms of duty undertaken as a result of cooptation are not considered in the calculation of the period.

**SOME ADDITIONAL DISCLOSURES REGARDING GOVERNANCE IN THE BANK**

CSR STRATEGY	Subject/Question	Compliance Status			Descriptions
		Yes	No	Partially	
UNPRI Signatory	Has the company signed the United Nation Principles for Responsible Investment (UNPRI)?		X		Albaraka Turk is not a signatory of UNPRI.
SDG 14 LIFE BELOW WATER	Does the company support the UN Sustainable Development Goal 14 (SDG 14) Life Below Water?		X		
BOARD STRUCTURE AND COMMITTEE	Subject/Question	Compliance Status			Descriptions
EXTERNAL CONSULTANTS	Do the board or board committees have the authority to hire external advisers or consultants without management's approval?	Yes	No	Partially	
		X			In most of our Committee charters this issue is addressed. Corporate Governance and Sustainability Committee b. Composition of the Committee The Committee may benefit from the opinions of independent experts on the issues it needs regarding its activities. In this case, the cost of consultancy services required by the Committee shall be covered by the Bank. All kinds of resources and support required for the Committee to fulfill its duties are provided by the Board of Directors. Page 130: (as an example) <a href="https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/2022-integrated-annual-report-new.pdf">https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/2022-integrated-annual-report-new.pdf</a>
POLICY BOARD SIZE	Does the company have a policy regarding the size of its board?	X			Number and Qualifications of the Members of The Board of Directors Article 14: (1) The Board of Directors shall consist of minimum 5 and maximum 13 members including the General Manager. General Manager, in case of absence of the General Manager, Deputy General Manager, is a natural member of the Board of Directors. (2) The Board of Directors shall consist of such members having the qualifications as indicated in the Banking Law, Turkish Commercial Code, Capital Market Law and other relevant legislations. (3) Number and qualifications of independent members of the Board of Directors shall be determined in accordance with the principles of corporate governance declared by the Capital Markets Board. Page 6: <a href="https://www.albaraka.com.tr/documents/investor-relations/corporate-information/albaraka-turk-participation-bank-articles-of-incorporation-.pdf">https://www.albaraka.com.tr/documents/investor-relations/corporate-information/albaraka-turk-participation-bank-articles-of-incorporation-.pdf</a>
POLICY BOARD INDEPENDENCE	Does the company have a policy regarding the independence of its board?	X			Page 128: Declaration of Independence <a href="https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/2022-integrated-annual-report-new.pdf">https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/2022-integrated-annual-report-new.pdf</a> "d) Being deemed to have settled in Turkey according to the Income Tax Law (Income Tax Law (Income Tax Law) No. 193 dated 31/12/1960" is required as an independence criteria for BoD members. In accordance with the Corporate Governance Communiqué (II-17.1), it is sufficient for at least half of the independent members to meet the independence criterion written above."
POLICY BOARD DIVERSITY	Does the company have a policy regarding the gender diversity of its board?		X		-
POLICY BOARD EXPERIENCE	Does the company have a policy regarding the adequate experience on its board?		X		There is no specific charter for this specific issue.
INTERNAL AUDIT DEPARTMENT REPORTING	Does the internal audit department report to the audit committee of the board?	X			Assessment of Internal Control, Internal Audit and Risk Management Systems by the Audit Committee Page 150: <a href="https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/2022-integrated-annual-report-new.pdf">https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/2022-integrated-annual-report-new.pdf</a>
BOARD MEMBER MEMBERSHIP LIMITS	The maximum number of years a board member can be on the board as stipulated by the company.		X		There is no specific term limit, we shared the terms of the members in Table 1.



# INFORMATION ON THE BANK'S BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD STRUCTURE AND COMMITTEE	Subject/Question	Compliance Status			Descriptions
		Yes	No	Partially	
BOARD MEMBER TERM DURATION	The smallest interval of years in which the board members are subject to re-election.	X			Term of the directors is totally up to the shareholders' discretion. Yet, the max. single term is 3 years. Neither the legislation of our country nor the Bank's internal regulations specify the shortest period during which board members are subject to re-election, and board members may serve for a maximum of 3 years in one term.
BOARD MEMBER LT COMPENSATION INCENTIVES	The maximum time horizon of the board member's targets to reach full compensation.		X		We have no response for this item.
BOARD STRUCTURE TYPE	The company has a unitary board structure, a classical two-tier board structure with a supervisory board or a mixed two-tiered board structure with a board of directors and a supervisory board.		X		The Bank has a single board of directors consisting of executive and non-executive board members. There is no separate audit committee; the audit committee reports to the board of directors.
TOTAL COMPENSATION - DIRECTORS	The total compensation of non-executive board members (if total aggregate is reported by the company).	1,000,000 USD			ALBARAKA TÜRK PARTICIPATION BANK INC MINUTES OF THE 2021 ORDINARY GENERAL ASSEMBLY MEETING HELD ON 16/05/2022 Eighth Item of the Agenda: Thus, the motion of the shareholder Mr. Nezir DOLMACI was accepted, and the Board of Directors was authorized to pay all Members of the Board of Directors the attendance fee, provided that it does not exceed the Turkish Lira equivalent of a maximum net amount of 1,000,000 USD (One Million US Dollars) annually, to determine the amount and procedures and principles of the remuneration to be paid to each member of the board of directors by the Board of Directors upon the proposal of the Remuneration Committee, taking into account such matters as attending board meetings, taking part in committees, and assignment on certain issues.
COMMITTEE MEETINGS ATTENDANCE AVERAGE	The average overall attendance percentage of board committee meetings as reported by the company.	%95			Audit Committee 100% Credit Committee 100% Corporate Governance and Sustainability Committee 75% Information Technologies Governance Committee 100% Advisory Committee 100% Average: 95%
NON-EXECUTIVE BOARD MEMBERS	Percentage of non-executive board members.	-			11%
INDEPENDENT BOARD MEMBERS	Percentage of independent board members.	66%			66% For the related independence criteria, see Corporate Governance Communiqué (II-17.1) <a href="https://www.mevzuat.gov.tr/File/GeneratePdf?mevzuatNo=19225&amp;mevzuatTur=Teblig&amp;mevzuatTertip=5">https://www.mevzuat.gov.tr/File/GeneratePdf?mevzuatNo=19225&amp;mevzuatTur=Teblig&amp;mevzuatTertip=5</a>
ETHNIC MINORITIES BOARD PERCENTAGE	Percentage of board members classified under minority groups.	-			There is no minority group or this kind of classification in our Board.

MANAGEMENT	Subject/Question	Compliance Status			Descriptions
		Yes	No	Partially	
POLICY EXECUTIVE COMPENSATION ESG PERFORMANCE	Does the company have an extra-financial performance oriented compensation policy?		X		
POLICY EXECUTIVE RETENTION	Does the company have a general, all-purpose policy regarding compensation to attract and retain executives?		X		
COMPENSATION IMPROVEMENT TOOLS	Does the company have the necessary internal improvement and information tools for the board members to develop appropriate compensation/remuneration to attract and retain key executives?		X		
SHAREHOLDERS APPROVAL STOCK COMPENSATION PLAN	Does the company require that shareholder approval is obtained prior to the adoption of any stock based compensation plans?		X		
SUCCESSION PLAN	Does the company have a succession plan for executive management (key board members) in the event of unforeseen circumstances?			X	Our Bank has a succession plan approved by the Board of Directors for the General Manager and Assistant General Managers in case of unforeseen circumstances.
CEO COMPENSATION LINK TO TSR	Is the CEO's compensation linked to total shareholder return (TSR)?		X		
SHAREHOLDERS	Subject/Question	Compliance Status			Descriptions
		Yes	No	Partially	
POLICY SHAREHOLDER ENGAGEMENT	Does the company have a policy to facilitate shareholder engagement, resolutions or proposals?		X		In these matters, the Bank acts per the relevant provisions of the Turkish Commercial Code No. 6102 and Capital Markets Law No. 6362.
POLICY EQUAL VOTING RIGHT	Does the company have a policy to apply the one-share, one-vote principle?		X		
DIFFERENT VOTING RIGHT SHARE	Does the company have shares with different voting right?		X		
DIRECTOR ELECTION MAJORITY REQUIREMENT	Are the company's board members generally elected with a majority vote?	X			
SHAREHOLDERS VOTE ON EXECUTIVE PAY	Do the company's shareholders have the right to vote on executive compensation?	X			
PUBLIC AVAILABILITY CORPORATE STATUTES	Are the company's articles of association, statutes or bylaws publicly available?	X			
VETO POWER OR GOLDEN SHARE	Does the biggest owner (by voting power) hold the veto power or own golden shares?		X		
STATE OWNED ENTERPRISE SOE	Is the company a State Owned Enterprise (SOE)?		X		-



# INFORMATION ON THE BANK'S BOARD OF DIRECTORS AND SENIOR MANAGEMENT

ANTI-TAKEOVER DEVICES	Subject/Question	Compliance Status			Descriptions
		Yes	No	Partially	
STAGGERED BOARD STRUCTURE	Does the company have a staggered board structure?		X		
SUPERMAJORITY VOTE REQUIREMENT	Does the company have a supermajority vote requirement or qualified majority (for amendments of charters and bylaws or lock-in provisions)?	X			For detailed information, see Albaraka Türk Participation Bank's Articles of Association <a href="https://www.albaraka.com.tr/documents/investor-relations/corporate-information/albaraka-turk-participation-bank-articles-of-incorporation-.pdf">https://www.albaraka.com.tr/documents/investor-relations/corporate-information/albaraka-turk-participation-bank-articles-of-incorporation-.pdf</a>
LIMITED SHAREHOLDER RIGHTS TO CALL MEETINGS	Has the company limited the rights of shareholders to call special meetings?		X		The Bank's internal regulations do not contain any restrictions on these matters, and the Bank acts per the relevant provisions of the Turkish Commercial Code No. 6102.
ELIMINATION OF CUMULATIVE VOTING RIGHTS	Has the company reduced or eliminated cumulative voting in regard to the election of board members?		X		Our Bank does not adopt cumulative voting principle.
LIMITATIONS ON REMOVAL OF DIRECTORS	Are there limitations on the shareholders' right to remove board members (ie, only for cause, supermajority vote required, etc.)?		X		The Bank's internal regulations do not contain any restrictions on these matters, and the Bank acts per the relevant provisions of the Turkish Commercial Code No. 6102.
UNLIMITED AUTHORIZED CAPITAL OR BLANK CHECK	Does the company have unlimited authorized capital or a blank check?		X		For information on the registered capital cap applied in our Bank, please see. Albaraka Türk Participation Bank Articles of Association: <a href="https://www.albaraka.com.tr/documents/investor-relations/corporate-information/albaraka-turk-participation-bank-articles-of-incorporation-.pdf">https://www.albaraka.com.tr/documents/investor-relations/corporate-information/albaraka-turk-participation-bank-articles-of-incorporation-.pdf</a>
CLASSIFIED BOARD STRUCTURE	Does the company have a classified board structure?		X		All members of the Board of Directors (except the General Manager, who is a natural member) were elected as members at the general assembly meeting held on March 27, 2023.

## Senior Management

Name and Surname	Duty	Educational Status	Start Date of Duty	Experience in Banking and Business Administration
Malek Khodr Temsah	Board Member and General Manager	Master's Degree	2021	21
Turgut Simitciođlu	Lead Assistant General Manager	Master's Degree	2017	34
Muhammet Faruk Torlak	Assistant General Manager, Credits	PhD	2022	16
Mehmet Emin onkar	Assistant General Manager, Credit Monitoring and Legal Follow-up	Bachelor's Degree	2022	25
Serhan Yıldırım	Assistant General Manager, Treasury and International Banking	Bachelor's Degree	2022	14
Muzaffer ölmek	Assistant General Manager, Operations	Bachelor's Degree	2022	17
Mehmet Uludađ	Assistant General Manager, Retail and Private Banking	Master's Degree	2022	20
Serhan Akyıldız	Assistant General Manager, Corporate Banking	Bachelor's Degree	2022	21
Umut akmak	Assistant General Manager, Finance and Human Assets	Bachelor's Degree	2022	18
Ömer Eme	Assistant General Manager, Strategy and Transformation	PhD	2022	14
Yasemin Aydın	Assistant General Manager, Information Technologies and Digital Channels Development	Master's Degree	2022	28



# DECLARATION OF INDEPENDENCE

## To the Board of Directors of Albaraka Türk Katılım Bankası A.Ş.

### In accordance with my Independent Board Membership and pursuant to Capital Markets Board's Corporate Governance Principles;

As a Member of the Board of Directors of Albaraka Türk Katılım Bankası A.Ş. (Company)

- I have not been in the Membership of the Board of Directors of the Bank for more than a total of six years in the last 10 years,
- Among myself, my spouse and blood relatives and relatives by marriage up to second-degree; there is no one having employment relation in executive position to undertake significant tasks and responsibilities in the last five years in the bank, at partnerships who have control or significant influence on the management or control of the bank, entities who own the management control of these partnerships or have more than 5% of the capital or voting rights or privileged shares jointly or severally and have not established any significant commercial relation,
- In the past five years, I was not a shareholder (5% and above) or an employee in executive positions to assume material duties and responsibilities, particularly including roles in Company audits (tax audit, legal audit and internal audit), ratings, and consultancy, nor did I serve as a board member, in the companies to and from which the Company extensively sold or purchased services or products as per the contracts signed, and during periods where products or services were purchased or sold,
- I do have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of being an Independent Member of the Board of Directors,
- I do not work full-time at public institutions and organizations, as of the date I am nominated to the Board of Directors and for the duration of my term in case of my election,
- I have strong ethical standards, occupational reputation and experience to make positive contributions to the activities of the bank, to protect my objectivity in conflicts of interest between the bank stakeholders, and to decide independently considering the rights of the stakeholders,
- I am able to allocate time for the corporation's business to follow up on the activities of the corporation and duly fulfill the allocated duties;
- I have not served/will not serve as an independent member of the Board of Directors in more than three of the companies under the management control of the Company or the shareholders who control the management of the Company, and in more than five of the companies listed on the stock exchange,
- I have not been registered and announced on behalf of the legal person elected as a Member of the Board of Directors. and I can fully satisfy the requirements of the duties I assume; that therefore, I shall fulfill my membership to the Board of Directors, as an Independent Member of the Board of Directors.

Sincerely

Akram "Mark" Yassin



# COMMITTEES AND ATTENDANCE AT COMMITTEE MEETINGS

## Audit Committee

### a. Objective

The Audit Committee consists of Board Members for the purposes of assisting the Board of Directors to perform auditing and supervision activities. The Committee was formed on the basis of the provisions of Article 24/6 of the Banking Law No. 5411.

### b. Composition of the Committee

The Audit Committee consists of at least two non-executive Board Members. Members must have the qualifications determined by the Banking Regulation and Supervision Agency.

Members of the Audit Committee:

- President: Mustafa Büyükbacı, Board Member
- Member: Dr. Mohamed Ali Chatti, Board Member
- Member: Dr. Khaled Abdulla Modamed Ateeq, Executive Board Member

### c. Duties of the Committee:

In the name of the Board, Audit Committee monitors the efficiency and proficiency of the internal systems of the Bank, the functioning of these systems as well as the accounting and reporting systems in framework of the Banking Law and related regulations, and the integrity of the produced data, providing preliminary

evaluations to the Board of Directors when selecting the independent firms of auditing, rating, appraising and outsourcing; regularly monitoring the activities of the said companies which are appointed by the Board of Directors and with which contracts are signed; ensuring the consolidated internal auditing of partnerships as per the regulations introduced with respect to the Banking Law, and coordinating their activities.

### d. Working Principles of the Committee

- The Audit Committee convenes at least four times a year.
- The Audit Committee discusses issues related to internal control, financial tables, internal audit and other special items on their agenda, by also summoning the representatives of independent audit agencies, if and when needed.
- Committee resolutions are submitted to the Board of Directors for acknowledgment or ratification based on their nature.
- Resolutions of the Audit Committee are registered in the Book of Resolutions as per the related provisions of the Banking Law.

The Audit Committee convened 5 times in 2023 with the participation of all members.

## Credit Committee

### a. Objective

Within the authorities vested by the Board of Directors, the Credit Committee decides about demands for credit line allocations amounting to up to 10% of the Bank's equity including their renewals, amendments, and/or collateral changes on condition that the tasks, powers, and responsibilities should remain within the restrictions defined in the Banking Law.

### b. Composition of the Committee

The Committee consists of the General Manager or Deputy General Manager with at least two members elected by the Board of Directors from among the members that meet the conditions required for the General Manager (except for the term) to fulfill the assigned duties regarding credits. Two reserve members from among the Board Members meeting the conditions required (except for the term) for the General Manager have been elected to serve as a substitute for a Credit Committee member who cannot participate in any meeting.

Members of the Credit Committee

- Chairman: Housseem Ben Haj Amor, the Chairman of the Board of Directors
- Member: Dr. Bekir Pakdemirli, Board Member
- Member: Azhar Aziz DOGAR, Board Member
- Member: Malek Khodr Temsah, Board Member and General Manager
- Substitute Member: Dr. Mohamed Ali CHATTI, Board Member
- Substitute Member: Akram "Mark" Yassin, Board Member



# COMMITTEES AND ATTENDANCE AT COMMITTEE MEETINGS

## c. Duties of the Committee:

Based on the powers delegated by the Board of Directors, the Credit Committee is authorized to allocate credit lines within the framework of the methods/principles defined by the Banking Regulation and Supervision Agency and to conclude the credit resolutions within delegated limits. In this respect the Committee;

- Decides on branches' credit limits and conditions for extensions,
- Evaluates and decides on the requests for limit allocations and increases that exceed the branches' delegated powers,
- Resolves on credit limits that are to be decreased or canceled,
- Monitors the general credit policies of the Bank,
- Determines the terms and conditions of credit extensions,
- Decides on converting credit lines of clients into other modes of credit facility.

