

(Convenience Translation of Independent Auditor's Originally Issued In Turkish, See Note I. Of Section Three)

ALTERNATİFBANK A.Ş.

**INDEPENDENT AUDITOR'S REVIEW REPORT,
UNCONSOLIDATED INTERIM FINANCIAL
STATEMENTS AND NOTES FOR THE THREE
MONTH PERIOD ENDED 31 MARCH 2019**

*(Convenience translation of the independent auditor's report
originally issued in Turkish, See Note I. of Section Three)*

INTERIM REVIEW REPORT AND INTERIM FINANCIAL INFORMATION

To the Board of Directors of Alternatifbank A.Ş.

Introduction

We have reviewed the unconsolidated statement of financial position of Alternatifbank A.Ş. (“the Bank”) as of 31 March 2019 and the related unconsolidated income statement, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in equity, unconsolidated statement of cash flows for the three-month-period then ended. The Bank Management is responsible for the preparation and presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation (together referred as “BRSA Accounting and Financial Reporting Legislation”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Alternatifbank A.Ş. as of 31 March 2019 and of the results of its operations and its cash flows for the three-month-period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VIII, are not consistent with the unconsolidated financial statements and disclosures in all material respects.

Additional paragraph for convenience translation to English:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and Turkish Accounting Standard 34 “Interim Financial Reporting” except for the matters regulated by BRSA Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Other Matter

The unconsolidated financial statements of the Bank as at 31 December 2018 and 31 March 2018 were audited and reviewed by another audit firm, which expressed an unqualified opinion and an unqualified conclusion in their reports issued on 31 January 2019 and 3 May 2018, respectively.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A Member Firm of Ernst&Young Global Limited

Yaşar Bivas, SMMM
Partner

7 May 2019
Istanbul, Turkey

**THE UNCONSOLIDATED FINANCIAL REPORT OF
ALTERNATİFBANK A.Ş. AS OF AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019**

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The unconsolidated financial report as of and for the three-month period ended 31 March 2019 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” as regulated by the Banking Regulation and Supervision Agency, comprises the following sections.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE CURRENT PERIOD
- INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- EXPLANATIONS ON AUDITORS’ LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for the three-month period which are expressed, unless otherwise stated, in thousands of Turkish Lira (TL), have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently reviewed and presented as attached.

Omer Hussain I H Al-Fardan	Cenk Kaan Gür	Önder Özcan	Emrullah Altun
Chairman of the Board of Directors	CEO	Financial Affairs and Planning Executive Vice President	Accounting Manager

Kimberley Ann Reid	Zafer Kurtul	Leonie Ruth Lethbridge	Paul Gossiaux
Member of the Board of Directors and Chairwoman of the Board Audit and Compliance Committee	Member of the Board of Directors and Member of the Board Audit and Compliance Committee	Member of the Board of Directors and Member of the Board Audit and Compliance Committee	Member of the Board of Directors and Member of the Board Audit and Compliance Committee

The authorised contact person for questions on this financial report:

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SECTION ONE**GENERAL INFORMATION ABOUT THE BANK****I. Explanations on the Establishment Date and Initial Status of the Bank, and History Including the Changes in the Former Status**

Alternatifbank A.Ş. ("the Bank") was established in Istanbul on 6 November 1991 and started banking activities on February 1992. The Bank's ordinary shares started to be traded in Istanbul Stock Exchange on 3 July 1995. The Bank is still a privately owned commercial bank status and provides banking services through 49 (31 December 2018: 49) branches.

The Bank made an application to Capital Market Board and Borsa İstanbul A.Ş. about to leave the partnership and delisting the stock-exchange quotation in accordance with clauses of Capital Market Board "Squeeze-out and Sell-out Rights Communiqué" on 11 July 2014. "Capital Issue Document" prepared for the capital increase allocated to controlling shareholder Commercial Bank of Qatar in the context of the process of squeeze-out and sell-out rights from the minority in accordance with "Squeeze-out and Sell-out Rights Communiqué" has been approved by Capital Market Board on 23 July 2015. As of this date, Alternatifbank A.Ş. delisted from the stock-exchange.

II. Explanations on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Bank, any Changes in the Period, and Information on the Bank's Risk Group

As of 31 March 2019, 100% of the shares of the Bank are owned by The Commercial Bank (P.S.Q.C.) Shareholder's structure of the Bank is as follows:

Name/Commercial Name	31 March 2019		31 December 2018	
	Share Amount	Share Ratio	Share Amount	Share Ratio
The Commercial Bank (P.S.Q.C.) (*)	1,439,725	100%	1,167,000	100%
Total	1,439,725	100%	1,167,000	100%

(*) With the decision of number 24 of the Board of Directors dated on 13 March 2019 and with the approval of BRSA dated on 27 March 2019, the capital increase is registered in Commercial Registry Gazette number of 9806 and dated on 10 April 2019 and the capital is increased from TL 1,167,000 to TL 1,439,725. In this respect, The Commercial Bank (P.S.Q.C) was included in the capital increase with TL 272,725 by cash and this amount transferred it to the capital account.

GENERAL INFORMATION ABOUT THE BANK (Continued)

III. Explanation on the Board of Directors, Members of the Audit Committee, President and Executive Vice Presidents, Changes in These Matters (if any) and Shares in the Bank

Title	Name	Responsibility	Indirect Share Capital (%)
Chairman of the Board of Directors	Omer Hussain I H Al-Fardan	Chairman of the Board	-
Member of the Board of Directors	Joseph Abraham	Vice-Chairman of the Board of Directors, Chairman of the Executive Committee of the Board, Chairman of the Remuneration Committee of the Board	-
	Mohd Ismail M Mandani Al-Emadi	Member of the Board of Directors, Chairman of the Board Risk Committee, Alternate Member of the Board Credit Committee	-
	Paul Gossiaux	Member of the Board of Directors, Member of the Board Audit and Compliance Committee, Member of the Board Risk Committee, Member of the Board Credit Committee	-
	Zafer Kurtul	Member of the Board of Directors, Member of the Executive Committee of the Board, Member of the Remuneration Committee of the Board, Member of the Board Audit and Compliance Committee, Member of the Board Risk Committee and Chairman of the Board Credit Committee	-
	Leonie Ruth Lethbridge	Member of the Board of Directors, Member of the Board Executive Committee, Member of the Board Audit and Compliance Committee	-
	Kimberley Ann Reid ⁽¹⁾	Member of the Board of Directors, Chairwoman of the Board Audit and Compliance Committee, Member of the Executive Committee of the Board, Member of the Remuneration Committee of the Board, Alternate Member of the Board Credit Committee.	-
Member of the Board of Directors and CEO	Cenk Kaan Gür	Member of the Board of Directors, Member of the Executive Committee of the Board, Member of the Credit Committee, CEO	-
Executive Vice Presidents	Yeşim Şimşek ⁽²⁾	Sales and Marketing	-
	Esra Beyzadeoğlu ⁽³⁾	Information Technologies, Digital Banking & Operations	-
	Musa Kerim Mutluay	Restructuring & Legal Follow-up	-
	Ebru Taşcı Firuzbay	Human Resources	-
	Muzaffer Gökhan Songül	Credit Underwriting	-
	Şakir Sömek	Financial Institutions	-
	Önder Özcan	Financial Affairs and Planning	-
	Boğaç Levent Güven	Treasury	-
Head of Internal Audit	Ömer Faruk Gönener	Head of Internal Audit	-

(1) With the decision number 46 of the Board of Directors dated on 28 March 2019, İzzat Dajani and Turgay Gönensin were resigned from the Board of Directors and Kimberley Ann Reid has been appointed as the new member of Board of Directors.

(2) With the decision number 48 of the Board of Directors dated on 11 April 2019, Corporate Banking, Commercial and SME Banking Executive Vice President Yeşim Şimşek has been appointed as Sales and Marketing Executive Vice President.

(3) With the decision number 47 of the Board of Directors dated on 11 April 2019, Suat Çetin was resigned from his duty as Operations Executive Vice President and Esra Beyzadeoğlu has been appointed as Operations Executive Vice President in addition to her existing responsibilities.

GENERAL INFORMATION ABOUT THE BANK (Continued)**IV. Information on the Bank's Qualified Shareholders**

According to the Banking Act No: 5411 regarding definition of Qualified Shares and Bank Transactions that are subject to Permission and Indirect Shareholding Regulation's article 13, direct and indirect qualified shareholders of the Bank's Capital is as follows.

Name/Commercial Title	Share Amounts (Nominal)	Share Rates	Paid-in Capital (Nominal)	Unpaid Portion
The Commercial Bank (P.S.Q.C.)	1,439,725	% 100.00	1,439,725	-

V. Summary Information on the Bank's Activities and Services

The Bank's operations are extending TL and foreign currency cash and non-cash loans, performing Capital market transactions, opening deposit and making other banking transactions according to regulation principles given by the Bank's Articles of Association.

As of 31 March 2019, the Bank has 49 branches (31 December 2018: 49 branches) and has 908 employees (31 December 2018: 949 employees).

VI. Differences Between the Communique on Preparation of Unconsolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation About the Institutions Subject to Line-by-Line Method or Proportional Consolidation and Institutions Which Are Deducted From Equity or Not Included in These Three Methods

None.

VII. Existing or Potential, Actual or Legal Obstacles to Immediate Transfer of Equity or Repayment of Debt between the Bank and Its Subsidiaries

None.

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2019 AND 31 DECEMBER 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Reviewed Current Period 31 March 2019			Audited Prior Period 31 December 2018		
ASSETS	Notes (Section Five)	TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		505,693	3,709,433	4,215,126	1,337,892	2,524,517	3,862,409
1.1 Cash and Cash Equivalents		405,591	3,548,745	3,954,336	1,199,355	2,430,263	3,629,618
1.1.1 Cash and Balances with Central Bank	I-a	265,256	1,864,195	2,129,451	343,586	1,868,465	2,212,051
1.1.2 Banks	I-d	30,454	1,684,550	1,715,004	225,621	561,798	787,419
1.1.3 Money Market Placements		110,229	-	110,229	630,439	-	630,439
1.1.4 Expected Credit Losses (-)		348	-	348	291	-	291
1.2 Financial Assets at Fair Value Through Profit or Loss	I-b	3	41,327	41,330	1,835	40,213	42,048
1.2.1 Government Debt Securities		3	-	3	1,835	1,437	3,272
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	41,327	41,327	-	38,776	38,776
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	I-f	10,115	-	10,115	7,384	-	7,384
1.3.1 Government Debt Securities		-	-	-	-	-	-
1.3.2 Equity Instruments		7,660	-	7,660	4,898	-	4,898
1.3.3 Other Financial Assets		2,455	-	2,455	2,486	-	2,486
1.4 Derivative Financial Assets		89,984	119,361	209,345	129,318	54,041	183,359
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss	I-c	89,984	119,361	209,345	129,318	54,041	183,359
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	I-m	-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		8,175,949	11,340,123	19,516,072	7,693,871	11,320,356	19,014,227
2.1 Loans	I-g	8,780,999	8,030,221	16,811,220	8,330,163	8,211,440	16,541,603
2.2 Lease Receivables	I-l	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	I-h	308,658	3,309,902	3,618,560	318,144	3,108,916	3,427,060
2.4.1 Government Debt Securities		308,658	2,839,128	3,147,786	318,144	2,669,155	2,987,299
2.4.2 Other Financial Assets		-	470,774	470,774	-	439,761	439,761
2.5 Expected Credit Losses (-)		913,708	-	913,708	954,436	-	954,436
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	I-p	204,287	-	204,287	186,675	-	186,675
3.1 Held for Sale Purpose		204,287	-	204,287	186,675	-	186,675
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		225,580	-	225,580	225,580	-	225,580
4.1 Investments in Associates (Net)		-	-	-	-	-	-
4.1.1 Accounted Under Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	I-j	225,580	-	225,580	225,580	-	225,580
4.2.1 Unconsolidated Financial Subsidiaries		225,580	-	225,580	225,580	-	225,580
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Entities under Common Control (Joint Venture) (Net)	I-k	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	I-n	299,975	-	299,975	261,967	-	261,967
VI. INTANGIBLE ASSETS (Net)	I-o	47,437	-	47,437	48,476	-	48,476
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		47,437	-	47,437	48,476	-	48,476
VII. INVESTMENT PROPERTY (Net)	I-p	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		16,491	-	16,491	11,767	-	11,767
IX. DEFERRED TAX ASSET	I-r	135,008	-	135,008	147,806	-	147,806
X. OTHER ASSETS	I-t	113,694	223,695	337,389	233,092	305,938	539,030
TOTAL ASSETS		9,724,114	15,273,251	24,997,365	10,147,126	14,150,811	24,297,937

The accompanying notes are an integral part of these financial statements.

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2019 AND 31 DECEMBER 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)			Reviewed Current Period 31 March 2019			Audited Prior Period 31 December 2018		
LIABILITIES		Notes (Section Five)	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	II-a	5,666,345	7,884,576	13,550,921	6,925,398	6,890,942	13,816,340
II.	FUNDS BORROWED	II-c	35,732	3,588,091	3,623,823	23,994	3,402,942	3,426,936
III.	MONEY MARKET BALANCES		650	653,816	654,466	-	684,226	684,226
IV.	MARKETABLE SECURITIES ISSUED (Net)		1,012,398	1,415,713	2,428,111	351,275	1,338,284	1,689,559
4.1	Bills		1,012,398	1,415,713	2,428,111	351,275	1,338,284	1,689,559
4.2	Assets Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	BORROWER FUNDS		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		98,802	49,043	147,845	105,151	72,992	178,143
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	II-b	92,770	49,043	141,813	101,128	72,992	174,120
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	II-f	6,032	-	6,032	4,023	-	4,023
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES	II-e	33,843	10,855	44,698	-	-	-
X.	PROVISIONS	II-g	114,680	1,735	116,415	100,007	30	100,037
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		10,974	-	10,974	10,447	-	10,447
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		103,706	1,735	105,441	89,560	30	89,590
XI.	CURRENT TAX LIABILITY	II-h	49,409	-	49,409	35,911	-	35,911
XII.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	II-j	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	II-k	-	2,029,022	2,029,022	-	1,863,654	1,863,654
14.1	Loans		-	288,699	288,699	-	265,173	265,173
14.2	Other Debt Instruments		-	1,740,323	1,740,323	-	1,598,481	1,598,481
XV.	OTHER LIABILITIES	II-d	228,399	158,866	387,265	389,286	481,299	870,585
XVI.	SHAREHOLDERS' EQUITY	II-l	1,965,390	-	1,965,390	1,632,546	-	1,632,546
16.1	Paid-in capital		1,439,725	-	1,439,725	1,167,000	-	1,167,000
16.2	Capital Reserves		294,881	-	294,881	289,149	-	289,149
16.2.1	Share Premium		54	-	54	54	-	54
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		294,827	-	294,827	289,095	-	289,095
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		21,114	-	21,114	21,193	-	21,193
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(54,548)	-	(54,548)	(57,197)	-	(57,197)
16.5	Profit Reserves		463,462	-	463,462	463,462	-	463,462
16.5.1	Legal Reserves		29,173	-	29,173	29,173	-	29,173
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		434,289	-	434,289	434,289	-	434,289
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit Or Loss		(199,244)	-	(199,244)	(251,061)	-	(251,061)
16.6.1	Prior Years' Profit/Loss		(251,061)	-	(251,061)	(445,995)	-	(445,995)
16.6.2	Current Year Profit/Loss		51,817	-	51,817	194,934	-	194,934
TOTAL LIABILITIES AND EQUITY			9,205,648	15,791,717	24,997,365	9,563,568	14,734,369	24,297,937

The accompanying notes are an integral part of these financial statements.

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS OF 31 MARCH 2019 AND 31 DECEMBER 2018

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated).

II.	OFF- BALANCE SHEET ITEMS	Note (Section Five)	Reviewed Current Period 31 March 2019			Audited Prior Period 31 December 2018		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		8,584,611	20,509,247	29,093,858	8,430,104	20,279,107	28,709,211
I.	GUARANTEES AND WARRANTIES	III-a-3	2,152,146	3,673,116	5,825,262	2,296,588	3,434,522	5,731,110
1.1	Letters of Guarantee	III-a-2,ii	2,125,302	3,015,724	5,141,026	2,273,744	2,698,883	4,972,627
1.1.1	Guarantees Subject to State Tender Law		26,526	152,637	179,163	26,106	155,238	181,344
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		2,098,776	2,863,087	4,961,863	2,247,638	2,543,645	4,791,283
1.2	Bank Acceptances	III-a-2,i	-	27,466	27,466	-	20,522	20,522
1.2.1	Import Letter of Acceptance		-	14,456	14,456	-	7,723	7,723
1.2.2	Other Bank Acceptances		-	13,010	13,010	-	12,799	12,799
1.3	Letters of Credit	III-a-2,i	26,844	629,926	656,770	22,844	715,117	737,961
1.3.1	Documentary Letters of Credit		26,844	629,926	656,770	22,844	715,117	737,961
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees	III-a-2,i	-	-	-	-	-	-
1.9	Other Warranties		-	-	-	-	-	-
II.	COMMITMENTS		681,969	551,832	1,233,801	383,126	119,912	503,038
2.1	Irrevocable Commitments		681,969	551,832	1,233,801	383,126	119,912	503,038
2.1.1	Asset Purchase and Sales Commitments		373,223	551,832	925,055	77,793	119,912	197,705
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Commitments for Loan Limits	III-a-1	100,780	-	100,780	115,800	-	115,800
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		99,266	-	99,266	83,832	-	83,832
2.1.8	Tax and Fund Liabilities from Export Commitments		3,738	-	3,738	3,738	-	3,738
2.1.9	Commitments for Credit Card Limits		56,760	-	56,760	57,277	-	57,277
2.1.10	Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		48,202	-	48,202	44,686	-	44,686
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	III-b	5,750,496	16,284,299	22,034,795	5,750,390	16,724,673	22,475,063
3.1	Hedging Derivative Financial Instruments		600,000	-	600,000	710,000	-	710,000
3.1.1	Transactions for Fair Value Hedge		-	-	-	110,000	-	110,000
3.1.2	Transactions for Cash Flow Hedge		600,000	-	600,000	600,000	-	600,000
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		5,150,496	16,284,299	21,434,795	5,040,390	16,724,673	21,765,063
3.2.1	Forward Foreign Currency Buy/Sell Transactions		238,403	509,544	747,947	440,768	633,310	1,074,078
3.2.1.1	Forward Foreign Currency Transactions-Buy		182,410	172,589	354,999	198,878	316,478	515,356
3.2.1.2	Forward Foreign Currency Transactions-Sell		55,993	336,955	392,948	241,890	316,832	558,722
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		3,886,803	13,518,492	17,405,295	3,497,760	14,892,366	18,390,126
3.2.2.1	Foreign Currency Swap-Buy		1,843,871	6,510,652	8,354,523	1,746,031	7,093,310	8,839,341
3.2.2.2	Foreign Currency Swap-Sell		2,042,932	6,222,786	8,265,718	1,751,729	7,053,418	8,805,147
3.2.2.3	Interest Rate Swap-Buy		-	392,527	392,527	-	372,819	372,819
3.2.2.4	Interest Rate Swap-Sell		-	392,527	392,527	-	372,819	372,819
3.2.3	Foreign Currency, Interest Rate and Securities Options		1,025,290	2,166,209	3,191,499	1,101,862	1,114,501	2,216,363
3.2.3.1	Foreign Currency Options-Buy		493,382	1,106,994	1,600,376	626,015	491,104	1,117,119
3.2.3.2	Foreign Currency Options-Sell		531,908	1,059,215	1,591,123	475,847	623,397	1,099,244
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	90,054	90,054	-	84,496	84,496
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		46,806,015	25,095,648	71,901,663	45,636,508	23,179,225	68,815,733
IV.	ITEMS HELD IN CUSTODY		1,932,429	442,235	2,374,664	903,812	207,822	1,111,634
4.1	Customer Fund and Portfolio Balances		497,066	-	497,066	30,309	-	30,309
4.2	Investment Securities Held in Custody		873,970	57,709	931,679	330,090	56,868	386,958
4.3	Cheques Received for Collection		460,760	21,621	482,381	355,003	41,104	396,107
4.4	Commercial Notes Received for Collection		47,087	10,291	57,378	59,773	11,211	70,984
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		53,546	352,614	406,160	128,637	98,639	227,276
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		44,172,823	24,408,960	68,581,783	44,064,014	22,729,917	66,793,931
5.1	Marketable Securities		109,476	-	109,476	104,697	-	104,697
5.2	Guarantee Notes		30,392,281	14,760,288	45,152,569	30,169,046	14,046,990	44,216,036
5.3	Commodity		1,028,504	435,053	1,463,557	1,028,504	296,475	1,324,979
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		9,925,184	7,760,064	17,685,248	9,977,659	6,965,809	16,943,468
5.6	Other Pledged Items		2,717,378	1,453,555	4,170,933	2,784,108	1,420,643	4,204,751
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		700,763	244,453	945,216	668,682	241,486	910,168
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			55,390,626	45,604,895	100,995,521	54,066,612	43,458,332	97,524,944

The accompanying notes are an integral part of these financial statements.

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED 31 MARCH 2019 AND 2018

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

		Notes (Section Five)	Reviewed Current Period 1 January 2019 - 31 March 2019	Restated ^(*) Reviewed Prior Period 1 January 2018 - 31 March 2018
III.	INCOME AND EXPENSE ITEMS			
I.	INTEREST INCOME	IV-a	680,195	419,009
1.1	Interest on Loans		566,001	367,995
1.2	Interest Received from Reserve Deposits		17,728	6,457
1.3	Interest Received from Banks		13,685	5,117
1.4	Interest Received from Money Market Placements		31,286	4,000
1.5	Interest Received from Marketable Securities Portfolio		46,345	34,897
1.5.1	Fair Value through Profit or Loss		1,417	658
1.5.2	Fair Value through other Comprehensive Income		147	22,520
1.5.3	Measured at Amortized Cost		44,781	11,719
1.6	Finance Lease Interest Income		-	-
1.7	Other Interest Income		5,150	543
II.	INTEREST EXPENSES (-)	IV-b	537,734	276,032
2.1	Interest on Deposits		407,463	202,981
2.2	Interest on Funds Borrowed		75,924	52,673
2.3	Interest on Money Market Borrowings		7,586	4,208
2.4	Interest on Securities Issued		38,759	15,326
2.5	Leasing Interest Expense		1,907	-
2.6	Other Interest Expense		6,095	844
III.	NET INTEREST INCOME (I - II)		142,461	142,977
IV.	NET FEES AND COMMISSIONS INCOME / EXPENSES		28,479	11,499
4.1	Fees and Commissions Received		40,940	17,121
4.1.1	Non-cash Loans		19,063	9,414
4.1.2	Other	IV-l	21,877	7,707
4.2	Fees and Commissions Paid (-)		12,461	5,622
4.2.1	Non-cash Loans		122	211
4.2.2	Other	IV-l	12,339	5,411
V.	DIVIDEND INCOME	IV-c	2,762	-
VI.	NET TRADING INCOME	IV-d	96,875	10,201
6.1	Securities Trading Gains / (Losses)		(1,174)	(727)
6.2	Derivative Financial Instruments Gains / Losses		146,840	15,542
6.3	Foreign Exchange Gains / Losses (Net)		(48,791)	(4,614)
VII.	OTHER OPERATING INCOME	IV-e	4,401	4,699
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		274,978	169,376
IX.	EXPECTED CREDIT LOSSES (-)	IV-f	87,084	32,917
X.	OTHER PROVISION EXPENSES (-)	IV-f	23,280	6,578
XI.	PERSONNEL EXPENSES (-)	IV-g	51,076	40,284
XII.	OTHER OPERATING EXPENSES (-)	IV-g	43,191	34,288
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		70,347	55,309
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XV.	PROFIT / (LOSS) ON EQUITY METHOD		-	-
XVI.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	IV-h	70,347	55,309
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-i	(18,530)	(12,548)
18.1	Provision for Current Income Taxes		-	-
18.2	Deferred Tax Income Effect (+)		(18,530)	(12,548)
18.3	Deferred Tax Expense Effect (-)		-	-
XIX.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)	IV-j	51,817	42,761
XX.	INCOME ON DISCONTINUED OPERATIONS		-	-
20.1	Income on Assets Held for Sale		-	-
20.2	Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-
20.3	Income on Other Discontinued Operations		-	-
XXI.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Loss from Assets Held for Sale		-	-
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-
21.3	Loss from Other Discontinued Operations		-	-
XXII.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Provision for Current Income Taxes		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	IV-k	51,817	42,761
	Earning / (loss) per share		0.0440	0.0382

(*) The table has been restated, as explained in Chapter Three Footnote Number XXVI.

The accompanying notes are an integral part of these financial statements.

ALTERNATİFBANK A.Ş.**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2019 AND 2018***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***IV. PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Reviewed Current Period 1 January 2019- 31 March 2019	Restated ^(*) Reviewed Prior Period 1 January 2018- 31 March 2018
I. CURRENT PERIOD INCOME / LOSS	51,817	42,761
II. OTHER COMPREHENSIVE INCOME	2,570	(30,700)
2.1 Not Reclassified Through Profit or Loss	(79)	(414)
2.1.1 Property and Equipment Revaluation Increase / Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain / Loss	(99)	(518)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	20	104
2.2 Reclassified Through Profit or Loss	2,649	(30,286)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	2,577	(37,822)
2.2.3 Cash Flow Hedge Income / Loss	92	-
2.2.4 Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(20)	7,536
III. TOTAL COMPREHENSIVE INCOME (I+II)	54,387	12,061

(*) The table has been restated, as explained in Chapter Three Footnote Number XXVI.

The accompanying notes are an integral part of these financial statements.

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated).

							Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						
	Restated Reviewed Prior Period 1 January 2018 - 31 March 2018	Notes (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	it Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total eholdersEqu ity
I.	Prior Period End Balance		980,000	54	-	270,973	-	(3,849)	-	-	(109,125)	-	405,089	9,183	65,963	1,618,288
	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	(18,698)	-	-	-	-	-	-	-	(440,529)	18,698	(440,529)
2.1	Effects of Errors ^(*)		-	-	-	(18,698)	-	-	-	-	-	-	-	-	18,698	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	(440,529)	-	(440,529)
III.	Adjusted Beginning Balance (I+II)		980,000	54	-	252,275	-	(3,849)	-	-	(109,125)	-	405,089	(431,346)	84,661	1,177,759
IV.	Total Comprehensive Income		-	-	-	-	-	(414)	-	-	(30,286)	-	-	-	42,761	12,061
V.	Capital Increase by Cash		187,000	-	-	-	-	-	-	-	-	-	-	-	-	187,000
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	(4,525)	-	-	-	-	-	-	-	-	-	(4,525)
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	84,661	(84,661)	-
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	84,661	(84,661)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance		1,167,000	54	-	247,750	-	(4,263)	-	-	(139,411)	-	405,089	(346,685)	42,761	1,372,295

(*) The table has been restated, as explained in Chapter Three Footnote Number XXVI.

1. Accumulated Revaluation Increase/Decrease of Fixed Asset,
2. Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan,
3. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss),
4. Foreign Currency Translation Differences,
5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income,
6. Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

The accompanying notes are an integral part of these financial statements.

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated).

						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss							
Current Period 1 January 2019 - 31 March 2019		Notes (Section Five)	Paid-in Capital	Share Premium s	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Shareholders Equity
I.	Prior Period End Balance		1,167,000	54	-	289,095	24,131	(2,938)	-	-	(53,313)	(3,884)	463,462	(445,995)	194,934	1,632,546
II.	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		1,167,000	54	-	289,095	24,131	(2,938)	-	-	(53,313)	(3,884)	463,462	(445,995)	194,934	1,632,546
IV.	Total Comprehensive Income		-	-	-	-	-	(79)	-	-	2,557	92	-	-	51,817	54,387
V.	Capital Increase by Cash		272,725	-	-	-	-	-	-	-	-	-	-	-	-	272,725
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	5,732	-	-	-	-	-	-	-	-	-	5,732
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	194,934	(194,934)	-
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	194,934	(194,934)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance			1,439,725	54	-	294,827	24,131	(3,017)	-	-	(50,756)	(3,792)	463,462	(251,061)	51,817	1,965,390

1. Accumulated Revaluation Increase/Decrease of Fixed Asset,
2. Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan,
3. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss),
4. Foreign Currency Translation Differences,
5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income,
6. Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

The accompanying notes are an integral part of these financial statements.

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 MARCH 2019 AND 2018

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

VI. STATEMENT OF CASH FLOWS

		Reviewed Current Period	Restated(*) Reviewed Prior Period
	Notes (Section Five)	1 January 2019- 31 March 2019	1 January 2018- 31 March 2018
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit/ (Loss) Before Changes in Operating Assets and Liabilities	90,574	(242,421)
1.1.1	Interest Received	669,650	383,110
1.1.2	Interest Paid	(532,699)	(279,674)
1.1.3	Dividend Received	2,762	-
1.1.4	Fees and Commissions Received	40,940	17,121
1.1.5	Other Income	151,746	299,166
1.1.6	Collections from Previously Written-off Loans and Other Receivables	46,249	38,301
1.1.7	Payments to Personnel and Service Suppliers	(58,528)	(36,631)
1.1.8	Taxes Paid	104,256	(16,109)
1.1.9	Other	(333,802)	(647,705)
1.2	Changes in Operating Assets and Liabilities	(1,252,795)	(703,646)
1.2.1	Net increase/(decrease) in Financial Assets at Fair Value Through Profit or Loss	695	(60,118)
1.2.2	Net increase/(decrease) in Due from Banks and Other Financial Institutions	21,433	(198,568)
1.2.3	Net increase/(decrease) in Loans	146,295	(1,152,717)
1.2.4	Net increase/(decrease) in Other Assets	209,699	3,454
1.2.5	Net increase/(decrease) in Bank Deposits	(41,032)	3,229
1.2.6	Net increase/(decrease) in Other Deposits	(654,498)	23,970
1.2.7	Net increase/(decrease) in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8	Net increase/(decrease) in Funds Borrowed	82,243	250,977
1.2.9	Net increase/(decrease) in Payables	-	-
1.2.10	Net increase/(decrease) in Other Liabilities	(1,017,630)	426,127
I.	Net Cash Provided from Banking Operations	(1,162,221)	(946,067)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from Investing Activities	18,809	(44,245)
2.1	Cash Paid for Acquisition of Investments, Associates and Subsidiaries	-	(50,000)
2.2	Cash Obtained from Disposal of Investments, Associates and Subsidiaries	-	-
2.3	Purchases of Property and Equipment	(3,762)	(2,244)
2.4	Disposals of Property and Equipment	677	1,445
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	-	(74,400)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	-	80,954
2.7	Purchase of Financial Assets Measured at Amortised Cost	21,894	-
2.8	Sale of Financial Assets Measured at Amortised Cost	-	-
2.9	Other	-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	1,286,524	536,419
3.1	Cash Obtained from Funds Borrowed and Securities Issued	1,012,398	349,419
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Issued Capital Instruments	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	1,401	-
3.6	Other	272,725	187,000
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	205,828	(100,659)
V.	Net Increase/ (Decrease) in Cash and Cash Equivalents (I+II+III+IV)	348,940	(554,552)
VI.	Cash and Cash Equivalents at Beginning of the Period	2,846,788	1,401,562
VII.	Cash and Cash Equivalents at End of the Period	3,195,728	847,010

(*) The table has been restated, as explained in Chapter Three Footnote Number XXVI.

The accompanying notes are an integral part of these financial statements.