## d. Working Principles of the Committee

The Credit Committee convenes with the participation of all members. The Credit Committee's resolutions given unanimously are implemented directly and resolutions given by the majority are implemented after the approval of the Board of Directors.

The committee agenda is determined by the General Manager. The written suggestion of the General Manager is asked for in limit increases made by the Credit Committee. For proposals regarding credits for which financial tables have to be required, it is essential that the financial analysis and inquiry reports should be attached.

The activities of the Credit Committee are subject to audit by the Board of Directors. Each Board Member is authorized to ask for all kinds of information from the Credit Committee about the Committee's activities and to conduct all kinds of control he/she finds necessary.

The resolutions of the Credit Committee are recorded in the minute book. The Credit Committee minute book is kept according to the procedures and principles that Board minute book is subject to.

The Credit Committee convened 23 times in 2023 with the participation of all members.

## Corporate Management and Sustainability Committee

### a. Objective

The Board of Directors, in order to monitor and evaluate the Bank's compliance with the Corporate Governance Principles, to carry out improvement studies, to ensure that the Bank adopts the best practices in the field of sustainability, and to offer suggestions to the Board of Directors on all these issues, Article 30 of the relevant Articles of Association. and the Corporate Governance and Sustainability Committee in accordance with the CMB and BRSA regulations.

## b. Composition of the Committee

Committee; The Bank's Articles of Association is created and authorized by the Board of Directors in accordance with the BRSA and CMB regulations. The Committee consists of at least two members elected by the Board of Directors. The Chairman of the Committee is elected among the Independent Members. If the committee has two members then both members and if there are more than two members, then the majority of the members shall be elected from among the Board of Directors members who do not have an executive function. The manager of the Bank's Investor Relations and Sustainability Department is a natural member of the Committee within the scope of the Communique. The Bank's General Manager/ CEO does not take part in the Committee. The Committee may invite the Bank's executives to its meetings and take their opinions as it deems necessary. The Committee may benefit from the opinions of independent experts on the issues it needs regarding its activities. In this case, the cost of consultancy services required by the Committee shall be covered by the Bank. Any resources and support the Committee needs to carry out its duties are provided by the Board of Directors.

Members of the Corporate Governance and Sustainability Committee

- Chairman: Ghassan Ahmed M. Amodi, Board Member
- Member: Akram "Mark" Yassin, Board Member
- Member: Seyfullah DEMİRLEK, Investor Relations and Sustainability Manager

### c. Duties of the Committee

- Examining whether the Corporate Governance Principles are adopted at the Bank and if that is not the case, identifying its reason as well as the conflicts of interest arising from such failure to comply with these principles and proposing corrective actions to the Board,
- Ensuring adherence to Corporate Governance rules and best practices in corporate banking governance,
- Supervising the work of the Investor Relations Department,
- Evaluating the structure and effectiveness of the Board of Directors regularly, and advising the Board on necessary changes that may be introduced in this regard,
- To provide guidance to the Sustainability Executive Committee on the following issues within the framework of the Bank's relevant procedures;
- Within the scope of sustainability goals; Implementation of sustainability and corporate responsibility projects that can convey the vision, mission and corporate values of the bank to the entire society, stakeholders and business partners,
- Following national and international practices and standards in the fields of sustainability and corporate responsibility, and making projects and studies comply with these practices and standards,
- Creating sustainability strategies and policies and integrating them into company activities and monitoring sustainability performance,
- Establishing an environmental, social and governance system and integrating it with the credit risk assessment system,

- Determining the risks, opportunities and goals of climate change and preparing the necessary reports for the relevant senior management and committees.
- Evaluating the corporate responsibility projects submitted for the approval of the Corporate Governance and Sustainability Committee,
- To discuss the issues reported by the Sustainability Executive Committee and to take the necessary resolutions for their conclusion,
- To ensure that the awareness of Corporate Sustainability is internalized within the organization, to establish the sustainable banking target in a concrete way and to create long-term values.

### d. Working Principles of the Committee

The Committee holds at least four meetings a year and may hold additional meetings when necessary. The Committee Chairman invites the Committee members to the meeting through the Committee Secretariat. The Committee may hold its meetings physically at the Bank's Head Office or in a different place to be determined by the Committee Chairman, or electronically. The committee convenes with the majority of the total number of members and delivers a resolution with the affirmative vote of the majority of the members present at the meeting. In the calculation of the quorum, fractional/half numbers are whole. Committee; without holding a meeting, the resolution proposal to be communicated to all Committee members is approved by at least the majority of the total number of members, and it may also deliver resolutions by circulating. In the calculation of the quorum in the resolutions to be taken in this way, fractional/half numbers will be complete.

The Corporate Governance and Sustainability Committee convened three times in 2023 with the participation of all members.

### Remuneration and Nomination Committee

#### a. Objective

The Board of Directors has established a Remuneration and Nomination Committee, in line with the requirements in the 6<sup>th</sup> principle of the Annex of the BRSA's Regulation on Corporate Governance Principles of Banks and 4.5.1 of the Corporate Governance Principles, which is the Annex to the CMB's Communiqué.

#### b. Composition of the Committee

Committee; The Bank's Articles of Association is created and authorized by the Board of Directors in accordance with the BRSA and CMB regulations. The Committee consists of at least two members elected by the Board of Directors. If the committee has two members then both members and if there are more than two members, then the majority of the members shall be elected from among the Board Members who do not have an executive function. The Bank's General Manager/ Executive Chairman does not take part in the committee. The Committee may invite the Bank's executives to its meetings and take their opinions as it deems necessary. The Committee may benefit from the opinions of independent experts on the issues it needs regarding its activities. In this case, the cost of consultancy services required by the Committee shall be covered by the Bank. Any resources and support the Committee needs to carry out its duties are provided by the Board of Directors.



# COMMITTEES AND ATTENDANCE AT COMMITTEE MEETINGS

Member of the Remuneration and Nomination Committee

- Chairman: Housseem Ben Haj Amor, the Chairman of the Board of Directors
- Member: Mustafa Büyükbacı, Board Member
- Member: Dr. Mohamed Ali Chatti, Board Member

## c. Duties of the Committee

- Establishing a remuneration policy compatible with the scope and structure of the Bank's activities, strategies, long-term goals and risk management structures, preventing excessive risk-taking and contributing to effective risk management,
- Reviewing the remuneration policy at least once a year to ensure the effectiveness of the remuneration policy of the Bank,
- Evaluating the remuneration policy and practices within the framework of risk management and submitting a report with related suggestions to the Board of Directors every year,
- Determining the suggestions of the Members of the Board of Directors and Senior Executives regarding the remuneration principles by taking into account the long-term goals of the Bank,
- Guaranteeing a balanced distribution between the interests and rights of senior management, Bank employees and shareholders,
- Ensuring that the members of the Board of Directors of the Bank, senior management and bank employees are rewarded in line with their contribution to the Bank's value creation process.
- To review the independence status of the Members of the Board of Directors and to inform the Board of Directors in case of any change,
- Examining the independence of the Board of Directors from the management and its relationship with the management and, if deemed necessary, making recommendations regarding this relationship,
- To work on establishing a transparent system for identifying, evaluating and training suitable candidates for senior management positions and determining policies and strategies in this regard,
- Evaluating the candidate's proposals for independent membership, including the management and investors, by taking into account whether the candidate fulfills the independence criteria, and submitting its evaluation to a report for the approval of the Board of Directors,
- To make suggestions to the Board of Directors on the succession plan of the senior management and senior management,
- To provide the Board Membership continuity program, which includes the following:
  - Succession plans for Chairman and Deputy Chairman of the Board of Directors and Board Committees,
  - Succession plans for executive and non-executive Board Members.
- Ensuring the existence and implementation of appropriate salary arrangements and the fulfillment of relevant disclosure standards;
- Examining the reports submitted to the Board of Directors on the following issues:
  - Performance of the Board of Directors and affiliated committees,
  - CEO performance,
  - Performance of managers and management team,
  - Package rewards, benefits, bonuses and incentives.
- To make suggestions to the Board of Directors on general employment policy, performance, fringe benefits, bonus and incentive programs.
- To make suggestions to the Board of Directors about the total and periodic changes to be made in personnel wages.
- To present suggestions to the Board of Directors regarding the share incentive plans for employees, the principles of these plans and any subsequent changes to these plans.
- To ensure that a program to introduce the Bank to new members of the board of directors is prepared, to be implemented when needed, and to ensure a continuous development program for members of the Board of Directors,
- To review the structure, size and composition of the Board of Directors, taking into account the needs of the Committees of the Board of Directors, and to make suggestions to the Board of Directors on necessary changes.

#### **d. Working Principles of the Committee**

The committee convenes as often as required by the task assigned to it, provided that it convenes at least twice a year. The Committee Chairman invites the Committee members to the meeting through the Committee Secretariat. The Committee may hold its meetings physically at the Bank's Head Office or in a different place to be determined by the Committee Chairman, or electronically. The committee convenes with the majority of the total number of members and delivers a resolution with the affirmative vote of the majority of the members present at the meeting. In the calculation of the quorum, fractional/half numbers are whole. Committee; without holding a meeting, the resolution proposal to be communicated to all Committee members is approved by at least the majority of the total number of members, and it may also deliver resolutions by circulating. In the calculation of the quorum in the resolutions to be taken in this way, fractional/half numbers will be complete.

The Remuneration and Nomination Committee held two meetings in 2023 with the participation of all members.

### **Risk Committee**

#### **a. Objective**

A Risk Committee has been established by the Board of Directors to review matters related to Bank-wide risk management, including but not limited to business risk, credit risk, market risk, operational risk, legal risk and reputational risk, and to make recommendations to the Board of Directors and Audit Committee when necessary.

#### **b. Composition of the Committee**

The Committee is formed and authorized by the Board of Directors in accordance with the Bank's Articles of Association and other relevant regulations. The Committee consists of at least two members elected from among the Members of the Board of Directors, provided that they do not have executive duties. The Committee may invite the Bank's executives to its meetings and take their opinions as it deems necessary. Any resources and support the Committee needs to carry out its duties are provided by the Board of Directors.

Members of the Risk Committee:

- Chairman: Housseem Ben Haj Amor, the Chairman of the Board of Directors
- Member: Ghassan Ahmed M. Amodi, Board Member
- Member: Dr. Khaled Abdulla Modamed Ateeq, Executive Board Member

#### **c. Duties of the Committee**

- Evaluating all risks that the Bank is exposed to, including but not limited to credit risk, market and liquidity risk, operational risk, forming the Committee's opinion and sharing it with parties within the Bank that the Committee deems appropriate,
- Reviewing risk reports as well as other reports showing the bank's overall risk levels,
- Evaluating the risk policies and related standards, the methodologies and models used in the measurement and management of risks throughout the bank,
- Evaluating the Bank's comprehensive Risk Appetite Policy, including credit risk, market risk and operational risk,

- Evaluating risk-related issues raised by other Board Committees and forming and sharing the Committee's opinion with them,
- Reviewing and advising risk tolerance levels and portfolio concentration limits, including limits associated with business sector, geography, asset quality and other considerations,
- Contributing to the compliance and implementation of strategies and policies approved by the Board of Directors,
- Working with the Board of Directors to ensure that the Bank's strategy, liquidity and capital plans are consistent with the Risk Appetite Policy and that its significant risks are included in the Bank's strategy plan,
- Negotiating the Bank's significant risks collectively and for each risk type on a regular basis,
- Regularly review the impact of risks on capital, revenues and liquidity under normal and stressful conditions,
- Ensuring that the main risk issues are reported to the Audit Committee and the Board of Directors in an effective and timely manner, and to follow up that the corrective action is taken by the Bank's management in a timely and appropriate manner,
- Contributing to compliance with international standards and best practices, especially with local legislation on Risk Management,
- Reviewing risk reports as well as other reports showing bank-wide portfolio trends



# COMMITTEES AND ATTENDANCE AT COMMITTEE MEETINGS

## d. Working Principles of the Committee

The committee convenes as often as required by the task assigned to it, provided that it convenes at least once a year. The Committee Chairman invites the Committee members to the meeting through the Committee Secretariat. The Committee may hold its meetings physically at the Bank's Head Office or in a different place to be determined by the Committee Chairman, or electronically. The committee convenes with the majority of the total number of members and delivers a resolution with the affirmative vote of the majority of the members present at the meeting. In the calculation of the quorum, fractional/half numbers are whole. Committee; without holding a meeting, the resolution proposal to be communicated to all Committee members is approved by at least the majority of the total number of members, and it may also deliver resolutions by circulating. In the calculation of the quorum in the resolutions to be taken in this way, fractional/half numbers will be complete. The Bank's Head of Risk Management is a permanent participant in the meetings without holding the title of member. The General Manager and other Bank managers may attend the meetings if invited by the Committee.

The Risk Committee held five meetings in 2023. These meetings were held with a total participation rate of 87%.

## Information Technologies Governance Committee

### a. Objective

The Committee aims to; Establish a series of standards and procedures to increase the operational efficiency of information technology systems and thereby ensure corporate discipline in the Bank's management. Besides, by applying these standards and procedures transparently and reasonably within the framework of the best international practices,

- Ensure the harmony between the Bank's business strategies and Information Technologies (IT) strategies,
- Strengthen the communication and collaboration between the committees operating in the fields of IT governance and risk management at the Bank's Head Office level and the Board of Directors of the Bank,
- Make sure that information technologies enable the Bank to seize opportunities and maximize profitability,
- Establish an IT infrastructure with an organizational structure, resources, policies and procedures, control systems,
- Ensure that bank management creates the necessary systems and processes that will best manage and mitigate all risks related to information technologies, including cyber-attacks.

Members of the Information Technologies Governance Committee

- Chairman: Dr. Khaled Abdulla Modamed Ateeq, Executive Board Member
- Member: Dr. Bekir Pakdemirli, Board Member
- Member: Malek Khodr Temsah, Board Member and General Manager

### b. Duties of the Committee

- To evaluate, monitor and review the budget, IT initiatives and projects related to IT resources within the framework of the Bank's strategic objectives,
- To evaluate, monitor and review the IT strategy objectives and organizational structures which are planned to be established (especially the IT committees operating at the level of the Bank's senior management) to reach the Bank's strategic goals and maximize the expected benefits from IT projects and investments,
- Evaluate, monitor and review systems for the management, regulation and control of IT resources and projects within the framework of legal requirements (especially "Regulation on Information Systems of Banks and Electronic Banking Services") and best international practices (especially "Control Objectives for Information and Related Technology" COBIT).
- To review, monitor and approve the institutional goals related to information technologies and technologies related to these goals and ensure the achievement of these goals,

- Evaluate and review the responsibility matrix for IT governance processes (Liable, Responsible, Consulted, Informed) to monitor the following;
- Primarily liable person, institution/s or parties (Liable).
- Ultimately Responsible.
- Clients
- (Informed) persons about all processes guided by the “COBIT 5 Enabling Processes” standard in this context,
- To ensure the establishment of an IT Risk Management Plan and Program integrated with the Bank’s general risk management plan and program,
- To monitor the suitability of IT processes, resources, initiatives and projects to assess whether they meet the Bank’s business requirements,
- To evaluate the internal and external IT audit reports and to ensure that the Bank takes necessary actions on the findings identified in these reports.
- To submit reports to the Board of Directors regarding the issues specified under this topic and to present those issues requiring the resolution of the Board of Directors as per article 375 of the Turkish Commercial Code and the Bank’s internal legislation to the approval of the Board of Directors.

### **c. Working Principles of the Committee**

The committee may request all kinds of information and documents from the Bank’s senior management, provided that the matters fall within the duties and responsibilities of the committee. The number of committee members and committee members are determined by the Board of Directors. Committee Chairman and Deputy Chairman are determined by the Board of Directors. At least three members of the Committee are elected from among the Members of the Board of Directors. Albaraka Tech Global CEO or his deputy is a permanent participant of the meeting. The members to be elected to the Committee, other than the members of the Board of Directors, should have sufficient knowledge and experience in the field of information technologies. Committee meetings are held by the Committee Chairman. The committee convenes at least four times a year, upon the invitation of the Chairman or one of the members. The committee meetings could completely be held electronically or by the participation of some members electronically in a meeting where some members are physically present. The meeting agenda shall be sent by the Chairman together with the meeting invitation. In addition to the agenda sent at the meeting, the points of interest to be discussed can also be discussed and discussed. The committee convenes with the participation of the majority of the members and delivers resolutions with the majority of the members present at the meeting. The Committee may invite Bank executives and personnel, as it deems

necessary, to their meetings and obtains their opinions. The Committee may also benefit from the opinions of independent experts and consultants on legal, financial, administrative and technical issues where necessary, and costs are to be covered by the Bank. Meeting minutes and resolutions are kept by the Committee Secretariat, which will be composed of a person or unit to be determined by the Committee. The Board of Directors has been informed about the activities of the Committee.

The Information Technologies Governance Committee convened four times in 2023 with the participation of all members.

### **Advisory Committee**

#### **a. Objective**

Advisory Committee was founded according to the “Communiqué on Compliance with Interest-Free Banking Principles and Standards” (Communiqué) dated 14.09.2019 and numbered 30888 published by the Banking Regulation and Supervision Agency to maintain Albaraka Türk Katılım Bankası A.Ş.’s banking activities in compliance with interest-free banking principles.

#### **b. Composition of the Committee**

The Advisory Committee shall consist of at least three permanent members complying with the conditions specified in the Communiqué. The Chairman and Vice-Chairman shall be elected by the members of the Committee. Committee members are appointed by the Board of Directors.



# COMMITTEES AND ATTENDANCE AT COMMITTEE MEETINGS

Advisory Committee members:

- Chair: Yousef Hassan Y. Khalawi
- Member: Prof Dr. Hamdi Döndüren
- Member: Prof Dr. Necmettin Kızılkaya

## c. Duties of the Committee

- Answering questions submitted to the Committee and offering alternative solutions on interest-free banking principles,
- Following up on global developments in the field of interest-free banking,
- Monitoring and analyzing the activities of the Bank and its subsidiaries subject to consolidation systematically in terms of interest-free banking principles,
- Coordinating with the audit unit to audit the compliance of the activities of the Bank and its subsidiaries subject to consolidation with interest-free banking principles,
- Organizing developmental and educational seminars for the Bank's staff to establish and develop an interest free banking culture within the Bank; ensuring that such trainings are included in routine training programs,
- Representing the Bank in interest-free banking-related activities such as conferences, symposiums, forums and seminars concerning the Advisory Committee and sharing interest-free banking perspectives on issues discussed in such events with bank managers,
- Preparing a summary report on the activities of the Committee, the questions posed to the Committee during the year and the activities and resolutions of the Committee and submitting it to the Board of Directors,
- Examining all activities of the Bank and documenting the interest-free banking audit handbook and ensuring that it is approved by the Board of Directors,

- Discussing the issues which the Chairman has opted for examination at the Committee among those issues in the report submitted by the controller to the Chairman and informing the Head Office regarding these issues,
- Approving the interest-free banking principles compliance expectations in the Articles of Association, regulations, forms and policies used by the Bank and also approving the regulations made,
- Approving the standard agreements and contracts in the transactions of the bank with third parties in terms of compliance with interest-free banking principles and taking part in the development and improvement of the mentioned forms, when necessary,
- Determining the interest-free banking eligibility requirements for existing and new products of the bank and its subsidiaries subject to consolidation and expressing an opinion on the documentation (contract, form, procedure, committee, functioning, method etc.) to be prepared in this regard,
- Informing the Head Office of its opinion on the applications made to the Committee,
- Following up the Bank's operations and reviewing the Bank's business activities in coordination with the Bank's management following the interest-free banking perspective at reasonable times,
- Providing and recommending possible interest-free banking solutions for financial transaction problems that do not comply with the principles of interest-free banking, looking for alternative products together with the Bank management to replace products that do not comply with the interest-free banking rules,
- Guiding the employees working in the implementation of interest-free banking transactions in compliance with the rules and principles of interest-free banking,
- Preparing the annual interest-free banking report which shows the degree of compliance with the resolutions and directives issued by the Advisory Committee and submitting it to the Board of Directors,
- Preparing annual activity budget and having it approved by the Board of Directors,
- Ensuring protection from interest earnings and distribution of unavoidable interest earnings for charity purposes,
- Publishing periodic practical information on interest free banking principles for the employees and participation account holders,
- Submitting periodic reports regarding the resolutions delivered to the Advisory Board of TKBB (Türkiye Katılım Bankaları Birliği - Participation Banks Association of Türkiye).

## d. Working Principles of the Committee

The Advisory Committee, together with the new Communiqué, will convene at least twice a month and may also meet extraordinarily, if necessary, by ensuring a majority upon the request of the President. The Advisory Committee meetings can be held by physically present members or by some or all members' participation via the electronic channel.

The Advisory Committee convened 25 times in 2023 with the participation of all members.



# SUPPORT SERVICES RECEIVED PER THE REGULATION ON SUPPORT SERVICES FOR BANKS AND AUTHORIZATION OF COMPANIES TO PROVIDE THESE SERVICES

Title of the Organisation Receiving Support Services	Activity Area for which Support Service is Received	
32 BİT BİLGİSAYAR HİZMETLERİ SANAYİ VE TİCARET LİMİTED ŞİRKETİ	INFORMATION SYSTEMS	İNSHA VENTURES TEKNOLOJİ GELİŞTİRME VE PAZARLAMA ANONİM ŞİRKETİ
ACTIVE BİLGİSAYAR HİZMETLERİ VE TİCARET LİMİTED ŞİRKETİ	INFORMATION SYSTEMS	İNSHA VENTURES TEKNOLOJİ GELİŞTİRME VE PAZARLAMA ANONİM ŞİRKETİ
AGT HIZLI KURYE HİZMETLERİ ANONİM ŞİRKETİ	CREDIT AND DEBIT CARD DELIVERY SERVICE	İNSHA VENTURES TEKNOLOJİ GELİŞTİRME VE PAZARLAMA ANONİM ŞİRKETİ
AGT HIZLI KURYE HİZMETLERİ ANONİM ŞİRKETİ	BECOMING A WEB CUSTOMER (BECOMING A CUSTOMER WITH COURIER)	İPOTEKA GAYRİMENKUL YATIRIM DANIŞMANLIK ANONİM ŞİRKETİ
AKKOYUNLAR OTOMOTİV İLETİŞİM TEKSTİL SANAYİ VE DIŞ TİCARET LİMİTED ŞİRKETİ	CALL CENTRE INCOMING OUTGOING CALL	KETS BİLGİSAYAR ELEKTRONİK İLETİŞİM HİZ.SAN. TİCARET LİMİTED ŞİRKETİ
ALBARAKA TEKNOLOJİ BİLİŞİM SİSTEMLERİ VE PAZARLAMA TİCARET ANONİM ŞİRKETİ	INFORMATION SYSTEMS	KOBİL BİLGİSAYAR ENERJİ VE ELEKTRİK SİSTEMLERİ SANAYİ TİCARET LİMİTED ŞİRKETİ
ALBARAKA TEKNOLOJİ BİLİŞİM SİSTEMLERİ VE PAZARLAMA TİCARET ANONİM ŞİRKETİ	INFORMATION SYSTEMS	KURYE NET MOTORLU KURYECİLİK VE DAĞITIM HİZMETLERİ ANONİM ŞİRKETİ
ARKSİGNER YAZILIM VE DONANIM SANAYİ TİCARET ANONİM ŞİRKETİ	INFORMATION SYSTEMS	NADİR METAL RAFİNERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ
AUSTRIA CARD TURKEY KART OPERASYONLARI ANONİM ŞİRKETİ	CREDIT AND DEBIT CARDS BULK PRINTING, ADDING INFORMATION TO THE MAGNETS, PERSONALISATION AND ENVELOPING	NADİR METAL RAFİNERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ
AVİ GAYRİMENKUL YATIRIM DEĞERLEME VE DANIŞMANLIK ANONİM ŞİRKETİ	WORKS AND TRANSACTIONS IN LAND REGISTRY BY PROXY ON BEHALF OF OUR BANK	ODC İŞ ÇÖZÜMLERİ DANIŞMANLIK TİCARET ANONİM ŞİRKETİ
BİRLEŞİK ÖDEME HİZMETLERİ VE ELEKTRONİK PARA ANONİM ŞİRKETİ	MONEY TRANSFER	ODC İŞ ÇÖZÜMLERİ DANIŞMANLIK TİCARET ANONİM ŞİRKETİ
C/S ENFORMASYON TEKNOLOJİLERİ LİMİTED ŞİRKETİ	INFORMATION SYSTEMS	ODC İŞ ÇÖZÜMLERİ DANIŞMANLIK TİCARET ANONİM ŞİRKETİ
CYBERWISE SİBER GÜVENLİK TİCARET ANONİM ŞİRKETİ	INFORMATION SYSTEMS	ODC İŞ ÇÖZÜMLERİ DANIŞMANLIK TİCARET ANONİM ŞİRKETİ
DESMER GÜVENLİK HİZ. TİCARET ANONİM ŞİRKETİ	PRECIOUS GOODS TRANSPORT, COUNTING AND STORAGE SERVICE	PAVO FİNANSAL TEKNOLOJİ ÇÖZÜMLERİ ANONİM ŞİRKETİ
EKOL GRUP GÜVENLİK KORUMA VE EĞİTİM HİZMETLERİ ANONİM ŞİRKETİ	TURKEY-WIDE PERMANENT AND TEMPORARY SECURITY PERSONNEL RECRUITMENT SERVICE	POSTA VE TELGRAF TEŞKİLATI ANONİM ŞİRKETİ
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET ANONİM ŞİRKETİ	INFORMATION SYSTEMS	POSTACI İLETİŞİM VE LOJİSTİK HİZMETLERİ TİCARET ANONİM ŞİRKETİ
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET ANONİM ŞİRKETİ	INFORMATION SYSTEMS	POSTKOM BASIM POSTA VE İLETİŞİM HİZMETLERİ ANONİM ŞİRKETİ
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET ANONİM ŞİRKETİ	INFORMATION SYSTEMS	PROVİSİYON BİLGİ İŞLEM SANAYİ VE TİCARET ANONİM ŞİRKETİ
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET ANONİM ŞİRKETİ	INFORMATION SYSTEMS	PROVİSİYON BİLGİ İŞLEM SANAYİ VE TİCARET ANONİM ŞİRKETİ
FU GAYRİMENKUL YATIRIM DANIŞMANLIK ANONİM ŞİRKETİ	WORKS AND TRANSACTIONS IN LAND REGISTRY BY PROXY ON BEHALF OF OUR BANK	SİTAŞ SAYISAL İLETİŞİM SANAYİ VE TİCARET ANONİM ŞİRKETİ
GÜZEL SANATLAR ÇEK BASIM LTD. ŞTİ.	CHEQUE PRINTING CONTRACT	SUPERONLINE İLETİŞİM HİZMETLERİ ANONİM ŞİRKETİ
IRON MOUNTAIN ARŞİVLEME HİZMETLERİ ANONİM ŞİRKETİ	ARCHIVE SERVICE	THOS HUKUK OTOMASYON SİSTEMLERİ YAZILIM ANONİM ŞİRKETİ
İNSHA VENTURES TEKNOLOJİ GELİŞTİRME VE PAZARLAMA ANONİM ŞİRKETİ	DIGITAL PAYMENT PLATFORM - SEMOSIS PRODUCT	VBT YAZILIM ANONİM ŞİRKETİ
		VERİSOFT BİLGİ İŞLEM TİCARET VE SANAYİ ANONİM ŞİRKETİ
		YAPI KREDİ BANKASI ANONİM ŞİRKETİ
		KARTEK KART VE BİLİŞİM TEKNOLOJİLERİ TİCARET ANONİM ŞİRKETİ
		333 ADET FIRMA (BAYİDE FİNANSMAN)
		İNFORMATION SYSTEMS
		FINANCING AT THE DEALER - INFORMATION, DOCUMENT COLLECTION, CONTRACT SIGNING AND FORWARDING TO THE BANK



## TRANSACTIONS WITH THE BANK'S RISK GROUP

As of December 31, 2023 wakala borrowings obtained within the framework of the investment-purpose wakala contracts signed with the risk group that includes the Bank, amount to USD 32,026,681 and EUR 5,644,353 (December 31, 2022: USD 36,288,426 and EUR 3,600,000). The profit share expense relating to these wakala borrowings for the period between January 1, 2023, and December 31, 2023, is TL 26,367 (December 31, 2022: TL 16,318).

## AFFILIATION REPORT

Albaraka Türk's Board of Directors has prepared a Loyalty Report regarding the Company's controlling partner and its relations with the companies affiliated to the controlling partner for the 2023 operating year, and the conclusion part of this report is given below.

Necessary disclosures about the transactions made by Albaraka Türk with related parties are included in the footnote of the risk group of the Bank, numbered VII, under the Disclosures and Footnotes to the Consolidated / Unconsolidated Financial Statements. In the report prepared by the Board of Directors, it is stated that "In all transactions carried out by Albaraka Türk Katılım Bankası A.Ş. in 2023, it has been concluded that, according to the circumstances and conditions known to us at the time of the refusal to be taken or taken, an appropriate counter-action is provided in each transaction and that there is no measure taken or avoided that may harm the company, and that there is no action or measure that requires equalization within this framework."

## OTHER EXPLANATIONS ON CORPORATE GOVERNANCE

### **INFORMATION ABOUT LEGAL ACTIONS AGAINST THE BANK THAT MAY AFFECT THE FINANCIAL STATUS AND OPERATIONS OF THE BANK AND ITS POSSIBLE CONSEQUENCES**

None.



# STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Albaraka Türk Katılım Bankası A.Ş. ("Albaraka Türk" or "Bank") is subject to the Corporate Governance Principles attached to Corporate Governance Communiqué ("Communiqué") number II-17.1 published by CMB according to the relevant articles of the Turkish Commercial Code, Banking legislation, Capital Market Board ("CMB") legislation since 2007 the public offering is made until today. Albaraka Türk is also subject to the management structure, process and principle provisions determined by the "Regulation on the Banks' Corporate Governance Principles" published by Banking Regulation and Supervision Agency ("BRSA"). Determining its vision as being the Best Participation Bank of the World, Albaraka Türk has adopted the Corporate Governance Principles as the basic corporate value and demonstrated due diligence to comply with the mandatory principles. Besides, it continues its studies for compliance with the principles which are not mandatory.

Within the framework of Corporate Governance Communiqué regulations number II-17.1, the election for the independent member of the Board of Directors is made at the general assembly meeting in 2012. Moreover, in order to comply with the same communiqué and Turkish Commercial Code number 6102, the Articles of Incorporation, of the Bank were reviewed and submitted to the General Assembly of 2012 where it was approved. Updated information of the Bank is offered to the service of all our stakeholders at Albaraka Türk website and Investor Relations tab in the same site.

Within the scope of efforts to comply with the Corporate Governance Principles, the Corporate Governance Committee ("Committee") was established in 2007 to monitor and evaluate compliance with the relevant principles. The committee has been merged with the Sustainability Committee by the decision of the Board of Directors dated 22.12.2022 and renamed as the Corporate Governance and Sustainability Committee. The Committee has made studies on improvement of the Bank's corporate governance implementations. Information on the activities of the Committee

coordinating the activities of the Investor Relations and Sustainability Department is given in detail in the section entitled "Bank Committees" of the annual report. The Investor Relations and Sustainability Department continues its activities as a separate unit.

Albaraka Türk has been subject to Corporate Governance Rating since 2010. On May 17, 2023, DRC Derecelendirme Hizmetleri A.Ş. determined the Corporate Governance Rating of Albaraka Türk Participation Bank as 9.25. As the note for compliance with CMB Corporate Governance Principles is over the Threshold Point of 7, Albaraka Türk is included in Borsa Istanbul Corporate Governance Index since 2010.

Compliance notes that the Bank has received in four main categories are as follows:

Category	Weight (%)	Note
Shareholders	25	9.29
Public Disclosure and Transparency	25	9.30
Stakeholders	15	9.20
Board of Directors	35	9.20

Albaraka Türk's rating, which was 9.14 out of 10 last year, increased to 9.25 this year, following the analysis made in the report under 4 headings: Shareholders, Public Disclosure, Transparency and the Board of Directors. It has been pointed out that the financial statements, annual reports and material disclosures are at the level of global practices, together with the public disclosure and transparency policy implemented by Albaraka Türk, which has substantially complied with the Corporate Governance Principles published by the CMB. In the report, where the Public Disclosure and Transparency score was evaluated as 9.30, the Stakeholders Section score was 9.20. In the report, which is stated to be in high compliance with the legislation, articles of association and internal regulations created to ensure the exercise of the rights of the shareholders of the partnership, it is emphasized that the relations with the stakeholders, which are managed according to the policies determined within the framework of the corporate governance principles, are above the local standards. It was noted that the Bank takes active and proactive measures to ensure customer satisfaction regarding the products and services it offers, and that customers' wishes, demands and suggestions on all matters are served on the "Let's Solve Problems" platform, which operates on a 24/7 basis. There has been no conflict of interest between the stakeholders within the period due to the corporate governance principles of which compliance is not provided.

### **Corporate Governance Principles Form and Compliance Report**

In line with the decision dated January 10, 2019 No. 2/49 of the Capital Markets Board, our practices regarding voluntary principles and our current corporate governance process within the scope of the Corporate Governance Communiqué numbered II-17.1 have been specified in our Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF).

Corporate Governance Compliance Report (URF) and

Corporate Governance Information Form (KYBF)

can be accessed from the Public Disclosure Platform via the following links:

URF: <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2414-albaraka-turk-katilim-bankasi-a-s>

KYBF: <https://www.kap.org.tr/tr/cgjf/4028e4a240f2ef4c014106a1c5ef016d>

### **Sustainability Principles Compliance Framework**

The Sustainability Principles Compliance Framework can be accessed from the Public Disclosure Platform via the link below:

<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2414-albaraka-turk-katilim-bankasi-a-s>



# INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH ON THE BOARD OF DIRECTORS' ANNUAL REPORT

To the General Assembly of Albaraka Türk Katılım Bankası Anonim Şirketi

### 1. Qualified Opinion

We have audited the annual report of Albaraka Türk Katılım Bankası A.Ş. (the "Bank"), and its consolidated subsidiaries (collectively referred as the "Group") of for the accounting period of 1 January 2023 - 31 December 2023.

In our opinion, except for the matter described in the Basis for Qualified Opinion section below, the financial information and the analysis made by the Board of Directors by using the information included in the audited unconsolidated and consolidated financial statements regarding the Bank's and Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set unconsolidated and consolidated financial statements and with the information obtained in the course of independent audit.