SECTION THREE**EXPLANATIONS ON ACCOUNTING POLICIES****I. Basis of Presentation**

As prescribed in the Article 37 of the Banking Act No. 5411, the Bank prepares its financial statements and underlying documents in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency ("BRSA") and Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") except for BRSA regulations. TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

The unconsolidated financial statements have been prepared in TL, under the historical cost basis as modified in accordance with inflation adjustments applied until 31 December 2004, except for the financial assets and liabilities carried at fair value. Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.

The preparation of unconsolidated financial statements in conformity with BRSA Accounting and Reporting Legislation requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles are defined and applied in accordance with BRSA Accounting and Reporting Legislation. Those accounting policies and valuation principles are explained in Notes II to XXVIII below.

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the unconsolidated financial position and unconsolidated results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

II. Strategy of Using Financial Instruments and Foreign Currency Transactions

A major portion of the Bank's funding has fixed interest rates; almost all TL placements consist of low-risk short-term transactions. Liquidity risk is monitored closely and the adequacies of available resources (which will be due within a certain period of fulfillment of obligations) are closely monitored. The maturity structure of placements is aimed to be in line with the maturities of resources of the country to the extent permitted by current conditions.

Risk bearing short term positions of currency, interest or price movements in money and capital markets is evaluated within the trading risk. The Bank evaluated the required economic Capital for trading risk and based on that risk limits are determined. This portfolio, being priced by the market on a daily basis and the limits are monitored on a daily basis. Risk limits are approved by Board of Directors once a year following the approval of the budget except a revision is required due to the economic conditions.

As of 31 March 2019 and 31 December 2018, the Bank does not have any investment in foreign companies.

III. Investments in Associates, Subsidiaries and Joint Ventures

The Bank has two subsidiaries resided in Turkey, which are Alternatif Finansal Kiralama A.Ş., Alternatif Yatırım A.Ş. Non-public traded subsidiaries are Alternatif Finansal Kiralama A.Ş. ve Alternatif Menkul Değerler A.Ş., they are accounted for cost value according to "Individual Financial Statements" (TAS 27) and if they have provision for impairment, provision is deducted, after reflected to financial statements.

As of 31 March 2019 and 31 December 2018, the Bank has not any recognize as foreign currency association and subsidiaries.

As of 31 March 2019 and 31 December 2018, the Bank has not any joint ventures.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**IV. Interest Income and Expense**

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". Starting from 1 January 2018, Bank has started accruing interest income on non-performing loans. Net book value of the non-performing loans (Gross Book Value - Expected Credit Loss) are rediscounted through effective interest rate and recognized through the gross book value of the non-performing loan.

V. Fee and Commission Income and Expense

Except for the banking services revenues are recognized as income at the time of collection, commission income related with the cash and non-cash loans are deferred and recognized as income by using with the effective interest rate method in accordance with TFRS 15 "Revenue from Contracts with Customers" standard. Depending on nature of fees and commission income derived from agreements and asset purchases for third parties are recognized as income when realized.

Fees and commission expenses paid to the other institutions are recognized as operation cost in the prepaid expense and recorded using the effective interest rate method and reflected to expense accounts in related period according to periodicity.

VI. Financial Assets

The Bank categorizes its financial assets as "Fair Value through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

The Bank recognizes a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments are made to earnings, losses or interests that were previously recorded in the financial statements.

a. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from shortterm fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

b. Financial Assets at Fair Value through Other Comprehensive Income

A financial asset is measured at fair value through other comprehensive income when both of the following conditions are provided:

- Financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell,
- Financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates.

Valuation of such assets is based on its fair value. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income reflected and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

In case of sales, the realized gain/losses are recognized directly in the income statement.

During initial recognition an entity may irrevocably elect to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. Financial Assets (Continued)

c. Financial Assets Measured at Amortized Cost

A financial asset is measured at amortized cost when both of the following conditions are provided:

- Financial assets within a business model that aims to hold to collect contractual cash flows,
- Financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using "Effective Interest Rate Method". Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

d. Derivative Financial Assets

The Bank uses derivative financial instruments to hedge its foreign currency and interest rate risk.

The major derivative instruments utilized by the Bank are foreign currency swaps, interest rate swaps, currency forwards, currency futures and currency options.

Derivatives are initially recorded with their fair values and related transaction costs as of the contract date are recorded on gain or loss. The following periods of initial reporting, they are measured with their fair values. The result of this assessment, offsetting debit and credits stemming from each contract debit and credits are reflected to the financial statements as a contract-based single asset and liability. The recognition method of profit/loss is based on whether the related derivative is hedged or not, and the content of the hedged instrument.

The Bank notifies in written the relationship between hedging instrument and related account, risk management aims of hedge and strategies and the methods using to measure of the hedge effectiveness. The Bank evaluates the method of hedge whether to be effective on the expected changes in fair values in this process or not or each result of hedge effectiveness whether to be between the range of 80% and 125%.

Changes in fair values of derivative transactions determined as hedge for fair value are recorded in profit or loss together with changes in hedging asset or liability.

The difference in current values of derivative transactions fair value hedge is shown in "Trading Gains/Losses on derivative financial instruments" account. In the balance sheet, change in fair value of hedge asset or liability during the hedge accounting to be effective is shown with the related asset or liability. In case of inferring hedge accounting, corrections made to the value of hedge account using straight-line amortization method within the days to maturity are reflected to "Trading gains/losses on derivative financial instruments" account in income statement.

Derivative financial instruments of the Bank are classified under "TFRS 9 Financial Instruments" ("TFRS 9"), "Derivative Financial Assets Designated at Fair Value through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value through Other Comprehensive Income". In accounting policy choice, TFRS 9 provides the option of postponing the acceptance of TFRS 9 hedge accounting and continuing with TAS 39 "Hedge accounting". In this context, the Bank continued to apply TAS 39 "Hedge accounting".

The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts. "Financial instruments at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "derivative financial assets held for trading" and if the fair value difference is negative, it is disclosed under "derivative financial liabilities held for trading". Fair value changes are recorded under "Derivative Financial Transactions Gains/ (Losses)" in the income statement. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. Financial Assets (Continued)

e. Loans

Loans are financial assets which are created by providing money, goods or services to the debtor. Loans are recognized at acquisition cost which is reflecting the fair value after that measured at amortized cost using the effective interest rate method. Any fees and other similar charges paid for assets received as collateral are not considered as part of the transaction cost and reflected in the expense accounts.

Cash loans in personal and corporate loans, according to the Uniform Chart of Accounts ("UCA") and Prospectus are recognized in accordance with their original balances in the account specified.

The foreign exchange indexed commercial and individual loans are being monitored by the exchange rate of the opening date over Turkish Lira in the TL accounts. Repayments are calculated at the exchange rate at the date of payment, the resulting exchange differences are recognized in the income and expense account.

Starting from 24 March 2014, the Bank has hedged the fair value effects of changes in libor interest rates, fixed interest rate with maturity 5 years funding by using interest rate swap. The nominal value of interest rate swap is TL 55,000 with maturity 5 years respectively.

As of 24 March 2019, the difference of TL 1,032 resulting from the changes in the fair values of the loans that are subject to fair value hedge accounting will be amortized until 25 December 2023.

VII. Impairment of Financial Assets

The Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750.

In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

The Bank estimates the expected credit losses for a financial lease based on the probabilities determined by taking into account the probable outcomes and estimates the fair value of the money and the estimates of past events, current conditions and future economic conditions at reasonable rates, and reflects supportable information during the reporting period.

The Bank calculates the expected credit loss individually or by grouping the financial assets that bear the common credit risk characteristics according to the risk level determined by the bank.

Within the scope of internal policies, the Bank, evaluates the calculation of credit losses in accordance with TFRS 9, as an individual assessment based on expert opinion. In this context, the Bank takes into account the weight of the estimating the probability of scenario of the occurrence or failure of the related loan losses and reduced expected cash flows to the reporting date with effective interest rate.

The Bank uses three basic parameters in the calculation of expected credit loss as default rate, loss in default and default amount. The calculation is also based on these scenarios, time value of money, the historical observed data and the forecasting of the macroeconomic situation.

In the calculation of expected credit loss, the Bank includes the prospective macroeconomic information in to the credit risk parameters. In this context, economic models based on the relationship of credit risk parameters with macroeconomic variables are established based on multi-scenario, and the models mainly take into account the basic macroeconomic variables such as Gross Domestic Product (GDP) and Unemployment Rates. The efficiency and adequacy of the models used in the calculation of credit losses are reviewed at regular intervals.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Impairment of Financial Assets (Continued)

Financial assets included in TFRS 9, is divided into three stages according to the change in loan quality after initial recognition and the expected credit loss is calculated according to the stage:

- Stage 1: For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.
- Stage 2: In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. For these assets, lifetime expected credit losses are recognized.
- Stage 3: Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

- Definition of Default:

Default means, when the borrower's payment obligations which against to the Bank, delays more than 90 days from the date of payment in part or in full, or he is not pay.

Considered as a significant increase in credit risk:

- Overdue receivables of more than 30 days
- Receivables followed in close monitoring portfolio
- Restructured receivables due to payment difficulties
- Receivables from non-problematic consumer loans from individual customers with problematic consumer loans
- Receivables exceeding the established thresholds for the differences between the default probabilities measured at the time of the financial statements and the default probabilities observed at the reporting date

VIII. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and to collect/pay related financial assets and liabilities on a net basis, or there is an intent on to realize the asset and settle the liability simultaneously. Otherwise, any related financial assets and liabilities are not offset.

IX. Sales and Repurchase Agreements and Securities Lending Transactions

Funds obtained by the Bank from repurchase agreements ("repo") are accounted under "Money Market Balances" in liabilities.

The Bank's repurchase agreements are composed short-term government bonds and treasury bills. Financial assets subject to repurchase agreements, parallel to the classification of financial instruments, the fair value recognition in profit or loss, are classified as available for sale or held to maturity financial assets. Repo subjected financial assets' income recognized in interest income, while expenses paid under repurchase agreements are recognized in interest expenses.

Funds given against securities purchased under agreements to resell ("Reverse Repo") are accounted under "Money Market Placements" on the balance sheet.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**X. Assets Held for Sale and Discontinued Operations**

In accordance with IFRS 5 standard ("Non-current Assets Held for Sale and Discontinued Operations"), a tangible asset (or a group of assets to be disposed) classified as "asset held for resale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as "asset held for resale" only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

The Bank classified assets that were acquired due to non-performing receivables, as assets held for sale.

A discontinued operation is a part of the Bank's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

As of 31 March 2019 and 31 December 2018 The Bank has no discontinued operations.

XI. Goodwill and Other Intangible Assets

There is no goodwill in unconsolidated financial statements as of balance sheet date.

The intangible assets which are purchased before 1 January 2005 have been restated for the effects of inflation and the intangible assets after this date are presented with their purchase cost, accumulated depreciation and amortization and impairment. According to the regular amortization method, long term assets depreciate regarding to their useful lives. The amortization method and the period are reviewed in each year-end. The intangible assets are mainly consisted of software programs and rights and according to the straight line method of depreciation, they amortize in between 3 to 15 years.

XII. Property and Equipment

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for impairment, if any.

Properties and equipments are being depreciated by applying the straight-line method, in accordance with the Tax Procedure Law which estimates the useful lives.

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

If properties and equipments' value, adjusted for inflation (until 31 December 2004) is higher than the current value, exceeding amount is being allocated for impairment and determined amounts are reflected in the financial statements.

Gain or loss resulting from disposals of the property and equipment is reflected to the income statement as the difference between the net proceeds and net book value.

Expenditures for the repair and renewal of property and equipment are recognised as expense.

There are no pledges, mortgages or other restrictions on the properties and equipments.

Tangible assets within the property's net book value by comparing the fair value determined as of the last year by a licensed real estate appraisal companies, In case of an indication of the presence related to the fair value impairment, the recoverable amount of the asset "Turkey Related to Impairment Accounting Standards" (TAS 36) are estimated within the framework and the recoverable amount is below the asset's book value, a provision for impairment is separated and formed is recognized in "Other Operating Expenses" in the relevant period.

Gains or losses on disposals of property, plant and equipment are recognized in the statement of profit or loss as the difference between the net book value and the carrying amount of the property, plant and equipment.

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 December 2018. The revaluation difference arising from the valuations made by the appraisal firms authorized by Capital Markets Board ("CMB") and BRSA is accounted in Investment Properties Revaluation Differences line under the Shareholders' Equity.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**XIII. Leasing Transactions**

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use assets:

The right to use asset is first recognized by cost method and includes:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- All initial direct costs incurred by the Bank and

When the Bank applying the cost method, the existence of the right to use:

- Accumulated depreciation and accumulated impairment losses are deducted and
- Measures the restatement of the lease obligation at the restated cost.

The Lease Obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates. The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- Increase the book value to reflect the interest on the lease obligation
- Reduces the book value to reflect the lease payments made and
- The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability. "TFRS 16 Leasing" Standard was promulgated in Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting period starting on 31 December 2018. The Bank applied TFRS 16 "Leasing" standard, which replaced TAS 17 "Leasing", as of 1 January 2019, the date of first implementation.

The Bank has chosen simplified transition approach method while adopting TFRS 16 and prior period comparative figures have not been restated.

Details based on the asset with regard to the recognised asset tenure is as follows:

	1 January 2019
Branches	37,455
Vehicles	9,963
Total right of use assets	47,418

	1 January 2019
Operational leasing commitments	126,360
Contracts that are excluded from the scope of TFRS 16 (-)	-
Total lease liability	126,360
Discounted lease liabilities	45,999

As of 31 March 2019, net right of use assets and net lease liabilities are amounting to TL 49,071 and TL 44,698, respectively.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**XIV. Provisions, Contingent Commitments and Contingent Assets**

Provisions and contingent liabilities except for the specific and general provisions recognized for loans and other receivables are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by using the Bank Management's best expectation of expenses in fulfilling the obligation, and discounted to present value if material. When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Bank, it is considered that a "Contingent" liability exists and it is disclosed in the related notes to the financial statements.

XV. Obligations Related to Employee Rights

Obligations related to employee termination and vacation rights are accounted in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19"). Under the Turkish Labor Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labor Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation arising from this liability. Actuarial gains and losses are accounted for under equity.

XVI. Taxation**a. Corporate tax**

In Turkey, the corporate tax rate is 20% since January 1, 2006. With the Law, No. 7061 Amendment of Certain Taxes and Laws and Other Acts promulgated in the Official Gazette, tax rate will applied as 22% for three years between 2018 and 2020. In addition, Council of Ministers is authorised to reduce the rate from 22% to 20%.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

A 75% portion of the capital (With the Law, No. 7061 Amendment of Certain Taxes and Laws and Other Acts promulgated in the Official Gazette, dated 5 December 2017, the exemption applied as 75% was decreased to 50% to be effective as of the promulgation of the Law for the mentioned sale of properties.) gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

b. Deferred taxes

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Corporate Tax Law has been amended with Article 91 of the Law, No. 7061 effective upon promulgation in the Official Gazette, No. 30261, dated 5 December 2017; and the corporate tax levied on the corporate income has been increased from 20% to 22% to be applied for the income belonging to 2018, 2019 and 2020. The Bank calculates deferred tax at the relevant rates considering the periods in which deferred tax assets and liabilities will be fulfilled. However, because of the corporate tax rate is 20% and applicable to post 2020, 20% tax rate is used for temporary differences expected/expected to be closed after 2020. Deferred tax rate calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles from 1 January 2018.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**XVII. Additional Explanations on Borrowings**

Debt instruments with different characteristics such as syndicated borrowings and post-financing obtained from foreign financial institutions, marketable securities issued in domestic and foreign markets and money market borrowings are major funding source of the Bank. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated using by "Effective interest rate method".

XVIII. Share Certificates and Issuance of Share Certificates

At capital increases, the Bank accounts the difference between the issued value and nominal value as "share issue premium under shareholders" in equity, in the case where the issued value is higher than the nominal value.

There is no decision of Bank for dividend distribution after the balance sheet date.

XIX. Avalized Drafts and Acceptances

Guaranteed bills and acceptances shown as liabilities against assets are included in the "Off-balance sheet commitments".