### 2. Basis for Qualified Opinion

As expressed in Basis for Qualified Opinion section of our auditor's report dated 16 February 2024 on the full set unconsolidated financial statements of the Bank for the period between 1 January 2023 -31 December 2023 and as expressed in Basis for Qualified Opinion section of our auditor's report dated 6 March 2024 on the full set consolidated financial statements of the Group for the period between 1 January 2023 -31 December 2023; unconsolidated and consolidated financial statements include of a free provision amounting to TL 5.213.000 thousand which consist of TL 1.800.000 thousand provided in prior periods and TL 3.413.000 thousand recognized in the current year by the Bank and Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Independent Auditor's Responsibility in the Audit of the Annual Report" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

### 3. Our Audit Opinion on the Full Set Unconsolidated and Consolidated Financial Statements

We expressed a qualified opinion in the auditor's reports dated 16 February 2024 on the full set unconsolidated financial statements of the Bank for the 1 January 2023 - 31 December 2023 period and dated 6 March 2024 on the full set consolidated financial statements of the Group for the 1 January 2023 - 31 December 2023 period.

#### **4. Board of Director's Responsibility for the Annual Report**

The Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102, Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No.26333 dated 1 November 2006 are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report, financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
  - events of particular importance that occurred in the Bank after the operating year,
  - the Bank's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Trade and other relevant institutions.

#### **5. Independent Auditor's Responsibility in the Audit of the Annual Report**

Our aim is to express an opinion and issue a report comprising our opinion within the framework of the TCC, Communiqué and "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited unconsolidated and consolidated financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements of the Bank and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the SIAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited unconsolidated and consolidated financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements and with the information obtained in the course of audit.

**PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.**

**Didem Demer Kaya, SMMM  
Independent Auditor**

**Istanbul, 6 March 2024**



# STATEMENT OF RESPONSIBILITY REGARDING 2023 INTEGRATED ANNUAL REPORT

Prepared in accordance with the Communiqué on Principles of Financial Reporting in Capital Markets (II-14.1) issued by the Capital Markets Board; Albaraka Türk Katılım Bankası A.Ş. Integrated Annual Report for the period 01.01.2023 - 31.12.2023 comprising financial and non-financial information, key performance indicators and targets; Corporate Governance Compliance Report and Corporate Governance Information Form have been reviewed by us.

In this context, we confirm and state that;

- Within the framework of our duties and responsibilities at Albaraka Türk Katılım Bankası A.Ş. and the information we possess, the report does not contain any deficiencies that may arise as a result of an untrue statement or misleading on important issues,
- As of the period of the report, the financial statements and the information on other financial matters in the report, together with the important risks and uncertainties about the financial position of the Bank, accurately reflect the truth,
- The information, targets and key performance indicators on non-financial issues in the report reflect the truth,
- The Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) have been reviewed, do not contain any deficiencies and reflect the truth.

Sincerely,

Mustafa BÜYÜKABACI  
Audit Committee Chairman

Mohamed Ali CHATTI  
Audit Committee Chairman

Dr. Khaled Abdulla Mohamed ATEEQ  
Audit Committee Chairman

Malek Khodr TEMSAH  
Board Member and General Manager



# ORDINARY GENERAL ASSEMBLY AGENDA

## **BOARD OF DIRECTORS' RESOLUTIONS RESOLUTION NR. : 2596 DATE : 27.02.2024**

The below resolution/s, circulated to all Members of the BoD upon the proposal of Malek Khodr TEMSAH (General Manager & Member of the BoD), has/have been APPROVED by the under-signed (wet/ electronic signature), as per Turkish Commercial Law (Article 390/4) and the Bank's Articles of Association (Article 26/4):

### **RESOLUTION/S:**

1. It has been DECIDED that the Ordinary Annual General Assembly of Albaraka Turk Participation Bank shall be held on 27/03/2024, at 10:00, at the Bank's Head Office, located in İnkılap Mah. Dr. Adnan Büyükdeniz Cad. Albaraka Türk Sitesi 1. Blok No: 6 İç Kapı No: 1 Ümraniye/İstanbul, to discuss below agenda items.
2. It has also been DECIDED that the Information Document on 2023 Ordinary General Assembly and the Procedure on Participation to the General Assembly, both prepared by the General Management and submitted to the approval of the Board, shall be announced to shareholders through our Bank's web page.

1. Inauguration and formation of the Presiding Council.
2. Authorizing the Presiding Council to sign the minutes of the General Assembly meeting.
3. Reading and discussing the Annual Report of the Board of Directors (BoD) on the fiscal year 2023.
4. Reading and discussing the Auditor's reports.
5. Reading, discussing and approving the Financial Statements.
6. Acquittal the Members of the BoD.
7. Deciding on utilization and distribution of profit and dividend sharing through discussing the BoD's proposal on the utilization and distribution of the annual profit and dividends.
8. Determination of the payments to be made to the Members of the BoD.
9. Election of the Auditor.
10. Presenting information to the General Assembly about operations effected in scope of the buy-back Program for our Bank's own shares in 2023.
11. Negotiating and deciding on the proposal by the Board of Directors regarding the modification of Article 5 "Headquarters and Branches," the 1<sup>st</sup> paragraph in the Articles of Incorporation of our Bank due to the fact that the Saray District, where our Bank's Headquarters is located, has now been made a part of the İnkılâp District by the decree of Ümraniye Municipality.
12. Authorizing the BoD to be able to distribute profit to participation fund owners in loss occurring periods, in line with Article 6/10 of the "Regulation on Procedures and Principles regarding Acceptance and Withdrawal of Deposits and Participation Funds and Any Deposit, Participation Fund, The Bailed Goods and Receivable That Have Been Subjected to Prescription."
13. Approval of reflecting those provisions set aside by our Bank for the participation accounts, on expense accounts in line with Article 19/2 of the "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside."
14. Permitting Members of the BoD with respect to articles 395 and 396 of Turkish Commercial Code.
15. Presenting information to the shareholders pursuant to Principle no. 1.3.6. of the Capital Markets Board's Corporate Governance Communique.
16. Presenting information to the General Assembly about donations made by our Bank in 2023.
17. Remarks and requests.



# ORDINARY GENERAL ASSEMBLY AGENDA

The English translation of the above resolution has been read and agreed upon by the foreign members whose names are listed below.

Housseem BEN HAJ AMOR  
Chairman

Bekir PAKDEMİRLİ  
Vice-Chairman

Mustafa BÜYÜKABACI  
Board Member

Mohamed Ali CHATTI  
Board Member

Azhar Aziz DOGAR  
Board Member

Akram YASSIN  
Board Member

Ghassan Ahmed M. AMODI  
Board Member

Khaled Abdulla Mohamed ATEEQ  
Board Member

Malek Khodr TEMSAH  
General Manager

# AMENDMENT PLANNED FOR THE ARTICLES OF ASSOCIATION

In line with the change of the Amendment for the Articles of Association regarding the changed Company Headquarters Address as per the decision by the T.R. Municipality of Ümraniye, our Bank has obtained required permissions from the relevant authorities with regard to applying to the Capital Markets Board to perform the required changes, submitting the amendment of the Article 5 of our Bank's articles of association in line with the attached amendment text for approval at the first General Assembly to be held upon obtaining required permissions, and taking the decision for authorizing the Head of our Bank for applying to the Capital Markets Board, the Ministry of Commerce, the Banking Regulation and Supervision Agency and other relevant authorities to obtain the necessary permissions to make the relevant changes in the articles of association and taking other relevant actions. Accordingly, the amendment of the Articles of Association shall be submitted to the approval of the General Assembly on March 27, 2024.

## ALBARAKA TÜRK KATILIM BANKASI A.Ş. TEXT OF AMENDMENT TO THE ARTICLES OF ASSOCIATION

OLD TEXT	NEW TEXT
Headquarter and Branches	Headquarter and Branches
Article 5:	Article 5:
(1) The Bank is headquartered in the Ümraniye district of Istanbul. It is located at the following address: Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi No:6 34768 Ümraniye/Istanbul.	(1) The Bank is headquartered in the Ümraniye district of Istanbul. It is located at the following address: İnkılap Mah. Dr. Adnan Büyükdeniz Cad. Albaraka Türk Sitesi 1. Blok No: 6 İç Kapı No:1 Ümraniye/Istanbul.
(2) In the case of a change of address, the new address shall be registered with the Trade Registry, published in the Turkish Trade Registry Gazette, and also notified to the Ministry of Customs and Trade as well the Capital Markets Board. This condition is considered as a reason for termination for the Bank that moved from its registered and announced address but failed to register its new address in due time.	(2) In the case of a change of address, the new address shall be registered with the Trade Registry, published in the Turkish Trade Registry Gazette, and also notified to the Ministry of Customs and Trade as well the Capital Markets Board. This condition is considered as a reason for termination for the Bank that moved from its registered and announced address but failed to register its new address in due time.
(3) It may open and close units including branches, bureaus, representative offices, establish or terminate correspondences in Türkiye and abroad as per the decision of the Board of Management and within the framework of the relevant legislation. All of these actions shall be disclosed to the public as per the provisions of the Capital Markets Legislation.	(3) It may open and close units including branches, bureaus, representative offices, establish or terminate correspondences in Türkiye and abroad as per the decision of the Board of Management and within the framework of the relevant legislation. All of these actions shall be disclosed to the public as per the provisions of the Capital Markets Legislation.



# SUMMARY BOARD OF DIRECTORS REPORT

Welcome to the 39<sup>th</sup> Ordinary General Assembly meeting of our Bank.

We present to your review and approval the Board of Directors and Audit Committee Reports and the Profit and Loss Accounts containing the operating results for the 2023 accounting period, and we greet our partners, representatives and guests who attended our meeting.

Despite the economic slowdown felt globally and the adverse effects of the earthquake centered in Kahramanmaraş on February 6<sup>th</sup>, 2023, causing economic fluctuations in

domestic markets, the banking sector has had a successful year, with Albaraka Türk achieving a net profit growth surpassing sector and participation banking averages.

As of 31.12.2023, compared to the end of the previous year our Bank's

- Total assets increased by 58.7% to TL 232.2 billion,
- Funds collected increased by 44% to TL 162 billion,
- Funds extended increased by 45% to TL 109.2 billion,
- Equity increased by 65% to TL 13.4 billion,
- Net Profit was realized as TL 3.43 billion.

As the Board of Directors, we achieved sustainable growth in our balance sheet and profitability, concluding a successful year. With the support of our esteemed shareholders, we will continue our stable growth in 2024.

We have submitted our balance sheet and profit/loss accounts to your review and approval in the content of our Annual Report, which summarizes our Bank's 2023 performance.

Regards,

## SUMMARY FINANCIAL INFORMATION FOR THE FIVE-YEAR PERIOD

Key Financial Indicators	2019	2020	2021	2022	2023
Total Assets (TL thousand)	51,392,368	69,315,799	108,955,123	146,340,106	232,169,495
Funds Collected (TL thousand)	39,769,408	51,613,124	91,236,649	112,675,797	161,805,856
Funds Extended (TL thousand)	30,880,921	42,415,955	60,125,452	75,504,754	109,168,865
Shareholders' Equity (TL thousand)	3,821,929	4,044,227	4,626,853	8,118,973	13,387,419
Net Profit (TL thousand)	63,429	254,737	104,403	1,365,496	3,428,558
Number of Personnel	3,791	3,390	2,918	2,695	2,723
Number of Branches	230	230	231	225	225
Financial Ratios (%)	2019	2020	2021	2022	2023
Funded Credits/Total Assets	60.1	31.2	55.2	51.6	47.0
Funded Credits/Funds Collected	77.6	82.2	65.9	67.0	67.5
Funds Collected/Total Assets	77.4	74.5	83.7	77.0	69.7
Non-Performing Credits Ratio	7.2	4.8	6.9	1.9	1.7
Net Non-Performing Credits Ratio	4.1	1.9	1.9	0.2	0.1
Ratio of Provisions for Non-Performing Credits	42.6	61.0	70.3	88.74	95.2
Capital Adequacy Ratio	15.0	13.5	14.7	14.9	17.25



# ASSESSMENT OF FINANCIAL SITUATION, PROFITABILITY AND SOLVENCY

Albaraka Türk increased its assets by 58.7% year-on-year to TL 232.2 billion in 2023, despite the rising inflation and interest rates at the global level following the pandemic period, the worsening problems in global markets due to the Russian-Ukrainian war and the ongoing Israeli attacks in Palestine, and the impact of the earthquake centered in Kahramanmaraş on February 6 and economic fluctuations in Türkiye.

In 2023, Albaraka Türk continued its support for the real economy amidst the ongoing efforts to combat inflation through monetary tightening policies and banking sector regulations and increased its funded credits (cash credits) by 45% compared to the end of the previous year to TL 109 billion. Share of the funds made available in the total assets have actualized as 47%. As a result of the steps taken to increase asset quality, the Bank's NPL ratio decreased to 1.7% at the end of 2023.

The funds collected by the Bank through participation funds increased by 44% on an annual basis in 2023 and reached TL 162 billion. Albaraka Türk, which aims to increase the weight of the Turkish Lira in its resource and asset structure in line with the "liraization" strategy of the economy management, increased the weight of TL funds among the total participation funds to 50% at the end of 2023 (46% at the end of 2022). In 2023, the Bank contributed to the diversity of resources by issuing lease certificates amounting to TL 3.3 billion from the domestic markets through its subsidiary, Bereket Varlık Kiralama.

In 2023, Albaraka Türk increased its profit by 151% compared to 2022 and used it to strengthen its balance sheet by allocating TL 3.4 billion of free provisions. Thus, the Bank's total free provisions reached TL 5.2 billion, including the free provisions allocated in previous years. Strengthening its operational profitability generation capacity, the Bank maintained its strong equity structure by increasing its shareholders' equity to TL 13,387 million at the end of 2023, an increase of 65% compared to the previous year.

Albaraka Türk achieved a net profit of TL 3.4 billion in 2023 with its strengthened capital structure, increased efficiency and profit generation capacity. The bank increased its operating incomes by 67% to TL 18 billion in 2023, and also increased its provisions expenses by 30% to TL 7.8 billion.

Capital adequacy ratio of the Bank is realized as 17.25 % as of the end of 2023, which is above the level of legal obligation.

## PROFIT DISTRIBUTION

According to our financial statements for the accounting period 01.01.2023-31.12.2023 audited by PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a “Net Profit for the Period” of TL 3,428,557,701.38 was obtained and the process of completing the permissions and procedures regarding the distribution of the profit for 2023 is ongoing.



# RISK MANAGEMENT

The Bank's Risk Management System is designed to define, measure, monitor and control encountered risks via policies, procedures and limits. These efforts are aimed at monitoring, controlling, and if necessary, changing the risk and return structure of future cash flows, and the nature and level of associated activities.

To monitor and control risks to which the Bank is exposed on account of the banking activities, the Board of Directors is responsible for establishing internal control, risk management and internal auditing systems under the Banking Law and ensuring and monitoring the proper functioning, conformity and adequacy thereof.

The Board of Directors periodically reviews and assesses risk management policies and strategies according to changing market conditions. The General Manager has to ensure that departments of the Bank operate in coordination according to the specified policies and strategies about the risk management process determined by the Board.

The Board of Directors takes an important part in the process of risk management by following policies and strategies on a consolidated and unconsolidated basis, setting up limit systems and procedures with the Bank.

On a fundamental basis, Albaraka Türk faces market, liquidity and credit risk, as well as strategic risk, reputation risk and operational risk. The Bank sets risk policies and procedures and risk limits approved by the Board of Directors to mitigate and manage its quantifiable risks. To maintain risks within the set limits, Albaraka Türk monitors and reports the referenced limits on a functional unit basis within the Bank's internal systems and relevant bodies. The Risk Management Department, which was formed in accordance with risk management regulatory requirements, measures, monitors, controls and reports risks.

The ultimate target of the Bank's Risk Management System is to allocate capital in compliance with the risks exposed by our functional activities (economic capital) and to maximize capital return adjusted for risk, thus increasing the added value created.

The Assets/Liabilities Committee (ALCO) manages the structure of the assets vis-à-vis liabilities by evaluating the domestic and global economic conditions concerning collecting and allocating funds in the direction of the risk management policies of our Bank.

Albaraka Türk's current or future risk exposure is identified and defined. Identified risks are measured and prioritized to the extent possible. By taking into account the risks stemming from the Bank's strategies and the potential impact of the strategy on the risk profile, ALCO ensures that all significant risks are included in the risk appetite. The Bank's strategies are associated with a risk profile and risk appetite. If the risk profile is expected to change in the future, such change is considered together with its level of impact on capital. In the creation of the risk profile, risk type is analyzed on the basis of sector and/or geographical location.

Albaraka Türk's risk tolerance is the maximum degree of calculated risk that may be accepted according to the Bank's mission and vision. In other words, it is the foreseen amount of risk to be exposed before deciding on the necessity of taking any precautions. Risk tolerance is the level of risk that the Bank deems acceptable given the diversity of services offered.



Albaraka Türk's risk appetite refers to the level of risk that the Bank is prepared to accept in pursuit of its strategic objectives. Risk appetite involves an acceptable level of variation regarding these objectives. A common feature of the Bank's risk appetite and risk tolerance is the boundaries they set on the acceptance of risk. However, risk tolerance is broader.

The Risk Appetite Policy, approved by the Board of Directors and updated annually, specifies the risk levels that the Bank may assume to implement its strategies and achieve its objectives. The limits and triggering functions in relation to the risk appetite and risk profile of the Bank are defined as per the Bank's risk profile and explained in detail.