XX. Government Incentives

As of 31 March 2019, the Bank does not have any government incentives or grants (31 December 2018: None).

XXI. Profit Reserves and Profit Distribution

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Under the Turkish Commercial Code ("TCC") the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

In accordance with the decision of the Ordinary General Assembly dated 29 March 2019, The Bank has decided to allocate 5% of the legal reserve over the net distributable profit and transfer the remaining amount, after the distribution of legal reserves, to offset from prior year's losses, within the framework of the Articles of Association and the Turkish Commercial Code.

XXII. Earnings Per Share

Earnings per share disclosed in the income statement are calculated by dividing net profit/(loss) for the year to the weighted average number of shares outstanding during the period concerned.

	31 March 2019	31 March 2018
Profit Attributable to Shareholders	51,817	42,761
Weighted Average Number of Issued Ordinary Shares (Thousand) ^(*)	1,178,730	1,118,742
Earnings/(Losses) Per Share (Disclosed in full TL)	0.0440	0.0382

(*) The number of share capital is calculated by weighting the capital increases, which were made on 27 March 2019 and 24 January 2018.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares "bonus shares" to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

No bonus shares were issued as of 31 March 2019 (31 December 2018: None).

XXIII. Related Parties

For the purpose of these financial statements, shareholders, key management personnel and board members together with their families and companies controlled by/affiliated with them, and associated companies are considered and referred to as related parties in accordance with "Turkish Accounting Standard for Related Parties" ("TAS 24"). The transactions with related parties are disclosed in detail in Note VII. of Section Five.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**XXIV. Cash And Cash Equivalents**

For the purposes of the cash flow statement, "Cash" includes cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXV. Amendments Accounting Policies of the Current Period**IFRS 16 Leasings**

On 16 April 2018, IASB issued the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases - Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 Leases eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The Bank has chosen to implement paragraph C5 (b) of the relevant standard and will not rearrange comparative informations. The implementation of this amendment to TFRS 16 did not have a significant impact on the financial statements of the Bank.

XXVI. Explanations on Accounting Policies, Changes in Accounting Estimates and Errors Standard

The Bank's revisions to the past period are explained as below.

- As of 30 June 2018, The Bank, has started to follow the subordinated loan which was obtained from its controlling shareholder The Commercial Bank (P.S.Q.C.) amounting to USD 75 million and classified to the equity account in 31 July 2017, as Turkish Liras, in accordance with the "Effects of Foreign Exchange Rate Changes Accounting Policy" and using 31 July 2017 closing dollar rate. The Bank has restated its subordinated loan as TL 252,275 in the financial statements dated 31 December 2017 and within the framework of "TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors", the foreign exchange differences amounting to TL 18,698 between 31 July 2017 and 31 December 2017, transferred to the prior year's profit or loss. The positive impact of this adjustment on the net profit or loss for the period ended 31 March 2018 is TL 10,354.
- The Bank has reclassified the previous period's impairment reversals amounting to TL 191,567, from "Other operating income" to "Expected credit losses" in the statement of income as of 31 March 2018.

The effects of these adjustments to the unconsolidated financial statements of the Bank are given below.

	Reported 31 March 2018	Classifications	Adjustments	Restated 31 March 2018
Total Equity	1,372,295	-	-	1,372,295
Prior Period Profit/(Loss)	(365,383)	-	18,698	(346,685)
Other Capital Reserves	276,802	-	(29,052)	247,750
Current Period Profit/(Loss)	32,407	-	10,354	42,761
Trading Profit / (Loss)	(3,074)	-	13,275	10,201
Provision for Taxes on Continuing Operations	(9,627)	-	(2,921)	(12,548)
Other Operation Income	196,266	(191,567)	-	4,699
Expected Provision Losses and Other Provision Losses	(231,062)	191,567	-	(39,495)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVII. Explanations on Other Matters

None.

XXVIII. Operating Segments

Information about operating segments which are determined in line with organizational and internal reporting structure of the Bank, are disclosed.

- a) The Bank provides basic banking services in corporate/commercial banking and treasury.
- b) Corporate banking services consists of automatic money transfers, current accounts, deposits, open loan transactions as well as option and other derivative instruments that are used for banking operations.
- c) Investment banking services consists of trading of financial instruments and fund management.
- d) Other operations consist of subsidiaries and joint ventures, tangible assets, intangible assets, deferred tax asset and equity amounts and other income/loss accounts associated with these accounts.
- e) The Bank's software requirements, possible software updates and additional software requirements to compete with other firms are provided by the Bank.
- f) According to the table provided, share of each Bank's operating segment in the Balance sheet is as follows; corporate/retail banking 64%, investment banking 32% and other 4%.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS ON ACCOUNTING POLICIES (Continued)****XXVIII. Operating Segments (Continued)****Major balance sheet and income statement items based on operating segments**

	Corporate / Retail Banking	Investment Banking	Other	Total Operations of the Bank
31 March 2019				
Net Interest Income/ (Expense)	162,706	(20,245)	-	142,461
Net Fees and Commissions Income and Other Operating Income	32,891	(11)	-	32,880
Trading Profit/Loss	5,968	90,907	-	96,875
Dividend Income	-	2,762	-	2,762
Impairment Provision for Loans and Other Receivables (-)(*)	(107,782)	(2,582)	-	(110,364)
Other Operating Expenses (-)	(83,498)	(10,769)	-	(94,267)
Profit Before Taxes	10,285	60,062	-	70,347
Tax Provision				(18,530)
Net Profit for the Period				51,817
31 March 2019				
Segment Assets	15,896,842	7,834,034	1,040,909	24,771,785
Investments in Associates and Subsidiaries	-	-	225,580	225,580
Total Assets	15,896,842	7,834,034	1,266,489	24,997,365
Segment Liabilities	13,550,921	4,420,102	5,060,952	23,031,975
Shareholders' Equity	-	-	1,965,390	1,965,390
Total Liabilities	13,550,921	4,420,102	7,026,342	24,997,365

	Corporate / Retail Banking	Investment Banking	Other	Total Operations of the Bank
31 March 2018				
Net Interest Income	164,713	(21,736)	-	142,977
Net Fees and Commissions Income and Other Operating Income	16,198	-	-	16,198
Trading Profit/Loss	-	10,201	-	10,201
Dividend Income	-	-	-	-
Impairment Provision for Loans and Other Receivables (-) (*)	(36,913)	(2,582)	-	(39,495)
Other Operating Expenses (-)	(73,782)	(790)	-	(74,572)
Profit Before Taxes	70,216	(14,907)	-	55,309
Tax Provision				(12,548)
Net Profit for the Period				42,761
31 December 2018				
Segment Assets	15,586,550	7,288,275	1,197,532	24,072,357
Investments in Associates and Subsidiaries			225,580	225,580
Total Assets	15,586,550	7,288,275	1,423,112	24,297,937
Segment Liabilities	13,816,340	4,285,282	4,563,769	22,665,391
Shareholders' Equity			1,632,546	1,632,546
Total Liabilities	13,816,340	4,285,282	6,196,315	24,297,937

(*) Impairment provision for loans and other receivables indicates expected credit losses and other provision expenses.

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Explanations on Shareholders' Equity

The standard rate of the capital adequacy of the Bank is 18.35% (31 December 2018: 17.17%).

The calculation of the standard rate of the Capital adequacy is made within framework of the "Regulation on the Measurement and Assessment of the Capital Adequacy of Banks (Regulation)", which was published in Official Gazette No.29111 dated 6 September 2014.

a. Information on Shareholder's Equity

	31 March 2019	31 December 2018
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1,439,725	1,167,000
Share issue premiums	54	54
Reserves	463,462	463,462
Gains recognized in equity as per TAS	54,763	49,031
Profit	282,357	230,540
Current Period Profit	51,817	194,934
Prior Period Profit	230,540	35,606
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	2,240,361	1,910,087
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	274,849	189,313
Improvement costs for operating leasing (-)	12,713	17,212
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	47,437	48,476
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****I. Explanations on Shareholders' Equity (Continued)****a. Information on Shareholder's Equity (Continued)**

Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	334,999	255,001
Total Common Equity Tier 1 Capital	1,905,362	1,655,086
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	264,195	264,195
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	264,195	264,195
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	264,195	264,195
Total Tier I Capital (Tier I Capital=Common Equity Tier 1 Capital+Additional Tier I Capital)	2,169,557	1,919,281
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,953,224	1,832,665
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks) (*)	118,879	14,937
Tier II Capital Before Deductions	2,072,103	1,847,602
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	2,072,103	1,847,602
Total Capital (The sum of Tier I Capital and Tier II Capital)	4,241,660	3,766,883
Deductions from Total Capital	4,241,660	3,766,883
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	1,279	1,515
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	-
Other items to be defined by the BRSA	-	-

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)
I. Explanations on Shareholders' Equity (Continued)
a. Information on Shareholder's Equity (Continued)

In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
TOTAL CAPITAL		
Total Capital (The sum of Tier I Capital and Tier II Capital)	4,240,381	3,765,368
Total risk weighted amounts	23,104,876	21,927,608
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	8.25%	7.55%
Tier 1 Capital Adequacy Ratio (%)	9.39%	8.75%
Capital Adequacy Ratio (%)	18.35%	17.17%
BUFFERS		
Bank specific total Common Equity Tier 1 Capital requirement (%)	2.50%	1.88%
Capital conservation buffer requirement (%)	2.50%	1.88%
Bank specific counter-cyclical buffer requirement (%)	0.00%	0.00%
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3.39%	2.75%
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Remaining Mortgage Servicing Rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	118,879	14,937
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	118,879	14,937
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

(*)As of May, 2018, the difference between the expected loan loss provisions calculated in accordance with TFRS 9 and the total provision amount calculated before the application of TFRS 9 has been recorded in "Prior Years' Profit and Loss" account. Therefore, in accordance with Provisional Article 5 of the "Regulation on Equity of Banks", this amount has started to be shown net in the calculation of equity by adding 60% of the portion after deduction of the tax amount resulting from the difference (31 December 2018: 80%).

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****I. Explanations on Shareholders' Equity (Continued)****b. Details on Subordinated Liabilities**

Issuer	The Commercial Bank (P.S.Q.C.)
Unique identifier (eg CUSIP, ISIN)	-
Governing law(s) of the instrument	Regulation on Equity of Banks (Published in the Official Gazette Nr. 28756 dated 5 September 2013)
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on Unconsolidated/ consolidated / both unconsolidated and consolidated	Valid on Consolidated and Unconsolidated Basis
Instrument type	TIER-I Subordinated Loan
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	264,195
Par value of instrument (Million TRL)	264,195
Accounting classification	414
Original date of issuance	30.06.2015
Demand or time	Demand
Original maturity date	Demand
Issuer call subject to prior supervisory approval	-Illegality, - After 5th year, -Taxation reason and -Depending on regulatory as a reason BRSA has the right to refund.
Optional call date, contingent call dates and redemption amount	-
Subsequent call dates, if applicable	-
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	9.85%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Discretionary
Existence of step up or other incentive to redeem	-
Non-cumulative or cumulative	Non-cumulative
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger (s)	When unsustainable situation is realized,value decrement is realized.
If write-down, full or partial	Partial or completely value decrement is should be realized.
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After claims, deposit holders, other creditors and instruments included in the calculation of supplementary capital
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	-

ALTERNATİFBANK A.Ş.
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INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)
I. Explanations on Shareholders' Equity (Continued)
b. Details on Subordinated Liabilities (Continued)

Issuer	United Arab Bank, National Bank Of Oman
Unique identifier (eg CUSIP, ISIN)	-
Governing law(s) of the instrument	Regulation on Equity of Banks (Published in the Official Gazette Nr. 28756 dated 5 September 2013)
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on Unconsolidated/ consolidated / both unconsolidated and consolidated	Valid on Consolidated and Unconsolidated Basis
Instrument type	Secondary Subordinated Loan
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	281,420
Par value of instrument (Million TRL)	281,420
Accounting classification	347
Original date of issuance	30.06.2015
Demand or time	Time
Original maturity date	10 years +1 day
	-Illegality, - After 5th year, -Taxation reason and
Issuer call subject to prior supervisory approval	-Depending on regulatory as a reason BRSA has the right to refund.
Optional call date, contingent call dates and redemption amount	-
Subsequent call dates, if applicable	-
Coupons / dividends	
Fixed or floating dividend/coupon	Floating
Coupon rate and any related index	Libor+6
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Non-cumulative or cumulative	Non-cumulative
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts int	-
Write-down feature	
If write-down, write-down trigger (s)	When unsustainable situation is realized,value decrement is realized.
If write-down, full or partial	Partial or completely value decrement is should be realized.
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before core capital, after all creditors
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	-

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****I. Explanations on Shareholders' Equity (Continued)****b. Details on Subordinated Liabilities (Continued)**

Issuer	Alternatif Bank A.Ş.
Unique identifier (eg CUSIP, ISIN)	ISIN: XS1396282177
Governing law(s) of the instrument	Regulation on Equity of Banks (Published in the Official Gazette Nr. 28756 dated 5 September 2013)
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on Unconsolidated/ consolidated / both unconsolidated and consolidated	Valid on Consolidated and Unconsolidated Basis
Instrument type	Secondary Subordinated Loan
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	1,671,804
Par value of instrument (Million TRL)	1,671,804
Accounting classification	347
Original date of issuance	15.04.2016
Demand or time	Time
Original maturity date	10 years+ 1 day
Issuer call subject to prior supervisory approval	-Illegality, - After 5th year, -Taxation reason and -Depending on regulatory as a reason BRSA has the right to refund.
Optional call date, contingent call dates and redemption amount	-
Subsequent call dates, if applicable	-
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	8.75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Non-cumulative or cumulative	Non-cumulative
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger (s)	When unsustainable situation is realized,value decrement is realized.
If write-down, full or partial	Partial or completely value decrement is should be realized.
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before core capital, after all creditors
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	-

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)**II. Explanations on Credit Risk**

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

III. Explanations on Currency Risk

The difference between the Bank's foreign currency denominated and foreign currency indexed on and off-balance sheet assets and liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in "Net Foreign Currency Position" (cross currency risk).

The Bank keeps the amount at currency risk within the legal limits and monitors the foreign currency positions daily/momentarily. Even though the Bank's determined foreign currency limit is minimal compared to the legal limit, the positions throughout the year did not exceed the limits. Term option contracts such as swap and forward are used for hedging the currency risk. Stress tests are performed to mitigate the fluctuations of the exchange rates.

The Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date

Rate used:	USD	EUR
28.03.2019	5.5423	6.2335
27.03.2019	5.3307	6.0091
26.03.2019	5.4945	6.2162
25.03.2019	5.6458	6.3858
24.03.2019	5.5274	6.2630

The Bank's foreign currency bid rates for the reporting date and average of 30 days before the reporting day is as follows:

USD: TL 5.4649

EUR: TL 6.1718

As of 31 March 2019;

	USD	EUR
Rate Used:	TL 5.6284	TL 6.3188

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****III. Explanations on Currency Risk (Continued)****a. Information on currency risk of the Bank**

The Bank's real foreign currency position, both in financial and economic terms, is presented in the table below:

	Euro	Usd	Other FC	Total
31 March 2019				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	219,734	1,611,914	32,547	1,864,195
Banks	236,498	1,416,973	31,079	1,684,550
Financial Assets at Fair Value Through Profit and Loss (*)	927	87,098	-	88,025
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans (**)	5,902,156	2,950,985	1,667	8,854,808
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	-	3,309,902	-	3,309,902
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	10,809	212,072	-	222,881
Total Assets	6,370,124	9,588,944	65,293	16,024,361
Liabilities				
Bank Deposits	6,353	18,388	1,593	26,334
Foreign Currency Deposits	1,877,186	5,891,813	89,243	7,858,242
Money Market Funds	-	653,816	-	653,816
Funds Borrowed From Other Financial Institutions	1,114,516	4,501,122	1,475	5,617,113
Marketable Securities Issued	-	1,415,713	-	1,415,713
Miscellaneous Payables	77,841	78,646	129	156,616
Derivative Financial Liabilities For Hedging Purposes	-	-	-	-
Other Liabilities (****)	11,074	49,278	-	60,352
Total Liabilities	3,086,970	12,608,776	92,440	15,788,186
Net Balance Sheet Position	3,283,154	(3,019,832)	(27,147)	236,175
Net Off-Balance Sheet Position	(3,303,470)	3,585,782	27,349	309,661
Financial Derivative Assets	2,028,024	6,071,808	80,537	8,180,369
Financial Derivative Liabilities	5,331,494	2,486,026	53,188	7,870,708
Non-Cash Loans (*****)	1,568,581	1,839,371	265,164	3,673,116
31 December 2018				
Total Assets	6,115,924	8,902,780	55,425	15,074,129
Total Liabilities	2,119,779	12,496,234	77,948	14,693,961
Net Balance Sheet Position	3,996,145	(3,593,454)	(22,523)	380,168
Net Off-Balance Sheet Position	(4,013,246)	4,025,371	24,738	36,863
Financial Derivative Assets	1,536,998	6,459,570	71,336	8,067,904
Financial Derivative Liabilities	5,550,244	2,434,199	46,598	8,031,041
Non-Cash Loans	1,754,236	1,589,830	90,456	3,434,522

(*) Accruals of derivative assets held for trading amounting to TL 72,663 (31 December 2018: TL 15,406) have been deducted from fair value through profit and loss.

(**) FC indexed loans and accruals amounting to TL 824,587 (31 December 2018: TL 938,877) are included in loans.

(***) Includes TL 814 spot transaction accruals (31 December 2018: 153).

(****) Accruals of derivative liabilities held for trading amounting to TL 3,251 (31 December 2018: TL 40,378) and other provisions amounting to TL 280 (31 December 2018: TL 30) have been deducted from other liabilities.

(*****) No effect on net off-balance sheet position.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****IV. Explanations on Interest Rate Risk**

Assets, liabilities and off-balance sheet items' interest rate sensitivity are measured.

The expected impact on the financial position and on the cash flow of the bank due to the fluctuations in the market interest rates are being followed within the framework of Asset-Liability management principles and also interest rate risk limits restricted on balance sheet by the Board of Directors. These limits also impose restriction to indirect profit centers can carry on maturity mismatches.

The Bank has not encountered to any significant interest rate risk in last period.

Average interest rates applied to monetary financial instruments reflect market rates.

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

31 March 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	1,815,540	-	-	-	-	313,911	2,129,451
Banks	1,319,372	-	-	-	-	395,284	1,714,656
Financial Assets at Fair Value Through Profit and Loss	16,393	108,282	33,089	92,901	10	-	250,675
Money Market Placements	110,229	-	-	-	-	-	110,229
Financial Assets at Fair Value Through Other Comprehensive Income	-	2,455	-	-	-	7,660	10,115
Loans	3,435,644	1,554,785	5,161,502	5,294,304	678,620	(226,895)	15,897,960
Financial Assets Measured at Amortised Cost	2,191,166	252,550	1,174,844	-	-	(448)	3,618,112
Other Assets (*) (****)	1,249	85	-	-	-	1,264,833	1,266,167
Total Assets	8,889,593	1,918,157	6,369,435	5,387,205	678,630	1,754,345	24,997,365
Liabilities							
Bank Deposits (**)	98,197	-	-	-	-	13,068	111,265
Other Deposits	9,877,243	2,177,879	444,505	5,662	-	934,367	13,439,656
Money Market Funds	438,951	151,155	64,360	-	-	-	654,466
Miscellaneous Payables	-	-	-	-	-	323,273	323,273
Marketable Securities Issued	193,837	818,561	1,415,713	-	-	-	2,428,111
Funds Borrowed From Other Financial Institutions	2,369,836	2,098,597	1,183,347	1,065	-	-	5,652,845
Other Liabilities and Shareholders' Equity (***)	30,337	17,252	339,225	102,105	10	1,898,820	2,387,749
Total Liabilities	13,008,401	5,263,444	3,447,150	108,832	10	3,169,528	24,997,365
Balance Sheet Long Position	-	-	2,922,285	5,278,373	678,620	-	8,879,278
Balance Sheet Short Position	(4,118,808)	(3,345,287)	-	-	-	(1,415,183)	(8,879,278)
Off-Balance Sheet Long Position	10,487	68,592	27,681	-	-	-	106,760
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(4,108,321)	(3,276,695)	2,949,966	5,278,373	678,620	(1,415,183)	106,760

(*) Investments in associates and subsidiaries are classified as tangible and intangible fixed assets, sundry receivables, deferred tax assets, other assets and other non-interest bearing assets.

(**) Precious metal bank account is presented under "Bank Deposits".

(***) Tax payables, levies, charges and premiums, provisions and shareholders equity are classified as non-interest bearing other liabilities.

(****) Expected loss provision for financial assets is presented non-interest bearing on the table. Amounted to TL 348 were deducted from non-interest banks, amounted to TL 448 were deducted from non-interest financial assets measured at amortised cost.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****IV. Explanations on Interest Rate Risk (Continued)****a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on (re-pricing dates) (Continued)**

31 December 2018	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	1,801,048	-	-	-	-	411,003	2,212,051
Banks	721,629	-	-	-	-	65,499	787,128
Financial Assets at Fair Value Through Profit and Loss	33,831	73,596	18,547	99,372	61	-	225,407
Money Market Placements	630,439	-	-	-	-	-	630,439
Financial Assets Available-for-Sale	-	2,486	-	-	-	4,898	7,384
Loans	3,897,474	1,917,128	4,421,889	4,868,651	728,797	(246,336)	15,587,603
Held-to-Maturity Investments	-	1,955,046	1,472,014	-	-	(436)	3,426,624
Other Assets (*)	265	255	170	-	-	1,420,611	1,421,301
Total Assets	7,084,686	3,948,511	5,912,620	4,968,023	728,858	1,655,239	24,297,937
Liabilities							
Bank Deposits	149,341	-	-	-	-	1,981	151,322
Other Deposits	8,959,262	3,469,174	516,447	67	-	720,068	13,665,018
Money Market Funds	429,448	254,778	-	-	-	-	684,226
Miscellaneous Payables	-	-	-	-	-	394,058	394,058
Marketable Securities Issued	149,249	202,026	1,338,284	-	-	-	1,689,559
Funds Borrowed From Other Financial Institutions	317,097	1,834,543	3,137,606	1,344	-	-	5,290,590
Other Liabilities and Shareholders' Equity (**)	22,635	30,570	311,069	103,663	61	1,955,166	2,423,164
Total Liabilities	10,027,032	5,791,091	5,303,406	105,074	61	3,071,273	24,297,937
Balance Sheet Long Position	-	-	609,214	4,862,949	728,797	-	6,200,960
Balance Sheet Short Position	(2,942,346)	(1,842,580)	-	-	-	(1,416,034)	(6,200,960)
Off-Balance Sheet Long Position	28,546	13,791	16,937	2	-	-	59,276
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(2,913,800)	(1,828,789)	626,151	4,862,951	728,797	(1,416,034)	59,276

(*) Investments in associates and subsidiaries are classified as tangible and intangible fixed assets, sundry receivables, deferred tax assets, other assets and other non-interest bearing assets.

(**) Precious metal bank account is presented under "Bank Deposits".

(***) Tax payables, levies, charges and premiums, provisions and shareholders equity are classified as non-interest bearing other liabilities.

(****) Expected loss provision for financial assets is presented non-interest bearing on the table. Amounted to TL 291 were deducted from non-interest banks, amounted to TL 436 were deducted from non-interest financial assets measured at amortised cost.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****IV. Explanations on Interest Rate Risk (Continued)****a. Interest rate risk arising from banking accounts**

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

c. Average interest rates applied to monetary financial instruments

The following average interest rates have been calculated by weighting the rates with their principal amounts as of the balance sheet date.

31 March 2019	Euro	Usd	Other FC	TL
Assets	(%)	(%)	(%)	(%)
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	2.00	-	13.00
Banks	0.03	2.40	-	24.75
Financial Assets at Fair Value Through Profit and Loss	-	10.48	-	10.68
Money Market Placements	-	-	-	25.33
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	26.22
Loans and Receivables	5.06	7.67	3.15	24.32
Financial Assets Measured at Amortised Cost	-	4.64	-	8.56
Liabilities				
Bank Deposits (*)	1.10	0.79	-	19.48
Other Deposits (*)	1.08	3.81	1.72	20.04
Money Market Funds	-	0.52	-	17.01
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	3.12	-	21.77
Funds Borrowed From Other Financial Institutions	2.28	4.34	-	13.59

(*) Demand deposit amounts are included.

31 December 2018	Euro	Usd	Other FC	TL
Assets	(%)	(%)	(%)	(%)
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	2.00	-	13.00
Banks	-	6.29	-	23.68
Financial Assets at Fair Value Through Profit and Loss	-	5.16	-	16.64
Money Market Placements	-	-	-	25.40
Financial Assets Available-for-Sale	-	-	-	26.22
Loans	5.18	7.52	2.38	25.66
Held-to-Maturity Investments	-	4.59	-	8.53
Liabilities				
Bank Deposits (*)	-	1.84	0.15	22.07
Other Deposits (*)	1.61	5.01	2.40	22.70
Money Market Funds	-	0.55	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	3.12	-	24.82
Funds Borrowed From Other Financial Institutions	2.22	5.93	-	12.83

INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

V. Explanation on Stock Position Risk

None.

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio

There is a liquidity limit approved and monitored on a weekly basis by the Bank Risk Committee. This limit is used by the Assets-Liability Management Committee for deciding to funding sources composition and pricing policy.

Maturity and interest rate mismatches impact on profitability and capital is measured using scenario analysis.

The Bank's most important source of liquidity is deposits denominated in TL and foreign exchange deposit accounts. In addition, there are also borrowing opportunities available from Borsa İstanbul repo market, Takas Bank and Interbank market.

In accordance with the "Regulation on calculation of Bank's liquidity coverage ratio", published in Official Gazette no. 28948, dated 21 March 2014, as of 2019 the deposit banks are subject to set 100% and 80% liquidity ratios for Total and Foreign Currency accordingly. The liquidity ratio is calculated by dividing the high quality liquid assets by net cash outflows.

1.a. Information on liquidity risk management regarding how to provide communication with the Board of Directors and lines of business for risk capacity of the Bank, liquidity risk, responsibility and structure of management, reporting of Bank's liquidity risk, liquidity risk strategy, policies and practices.

Liquidity risk management aims to take necessary measures in a timely manner and correct way with respect to potential liquidity shortage caused by cash flow mismatches of Bank's balance sheet structure and/or market conditions. It is on ground of the meeting the liquidity needs cash and disposable borrowing resources at specified level and time of held deposits and other liabilities creating liquidity. Bank monitors liquidity position both in terms of foreign currency and total liquidity basis.

According to the liquidity risk management about the liquidity position, necessary guidance to the line of businesses and pricing are performed by the Asset and Liability Management Department by taking into account the cash flow of the Bank with maturities. Liquidity risk informations are reported regularly to the such Asset and Liability Committee and Management Risk Committees. The liquidity risk parameters determined within the frame of liquidity risk parameters are monitored and reported to the business units by Risk Management consistently. The actions need to be taken in conditions such as convergence and excess of limits are decided by Asset-Liability Committee.

1.b. Information on the centralization degree of liquidity management and funding strategy and the operation between the Bank and the Bank's shareholders:

The responsibility of liquidity risk management in accordance with the risk appetite determined by the Board of Directors belongs to the Treasury Asset-Liability Management Department. Risk Management Department is responsible for determining the level of bank-wide liquidity risk and its measurement, monitoring and reporting. Liquidity management and funding strategies of Bank and its shareholders are determined by Bank's Asset and Liability Management Committees and monitored by the Treasury Department.

1.c. Information on the Bank's funding strategy including policies on diversity of fund terms and resources

For the Bank's effective, correct and sustainable liquidity risk management, it is provided to be followed by the relevant committees with the approval of Liquidity Management Policy Board. The Bank's core funding source has been targeted as a deposit. Non-deposit funding sources are used to provide a variety of core sources and maturities. These resources are mainly syndicated loans, subordinated loans and bond issuances. Despite term of deposits are determined by market conditions and generally on short term basis, it is aimed to collect the deposits of customers who have high stickiness to the Bank. Non-deposit sources also preferred because they are more long-term resources.

INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)**VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)****1.d. Information on liquidity management on the basis of currencies constitute the minimum five percentage of the Bank's total liabilities**

Turkish Lira, US Dollars and Euros are the currencies that constitute the minimum five per cent of the Bank's liabilities. It is intended to have effective foreign currency and liquidity risk management analysing these currencies on foreign exchange and total liquidity management basis. Liquidity gap analysis are measured and managed with the same way. Deposits and other long term sources should be preferred, performing liquidity management on currency basis, in order to avoid the increase of market risk fluctuations on foreign currency positions.

1.e. Information on current liquidity risk mitigation techniques

Liquid assets as defined under Basel III are held with the intention of liquidity risk management managing the Bank's liquidity risk. Market liquidity and maturity of liquid assets are considered as risk reduction for liquidity management. In this context, the range of liquid assets is important in the management of liquidity risk. Potential risks are minimized by avoiding concentration of liquid assets during the potential liquidity needs and the Bank's ability to fulfill its obligations.

1.f. Information on the use of stress testing

Within legal framework stress tests on the basis of the liquidity risk are performed at the beginning of the each year. The test results are presented with the details of the stress test and ICAAP report annually. The Board of Directors approve the stress test results and they are shared with the BRSA during the process. In addition to these stress tests, cash flow and liquidity position analyzes are maintained according to the Bank's internal needs. In addition, the liquidity risk stress tests are conducted regularly on a monthly basis and reported to the senior management together with the results.

1.g. General information about the emergency and contingency liquidity plan

Information on emergency and contingency liquidity plan is detailed in the Bank "Emergency Funding Plan Policy". Definitions regarding the liquidity crisis and actions that the Bank may take against a liquidity crisis that may occur in the market are implemented the action plan outlined. The Bank's special liquidity crisis levels set out in alarm conditions and the parameters to be monitored as an indicator are detailed. Liquidity Crisis Committee members and the Committee's duties and responsibilities are determined for the Bank's stress scenarios specific to the market and the Bank.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)****2. Liquidity Coverage Ratio**

The Bank's calculated liquidity coverage ratios are presented as below pursuant to "Measurement and Assessment of the Liquidity Coverage Ratios of Banks" published in the Official Gazette on 21 March 2014 and numbered 28948. The highest and lowest values of the average of last three months unconsolidated foreign currency and total liquidity coverage ratios are as follows:

31 March 2019	Consideration Ratio Unapplied to Total Value (*)		Consideration Ratio Applied to Total Value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High Quality Liquid Assets			3,772,256	2,606,157
CASH OUTFLOWS				
2 Retail and Small Business Customers	6,419,221	2,295,729	600,086	229,573
3 Stable Deposits	836,715	-	41,836	-
4 Less Stable Deposit	5,582,506	2,295,729	558,251	229,573
5 Unsecured Wholesale Funding	7,603,856	5,037,586	4,635,139	2,878,468
6 Operational Deposits	-	-		
7 Non-operational Deposits	5,521,886	3,620,232	2,652,228	1,558,882
8 Other Unsecured Fundings	2,081,970	1,417,354	1,982,910	1,319,586
9 Secured Funding			1,324	1,324
10 Other Cash Outflows	516,138	516,133	516,138	516,133
11 Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	516,138	516,133	516,138	516,133
12 Obligations related to structured financial products	-	-	-	-
13 Commitments related to debts to financial markets and other off-balance sheet obligations	-	-	-	-
14 Other revocable off-balance sheet commitments and contractual obligations	22,966	22,966	1,148	1,148
15 Other irrevocable or conditionally revocable off-balance sheet obligations	4,843,183	2,971,779	888,158	324,583
16 TOTAL CASH OUTFLOWS			6,641,994	3,951,229
CASH INFLOWS				
17 Secured lending	537,492	-	-	-
18 Unsecured lending	4,209,076	2,741,195	3,636,883	2,543,442
19 Other cash inflows	79,605	62,999	79,605	62,999
20 TOTAL CASH INFLOWS	4,826,173	2,804,194	3,716,488	2,606,441
			Total Adjusted Value	
21 TOTAL HIGH QUALITY ASSETS STOCKS			3,772,256	2,606,157
22 TOTAL CAH OUTFLOWS			2,925,506	1,407,201
23 LIQUIDITY COVERAGE RATIO (%)			129.26%	195.61%

(*) The average of the last three months liquidity coverage ratio calculated by monthly and weekly with simple average method.