Taking into account Albaraka Türk's financial status, business activity profile and future growth expectations, the amount of capital required to achieve strategic objectives are calculated via stress tests and scenario analyses performed on a static and dynamic basis. Having regard to the conjunctural factors affecting the market in which the bank operates today and will operate in the future, stress tests and scenario analysis conducted on the financial structure of the Bank are taken into account along with other financial indicators and thanks to the capital planning conducted in this context, coordination was established between the bank processes.

Albaraka Türk aims to ensure capital allocation compatible with the risks of its functional operations and maximize risk-adjusted return on capital. As a result, the Bank evaluates risks by classifying them as market risk, liquidity risk, credit risk, operational risk and other risks.

### **Market Risk**

Albaraka Türk's market risk refers to the probability of loss that may be incurred due to exchange rate risk, stock position risk, commodity risk and profit rate risk.

Market risk primarily indicates the probability of loss that may be experienced on the Bank's on-balance sheet and off-balance sheet positions as part of exchange rate risk, commodity risk, profit rate risk and stock position risk due to movements in market prices. As for market risk, Albaraka Türk calculates the foreign currency position risk and securities position risk, as well as specific risks associated with market risk, by using the standard approach. Additionally, for testing purposes, foreign currency position risk of our Bank is measured by various internal models. With backtesting applications, deviations between actual values and daily VaR values, predicted by internal models, are observed in order to control the accuracy and performance of these models. The potential strength of portfolio against unexpected risks is measured with stress tests including stress scenarios.

These calculations are reported to relevant authorities on a regular basis. The Bank continuously monitors whether the market risk complies with the legally prescribed limits. Exchange rate risk is also subject to review and supervision by the Assets/Liabilities Committee. The Bank's foreign exchange rate strategy is intended to keep the exchange risk in balance and not to create short or long positions.

### **Liquidity Risk**

The Bank's liquidity risk consists of funding liquidity risk and market liquidity risk.

Funding liquidity risk refers to the likelihood of losses occurring in cases where it is not possible for Albaraka Türk to adequately meet the entirety of its foreseeable or unforeseen cash flow requirements without affecting daily banking activities or the Bank's financial structure.

Market liquidity risk is the possibility of losses that may arise from the Bank's failure to close or balance any of its positions at market prices because the markets lack a certain amount of depth or are exposed to excessive volatility.



# RISK MANAGEMENT

Liquidity risk may emerge due to factors such as maturity mismatch, deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and financial crises.

To manage liquidity risk, the Bank monitors cash flows daily and takes preventive and remedial measures so that commitments are met as required and on time. Liquidity risk is also evaluated by the Assets/Liabilities Committee on a weekly basis.

Albaraka Türk implements a policy where liquid assets are maintained in sufficient amounts and quality, taking into account the minimum liquidity coverage ratios as specified in applicable regulations and past liquidity experiences. This approach addresses any liquidity requirement that may arise from unexpected movements in the markets.

## Credit Risk

Credit risk is defined as the probability of losses to Albaraka Türk due to customer failure to pay commitments partially or completely to the Bank on time, thus breaching the provisions of customer credit contracts. This risk also involves any losses in market value due to deterioration in the financial position of the counterparty. On-balance sheet and off-balance sheet portfolios are included in the credit risk definition that is used at the Bank.

The authority to extend credits resides with the Board of Directors. The Bank's Board of Directors establishes policies related to the extending and approval of credits, credit risk management and other administrative principles.

The Board also ensures the implementation and monitoring of these policies, while taking any necessary measures. The Board of Directors delegates the power to extend credits to the Credit Committee and Head Office pursuant to the procedures and principles determined by legal and regulatory requirements. The Head Office exercises the power delegated to them to extend credits via regional directorates/units or branches. The Bank allocates credits within the limits set based on each debtor or group of debtors. The system prevents customers from exceeding the credit risk limit.

Albaraka Türk pays particular attention to preventing any sector concentration that may adversely affect the credit portfolio. Utmost care is taken to prevent the risk of concentration on a small number of customers. Credit risk is constantly monitored and reported by the Bank's units under internal systems and the risk management system. In this way, the Bank ensures that credit risk complies with the "Regulation on Credit Policies and Implementation Procedures."

## Operational Risk

Operational risk is defined as the risk of loss due to insufficient or unsuccessful internal processes, people, and systems or loss due to external effects. Legal risk and compliance risk are included in this risk group, while reputation risk and strategic risk (making wrong decisions at the wrong time) do not fall under this risk type.

Operational risk is a type of risk inherent in all Bank operations and activities. Operational risk may arise from employee or system errors; transactions that may be performed based on insufficient or incorrect legal information or documentation; impediments to the flow of information between divisions in the organizational structure of the Bank; uncertainties in the limits of powers; or structural and/or operational changes, natural disasters, terrorism, and fraud incidents.

The Bank classifies operational risk into five groups according to their respective source: employee risk, technology-related risks, organizational risk, legal and compliance risk, and external risks.

The Bank also takes required preventive measures to maintain operational risks at acceptable levels.

### **Other Risks**

Other risks Albaraka Türk might face include strategic risk, reputation risk, counterparty credit risk, country risk and concentration risk.

Regarding strategic risk, the Bank aims to make rational decisions and adapt to emerging conditions by closely monitoring economic conditions, technology, financial and social developments, as well as the legal and regulatory environment and the banking sector in Türkiye and abroad.

Reputation risk for Albaraka Türk encompasses any factor that constitutes a possibility of loss for the Bank. These factors include negative perception of the Bank by different or related parties including existing or potential customers, partners, competitors or supervisory bodies; loss of confidence in the Bank or ruined reputation due to non-compliance with applicable laws. For the risk of reputation to be avoided and/or controlled by the Bank's Risk Management System, a proactive communication mechanism that gives the customers priority is established any time a condition that could detriment the Bank's reputation or image is detected.

As part of this system, preparations are already in place for worst case scenarios. While evaluating reputation risk, the system considers operational risk in relation to reputation risk, as well as its level and impact on reputation risk. Counterparty credit risk refers to the possibility that the counterparty of a transaction, which brings about liabilities to both parties, defaults before making the final payment in the cash flow. The Bank manages counterparty credit risk according to the volume, nature and complexity of the activities, in due consideration of best practices and in line with applicable legal and regulatory requirements.

Country risk refers to possible losses that the Bank may incur when borrowers in a country are unable to fulfill or avoid fulfilling their overseas obligations due to the uncertainty of economic, social and political conditions in the relevant country. In due consideration of the legal and regulatory environment, market conditions and customer satisfaction, Albaraka Türk forges commercial ties to foreign financial institutions and countries in light of feasibility studies focused on the economic conditions of each country.

Concentration risk is defined as the possibility that the amount of a single risk or the amount of certain risk types resulting in high losses that could threaten the Bank's operations and its ability to perform its core business activities. Policies on concentration risk are divided into sector concentration, concentration based on collateral, concentration based on market risk type, concentration based on loss type, and concentration arising from creditors.



# ASSESSMENT OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS BY THE AUDIT COMMITTEE

To monitor and control its risk exposure, Albaraka Türk has developed adequate and efficient internal systems, consistent with the scope and structure of its business activities. These internal monitoring and control systems accommodate the dynamic operating environment and encompass all Bank branch locations and divisions. The internal systems also operate in accordance with the methods and principles stipulated by applicable laws, rules and regulations.

The Inspection Board, Internal Control Department, Risk Management Department, and Legislation and Compliance Department all fall within the scope of the internal systems. These units and departments operate under the supervision of the Audit Committee and the Board of Directors.

The Inspection Board carries out the function of audit that is inclusive of all the activities of the Bank, in which respect, the Board executes the processes of audit, inspection, and investigation. Efforts are made to provide assurances to senior management not only in that the Bank's activities are being carried out in line with the requirements of current laws and regulations as well as with the Bank's own strategies, policies, principles, and objectives but also that the Bank's internal control and risk management systems are effective and adequate.

The Inspection Board fulfills its audit responsibilities based on a risk-focused approach. Emerging technologies are utilized and compliance of the Bank's operations with internal and external regulations is evaluated during audits.

The Internal Control Department conducts risk-focused and interactive controls through Head Office, Branch, Data Analytics and Methodology, and Information Systems control services to ensure that banking operations are executed in an organized, effective and reliable manner at the Head Office units and branches.

The Control Service in the headquarters actively participates in risk control self-assessment studies, process modeling and projects. Together with business units; processes are reviewed, risks on these processes are identified, controls related to risks are recommended. This contributes to the establishment and development of an internal control environment and internal control system across the Bank. Transactions and activities that are generally considered important and risky by the Bank were remotely and periodically monitored and examined through computer-aided auditing programs and techniques.

Branch Control Service conducts central controls over system records and on-site controls at branches. With central controls, the processes of the branches are continuously tested, the transactions carried out at the branches are selected through scenarios and controlled by sampling method through the internal control portal. On-site control activities are held at branches selected in line with the annual plan; as a result of on-site controls, the findings and evaluations regarding the control environment of the branches and information on the training provided are shared with the relevant parties.

Data Analytics Control and Methodology Service carries out control activities that make accurate and reliable measurements, help to make more accurate and decisions, realize the potential to create added value in control processes and maintain the ability to show a proactive approach in control processes in line with the Bank's strategy and objectives. Control activities are held dynamically with a process that focuses on data, updates critical risks consistently, is based on quantitative foundations and is measurable. Focusing on data-enabled controls, the Board of Directors, Senior Management and other stakeholders are informed on the risk status of the Bank via instant reports.

The Information Systems Control Service controls the Bank's information systems, processes and all other elements related to the information systems infrastructure with a risk-based approach. The service also conducts studies for reviewing technical competence and risk analyses prepared for service support companies. In addition to the control activities carried out on a regular basis, the service also conducts risk-focused examinations on different IT subjects and carries out consultancy studies if requested by the units.

The findings, opinions and recommendations at the end of internal control activities are initially shared and evaluated with the personnel who conduct these efforts. This approach helps the Bank quickly take and implement necessary complementary and preventive measures, while introducing appropriate and feasible solutions that can improve existing business processes and operations. All these efforts are monitored and evaluated closely and continuously by staff members who carry out the banking activities as well as internal control employees.

The Risk Management Department identifies, measures, monitors, controls and reports the Bank's risk exposure.

In the monitoring and evaluation of credit risk, which is the most important risk type among the functional activities, the riskiness and composition of the credit portfolio are taken into account.

Risk measurement models are used for testing purposes in order to calculate market risk other than the standard method which is currently used for measuring and reporting market risk. With backtesting applications, deviations between actual values and daily VaR values, predicted by risk measurement models, are determined for the purpose of testing the accuracy and performance of these models. The potential strength of the portfolio against unexpected risks is measured with stress tests including stress scenarios. Whether the market risk of the Bank is in conformity with legal regulations and with the limits determined is constantly monitored.

Risks other than the credit and market risk to which the Bank is exposed, are prioritized and subjected to review and evaluation and constantly monitored to determine whether they are at an acceptable level or not.

### **Presidency of Legislation and Compliance**

The job descriptions of the Presidency of Legislation and Compliance are as follows:

#### **Legislation Service**

1. Monitoring establishment of and reporting on mechanisms to ensure the Bank's compliance with changes to mandatory or applicable regulations.
2. Corresponding with authorized bodies on matters that raise doubt or are not clearly stated in legislative or regulatory sources; communicating the results of such correspondence to relevant persons.
3. Notifying relevant units of changes to legislation as identified via daily checks.
4. Providing opinions to be submitted to the Board of Directors for new products and transactions and activities planned to be carried out.

### **Compliance Service**

To ensure Albaraka Türk's compliance with the obligations stipulated under Law No. 5549 on the Prevention of Laundering Proceeds of Crime, the Legislation and Compliance Department is responsible for performing the following tasks: Devising relevant policies and procedures for the Bank; conducting risk management, monitoring and control activities; reviewing the effectiveness and reliability of such activities; organizing training efforts; developing necessary warning systems in relation to control and monitoring processes; establishing and ensuring the functioning of systems to guarantee adoption of the aforementioned; and checking whether or not the Bank's business activities comply with the regulatory framework on the Prevention of Laundering Proceeds of Crime.

Staff members appointed to the units under internal systems perform their tasks in an independent and impartial manner; in addition, these employees have sufficient professional knowledge and experience.

The activities of the units within internal systems are evaluated periodically by the Audit Committee and the Board of Directors.

#### **Mustafa Büyükbacı**

Audit Committee Chairman

#### **Dr. Mohamed Ali CHATTI**

Audit Committee Member

#### **Khaled Abdulla Mohamed Ateeq**

Audit Committee Member



## MANAGERS OF INTERNAL AUDIT SYSTEMS

Name and Surname	Duty	Education	Experience (Years)	Length of Service at Albaraka Türk	Length of Service in His/Her Area
Ahmet Uysal	Head of Internal Audit Department	Master's Degree	18.5 years	18.5 years	16 years
Erdal Sezer	Head of Risk Management	Bachelor's Degree	21 years and 6 months	21 years and 6 months	9 month
Ahmet Faruk Değirmenci	Head of Internal Control	Bachelor's Degree	16 years and 5 months	16 years and 5 months	6 years and 10 months
Melih Aytar	Acting Head of Legislation and Compliance	Master's Degree	13 years and 1 month	13 years and 1 month	13 years and 1 month



### **Ahmet Uysal** Head of Internal Audit

Mr. Uysal, who was born in Istanbul in 1981, graduated from Istanbul University, Faculty of Economics, Department of Finance. He completed his master's degree in the Department of Business Administration. Uysal began his professional career in 2003 and joined Albaraka Türk in 2005. Having served in positions such as Inspector and Branch Manager, he has been named Chairman of the Internal Audit Department in January 2017.



### **Erdal Sezer** Head of Risk Management

Born in Istanbul in 1976, Sezer is a graduate of Hacettepe University, Business Administration in English. He started his professional life at Albaraka Türk as an Assistant Inspector in 2002 and worked as a manager in the Credit Allocation Department between 2008-2014. He became Manager of Product Management unit in 2014 and manager at Digital Branch Management in 2020. He has been serving as the Head of Risk Management since February 2023.



### **Ahmet Faruk Değirmenci** Head of Internal Control

Born in 1984, Değirmenci graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Finance. Mr. Değirmenci started his career in 2007 as Assistant Auditor at Albaraka Türk. He served as an investigator and vice president and since January 2017, he has been the president of the Internal Control Department.



### **Melih Aytar** Acting Head of Legislation and Compliance

Born in 1986 in Ankara, Mr. Sürer graduated from Anadolu University, Faculty of Economics and Administrative Sciences, Department of Economics. He completed his master's degree in the Department of Business Administration. He started his career as an Assistant Specialist at the Presidency of Legislation and Compliance of Albaraka Türk in 2010. Since August 2023, he has been serving as Deputy President of Legislation and Compliance.

# ALBARAKA TÜRK'S RATINGS BY CREDIT RATING AGENCIES

## Credit Rating

### Fitch Ratings (February 27<sup>th</sup>, 2024)

Long Term Credit Rating	B-
Short Term Credit Rating	B
Long Term National Scale Credit Rating	BBB+(tur)
Principle Shareholder Support Rating	ns
Viability Rating	b-
Outlook	Stable

## Corporate Governance Rating

### DRC Rating (May 17<sup>th</sup>, 2023)

Compliance to Corporate Governance Principles	9.25
Shareholders	9.29
Public Disclosure and Transparency	9.3
Stakeholders	9.2
Board of Directors and Executives	9.2

### Fitch Ratings (May 23<sup>rd</sup>, 2023)

Long Term Credit Rating	B-
Short Term Credit Rating	B
Long Term National Credit Rating	BBB+(tur)
Principal Shareholder Support Rating	ns (no support)
Financial Capacity Rating	b-
Credit Rating Outlook	Negative



# PROVISION POLICY

## Explanations on Provisions for Expected Losses

The Bank reserves provisions for the expected losses for its financial assets measured at amortized cost and by reflecting fair value difference to other comprehensive income. Pursuant to the "Regulation on Classification of Loans and the Provisions to be Allocated for Them" published in June 22, 2016 dated Official Gazette no. 29750, the Bank has started to allocate impairment provisions in accordance with the provisions of the TFRS 9 as of January 1, 2018. Within this framework, as of 31 December 2017, the method for allocating provisions for losses under the relevant legislation of the BRSB was changed with the expected credit losses model following the implementation of IFRS 9.

Provisions released in the same year are registered as a credit under the "Provision Costs," released portion of the previous period provisions are recognized under "Other Operating Income." The expected credit impairment model is applied to other instruments registered in the comprehensive income statement based on the amortized cost or the fair value (such as bank placements, credits and financial leasing receivables) and to the financial leasing receivables whose fair value impairment cannot be measured by profit/loss, contractual assets, credit commitments and financial guarantee agreements.

The guiding principle of the expected credit impairment model is to reflect the overall picture of the increase or improvement of the credit risk in financial instruments. The amount of loss provision depends on the level of the increase in the credit risk from the first issue of the funded credit. The expected credit loss is an estimate of the expected losses from the funded credit during the life of a financial instrument, and the following points are considered to be important for measurement:

A neutral amount weighted according to the likelihood determined by taking into account possible results, reasonable and supported information based on estimation of past events, current conditions and future economic conditions that can be achieved without excessive cost and effort as of the reporting date.