The lowest, highest and average Liquidity Coverage Ratios in 2019 are given in the table below.

31 March 2019	Highest	Date	Lowest	Date	Average
TL+FC	134.71%	15.03.2019	119.77%	04.01.2019	129.26%
FC	300.14%	29.03.2019	130.77%	04.01.2019	195.61%

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)****2. Liquidity Coverage Ratio (Continued)**

		Consideration Ratio Unapplied to Total Value (*)		Consideration Ratio Applied to Total Value (*)	
		TL+FC	FC	TL+FC	FC
31 December 2018					
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			4,203,604	2,909,768
CASH OUTFLOWS					
2	Retail and Small Business Customers	6,603,197	2,211,595	620,606	221,160
3	Stable Deposits	794,271	-	39,714	-
4	Less Stable Deposit	5,808,926	2,211,595	580,892	221,160
5	Unsecured Wholesale Funding	7,729,055	5,347,261	4,716,766	2,980,681
6	Operational Deposits	-	-	-	-
7	Non-operational Deposits	6,133,971	4,317,291	3,138,050	1,966,974
8	Other Unsecured Fundings	1,595,084	1,029,970	1,578,716	1,013,707
9	Secured Funding			14,781	14,781
10	Other Cash Outflows	158,374	-	158,374	-
	Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	158,374	-	158,374	-
12	Obligations related to structured financial products	-	-	-	-
13	Commitments related to debts to financial markets and other off-balance sheet obligations	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	56,100	56,100	2,805	2,805
15	Other irrevocable or conditionally revocable off-balance sheet obligations	5,213,799	3,194,995	960,632	383,889
16	TOTAL CASH OUTFLOWS			6,473,964	3,603,316
CASH INFLOWS					
17	Secured lending	770,554	107,619	-	-
18	Unsecured lending	3,561,627	1,915,382	2,870,146	1,737,895
19	Other cash inflows	49,270	40,028	49,270	40,027
20	TOTAL CASH INFLOWS	4,381,451	2,063,029	2,919,416	1,777,922
				Total Adjusted Value	
21	TOTAL HIGH QUALITY ASSETS STOCKS			4,203,604	2,909,768
22	TOTAL CAH OUTFLOWS			3,554,548	1,825,394
23	LIQUIDITY COVERAGE RATIO (%)			118.99%	162.78%

(*) The average of the last three months liquidity coverage ratio calculated by monthly and weekly with simple average method.

The lowest, highest and average Liquidity Coverage Ratios in 2017 are given in the table below.

31 December 2018	Highest	Date	Lowest	Date	Average
TL+FC	130.56%	28.12.2018	109.35%	30.11.2018	118.99%
FC	186.56%	19.10.2018	125.75%	23.11.2018	162.78%

INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)**VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)****3. Banks explanations as a minimum regarding the liquidity ratio:****3.a Important factors affected by the results of Liquidity Coverage Ratio and the change of the items taken into account in the ratio calculation over time.**

Despite all components have significant role, bond and reverse repurchase amounts cash outflows/unsecured debts of due to banks line, cash outflows/irrevocable commitments or revocable contingent commitments of off balance sheet liabilities, cash inflows/unsecured receivables of due from financial institutions are high volatile assets. Related items have an effective role on variability of ratio.

3.b Explanations on the components of high-quality liquid assets:

High-quality assets is generated by cash balances and Central Bank and issued debt securities by those with 0% risk weightings of credit quality level risk. The changes in the reverse repo balance at the period effects high-quality asset stock value.

3.c Funding source components and the intensity of them in all funds

Basically deposits, loans and subordinated loans as unsecured debt items have the most significant portion in Bank's funding balances. As of 31 March 2019, the proportion of total liabilities to all deposits of the bank is 54% and borrowings constitutes 14% portion whereas subordinate debt is 9%. Secured borrowings such as repo transactions has lower portion (3%).

In addition, as a funding item, the Bank has issued securities amounting to TL 2,428,111 as of 31 Mart 2019 (31 December 2018: TL 1,689,559).

3.d Information about the outflows arising from derivative transactions and the possible completing collateral transactions

Cash outflows arising from derivative product balances are occurred when the derivative products liabilities are higher than the receivables. As of 31 March 2019, net of derivative assets are amounting to TL 222,733 and liabilities are amounting to TL 24. In addition, cash outflow balances are reported with calculation against the change of derivatives fair value. This calculation is performed by checking the output margin within last 24 months of the counterparty balance. The maximum value in the past 24 months is considered as cash outflow as of reporting date. In this context, according to calculations as of 31 March 2019, the liability balance is computed as TL 560,845 in case of a change in fair value of derivatives products (31 December 2018: TL 524,225).

3.e Counterparty and fund resources on the basis of products and concentration limits on collaterals

As of 31 March 2019, the Bank's more than 43.5% of time deposit cap arised from retail banking. The remaining time deposits are constituted from legal entities. Another significant funding resource of borrowings generated from foreign banks (96%). As of 31 March 2019, 24% of the subordinated loans which are subject to capital adequacy calculations provided from The Commercial Bank (P.S.Q.C.). In addition, the Bank has an issued securities amounting to USD 250 million and TL 1,012,398 (31 December 2018: USD 250 million and TL 351,275).

3.f The liquidity risk for the potential funding needs for the bank itself , the branches in foreign countries and its consolidated partnerships with considering the operational and legal factors inhibiting the liquidity transfer

In the current position of the Bank and its consolidated subsidiaries, there are no such risks drawing attention.

3.g The information about the other cash inflows and outflows located in the liquidity leverage ratio calculation but not located in the second paragraph of disclosure template and considered as related with liquidity profile

In this context, there is no excluded cash inflow and outflow in statements on the current situation.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)****Breakdown of assets and liabilities according to their outstanding maturities**

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Unclassified	Total
31 March 2019								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	313,911	1,815,540	-	-	-	-	-	2,129,451
Due From Banks (****)	395,632	1,319,372	-	-	-	-	(348)	1,714,656
Financial Assets at Fair Value Through Profit and Loss	-	16,393	66,956	33,083	134,227	16	-	250,675
Money Market Placements	-	110,229	-	-	-	-	-	110,229
Financial Assets at Fair Value Through Other Comprehensive Income (****)	-	-	-	2,455	-	-	7,660	10,115
Loans	-	1,948,125	1,281,140	3,855,862	7,202,834	1,905,490	(295,491)	15,897,960
Financial Assets Measured at Amortised Cost (****)	-	-	59,811	202,756	2,013,537	1,342,456	(448)	3,618,112
Other Assets (*) (****)	2,046	27,215	17,217	18,998	6,673	10,523	1,183,495	1,266,167
Total Assets	711,589	5,236,874	1,425,124	4,113,154	9,357,271	3,258,485	894,868	24,997,365
Liabilities								
Bank Deposits (***)	13,068	98,197	-	-	-	-	-	111,265
Other Deposits	934,367	9,877,243	2,177,879	444,505	5,662	-	-	13,439,656
Funds Borrowed From Other Financial Institutions	-	140,024	649,715	1,684,673	1,149,414	2,029,019	-	5,652,845
Money Market Funds	-	438,951	151,155	64,360	-	-	-	654,466
Marketable Securities Issued	-	193,837	818,561	1,415,713	-	-	-	2,428,111
Miscellaneous Payables	-	-	-	-	-	-	323,273	323,273
Other Liabilities (**)	294,827	110,219	17,251	44,397	102,105	10	1,818,940	2,387,749
Total Liabilities	1,242,262	10,858,471	3,814,561	3,653,648	1,257,181	2,029,029	2,142,213	24,997,365
Liquidity Gap	(530,673)	(5,621,597)	(2,389,437)	459,506	8,100,090	1,229,456	(1,247,345)	-
31 December 2018								
Total Assets	477,976	10,147,495	361,220	1,709,415	7,581,124	3,046,442	974,265	24,297,937
Total Liabilities	1,011,144	10,291,077	4,533,698	3,548,976	1,180,935	1,863,712	1,868,395	24,297,937
Liquidity Gap	(533,168)	(143,582)	(4,172,478)	(1,839,561)	6,400,189	1,182,730	(894,130)	-

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, stationary stocks, prepaid expenses and loans under follow-up, are classified in this column.

(**) Shareholders' equity is presented under "Other liabilities" item in the "Unclassified" column. The subordinated loan amounting to TL 264,195 is presented in the "Demand" column.

(***) Precious Metal bank account is presented under "Bank Deposits".

(****) Expected loss provision for financial assets is presented non-interest bearing on the table. Amounted to TL 348 were deducted from non-interest banks, amounted to TL 448 were deducted from non-interest financial assets measured at amortised cost.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)****Contractual maturity analysis of the Bank's derivative instruments:**

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and

VII. Explanations on Leverage Ratio**Explanations about the aspects that cause the difference between the leverage ratios of current and prior years**

The Bank's unconsolidated leverage ratio is 6.07 % and calculated in compliance with "Regulation on Measurement and Evaluation of Leverage Levels of Banks" (31 December 2018: 5.92%). Changes in the leverage ratio are mainly due to the decrease in total risk. Regulation has been arrived at a decision of the minimum leverage ratio of 3%.

		31 March 2019	31 December 2018 (*)
	Assets in Balance Sheet		
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	24,313,153	24,876,101
2	Assets deducted in determining Tier 1 capital	(62,520)	(62,819)
3	Total on-balance sheet risks (sum of lines 1 and 2) Derivative financial instruments and credit derivatives	24,250,633	24,813,282
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	182,111	240,783
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	299,334	323,769
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5 Securities or commodity financing transactions (SCFT))	481,445	564,552
	Securities or commodity financing transactions		
7	Risks from SCFT assets of off-balance sheet	-	-
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8) Other off-balance sheet transactions	-	-
	Off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	8,299,637	7,996,674
11	(Adjustments for conversion to credit equivalent amounts)	(879,270)	(1,114,584)
12	Total risks of off-balance sheet items (sum of lines 10 and 11) Capital and total risks	7,420,367	6,882,090
	Capital and Total Risk		
13	Tier 1 capital	1,954,322	1,904,679
14	Total risks (sum of lines 3, 6, 9 and 12) Leverage ratio	32,152,445	32,259,924
	Leverage ratio		
15	Leverage ratio (%)	6.07%	5.92%

(*) Amounts in the table are three-month average amounts.

VIII. Explanations on Fair Values of Financial Assets and Liabilities

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

IX. Transactions carried out on behalf of customers and items held in trust

None (31 December 2018: None).

INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)**X. Explanations on the Risk Management****a. Risk Management and General Information on Risk Weighted Amount**

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to the Communiqué these notes have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of 31 March 2019:

- RWA flow statements of credit risk exposures under Internal Rating Based (IRB)
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an Internal Model Approach (IMA)

1. The Bank's risk management approach

Bank's risk management approach is defined as creating added value for shareholders, customers and employees in parallel with the Bank general business strategy by increasing the efficiency of Bank activities within the framework of risk-return relationship in accordance with the best practices and legal requirements.

The Risk Strategy and its governance are set by the Board of Directors (the Board). The Board has the ultimate responsibility for the management of all risks assumed and faced by the Bank. The Board manages risk through the Audit & Compliance; Risk; Executive Committees.

While the risk appetite at the Bank is linked to the overall risk management framework and business strategy of the Bank, the update of Risk Appetite statement approved by the Board and monitoring of the Bank's risk profile management are provided within Risk Management Department general responsibility.

Banking risks include in general credit risk, market risk, operational risk, liquidity risk, interest rate risk in banking accounts, concentration risk, country risk, strategic risk and reputation risk and Bank risk appetite is a statement of the limits of these risks.

Risk Appetite monitoring activities are reported to the Board Risk Committee and Audit Committee. In case of any Risk Appetite threshold breach occurs, it is ensured that the risk management treatment and business controls are implemented to bring the exposure levels for each metric back within an acceptable range as approved by the BOD.

Issues related to Bank's work programs and business objectives are discussed in the Board Risk Committee, and necessary acknowledgment, monitoring and approval processes are performed herein.

Practices of defining, measuring with analytical methods, analyzing, reporting risks and regularly monitoring the general risk levels in order to ensure systematical management of incurred consolidated and unconsolidated-based risks of the Bank and its affiliates are performed.

The Bank identifies measures, assesses, monitors the risks it is exposed to by way of using internationally recognised quantitative and analytical techniques found suitable for the Bank in particular, and reports related results to the Top Management.

The Bank also monitors the compliance of credit facilities and treasury operations etc. with the Bank's risk policies administer internal reporting and monitor the results on a regular basis.

The Bank adopts an integrated approach to stress-testing and conduct stress tests on a bank-wide basis and on a consolidated basis where applicable, providing a spectrum of perspectives at portfolio and risk-specific levels.

Stress tests are conducted for key risk factors within Market Risk, Credit Risk, Operational Risk, Structural Interest Rate Risk, Concentration Risk and Liquidity Risk areas and other risks if deem material level and the impact of stress is measured on the Bank's solvency and liquidity.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****X. Explanations on the Risk Management (Continued)****1. The Bank's risk management approach (Continued)**

Risk management model has 3 level protection strategy designed with the purpose of efficient management of the risks:

Protection Level (Risk-taking departments): All business units of the Bank which are directly responsible from controlling and reducing to minimum levels the risks resulting from the activities conducted by each one of the units as per the Bank standards and policies.

Protection Level (Risk Management): Risk Management Department which is responsible from developing risk management methodologies, instruments and guidances to be used in managing risks and the principal responsible of presenting such documents to the usage of related people. Risk Management Department is supported by specialized departments in terms of risk management such as Internal Control, Compliance, Legal, Human Resources, Information Technologies, and Financial Control. Furthermore, risk watching does also belong to this protection level in addition to provide assistance to determine the risk reducing actions.

Protection Level (Internal Audit), Responsibility of assessment for effectiveness and compliance of risk management framework and application of it in the whole organization belongs to Internal Audit.

2. Overview of Risk Weighted Amount

		Risk Weighted Amount		Minimum capital requirement
		31 March 2019	31 December 2018	31 March 2019
1	Credit risk (excluding counterparty credit risk) (CCR)	21,273,191	20,180,116	1,701,855
2	Standardised approach (SA)	21,273,191	20,180,116	1,701,855
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	437,058	467,659	34,965
5	Standardised approach for counterparty credit risk (SA-CCR)	437,058	467,659	34,965
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	376,463	386,913	30,117
17	Standardised approach (SA)	376,463	386,913	30,117
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	1,018,164	892,920	81,453
20	Basic Indicator Approach	1,018,164	892,920	81,453
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	23,104,876	21,927,608	1,848,390

INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

X. Explanations on the Risk Management (Continued)

b. Explanations on linkages between financial statements and risk amounts

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

c. Explanations on credit risk

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

d. Explanations on counterparty credit risk

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

e. Explanations on securitisations

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

f. Explanations on market risk

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

g. Explanations on operational risk

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

h. Explanations on banking book interest rate risk

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

i. Explanations on -credit risk mitigation techniques

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

j. Explanations on risk management objectives and policies

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)**XI. Explanation on Hedge Accounting**

Starting from 24 March 2014, the Bank has hedged the fair value effects of changes in libor interest rates, fixed interest rate with maturity 5 years funding by using interest rate swap. The nominal value of interest rate swap is TL 55,000 with maturity 5 years respectively.

As of 24 March 2019, the difference of TL 1,032 resulting from the changes in the fair values of the loans that are subject to fair value hedge accounting will be amortized until 25 December 2023.

The Bank evaluates the method of hedge whether to be effective on the expected changes in fair values in this process or not or each result of hedge effectiveness whether to be between the range of 80% and 125%.

Changes in fair values of derivative transactions determined as hedge for fair value are recorded in profit or loss together with changes in hedging asset or liability. The difference in current values of derivative transactions fair value hedge is shown in "Trading Gains/Losses on derivative financial instruments" account. In the balance sheet, change in fair value of hedge asset or liability during the hedge accounting to be effective is shown with the related asset or liability. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortised cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the "Trading gains/losses on derivative financial instruments" account.

The Bank applies cash flow hedge accounting using interest rate swaps to hedge its TL deposits with short term cyclical basis. The Parent Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Hedging reserves", whereas the amount concerning ineffective part is associated with income statement.

As of 31 March 2019, derivative financial instruments designated as hedging instruments are interest rate swaps. Those derivative financial instruments are summarized in the following table:

Starting Date	Due Date	Currency	Principal Amount
20 November 2018	27 May 2020	TL	100,000
7 November 2018	11 May 2020	TL	50,000
7 November 2018	11 May 2020	TL	50,000
7 November 2018	11 June 2020	TL	100,000

	31 March 2019		
	Principal Amount (*)	Asset	Liability
Derivative financial instruments			
Interest rate swaps	600,000	-	6,032
Total	600,000	-	6,032

(*) The sum of purchase and sale legs of the transactions.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged items are realized.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***SECTION FIVE****EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS****I. Explanations and Notes on Assets****a. Information on cash and balances with the Central Bank of Republic of Turkey ("CBRT")****1. Information on cash and the account of the CBRT**

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Cash/Foreign Currency	27,658	65,539	18,142	79,982
CBRT	236,938	1,797,812	325,094	1,781,257
Other	660	844	350	7,226
Total	265,256	1,864,195	343,586	1,868,465

2. Information on the account of the CBRT

	31 March 2018		31 December 2018	
	TL	FC	TL	FC
Demand Unrestricted Amount (*)	236,938	1,058,984	325,094	1,026,157
Time Restricted Amount	-	-	-	-
Reserve Requirement	-	738,828	-	755,100
Total	236,938	1,797,812	325,094	1,781,257

(*) The reserve requirement hold as average has been classified under "Central Bank Demand Unrestricted Account" pursuant to the correspondence with BRSA as of 3 January 2008.

3. Information on reserve requirements

The banks which are established in Turkey or operates in Turkey through opening a branch shall be subjected to T.C. Central Bank's No. 2005/1 Regulation Required Reserves. The amount includes the amount that is going to found with deducting the items that stated in the Communiqué from the banks total domestic liabilities and branches abroad on behalf of the deposits accepted from Turkey liabilities subject to reserve requirements.

The required reserves may keep in reserve in Central Bank of Turkey as Turkish Lira, USD and/or Euro and standard gold. As of 31 March 2019, the Turkish lira required reserve ratios are determined to be within the range of 1% - 7% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2018: 1.5% - 8% for all Turkish lira liabilities), and the required reserve ratios for foreign currency deposits within the range of 8% - 12% (31 December 2018: 8%-12% for all foreign currency deposits) and other foreign currency liabilities within the range of 4% - 20% (31 December 2018: 4% - 20% for all foreign currency liabilities).

CBRT started to pay interest for the Turkish Lira reserve since 5 November 2014. CBRT also started to pay interest for the Foreign Currency reserve since 5 May 2015.

b. Information about financial assets at fair value through profit or loss

As of 31 March 2019, the Bank have no financial assets at fair value through profit/loss subject to repo transactions (31 December 2018: None) and have no financial assets at fair value through profit and loss given as collateral/blocked amount (31 December 2018: None).

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes on Assets (Continued)****c. Positive differences related to derivative financial assets**

	31 March 2019 ^(*)		31 December 2018 ^(*)	
	TL	FC	TL	FC
Forward Transactions	1,757	3,255	11,708	667
Swap Transactions	87,956	92,005	115,842	36,267
Options	271	24,101	283	17,107
Total	89,984	119,361	127,833	54,041

(*) Hedging derivative financial assets are excluded.

d. Information on banks**1. Information on banks**

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	30,454	628,009	225,621	391,065
Foreign	-	1,056,541	-	170,733
Total	30,454	1,684,550	225,621	561,798

2. Information on foreign banks:

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

e. Information on financial assets at fair value through other comprehensive income given as collateral/blocked

As of 31 March 2019, there are no financial assets at fair value through other comprehensive income given as collateral/blocked and those subject to repurchase agreements. (31 December 2018: None) As of 31 March 2019, except the financial assets at fair value through other comprehensive income given as collateral/blocked and those subject to repurchase agreements amounting to TL 2,455 (31 December 2018: TL 2,486). As of 31 March 2019, the share certificates amounting to TL 7,660 (31 December 2018: TL 4,898).

f. Information on financial assets at fair value through other comprehensive income

	31 March 2019	31 December 2018
Debt Securities	2,499	2,499
Quoted on Stock Exchange	-	-
Not Quoted	2,499	2,499
Share Certificates	7,660	4,898
Quoted on Stock Exchange	1	1
Not Quoted	7,659	4,897
Impairment Provision (-)	44	13
Total	10,115	7,384

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes on Assets (Continued)****g. Explanations on loans**

1. Information on all types of loan or advance balances given to shareholders and employees of the Bank

	31 March 2019		31 December 2018	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	101,547	-	164,542
Corporate Shareholders	-	101,547	-	164,542
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	158,471	9,928	151,800	5,483
Loans Granted To Employees	5,033	-	5,541	-
Total	163,504	111,475	157,341	170,025

2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled and other receivables

		Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Restructured Loans	
Cash Loans	Standard Loans		Loans with Revised Contract Terms	Refinance
Non-specialized Loans	13,193,193	2,036,013	893,055	-
Loans given to enterprises	-	-	-	-
Export Loans	1,474,110	248,336	14,067	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,854,468	1,241	72	-
Consumer Loans	133,956	7,761	252	-
Credit Cards	19,809	1,849	-	-
Other	9,710,850	1,776,826	878,664	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	13,193,193	2,036,013	893,055	-

Current Period (*)

	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	104,008	-
Significant Increase in Credit Risk	-	402,664

(*) Expected loss provision amounting to TL 448 calculated for financial assets measured at amortized cost is not included.

Prior Period

	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	98,267	-
Significant Increase in Credit Risk	-	393,672

3. Loans according to their maturity structure

Not prepared in compliance with the article 25 of the communique "financial statements and related disclosures and footnotes to be announced to public by banks".

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes on Assets (Continued)****g. Explanations on loans (Continued)****4. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards**

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	4,125	131,072	135,197
Real Estate Loans	-	76,704	76,704
Automotive Loans	-	205	205
Consumer Loans	4,125	54,163	58,288
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	9,064	-	9,064
With Installments	1,656	-	1,656
Without Installments	7,408	-	7,408
Individual Credit Cards- FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TL	208	2,970	3,178
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	208	2,970	3,178
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	1,675	-	1,675
With Installments	478	-	478
Without Installments	1,197	-	1,197
Personnel Credit Cards-FC	2	-	2
With Installments	-	-	-
Without Installments	2	-	2
Credit Deposit Account-TL (Individuals) (*)	3,594	-	3,594
Credit Deposit Account-FC (Individuals)	-	-	-
Total	18,668	134,042	152,710

(*) TL 178 of the credit deposit account personal loans.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes on Assets (Continued)****g. Explanations on loans (Continued)****5. Information on commercial installment loans and corporate credit cards**

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	150,862	2,309,698	2,460,560
Real Estate Loans	-	179	179
Automotive Loans	37	33,254	33,291
Consumer Loans	150,825	2,276,265	2,427,090
Other	-	-	-
Commercial Installments Loans-FC Indexed	1,451	514,021	515,472
Real Estate Loans	-	463,348	463,348
Automotive Loans	-	48,676	48,676
Consumer Loans	1,451	1,997	3,448
Other	-	-	-
Commercial Installments Loans-FC	2,890	3,241,505	3,244,395
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	2,890	3,241,505	3,244,395
Other	-	-	-
Corporate Credit Cards-TL	10,905	-	10,905
With Installment	2,001	-	2,001
Without Installment	8,904	-	8,904
Corporate Credit Cards-FC	12	-	12
With Installment	-	-	-
Without Installment	12	-	12
Credit Deposit Account-TL (Legal Person)	57,101	-	57,101
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	223,221	6,065,224	6,288,445

6. Loans according to types of borrowers

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

7. Distribution of domestic and foreign loans:

Related loans are classified according to the location of the customers.

	31 March 2019	31 December 2018
Domestic Loans	16,112,161	15,779,294
Foreign Loans	10,100	78,456
Total	16,122,261	15,857,750

8. Loans given to investments in associates and subsidiaries

As of 31 March 2019, there are loans granted to associates and subsidiaries amount to TL 261,646 (31 December 2018: TL 254,831).

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes on Assets (Continued)****g. Explanations on loans (Continued)****9. Information on specific provisions provided against loans or provisions for default (Stage 3)**

	31 March 2019	31 December 2018
Loans with Limited Collectability	89,448	122,207
Loans with Doubtful Collectability	121,818	41,316
Uncollectible Loans	195,322	298,538
Total	406,588	462,061

10. Information on non-performing loans (Net)**(i). Information on non-performing loans restructured or rescheduled and other receivables:**

The Bank has no non-performing loans restructured or rescheduled and other receivables as of 31 March 2019 (31 December 2018: None).

(ii). Information on the movement of total non-performing loans:

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
31 December 2018	170,865	68,194	444,794
Addition (+)	147,043	22,540	7,005
Transfers from Other Categories of Non-performing Loans (+)	-	158,699	14,803
Transfers to Other Categories of Non-performing Loans (-)	(158,699)	(14,803)	-
Collections (-)	(11,678)	(7,271)	(27,300)
Write-offs (-) (*)	-	-	(630)
Sold Portfolio (-) (**)	-	(16,686)	(107,917)
Corporate and Commercial Loans	-	(16,686)	(106,179)
Consumer Loans	-	-	(649)
Credit Cards	-	-	(1,089)
31 March 2019	147,531	210,673	330,755
Specific Provisions (-)	(89,448)	(121,818)	(195,322)
Net Balance on Balance Sheet	58,083	88,855	135,433

(*) The Bank's non-performing loans amounting to TL 630 have been write-off, due to the Board of Directors' decisions taken in 2019.

(**) The Bank has sold non-performing loans of TL 124,603 and provision amounting to TL 124,481 to Gelecek Varlık Yönetim A.Ş. on 22 February 2019 for TL 1,200.

(iii). Information on non-performing loans granted as foreign currency loans:

As at the balance sheet date there are no non-performing loans denominated in foreign currencies (31 December 2018: None).

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes on Assets (Continued)****g. Explanations on loans (Continued)**

10. Information on non-performing loans (Net) (Continued)

(iv). Information on non-performing loans based on types of borrowers

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
31 March 2019 (Net)	58,083	88,855	135,433
Loans to Real Persons and Legal Entities (Gross)	147,531	210,673	330,755
Specific Provision Amount (-)	(89,448)	(121,818)	(195,322)
Loans to Real Persons and Legal Entities (Net)	58,083	88,855	135,433
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2018 (Net)	48,658	26,878	146,256
Loans to Real Persons and Legal Entities (Gross)	170,865	68,194	444,794
Specific Provision Amount (-)	(122,207)	(41,316)	(298,538)
Loans to Real Persons and Legal Entities (Net)	48,658	26,878	146,256
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

(v). Information on interest accruals, rediscounts, valuation differences and their equivalents calculated for non-performing loans in accordance with TFRS 9

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	-	-	-
Interest accruals and valuation differences	10,435	20,447	5,002
Provision (-)	10,435	20,447	5,002
Prior Period (Net)	-	-	-
Interest accruals and valuation differences	18,503	3,944	3,957
Provision (-)	18,503	3,944	3,957

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes on Assets (Continued)****g. Explanations on loans (Continued)**

11. Explanation on liquidation policy for uncollectible loan and receivable

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

12. Explanations on write-off policy

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

h. Information on financial assets measured at amortised cost

1. Information on financial assets subject to repurchase agreements and those given as collateral/blocked

(i). Financial assets measured at amortised cost

As of 31 March 2019 there are financial assets measured at amortised cost given as collateral amounting to TL 3,618,560 (31 December 2018: TL 3,427,060).

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Given as collateral/blocked	4,989	775,265	41,515	730,632
Subject to repurchase agreements	745	950,063	-	1,065,290
Other	302,924	1,584,574	276,629	1,312,994
Total	308,658	3,309,902	318,144	3,108,916

2. Information on debt securities measured at amortised cost

	31 March 2019	31 December 2018
Government Bonds	3,147,786	2,987,299
Treasury Bills	-	-
Other Government Debt Securities	470,774	439,761
Total	3,618,560	3,427,060

3. Financial assets measured at amortised cost

	31 March 2019	31 December 2018
Debt Securities	3,691,602	3,452,545
Quoted to Stock Exchange	3,691,602	3,452,545
Not Quoted to Stock Exchange	-	-
Impairment Provision (-)	73,042	25,485
Total	3,618,560	3,427,060

4. Movement of financial assets measured at amortised cost

	31 March 2019	31 December 2018
Balance at the Beginning of the Period	3,427,060	881,860
Effect of Reclassifications and Measurements in accordance with TFRS 9	-	1,666,666
Transfers from Investment Securities Available for Sale	206,038	904,019
Disposals Through Sales and Redemptions	-	-
Impairment Provision (-)	14,538	25,485
Balance at the End of the Period	3,618,560	3,427,060

i. Information on investments in associates (Net)

The Bank has no investments in associates as of 31 March 2019 (31 December 2018: None).

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes on Assets (Continued)****j. Information on subsidiaries (Net)****1. Information on shareholders' equity of the significant subsidiaries**

There is no deficit of regulatory limits on capital structure of the subsidiaries which are included in the consolidated capital adequacy ratio calculation in accordance with the capital adequacy ratio limits.

2. Information on subsidiaries

No	Title	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Bank's Risk Group Share (%)
1	Alternatif Menkul Değerler A.Ş.	İstanbul/Türkiye	100.00	100.00
2	Alternatif Finansal Kiralama A.Ş.	İstanbul/Türkiye	99.99	99.99

Main financial figures of the consolidated subsidiaries in the order of the above table

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss ¹	(**) Prior Period Profit / Loss	Fair value
1 (*)	42,267	32,392	1,762	1,687	367	750	755	-
2 (*)	2,020,678	205,343	21,248	43,506	-	1,718	5,908	-

(*) The above mentioned subsidiaries' financial data are taken from the financial statements prepared for the BRSA consolidation as of 31 March 2019.

(**) These balances represents 31 March 2018 data.

3. The movement of the subsidiaries

	31 March 2019	31 December 2018
Balance at the Beginning of the Period	225,580	166,380
Movements During the Period	-	59,200
Purchases	-	59,200
Transfers	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation (Decrease) / Increase	-	-
Provision for Impairment	-	-
Balance at the End of the Period	225,580	225,580
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

4. Sectoral information on financial subsidiaries and the related carrying amounts

Subsidiaries	31 March 2019	31 December 2018
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	192,165	192,165
Finance Companies	-	-
Other Financial Subsidiaries	33,415	33,415

5. Subsidiaries quoted on stock exchange

There are no subsidiaries quoted on stock exchange (31 December 2018: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. Explanations and Notes on Assets (Continued)
k. Information on joint ventures

There are no joint ventures (31 December 2018: None).

l. Information on lease receivables (net)

There are no receivables from lease transactions (31 December 2018: None).

m. Information on hedging derivative financial assets

There are no differences related with hedging derivative financial assets (31 December 2018: TL 1,485).