The provisions for these financial assets are calculated by using two different approaches, the 12 months expected credit loss and the lifetime expected credit loss. Moreover, they were divided into 3 categories based on the increase in the credit risk from the introduction of the relevant financial asset into the financial statements:

Parameters used in the calculation of expected loss provisions:

## The probability of Default (PD)

The term describes the likelihood of a default of credit over a particular time horizon. In accordance with IFRS 9, the bank uses two different default probability values in the calculation of the expected credit loss:

- 12-Month Default Probability: Estimation of the probability of default within 12 months after the reporting date.
- Lifetime Default Probability: Estimation of the probability of default over the expected life of the financial instrument.
- Loss in Case of Default (THK): It refers to the amount of economic loss when a borrower defaults on a funded credit. It is expressed as a ratio.
- Default Amount (TT): The number of outstanding funded credits as of the reporting date. In non-cash credits and commitments, it refers to the amount calculated using the deposit to funded credit ratio. The deposit to funded credit ratio corresponds to the deposit to funded credit ratio used in the adaptation of the possible risk increased between the current date and date of default.



**12 Months Expected Loss Provision (Stage 1)**

Financial assets that do not demonstrate a significant increase in credit risk at their introduction in the financial accounts or later. Their maturity does not exceed 30 days. For these assets, provision for credit risk impairment is recognized as the amount of provision for 12 months' expected credit loss. It applies to all assets unless there is a significant deterioration in credit quality. 12 months expected credit loss values are included in the lifetime expected credit loss calculation (within 12 months following the reporting date or shorter if the life of a financial instrument in less than 12 months).

**Significant Increase in Credit Risk (Stage 2)**

If there is a significant increase in the credit risk following the introduction of a financial asset in the financial statements, it is transferred to Stage 2. The provision for credit risk impairment is determined based on the lifetime expected credit loss provision of the related financial asset. The Bank classifies financial assets under stage 2 by considering the following criteria:

- Credits over 30 days but not exceeding 90 days,
- Data received from the early warning system and the assessment of the bank in such a case,
- Conclusion of the bank management that there is a significant increase in the credit risk after the comparison with the default risk at the beginning performed to determine whether the client's default risk has increased significantly since the initial recognition of the funded credit.
- In credits whose reimbursement solely depends on collateral, funded credits the net realizable collateral value of which is lower than the receivable amount.

**Default (Stage 3/Special Provision)**

According to the internal procedures of the Bank, if the following conditions are present, the relevant financial asset is considered to be in default:

- Credits that are not paid for 90 days from the last installment date (in this case, the client is monitored on the 91<sup>st</sup> day),
- Credits reconstructed and classified as living receivables not paid for 30 days within the monitoring period of one year (In such case, the client is started to be monitored on the 31<sup>st</sup> day),
- Credits reconstructed and classified as living receivables and reconstructed at least for the second time within the monitoring period of one year,
- Client credits that are partially removed from assets or acquired as collateral to offset the credit debts or paid in goods and services.

Note: Due to the pandemic, regulations were made by the BRSA regarding the number of delay days. In 2020, 90 days for 1<sup>st</sup> stage, 90-180 days for 2<sup>nd</sup> stage and 180 days for 3<sup>rd</sup> stage were used as delay criteria. Although the relevant standards and regulations have not changed, it is acted according to the Presidential decree.



# ADVISORY BOARD REPORT

Esteemed shareholders of Albaraka Türk Participation Bank,

The Advisory Committee reviewed the products, contracts, and practices of Albaraka Türk Participation Bank as raised in the Advisory Committee meetings during the period that ended on December 31, 2023. These reviews were carried out in order to form an independent opinion on whether the Bank complied with the principles and standards of interest-free banking and the resolutions of the committee.

The Bank's senior management is responsible for ensuring that the Bank's activities are carried out in accordance with the principles and standards of interest-free banking and the resolutions of our Committee, and that interest-free banking compliance control and audit are carried out. Our committee is also responsible for conducting reviews based on Islamic law and expressing opinions in order to ensure compliance of the Bank's activities with the principles and standards of interest-free banking.

Considering the reports, information, explanations, questions, and other issues submitted to our Committee throughout the year:

- a. During the period until December 31, 2022, the contracts, transactions, and relations to which the Bank is a party are in accordance with the principles and standards of interest-free banking and the resolutions of our committee,
- b. In the application of dividend allocation and loss reflection to participation accounts, interest-free banking principles and standards and the principles approved by our committee are complied with,
- c. All revenues obtained through the means/ from sources that are not compliant with interest-free banking principles and standards and late payment penalties are monitored separately from other income to be used in donations deemed appropriate by our committee.

The Advisory Committee would like to thank the management and employees of Albaraka Türk for their cooperation and compliance with the committee's resolutions. We ask Allah to grant everyone success in their work and to help them to do good deeds that He will be pleased with.

May Allah's mercy, blessings, and fertility be upon you.

Date: 08.01.2024

## **Advisory Committee Members:**

Sheikh Yousef Khalawi  
Prof. Dr. Hamdi Döndüren  
Prof. Dr. Necmettin Kızılkaya

# PERFORMANCE INDICATORS

## Environmental Indicators

### FUEL CONSUMPTION ACCORDING TO FUEL TYPE AND PURPOSE OF USE

Natural Gas Consumption (m <sup>3</sup> )	739,270	✓
Electricity Consumption (kWh)	13,405,625	✓
Diesel Consumption (L)	572,741	✓
Gasoline Consumption (L)	148,164	✓
Refrigerant Gases Consumption (kg)	424	✓

### TRANSPORT RELATED INDICATORS

Total Annual Kilometer Distance of Air Travel for Business	644,636	✓
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### GREENHOUSE GAS EMISSION INDICATORS

Scope 1 Greenhouse Gas Emission (tCO <sub>2</sub> e)	4,147	✓
Scope 2 Greenhouse Gas Emissions (Location based) (tCO <sub>2</sub> e)	5,898	✓
Scope 2 Greenhouse Gas Emissions (Market-based) (tCO <sub>2</sub> e)	0	✓
Scope 3 Greenhouse Gas Emissions (tCO <sub>2</sub> e)	2,307	✓
Scope (1,2 & 3) (tCO <sub>2</sub> e)	6,454	✓
Greenhouse Gas Emission Intensity (Annual tCO <sub>2</sub> e/Million TL)	2.78%	✓

### WASTE INDICATORS

Electronic Waste (kg)	38,712	✓
Paper (kg)	7,998	✓
Waste Oils (kg)	70	✓
Waste Intensity (Annual kg/Million TL)	0.20%	✓
Amount of Fines for Failure to Comply with Environmental Law and Regulations	0	✓

### WATER CONSUMPTION INDICATORS

Total Annual Water Consumption by Source (m <sup>3</sup> )	48,011	✓
Amount of Water Discharged by Source (m <sup>3</sup> )	48,011	✓
Water Intensity (Annual m <sup>3</sup> /Million TL)	0.21%	✓

## Social Indicators

### OCCUPATIONAL HEALTH AND SAFETY INDICATORS

Number of Accidents (#)	2	✓
Number of Fatalities (#)	0	✓
Number of Occupational Diseases (#)	0	✓
Number of Lost Working Days (#)	21	✓

## MAIN INDICATORS OF HUMAN ASSETS

Number of Female Employees (#)	451	✓
Number of Senior, Mid-level and Entry-level Female Managers (#)		
Number of Female Executives at Senior Level (#)	1	✓
Number of Female Managers at Mid-Level (#)	3	✓
Number of Female Managers at Entry-Level (#)	34	✓
Ratio of Female Employees in STEM Roles (%)	36.6%	✓
Ratio of Female Managers in Income Generating Roles (%)	5.1%	✓
Number of Employees on Maternity Leave (#)	27	✓
Proportion of Employees Returning to Work after Maternity Leave (%)	93%	✓
Number of Employees on Paternity Leave (#)	85	✓
Number of Employees Recruited (#)	402	✓
Employee Turnover Rate (%)	13%	✓
Voluntary Employee Turnover Rate (%)	9%	✓
Total Training Hours Provided to Female Employees	28,611	✓
Total Training Hours	171,910	✓
<b>Training Hours by Age</b>		
Under 30 years old	59,396	✓
30-50 (30 included)	109,284	✓
50 years old and over	3,230	✓
Training Hours per Person	63.13	✓

## Economic Indicators

### SUSTAINABLE BUSINESS MODEL INDICATORS

Installed Capacity of Renewable Energy Projects Financed by the End of 2023 (MW)	326	✓
Number of Renewable Energy Projects Funded as of the End of 2023	21	✓

### SOCIAL IMPACT INDICATORS

Total Social Investments Realised in 2023 (TL)	46,924,569	✓
Amount of Funding Realised in Education (TL)	73,332,930	✓
Amount of Funding Realised in Health (TL)	899,545,603	✓
Amount of Funding Realised in Renewable Energy (TL)	2,834,894,961	✓



# REPORTING PRINCIPLES

## Albaraka Integrated Annual Report 2023 - Reporting Principles

This reporting principles (the “Reporting Principles”) provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance in the Albaraka Türk Katılım Bankası A.Ş. (“Bank” or “Albaraka Türk”) Albaraka Integrated Annual Report 2023 (the “Integrated Report 2023”).

These indicators cover; social, environmental, and economic indicators. It is the responsibility of the Bank management to ensure that appropriate procedures are implemented to prepare these indicators set out below, in all material respects, in line with the Principles.

The information contained in this principles covers the fiscal year ending on December 31, 2023 and the Head Office, Regions and Branches that are under the responsibility of Albaraka Türk Katılım Bankası A.Ş., as detailed in the “Basic Definitions and Reporting Scope” section.

## General Reporting Principles

The following principles were considered in the preparation of this guidance document:

- In the preparation of information - to emphasize the basic principles of suitability and reliability of information to the users of the information,
- In the reporting of information – to emphasize the principles of comparability / consistency of information with other data, including the previous year, and the principles of understandability / transparency that provide clarity to users.

## Basic Definitions and Reporting Scope

For the purpose of this report, the Bank defines the following:

Field	Indicator	Scope
	<b>Fuel Consumption According to Fuel Type and Purpose of Use</b>	
	Natural Gas Consumption (m <sup>3</sup> )	Refers to the amount of natural gas consumption monitored from the invoices of the Bank's service providers during the reporting period. Head Office, Regions and Branches are included.
	Electricity Consumption (kWh)	Refers to the Bank's mains electricity consumption during the reporting period, which is monitored from the invoices of the service provider companies. Head Office, Regions and Branches are included.
	Diesel Consumption (L)	Refers to the total amount of diesel consumption of the Bank's company vehicles whose consumption amount is monitored from third party companies, generator diesel consumption monitored from invoices, and diesel consumption for heating purposes monitored from the invoices of service provider companies during the reporting period.
	Gasoline Consumption (L)	Refers to the gasoline consumption of the Bank's company vehicles whose consumption amount is monitored from third party companies during the reporting period.
	Refrigerant Gases Consumption (kg)	Refers to the amount of refrigerant gas consumption monitored from the service forms of the Bank's air conditioning maintenance company during the reporting period.
Environmental	<b>Transport Related Indicators</b>	
	Total Annual Kilometer Distance of Air Travel for Business (km)	Refers to the flight kilometers of the Bank's personnel's air travel, which are monitored by the agencies that the Bank receives service during the reporting period.
	<b>Greenhouse Gas Emission Indicators</b>	
	Scope 1 Greenhouse Gas Emission (tCO <sub>2</sub> e)	Refers to the amount of direct greenhouse gas emissions during the reporting period that result from; the diesel consumption of the Bank's company vehicles, whose consumption amount is monitored by a third-party company, the generator diesel consumption monitored from the invoices, the amount of diesel consumption for heating purposes monitored from the invoices of the service provider companies, the amount of natural gas consumption monitored from the invoices of the service provider companies, the amount of gasoline consumption of company vehicles monitored from the third-party company, and the amount of refrigerant gas monitored from the service forms of the air conditioning maintenance company.
	Scope 2 Greenhouse Gas Emissions (Location based) (tCO <sub>2</sub> e)	Refers to the location-based indirect greenhouse gas emission amount resulting from the Bank's electricity consumption tracked through the invoices of service provider companies during the reporting period.
	Scope 2 Greenhouse Gas Emissions (Market-based) (tCO <sub>2</sub> e)	Refers to the market-based indirect greenhouse gas emission amount calculated by subtracting the amount of renewable energy (YEK-G) purchased from the amount of indirect greenhouse gas emissions resulting from the Bank's Grid Electricity Consumption during the reporting period.



# REPORTING PRINCIPLES

Field	Indicator	Scope
	Scope 3 Greenhouse Gas Emissions (tCO <sub>2</sub> e)	Refers to the amount of indirect greenhouse gas emissions during the reporting period that result from; paper purchases and mains water purchases tracked by the Bank with purchase invoices, fuel and energy consumption tracked through service provider companies' invoices, flight kilometers of the Bank's personnel tracked through the agencies from which it receives service, employee services monitored by monthly invoices with the service provider companies, and waste disposal.
	Scope (1,2 & 3) (tCO <sub>2</sub> e)	Refers to the sum of the Bank's Scope 1, market-based Scope 2 and Scope 3 greenhouse gas emissions during the reporting period.
	Greenhouse Gas Emission Intensity (Annual tCO <sub>2</sub> e/Million TL)	Refers to the ratio of the Bank's Scope 1, Market-based Scope 2 and Scope 3 emissions during the reporting period to the Total Assets in the Unconsolidated Financial Report announced as of 31.12.2023.
	<b>Water Consumption Indicators</b>	
	Total Annual Water Consumption by Source (m <sup>3</sup> )	Refers to the amount of water consumption of the Bank during the reporting period, which is monitored through the invoices of service providers.
	Amount of Water Discharged by Source (m <sup>3</sup> )	Refers to the amount of water discharged during the reporting period, assuming that the entire amount of water consumption from the network, which is monitored by the invoices of the Bank's service provider companies, is discharged.
Environmental	Water Intensity (Total Water Consumption/ Million TL)	Refers to the ratio of the Bank's total water consumption during the reporting period to the Total Assets in the Unconsolidated Financial Report announced as of 31.12.2023.
	<b>Waste Indicators</b>	
	Electronic Waste (kg)	Refers to the amount of electronic waste calculated as the ratio of the Bank's 2-month consumption to 12-month consumption by monitoring in May and June during the reporting period. Only the Head Office is included.
	Paper (kg)	Refers to the amount of mixed paper waste during the reporting period, which is calculated by following up the Bank's consumption in May and June, and calculating the ratio of 2-month consumption to 12-month consumption. Only Head Office is included.
	Waste Oils (kg)	Refers to the amount of waste oil during the reporting period, which is monitored in May and June of the Bank and given to the organization that has a license to receive vegetable oil, calculated by the ratio of 2-month consumption to 12-month consumption. Only Head Office is included.
	Waste Intensity (Total Waste Amount/ Million TL)	Refers to the ratio of the Bank's total paper waste, waste oil and electronic waste during the reporting period to the Total Assets in the Non-Consolidated Financial Report announced as of 31.12.2023.
	Amount of Fines for Failure to Comply with Environmental Law and Regulations	Refers to the monetary value of the fines imposed due to non-compliance with the Environmental Law No. 5909 and the regulations imposed by the Law, monitored from the Bank's paid penalty receipts during the reporting period.

Field	Indicator	Scope
	<b>Occupational Health and Safety Indicators</b>	
	Number of Accidents (#)	Refers to the number of occupational accidents monitored through notifications made to the Social Security Institution during the reporting period, in which an employee of the Bank was injured in a work-related activity, causing the employee to be directed to do his/her own job for a lesser period of time or to a simpler job. Subcontractors are not included.
	Number of Fatalities (#)	Refers to the number of fatal incidents of the Bank's employees during the reporting period, which fall under the definition of "fatal work accident" within the scope of the Occupational Health and Safety Law No. 6331, and which are monitored through notifications made to the Social Security Institution. Subcontractors are not included.
	Number of Occupational Diseases (#)	Refers to the number of occupational diseases of the Bank's employees during the reporting period, which fall under the definition of "occupational disease" within the scope of the Occupational Health and Safety Law No. 6331, and which are monitored through notifications made to the Social Security Institution. Subcontractors are not included.
Social	Number of Lost Working Days (#)	Refers to the total number of lost working days during the reporting period due to accidents that occurred to the Bank's employees while they were engaged in a work-related activity and prevented them from coming to work on the next shift or the next working day, which is monitored through notifications made to the Social Security Institution and includes death, lost time injury, limited incapacity for work and medical treatment applications. Subcontractors are not included.
	<b>Main Indicators of Human Assets</b>	
	Number of Female Employees (#)	Refers to the number of female employees tracked by the Bank's Human Resources data platform, which can be mapped with financial reporting, during the reporting period. Interns are not included.
	Number of Senior, Mid-level and Entry-level Female Managers (#)	The number of female employees working in the positions defined by the Bank as top-level executives including General Manager, Deputy General Manager, Assistant General Manager, Deputy General Counsel, Director; middle-level executives including President, Unit Manager, Acting Manager, Regional Manager, Branch Manager; and entry-level executives including Vice President, Manager, Operations Manager, is indicated during the reporting period. Interns are not included.
	Ratio of Female Employees in STEM Roles (%)	Refers to the ratio of the number of female employees working in the departments of Information Security, Information Technologies Infrastructure and Operations Department, Digital Channels and Payment Systems Development Department, which are monitored through the Bank's Human Resources data platform, to the total number of people working in the same departments during the reporting period. Interns are not included.



## REPORTING PRINCIPLES

Field	Indicator	Scope
Social	Ratio of Female Managers in Income Generating Roles (%)	Refers to the ratio of the number of female employees working in departments other than Human Resources, Administrative Affairs, Information Technologies Infrastructure and Operations Departments, which are monitored through the Bank's Human Resources data platform, to the total number of employees working in departments other than Human Resources, Administrative Affairs, Information Technologies Infrastructure and Operations Departments during the reporting period. Interns are not included.
	Number of Employees on Maternity Leave (#)	Refers to the number of employees who went on maternity leave during the reporting period within the scope of the Bank's Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, within the periods specified in the regulation. Interns are not included.
	Proportion of Employees Returning to Work after Maternity Leave (%)	Refers to the ratio of the number of employees returning from maternity leave to the number of employees on maternity leave within the periods specified in the regulation within the scope of the Bank's Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, during the reporting period. Interns are not included.
	Number of Employees on Paternity Leave (#)	Refers to the number of employees who benefited from paternity leave during the reporting period, which is monitored through notifications to the Social Security Institution of the Bank. Interns are not included.
	Number of Employees Recruited (#)	Refers to the number of people recruited by the Bank during the reporting period and declared to the Social Security Institution with the Employment Declaration during the reporting period. Interns are not included.
	Employee Turnover Rate (%)	Refers to the ratio of the number of employees who left their jobs, declared by the Bank to the Social Security Institution with the Declaration of Termination during the reporting period, to the total number of employees. Interns are not included.
	Voluntary Employee Turnover Rate (%)	Refers to the ratio of the total number of employees who left the Bank only through resignation and followed up with resignation petitions during the reporting period, to the total number of employees at the end of the reporting period and the total number of employees at the end of the previous year. Interns are not included.
	Total Training Hours Provided to Female Employees (hour)	Refers to the total training hours of online and in-class training given to female employees, monitored by the Bank's Albaraka Academy and Human Resources data platform, during the reporting period. Interns are not included.
	Total Training Hours (hour)	Refers to the total training hours of online and in-class training during the reporting period, which is tracked by the Bank's Albaraka Academy and Human Resources data platform. Interns are not included.
	Training Hours by Age (hour)	Refers to the total training hours of online and in-class training broken down by those under 30, 30-50 (including 30) and over 50, tracked by the Bank's Albaraka Academy and Human Resources data platform during the reporting period. Interns are not included.
Training Hours per Person (hour)	Refers to the ratio of the total training hours of online and in-class training, tracked by the Bank's Albaraka Academy and Human Resources data platform to the total number of employees during the reporting period. Interns are not included.	



Field	Indicator	Scope
	<b>Sustainable Business Model Indicators</b>	
	Installed Capacity of Financed Renewable Energy Projects by the End of 2023 (MW)	Refers to the installed capacity of the Bank's renewable energy projects including Solar Power Plants, Hydroelectric Power Plants, Biomass Power Plants, Wind Power Plants, financed from 2010 until the end of the reporting period, which are monitored through contracts and senior management approvals.
	Number of Renewable Energy Projects Financed by Type by the End of 2023 (#)	Refers to the power of the Bank's renewable energy projects including Solar Power Plants, Hydroelectric Power Plants, Biomass Power Plants, Wind Power Plants, financed from 2010 until the end of the reporting period, which are monitored through contracts and senior management approvals.
	<b>Social Impact Indicators</b>	
<b>Economic</b>	Total Social Investments Realized in 2023 (TL)	Refers to the total amount of donations during the reporting period, made on social issues such as earthquake, education, health, afforestation, vulnerable groups, disaster-emergency aid, which are tracked and invoiced with the Bank's accounting data platform and are compatible with the Unconsolidated Financial Report announced as of 31.12.2023.
	Amount of Funding Realized in Education (TL)	Refers to the risk balances as of December 31, 2023 of the total loans extended to educational institutions in the public and private sectors during the reporting period, which are followed by the Bank's contracts and banking system and in compliance with the Unconsolidated Financial Report announced as of 31.12.2023.
	Amount of Funding Realized in Health (TL)	Refers to the risk balances as of December 31, 2023 of the total loans extended to healthcare institutions in the public and private sectors during the reporting period, which are followed by the Bank's contracts and banking system and in compliance with the Unconsolidated Financial Report announced as of 31.12.2023.
	Amount of Funding Realized in Renewable Energy (TL)	Refers to the total risk balances of financed renewable energy projects as of December 31, 2023, which are followed by the Bank's contracts and banking system and in compliance with the Unconsolidated Financial Report announced as of 31.12.2023.



# REPORTING PRINCIPLES

## Preparation of Data

### 1. Environmental Indicators

#### Greenhouse Gas Emissions

GWP coefficients were taken from the "IPCC Sixth Assessment" study published by the UK government and were calculated by multiplying the resultant kg CO<sub>2</sub>-e value with the appropriate coefficients.

[Fuel Source Emission (Efuel)=Activity Data (FV) \* Emission Factor (EF) \* Oxidation Factor (YF)]

#### Scope 1

Emission Source	Emission Factors				References
	CO <sub>2</sub> e (kgCO <sub>2</sub> /TJ)	CO <sub>2</sub> (kgCO <sub>2</sub> /TJ)	CH <sub>4</sub> (kgCO <sub>2</sub> /TJ)	N <sub>2</sub> O (kgCO <sub>2</sub> /TJ)	
Fuel Consumption for Heating Purposes - Natural Gas (m <sup>3</sup> )	-	56,100.00	5	0.1	IPCC (2006), Vol 2., Chapter 2, Table 2.4.
Fuel Consumption for Heating Purposes - Diesel (lt)	-	74,100.00	10	0.6	IPCC (2006), Vol 2., Chapter 2, Table 2.4.
Generator - Diesel (lt)	-	74,100.00	10	0.6	IPCC (2006), Vol 2., Chapter 2, Table 2.4.
Company Vehicles for Transportation Purposes - Gasoline (lt)	-	69,300.00	25	8	IPCC (2006), Vol 2., Chapter 3, Table 3.2.1. & 3.2.2.
Company Vehicles for Transportation Purposes - Diesel (lt)	-	74,100.00	3.9	3.9	IPCC (2006), Vol 2., Chapter 3, Table 3.2.1. & 3.2.2.
Refrigerant Gases - R410A (kg)	2,255.50	-	-	-	IPCC Sixth Assessment Report(AR6)
Refrigerant Gases - R134A (kg)	1,530.00	-	-	-	IPCC Sixth Assessment Report(AR6)

#### Scope 2

Emission Source – Scope 2	Emission Factor (kg CO <sub>2</sub> -e/)
Türkiye Electric Energy (Grid Sourced)*	0.44

\*<https://enerji.gov.tr//Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klim/%C4%B0klimDe%C4%9Fi%C5%9Fikli%C4%9Fi/EmisyonFaktorleri/BilgiFormu.pdf>

## Scope 3

Emission Source	Emission Factors				References
	CO <sub>2</sub> e	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	
Bus (General) (kg/km.passenger)	-	0.10	0.00	0.00	UK Government GHG Conversion Factors for Company Reporting, 2023, Business travel- land
Bus (General) - WTT (kg/km.passenger)	0.02	-	-	-	DEFRA 2023, WTT - Business travel - land
Flights - Domestic Flights (kg/km.passenger)	-	0.27	0.00	0.00	UK Government GHG Conversion Factors for Company Reporting, 2023, Business travel- air
Flights - Domestic Flights - WTT (kg/km.passenger)	0.03	-	-	-	DEFRA 2023, WTT- Business travel - air
Flights - Long Distance (kg/km.passengers)	-	0.17	0.00	0.00	UK Government GHG Conversion Factors for Company Reporting, 2023, Business travel- air
Flights - Long Distance – WTT (kg/km.passengers)	0.02	-	-	-	DEFRA 2023, WTT- Business travel - air
Municipal Water (kg/m <sup>3</sup> )	0.18	-	-	-	UK Government GHG Conversion Factors for Company Reporting, 2023, Water supply
Paper and Cardboard: Paperweight - Primary Material (kg/ton)	910.48	-	-	-	UK Government GHG Conversion Factors for Company Reporting, 2023, Material use
Fuel Consumption for Heating Purposes - Natural Gas - WTT (kg/m <sup>3</sup> )	0.34	-	-	-	DEFRA 2023, WTT - fuel
Fuel Consumption for Heating Purposes - Diesel - WTT (kg/lt)	0.62	-	-	-	DEFRA 2023, WTT - fuel
Generator - Diesel - WTT (kg/lt)	0.62	-	-	-	DEFRA 2023, WTT - fuel
Company Vehicles - Diesel - WTT (kg/lt)	0.62	-	-	-	DEFRA 2023, WTT - fuels
Company Vehicles - Gasoline - WTT (kg/lt)	0.61	-	-	-	DEFRA 2023, WTT - fuels
Municipal Electricity - WTT (kg/kWh)	0.05	-	-	-	DEFRA 2023, WTT - electricity
Electrical Material Disposal - Mixed - Recycling (kg/ton)	21.28	-	-	-	UK Government GHG Conversion Factors for Company Reporting, 2023, Waste disposal
Domestic Waste - Landfill (kg/ton)	497.04	-	-	-	UK Government GHG Conversion Factors for Company Reporting, 2023, Waste disposal
Domestic Waste: Organic - Energy Recovery (kg/ton)	21.28	-	-	-	UK Government GHG Conversion Factors for Company Reporting, 2023, Waste disposal
Domestic Waste: Organic Waste - Landfill (kg/ton)	700.21	-	-	-	UK Government GHG Conversion Factors for Company Reporting, 2023, Waste disposal
Paper Disposal - Mainly Cardboard - Recycling (kg/ton)	21.28	-	-	-	UK Government GHG Conversion Factors for Company Reporting, 2023, Waste disposal
Waste Water Purification (kg/m <sup>3</sup> )	0.20	-	-	-	UK Government GHG Conversion Factors for Company Reporting, 2023, Water treatment



# REPORTING PRINCIPLES

## Greenhouse Gas Emission Intensity (Annual tCO<sub>2</sub>e/TL Total Assets)

Formula:

(Scope 1 + Scope 2 + Scope 3) / Total Assets (million TL)

## Waste Intensity (Total Waste Amount/ Total Assets (Million TL))

Formula:

Total Amount of Electronic Waste, Paper Waste and Waste Oils (kg) / Total Assets (million TL)

## Water Intensity (Total Water Consumption/ Total Assets (Million TL))

Formula:

Total annual water consumption by source (m<sup>3</sup>) / Total Assets (million TL)

## 2. Social Indicators

### Ratio of Female Employees in STEM Roles (%)

Formula:

(Number of Female Employees Working in the Departments of Information Security, Information Technologies Infrastructure and Operations Directorate, Digital Channels and Payment Systems Development Directorate) / (Number of employees working in the departments of Information Security, Information Technologies Infrastructure and Operations Directorate, Digital Channels and Payment Systems Development Directorate)

### Ratio of Female Managers in Income Generating Roles (%)

Formula:

(Number of Female Employees in Human Resources, Administrative Affairs, Information Technologies Infrastructure and Operations Directorate departments) / (Number of Employees in Human Resources, Administrative Affairs, Information Technologies Infrastructure and Operations Directorate departments)

**Proportion of Employees Returning to Work after Maternity Leave (%)**

Formula:

$$\text{Number of Employees on Maternity Leave} / \text{Number of Employees Returning from Maternity Leave}$$
**Employee Turnover Rate (%)**

Formula:

$$\text{Number of Employees Who Left Their Jobs} / ((\text{"31.12.2021 Total Number of Employees"} + \text{"31.12.2022 Total Number of Employees"}) / 2)$$
**Voluntary Employee Turnover Rate (%)**

Formula:

$$\text{Number of Employees Who Left Their Jobs Voluntarily} / ((\text{"31.12.2021 Total Number of Employees"} + \text{"31.12.2022 Total Number of Employees"}) / 2)$$
**Restatement of Opinion**

Measuring and reporting validated data inevitably involves a degree of estimation. A restatement of opinion may be considered where there is a change of more than 5% in the data at Bank level.



# INDEPENDENT ASSURANCE REPORT



## Limited Assurance Report to the Board of Directors of Albaraka Türk Katılım Bankası Anonim Şirketi

We have been engaged by the Board of Directors of Albaraka Türk Katılım Bankası Anonim Şirketi (the "Albaraka Türk" or "Bank") to perform a limited assurance engagement in respect of the Selected Sustainability Information (the "Selected Information") stated in the Albaraka Integrated Annual Report 2023 ("Integrated Annual Report 2023") for the year ended 31 December 2023 and listed below.

### Selected Information

The scope of the Selected Information for the year ended 31 December 2023, which is subject to our limited assurance work, set out in the page 193 of the Integrated Annual Report 2023 with the sign "✓" is summarized below:

### Environmental Indicators

- Fuel Consumption According to Fuel Type and Purpose of Use
  - Natural Gas Consumption (m<sup>3</sup>)
  - Electricity Consumption (kWh)
  - Diesel Consumption (L)
  - Gasoline Consumption (L)
  - Refrigerant Gases Consumption (kg)
- Transport Related Indicators
  - Total Annual Kilometer Distance of Air Travel for Business (km)
- Greenhouse Gas Emission Indicators
  - Scope 1 Greenhouse Gas Emission (tCO<sub>2</sub>e)
  - Scope 2 Greenhouse Gas Emissions (Location based) (tCO<sub>2</sub>e)
  - Scope 2 Greenhouse Gas Emissions (Market-based) (tCO<sub>2</sub>e)
  - Scope 3 Greenhouse Gas Emissions (tCO<sub>2</sub>e)
  - Scope (1,2 & 3) (tCO<sub>2</sub>e)
  - Greenhouse Gas Emission Intensity (Annual tCO<sub>2</sub>e/Million TL)
- Waste Indicators
  - Electronic Waste (kg)
  - Paper (kg)
  - Waste Oils (kg)
  - Waste Intensity (Total Waste Amount/ Million TL)
  - Amount of Fines for Failure to Comply with Environmental Law and Regulations (TL)
- Water Consumption Indicators
  - Total Annual Water Consumption by Source (m<sup>3</sup>)
  - Amount of Water Discharged by Source (m<sup>3</sup>)
  - Water Intensity (Total Water Consumption/ Million TL)



### Social Indicators

- Occupational Health and Safety Indicators
  - Number of Accidents (#)
  - Number of Fatalities (#)
  - Number of Occupational Diseases (#)
  - Number of Lost Working Days (#)
- Main Indicators of Human Assets
  - Number of Female Employees (#)
  - Number of Senior, Mid-level and Entry-level Female Managers (#)
  - Ratio of Female Employees in STEM Roles (%)
  - Ratio of Female Managers in Income Generating Roles (%)
  - Number of Employees on Maternity Leave (#)
  - Proportion of Employees Returning to Work after Maternity Leave (%)
  - Number of Employees on Paternity Leave (#)
  - Number of Employees Recruited (#)
  - Employee Turnover Rate (%)
  - Voluntary Employee Turnover Rate (%)
  - Total Training Hours Provided to Female Employees (hour)
  - Total Training Hours (hour)
  - Training Hours by Age (hour)
  - Training Hours per Person (hour)

### Economic Indicators

- Sustainable Business Model Indicators
  - Installed Capacity of Financed Renewable Energy Projects by the End of 2023 (MW)
  - Number of Renewable Energy Projects Financed by Type by the End of 2023 (#)
- Social Impact Indicators
  - Total Social Investments Realized in 2023 (TL)
  - Amount of Funding Realized in Education (TL)
  - Amount of Funding Realized in Health (TL)
  - Amount of Funding Realized in Renewable Energy (TL)

Our assurance was with respect to the Selected Information marked with “✓” in the in the Integrated Annual Report 2023, and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with “✓” in the Integrated Annual Report 2023 and, any other elements included in the Integrated Annual Report 2023 and, therefore, do not express any conclusion thereon.

### Criteria

The criteria used by the Bank to prepare the Selected Information is set out in section Ibaraka Integrated Annual Report 2023 – Reporting Principles (the “Reporting Principles”) on pages 194, 195, 196, 197, 198, 199, 200, 201, 202 and 203 of the Integrated Annual Report 2023.

### The Bank's Responsibility

The Bank is responsible for the content of the Integrated Annual Report 2023 and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.



# INDEPENDENT ASSURANCE REPORT



## Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles.

In particular, the conversion of different energy measures to megawatt-hour (MWh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Principles. Our assurance work did not include examination of the derivation of those factors and other third-party information.

## Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Our Responsibility

Our responsibility is to form a limited assurance, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information', and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.





The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank and
- undertook analytical procedures over the reported data.

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Bank's Selected Information for the year ended

31 December 2023, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

### Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Bank as a body, to assist the Board of Directors in reporting Bank's performance and activities related to the Selected Information. We permit the disclosure of this report within the Integrated Annual Report 2023 for the year ended 31 December 2023, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do

not accept or assume responsibility to anyone other than the Board of Directors of Albaraka Türk Katılım Bankası Anonim Şirketi as a body and Albaraka Türk Katılım Bankası Anonim Şirketi for our work or this report save where terms are expressly agreed and with our prior consent in writing.

**PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.**

**Eren Yılmaz, SMMM  
Independent Auditor**

**Istanbul, 19 March 2024**



# GRI CONTENT INDEX

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

**Statement of use** Albaraka Türk has reported in accordance with the GRI Standards for the period January 1 - December 31, 2023.

**GRI 1** GRI 1: Foundation 2021

**Applicable GRI Sector Standard(s)** Since the sector standard for the banking industry has not been prepared yet, no sector standard has been used.

GRI STANDARD	DISCLOSURE	LOCATION AND/OR ANSWERS
<b>GENERAL EXPLANATIONS</b>		
GRI 2: General Disclosures 2021	<b>The Organization and its Reporting Practices</b>	
	2-1 Organizational details	About the Report, page 12 About Albaraka Türk, page 24-25 About Albaraka Group (ABG), page 26-27 Shareholding Structure, page 29 Our Geography of Operations, page 31 Contact (Inside Back Cover)
	2-2 Entities included in the organization's sustainability reporting	About the Report, page 12
	2-3 Reporting period, frequency and contact point	Reporting is done annually.
	2-4 Restatements of information	About the Report, page 12
	2-5 External assurance	None. Independent Assurance Report, page 204-207
	<b>Activities and Workers</b>	
	2-6 Activities, value chain and other business relationships	About Albaraka Türk, page 24-25 About Albaraka Group (ABG), page 26-27 Albaraka Türk's Value Creation Model, page 40-43 Financial Capital, page 64-75 Supplier Relationships (Social and Relationship Capital), page 124-127
	2-7 Employees	Human Capital, page 100-117
	2-8 Workers who are not employees	Human Capital, page 100-117

GRI STANDARD	DISCLOSURE	LOCATION AND/OR ANSWERS
GRI 2: General Disclosures 2021	<b>Governance</b>	
	2-9 Governance structure and composition	Board of Directors and Executives, page 144-146 Senior Management, page 147-150 Organization Chart, page 151 Information on the Board of Directors, page 152 Information on the Bank's Board of Directors and Senior Management, page 152-157
	2-10 Nomination and selection of the highest governance body	The selection of members of the Board of Directors is carried out in accordance with the minimum qualifications required and within the framework of the relevant regulations.  Board of Directors and Executives, page 144-146 Senior Management, page 147-150 Organization Chart, page 151 Information on the Board of Directors, page 152 Information on the Bank's Board of Directors and Senior Management, page 152-157
	2-11 Chair of the highest governance body	Board of Directors and Executives, page 144-146 Senior Management, page 147-150 Organization Chart, page 151 Information on the Board of Directors, page 152 Information on the Bank's Board of Directors and Senior Management, page 152-157
	2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors and Executives, page 144-146 Senior Management, page 147-150 Organization Chart, page 151 Information on the Board of Directors, page 152 Information on the Bank's Board of Directors and Senior Management, page 152-157
	2-13 Delegation of responsibility for managing impacts	Board of Directors and Executives, page 144-146 Senior Management, page 147-150 Organization Chart, page 151 Information on the Board of Directors, page 152 Information on the Bank's Board of Directors and Senior Management, page 152-157
	2-14 Role of the highest governance body in sustainability reporting	Our Sustainability Organization, page 46-51
	2-15 Conflicts of interest	Human Capital, page 100-117 Statement of Compliance with Corporate Governance Principles, page 170-171
	2-16 Communication of critical concerns	Our Sustainability Organization, page 46-51 Our Strategic Objectives, page 55 Priority Issues, page 56-57
	2-17 Collective knowledge of the highest governance body	Board of Directors and Executives, page 144-146 Senior Management, page 147-150 Information on the Board of Directors, page 152 Information on the Bank's Board of Directors and Senior Management, page 152-157



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GRI STANDARD	DISCLOSURE	LOCATION AND/OR ANSWERS
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	Board of Directors and Executives, page 144-146 Senior Management, page 147-150 Information on the Board of Directors, page 152 Information on the Bank's Board of Directors and Senior Management, page 152-157
	2-19 Remuneration policies	Human Capital, page 100-117 Remuneration Policy: <a href="https://www.albaraka.com.tr/documents/about-us/sustainability/pdf/albaraka-remuneration-policy.pdf">https://www.albaraka.com.tr/documents/about-us/sustainability/pdf/albaraka-remuneration-policy.pdf</a>
	2-20 Process to determine remuneration	Human Capital, page 100-117 Remuneration Policy: <a href="https://www.albaraka.com.tr/documents/about-us/sustainability/pdf/albaraka-remuneration-policy.pdf">https://www.albaraka.com.tr/documents/about-us/sustainability/pdf/albaraka-remuneration-policy.pdf</a>
	2-21 Annual total compensation ratio	Human Capital, page 100-117
	<b>Strategy, Policies and Practices</b>	
	2-22 Statement on sustainable development strategy	Message from the Chairman, page 14-17 Message from the CEO, page 18-21 Our Sustainability Journey, page 44-45 Our Sustainability Organization, page 46-51 Our Strategic Objectives, page 55 Priority Issues, page 56-57 Sustainability Risks and Trends Management, page 60-61 Statement of Compliance with Corporate Governance Principles, page 170-171
	2-23 Policy commitments	Our Integrated Management Systems and Policies, page 54 All policy texts can be accessed through the Sustainability/Other Policies section of the Albaraka Türk website. <a href="https://www.albaraka.com.tr/tr/hakkimizda/surdurulebilirlik/diger-politikalar">https://www.albaraka.com.tr/tr/hakkimizda/surdurulebilirlik/diger-politikalar</a>
	2-24 Embedding policy commitments	Our Integrated Management Systems and Policies, page 54 All policy texts can be accessed through the Sustainability/Other Policies section of the Albaraka Türk website. <a href="https://www.albaraka.com.tr/tr/hakkimizda/surdurulebilirlik/diger-politikalar">https://www.albaraka.com.tr/tr/hakkimizda/surdurulebilirlik/diger-politikalar</a>
2-25 Processes to remediate negative impacts	Social and Relationship Capital, page 118-133 Customer Satisfaction Policy: <a href="https://www.albaraka.com.tr/en/about-us/customer-satisfaction/our-customer-satisfaction-policy">https://www.albaraka.com.tr/en/about-us/customer-satisfaction/our-customer-satisfaction-policy</a>	

GRI STANDARD	DISCLOSURE	LOCATION AND/OR ANSWERS
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	Social and Relationship Capital, page 118-133  Customer Satisfaction Policy: <a href="https://www.albaraka.com.tr/en/about-us/customer-satisfaction/our-customer-satisfaction-policy">https://www.albaraka.com.tr/en/about-us/customer-satisfaction/our-customer-satisfaction-policy</a>
	2-27 Compliance with laws and regulations	There were no developments that were not in compliance with the law during the reporting period, and no administrative penalties were imposed for non-compliance with laws and regulations.
	2-28 Membership associations	Albaraka Türk's Memberships and Representative Platforms (Social and Relationship Capital), page 128
	<b>Stakeholder Engagement</b>	
	2-29 Approach to stakeholder engagement	Transparent and Accountability-Based Relations with Stakeholders (Social and Relationship Capital), page 123-127 Priority Issues, page 56-57
	2-30 Collective bargaining agreements	There is no collective bargaining agreement in Albaraka Türk.
<b>MATERIAL ISSUES</b>		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Priority Issues, page 56-57
	3-2 List of material topics	Priority Issues, page 56-57
	<b>Economic Performance</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57 Financial Capital, page 64-75 Natural Capital, page 134-143
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Capital, page 64-75 Natural Capital, page 134-143
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Risks and Trends Management, page 60-61 Financial Capital, page 64-75 Natural Capital, page 134-143
	<b>Market Presence</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57 Human Capital, page 100-117  Remuneration Policy: <a href="https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/Albaraka-Turk-Ucretlendirme-Politikasi.pdf">https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/Albaraka-Turk-Ucretlendirme-Politikasi.pdf</a>
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	At Albaraka Türk, there is no discrimination based on gender in remuneration practices.  Remuneration Policy: <a href="https://www.albaraka.com.tr/documents/about-us/sustainability/pdf/albaraka-rumuneration-policy.pdf">https://www.albaraka.com.tr/documents/about-us/sustainability/pdf/albaraka-rumuneration-policy.pdf</a>



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GRI STANDARD	DISCLOSURE	LOCATION AND/OR ANSWERS
	<b>Indirect Economic Impact</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57 Financial Capital, page 64-75 Natural Capital, page 134-143
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Financial Capital, page 64-75 Natural Capital, page 134-143 Performance Indicators, page 193
	<b>Procurement Practices</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57 Supplier Relations (Social and Relationship Capital), page 124-127
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Supplier Relations (Social and Relationship Capital), page 124-127
	<b>Anti-Corruption Policy</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57  Albaraka Türk Ethical Principles Policy: <a href="https://www.albaraka.com.tr/documents/hakkimizda/kalite-politikasi/pdf/albaraka-turk-etik-ilkeleri-politikasi.pdf">https://www.albaraka.com.tr/documents/hakkimizda/kalite-politikasi/pdf/albaraka-turk-etik-ilkeleri-politikasi.pdf</a>  Participation Banks Association of Türkiye Banking Ethical Principles: <a href="https://www.albaraka.com.tr/documents/hakkimizda/kalite-politikasi/pdf/TKBB-etik-ilkeleri.pdf">https://www.albaraka.com.tr/documents/hakkimizda/kalite-politikasi/pdf/TKBB-etik-ilkeleri.pdf</a>
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Our Ethical Principles (Human Capital), page 111
	<b>Energy Management</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57 Natural Capital, page 134-143
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital, page 134-143 Performance Indicators, page 193
	302-3 Energy intensity	Natural Capital, page 134-143
	302-4 Reduction of energy consumption	Natural Capital, page 134-143
	<b>Water Consumption</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57 Natural Capital, page 134-143 Natural Capital, page 134-143 <a href="https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/01.01_31.12.22.pdf">https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/01.01_31.12.22.pdf</a>
GRI 303: Water and Wastewater 2018	303-1 Interactions with water as a shared resource	Natural Capital, page 134-143
	303-3 Water withdrawal	Natural Capital, page 134-143
	303-4 Water discharge	Performance Indicators, page 193
	303-5 Water consumption	Natural Capital, page 134-143 Performance Indicators, page 193

GRI STANDARD	DISCLOSURE	LOCATION AND/OR ANSWERS
GRI 3: Material Topics 2021	<b>Emissions</b>	
	3-3 Management of material topics	Priority Issues, page 56-57 Natural Capital, page 134-143  Albaraka Türk CDP Climate Change Report: <a href="https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/01.01_31.12.22.pdf">https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/01.01_31.12.22.pdf</a>
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital, page 134-143 Performance Indicators, page 193
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital, page 134-143 Performance Indicators, page 193
	305-3 Other indirect (Scope 3) GHG emissions	Natural Capital, page 134-143 Performance Indicators, page 193
	305-4 GHG emissions intensity	Performance Indicators, page 193
	305-5 Reduction of GHG emissions	Natural Capital, page 134-143
GRI 3: Material Topics 2021	<b>Occupational Health and Safety</b>	
	3-3 Management of material topics	Priority Issues, page 56-57 Occupational Health and Safety (Human Capital), page 114-117
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	Occupational Health and Safety (Human Capital), page 114-117
	403-5 Worker training on occupational health and safety	Occupational Health and Safety (Human Capital), page 114-117
	403-10 Work-related ill health	Occupational Health and Safety (Human Capital), page 114-117 Performance Indicators, page 193
GRI 3: Material Topics 2021	<b>Occupational Training</b>	
	3-3 Management of material topics	Priority Issues, page 56-57 Human Capital, page 100-117
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital, page 100-117 Performance Indicators, page 193
	404-2 Skills management and life-long learning programs that support development of employees	Human Capital, page 100-117



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GRI STANDARD	DISCLOSURE	LOCATION AND/OR ANSWERS
GRI 3: Material Topics 2021	Human Rights	Priority Issues, page 56-57 Human Capital, page 100-117
	3-3 Management of material topics	Employee and Human Rights Policy: <a href="https://www.albaraka.com.tr/tr/hakkimizda/insan-kiymetleri/calisan-ve-insan-haklari-politikamiz">https://www.albaraka.com.tr/tr/hakkimizda/insan-kiymetleri/calisan-ve-insan-haklari-politikamiz</a>  Albaraka Türk Ethical Principles Policy: <a href="https://www.albaraka.com.tr/documents/hakkimizda/kalite-politikasi/pdf/albaraka-turk-etik-ilkeleri-politikasi.pdf">https://www.albaraka.com.tr/documents/hakkimizda/kalite-politikasi/pdf/albaraka-turk-etik-ilkeleri-politikasi.pdf</a>  Participation Banks Association of Türkiye Banking Ethical Principles: <a href="https://www.albaraka.com.tr/documents/hakkimizda/kalite-politikasi/pdf/TKBB-etik-ilkeleri.pdf">https://www.albaraka.com.tr/documents/hakkimizda/kalite-politikasi/pdf/TKBB-etik-ilkeleri.pdf</a>
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Board of Directors, page 144-146 Senior Management, page 147-150 Information on the Bank's Board of Directors and Senior Management, page 152-157 Performance Indicators, page 193
	405-2 Ratio of basic salary and remuneration of women to men	Human Capital, page 100-117 Performance Indicators, page 193  There is no gender-based discrimination in employee wages at Albaraka Türk.  Remuneration Policy: <a href="https://www.albaraka.com.tr/documents/about-us/sustainability/pdf/albaraka-remuneration-policy.pdf">https://www.albaraka.com.tr/documents/about-us/sustainability/pdf/albaraka-remuneration-policy.pdf</a>
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no cases of discrimination during the reporting period at Albaraka Türk.
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Albaraka Türk respects the rights of organization and collective bargaining. During the reporting period, there was no violation of trade union rights in any supplier within the knowledge of the Bank
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Albaraka Türk does not employ child labor in any way, and expects its suppliers and other stakeholders in the value chain to comply with the age provisions specified in the relevant laws and regulations.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Albaraka Türk and all stakeholders in its value chain, especially its suppliers, do not employ forced labor in any way.



GRI STANDARD	DISCLOSURE	LOCATION AND/OR ANSWERS
	<b>Sustainable Supply Management</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57 Supplier Relations (Social and Relationship Capital), page 124-127
GRI 308: Supplier Environmental Assessment (2016)	308-2 Negative environmental impacts in the supply chain and actions taken	There was no significant negative environmental impact in Albaraka Türk's supply chain network during the reporting period.
GRI 414: Social Assessment of Suppliers 2016	414-2 Negative environmental impacts in the supply chain and actions taken	There was no significant negative social impact in Albaraka Türk's supply chain network during the reporting period.
	<b>Customer Health and Safety</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57 Manufactured Capital, page 76-93  Customer Satisfaction Policy: <a href="https://www.albaraka.com.tr/en/about-us/customer-satisfaction/our-customer-satisfaction-policy">https://www.albaraka.com.tr/en/about-us/customer-satisfaction/our-customer-satisfaction-policy</a>
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Manufactured Capital, page 76-93
	<b>Cybersecurity/Information Security</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57 Natural Capital, page 76-93
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no verified complaints regarding violation of customer privacy and loss of customer data during the reporting period.
	<b>Digital Transformation</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57 Manufactured Capital, page 76-93 Intellectual Capital, page 94-99
	<b>Use of Natural Resources</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Priority Issues, page 56-57 Natural Capital, page 134-143



# CONTACT

## Headquarters

İnkılap Mahallesi Dr. Adnan Büyükdeniz  
Caddesi No:6 34768 Ümraniye/İstanbul  
Tel : +90 (216) 666 01 01  
Fax: +90 (216) 666 16 00

## Merkez Branch

İnkılap Mahallesi Dr. Adnan Büyükdeniz  
Caddesi No:6 34768 Ümraniye/İstanbul  
Tel: +90 (216) 666 02 02  
Fax: +90 (216) 666 17 01

## REGIONAL DIRECTORATES

### Istanbul Anatolian Regional Directorate

Kozyatağı Mah. Çardak Sok. Herti Plaza A Blok  
No:1/5 Kadıköy/İstanbul  
Tel: +90 (216) 464 81 00  
Fax: +90 (216) 666 16 33

### Istanbul European 1 Regional Directorate

Fulya Mah. Likör Yanı Sokak Akabe İş Hanı  
No:1/28 Şişli/İstanbul  
Tel: +90 (212) 347 68 58  
Fax: +90 (216) 666 16 31

### Istanbul European 2 Regional Directorate

Göztepe Mah. Batışehir Cad. Batışehir Sit. K1  
Blok No: 2 İç Kapı No: 21-22 Bağcılar/İstanbul  
Tel: +90 (212) 603 60 18  
Fax: +90 (216) 666 16 32

## Ankara Regional Directorate

Mustafa Kemal Mah. 2123 Cad. No: 2D Cepa Ofis  
Kat:16 Çankaya/Ankara  
Tel: +90 (312) 311 00 43  
Fax: +90 (216) 666 16 34

## Southern Anatolian Regional Directorate

İncilipınar Mh. Prof. Muammer Aksoy Bulvarı  
No:28/13 Şehitkamil/Gaziantep  
Tel: +90 (342) 215 04 32  
Fax: +90 (216) 666 16 35

## Ege Regional Directorate

Akdeniz Mah. Fezvipaşa Bulvarı No: 51/31 Konak/  
İzmir  
Tel: +90 (232) 254 54 00  
Fax: +90 (216) 666 16 47

## Central Anatolian Regional Directorate

Fevziçakmak Mah. 10632 Sok. No: 2D/201  
Karatay/Konya  
Tel: +90 (332) 235 00 44  
Fax: +90 (216) 666 16 44

## Marmara Regional Directorate

Alacamescit Mah. İnönü Cad. No: 33  
Osmangazi/Bursa  
Tel: +90 (224) 999 67 03  
Fax: +90 (216) 666 16 49

## FOREIGN BRANCHES

### Erbil Branch

Bahtiyari Mah. Bölge Varsh 44 Erbil/Iraq  
Tel: +964.750.370.98.90  
Mobile: +964.750.163.96.59

### Baghdad Branch

Davudi 609 Mahallesi 18. Cadde (14 Ramadan  
Street) No: 83 Al Mansour Sub-district, Al-  
Kourah District Baghdad/Iraq  
Tel: +7800998070

**alBaraka** 