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Fair Value Hedge (*)	-	-	1,485	-
Cash Flow Hedge	-	-	-	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	-	-	1,485	-

(*) Explained in Section Four Footnote Number XI.

n. Tangible assets

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

o. Intangible assets

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

p. Information on investment property

There is no investment property as of 31 March 2019 (31 December 2018: None).

r. Explanations about deferred tax provision

As of 31 March 2019, the Bank has deferred tax asset amounting to TL 135,008 (31 December 2018: TL 147,806 deferred tax asset) in the financial statements.

As of 31 March 2019 and 31 December 2018, the details of temporary differences and deferred tax assets and liabilities are presented below:

	31 March 2019		31 December 2018	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Deferred Tax Asset / (Liability)				
Tangible Assets Base Differences	(14,424)	(2,885)	(14,272)	(2,854)
Provisions	592,614	130,223	(26,584)	(6,003)
Valuation of Financial Assets	(47,705)	(10,724)	607,053	133,291
Commission Deferral	32,111	7,064	28,804	6,337
Financial Losses	56,911	12,521	77,667	17,087
Other	(5,093)	(1,191)	(260)	(52)
Net Deferred Tax Assets		135,008		147,806

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Notes on Assets (Continued)****r. Explanations about deferred tax provision**

	1 January 2019 – 31 March 2019
1 January 2019 Net Deferred Tax Asset/(Liability)	147,806
Deferred Tax (Expense)/Income	(18,530)
Deferred Tax Accounted Under Shareholders' Equity	5,732
Deferred tax recognized in other comprehensive income	-
31 March 2019 Net Deferred Tax Asset/(Liability)	135,008

s. Movement of assets held for resale and discontinued operations

	31 March 2019	31 December 2018
Beginning of the period	186,675	152,218
Disposals (-)	(10,000)	(51,160)
Additions	27,612	85,617
Current period depreciation (-)	-	-
Impairment provision addition/ return	-	-
End of the Period	204,287	186,675

t. Information on other assets

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***II. Explanations and Notes on Liabilities****a. Information on deposits****1. Information on maturity structure of deposits/the funds collected****(i). 31 March 2019:**

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposits	Total
Saving Deposits	109,288	-	685,430	2,103,434	87,419	100,846	58,218	25	3,144,660
Foreign Currency Deposits	667,047	-	573,421	5,970,503	289,743	273,993	61,036	-	7,835,743
Residents in Turkey	623,811	-	572,588	5,910,527	289,652	259,495	15,664	-	7,671,737
Residents Abroad	43,236	-	833	59,976	91	14,498	45,372	-	164,006
Public Sector Deposits	14,896	-	-	-	17,201	-	-	-	32,097
Commercial Deposits	133,805	-	495,801	1,368,376	121,552	63,745	1,090	-	2,184,369
Other Institutions Deposits	2,512	-	341	200,867	-	7,805	8,763	-	220,288
Precious Metal Deposits	6,819	-	253	6,476	690	5,330	2,931	-	22,499
Bank Deposits	13,068	-	73,028	25,169	-	-	-	-	111,265
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	2,040	-	-	-	-	-	-	-	2,040
Foreign Banks	11,028	-	73,028	25,169	-	-	-	-	109,225
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	947,435	-	1,828,274	9,674,825	516,605	451,719	132,038	25	13,550,921

(ii). 31 December 2018:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposits	Total
Saving Deposits	47,149	-	490,707	2,895,635	861,692	97,504	49,990	26	4,442,703
Foreign Currency Deposits	367,616	-	663,603	5,222,433	242,348	330,077	47,338	-	6,873,415
Residents in Turkey	353,964	-	663,422	5,153,723	242,348	211,195	12,228	-	6,636,880
Residents Abroad	13,652	-	181	68,710	-	118,882	35,110	-	236,535
Public Sector Deposits	30,031	-	-	-	-	-	-	-	30,031
Commercial Deposits	271,824	-	517,298	1,275,193	138,724	28,441	55	-	2,231,535
Other Institutions Deposits	1,092	-	159	66,701	-	7,975	580	-	76,507
Precious Metal Deposits	2,356	-	-	2,410	740	1,123	4,198	-	10,827
Bank Deposits	1,981	-	56,814	92,527	-	-	-	-	151,322
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	1,125	-	-	-	-	-	-	-	1,125
Foreign Banks	856	-	56,814	92,527	-	-	-	-	150,197
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	722,049	-	1,728,581	9,554,899	1,243,504	465,120	102,161	26	13,816,340

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. Explanations and Notes on Liabilities (Continued)****a. Information on deposits (Continued)****2. Information on saving deposits insurance**

(i). Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund

	Under the Guarantee of Deposit Insurance		Exceeding Limit of the Deposit Insurance	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Saving Deposits				
Saving Deposits (*)	632,781	684,299	2,512,517	3,759,512
Foreign Currency Savings Deposit	195,830	148,141	2,510,270	1,902,933
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-

(*) Related savings deposits includes the amount of TL 638 straight rediscount - internal efficiency difference (31 December 2018: TL 1,108).

3. Saving deposits at domestic branches of foreign banks in Turkey under the coverage of foreign insurance

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

4. Saving deposits which are not under the guarantee of saving deposit insurance fund

	31 March 2019	31 December 2018
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	39,761	38,280
Deposits and Other Accounts of Property Assets Value due to Crime Which is in the Scope of Article 282 of Numbered 5237 "TCL" Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-

b. Table of negative differences for trading derivative financial liabilities**1. Information on derivative financial liabilities**

	31 March 2019 ^(*)		31 December 2018 ^(*)	
	TL	FC	TL	FC
Forward Transactions	5,061	2,609	438	20,031
Swap Transactions	87,682	25,194	100,598	42,141
Futures Transactions	-	-	-	-
Options	27	21,240	92	10,820
Total	92,770	49,043	101,128	72,992

(*) Derivative financial liabilities for hedging purpose are excluded.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. Explanations and Notes on Liabilities (Continued)****c. Information on borrowings****1. Information on borrowings**

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
The CBRT Borrowings	-	64,360	-	-
From Domestic Banks and Institutions	35,732	137,190	23,994	401,924
From Foreign Banks, Institutions and Funds	-	3,386,541	-	3,001,018
Total	35,732	3,588,091	23,994	3,402,942

2. Information on maturity profile of borrowings

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Short-term	35,732	873,011	23,994	401,924
Medium and Long-term	-	2,715,080	-	3,001,018
Total	35,732	3,588,091	23,994	3,402,942

3. Disclosures for concentration areas of bank's liabilities

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

d. Information on other liabilities

Other foreign liabilities amounting to TL 63,992 are included in "Other Liabilities" (31 December 2018: TL 476,527 thousands) and do not exceed 10% of the total balance sheet.

e. Information on financial lease agreements

	31 March 2019	
	Gross	Net
Less than 1 year	5,541	4,218
1-4 year	30,406	27,623
More than 4 year	13,124	12,857
Total	49,071	44,698

f. Information on hedging derivative financial liabilities

Related to information on hedging derivative financial liabilities negative difference amount is TL 6,032 (31 December 2018: TL 4,023).

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges (*)	6,032	-	4,023	-
Foreign Currency Investment Hedges	-	-	-	-
Total	6,032	-	4,023	-

(*) Explained in Section Four Footnote Number XI.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***II. Explanations and Notes on Liabilities (Continued)****g. Information on provisions****1. Provisions for employee benefits**

In accordance with Turkish Labor Law, the reserve for employment termination benefits is calculated as the present value of the probable future obligation in case of the retirement of employees. TAS 19 necessitates actuarial validation methods to calculate the liabilities of enterprises.

In accordance with the TAS 19 Standard, Actuarial losses has recognized under the equity, amount of after deferred tax TL 79 (31 December 2017: TL 414 Loss)

The following actuarial assumptions were used in the calculation of total liabilities.

	31 March 2019	31 December 2018
Discount Rate(%)	4.50	4.50
Ratio Used for Probability of Pension (%)	83.33	83.33

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation.

As of 31 March 2019, The Bank has provision for employee benefits amount of TL 7,585 (31 December 2018: 7,720, provision of unused vacation amount of 3,389 TL (31 December 2018: TL 2,727)

2. Information on Provisions Related with the Foreign Currency Difference of Foreign Indexed Loans

As of 31 March 2019, there is no provision related to the foreign currency difference of foreign currency indexed loans (31 December 2018: None). When the provision related to the foreign currency difference of foreign currency indexed loans occurs, these amounts are netted with loans in the financial statements.

3. Provisions for non-cash loans that are not indemnified or converted into cash

	31 March 2019	31 December 2018
Provisions for Unindemnified Non-cash Loan	58,986	55,828
Free Provision for Possible Risks	20,000	-
Provision for Litigation and Claims	14,282	15,208
Bonus Provision	8,023	17,358
Provision for the Impairment due Settlement Date	2,496	238
Provision for Miscellaneous Receivables	1,654	958
Total	105,441	89,590

h. Information on taxes payable**1. Information on current tax liability**

As of 31 March 2019, there is no current tax liability (31 December 2018: None).

(i) Information on taxes payable

	31 March 2019	31 December 2018
Taxation of Marketable Securities	20,082	13,454
Banking Insurance Transaction Tax (BITT)	13,172	14,684
Property Tax	268	747
Foreign Exchange Transaction Tax	214	199
Corporate Tax Payable	-	-
Value Added Tax Payable	-	-
Other	7,596	3,823
Total	41,332	32,907

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. Explanations and Notes on Liabilities (Continued)****Information on current tax liability****(ii) Information on premium payables**

	31 March 2019	31 December 2018
Social Security Premiums - Employee	2,907	1,074
Social Security Premiums - Employer	4,257	1,573
Bank Pension Fund Premiums - Employee	-	-
Bank Pension Fund Premiums - Employer	-	-
Pension Fund Deposit and Provisions - Employee	-	-
Pension Fund Deposit and Provisions - Employer	-	-
Unemployment Insurance - Employee	208	77
Unemployment Insurance - Employer	415	153
Other	290	127
Total	8,077	3,004

i. Deferred tax liability

As of 31 March 2019, there is no deferred tax liability (31 December 2018: None).

j. Liabilities for assets held for sale and assets of discontinued operations

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

k. Subordinated debts

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

l. Information on shareholders' equity**1. Presentation of paid-in capital (As of nominal; non-adjusted amounts according to inflation)**

	31 March 2019	31 December 2018
Common Stock (*)	1,439,725	1,167,000
Preferred Stock	-	-

(*) It refers to the nominal capital.

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling (As of nominal; non-adjusted amounts according to inflation):

The Bank applies registered share capital system. The Bank's registered capital is TL 2,500,000,000 (Two billion five hundred million Turkish Liras) and all are divided into 2.500.000.000 shares in the name of the holder with a nominal value of TL 1 (one Turkish Lira).

3. Information about the share capital increases and their sources in the current period.

With the decision of number 24 of the Board of Directors dated on 13 March 2019 and with the approval of BRSA dated on 27 March 2019, the capital increase is registered in Commercial Registry Gazette number of 9806 and dated on 10 April 2019 and the capital is increased from TL1,167,000 to TL1,439,725. In this respect, The Commercial Bank (P.S.Q.C) was included in the capital increase with TL272,725 by cash and this amount transferred it to the capital account.

4. Information on additions from revaluation reserves to capital in the current period : None.

5. Information on capital commitments up until the end of the fiscal year and the subsequent interim period : None.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**II. Explanations and Notes on Liabilities (Continued)**

6. Information on prior period's indicators on the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the Bank within several risk limits and legal limits.

7. There is no privileges given to shares representing the capital

8. Information on marketable securities valuation reserve

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(50,756)	-	(53,313)	-
Foreign Currency Difference	-	-	-	-
Total	(50,756)	-	(53,313)	-

9. Information on other capital reserves

As of 30 June 2018, The Bank, has started to follow the subordinated loan which was obtained from its controlling shareholder The Commercial Bank (P.S.Q.C.) amounting to USD 75 million and classified to the equity account in 31 July 2017, as Turkish Liras, in accordance with the "Effects of Foreign Exchange Rate Changes Accounting Policy" and using 31 July 2017 closing dollar rate. The deferred tax asset that arising from the foreign exchange differences of the related subordinated debt and recognized under equity is TL 5,732.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****III. Explanations and Notes on Off-Balance Sheet Accounts****a. Information on off balance sheet commitments****1. The amount and type of irrevocable commitments**

According to Direct Debiting System, there is TL 100,780 irrevocable loan commitments as of 31 March 2019 (31 December 2018: TL 115,800).

2. Type and amount of probable losses and obligations arising from off-balance sheet items

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-Balance Sheet Commitments".

(i). Non-cash loans including guarantees, bank avalized and acceptance loans, collaterals that are accepted as financial guarantees and other letters of credit

	31 March 2019	31 December 2018
Guarantees and Collaterals	-	-
Bank Acceptance Loans	27,466	20,522
Letter of Credits	656,770	737,961
Total	684,236	758,483

(ii). Guarantees, sureties and other similar guarantees

	31 March 2019	31 December 2018
Temporary Letter of Guarantees	152,330	149,295
Definite Letter of Guarantees	4,697,193	4,371,309
Advance Letter of Guarantee	194,338	355,152
Letter of Guarantees Given to Customs	97,165	96,871
Total	5,141,026	4,972,627

3. Non-cash loans**(i). Total amount of non-cash loans**

	31 March 2019	31 December 2018
Non-Cash Loans against Cash Risks	2,876,340	2,466,194
With Original Maturity of 1 Year or Less	2,876,340	2,466,194
With Original Maturity of More Than 1 Year	-	-
Other Non-Cash Loans	2,948,922	3,264,916
Total	5,825,262	5,731,110

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes on Off-Balance Sheet Accounts (Continued)

a. Information on off balance sheet commitments (Continued)

3. Non-cash loans (Continued)

(ii). Other information on non-cash loans

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

(iii). Non-cash loans classified under Group I and II:

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

b. Information on derivative financial instruments

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

c. Credit derivatives and risk exposures on credit derivatives

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

d. Contingent liabilities and assets

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

e. Services rendered on behalf of third parties

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. Explanations And Notes on Income Statement****a. Information on interest income****1. Information on interest income on loans**

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
Short-term Loans	284,091	20,803	162,084	9,689
Medium/Long-term Loans	144,686	105,373	115,758	78,209
Interest on Loans Under Follow-up	11,048	-	2,255	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total (*)	439,825	126,176	280,097	87,898

(*) Includes fee and commission income received for cash loans.

2. Information on interest income on banks

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
From the CBRT (*)	10,809	8,536	1,336	5,354
From Domestic Banks	6,067	3,556	3,375	955
From Foreign Banks	-	2,445	123	431
Headquarters and Branches Abroad	-	-	-	-
Total	16,876	14,537	4,834	6,740

(*) Interest incomes from Turkish Lira and Foreign Currency reserves, unrestricted accounts and reserve options which provided by CBRT has shown in "From the CBRT" line.

3. Information on interest income on marketable securities

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
From Financial Assets At Fair Value Through Profit or Loss	289	1,128	637	21
From Financial Assets at Fair Value Through Other Comprehensive Income	147	-	8,084	14,436
From Financial Assets Measured at Amortised Cost	11,748	33,033	-	11,719
Total	12,184	34,161	8,721	26,176

4. Information on interest income received from investments in associates and subsidiaries

	31 March 2019	31 March 2018
Interest Received from Associates and Subsidiaries	10,832	2,558

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. Explanations And Notes on Income Statement (Continued)****b. Information on interest expense****1. Information on interest expense on borrowings**

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
Banks	1,100	60,681	149	44,634
CBRT	11	-	11	-
Domestic Banks	1,089	814	138	608
Foreign Banks	-	59,867	-	44,026
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	14,143	-	7,890
Total (*)	1,100	74,824	149	52,524

(*) Includes fee and commission expense related with cash loans.

2. Information on interest expense given to investments in associates and subsidiaries

	31 March 2019	31 March 2018
Interest Paid to Associates and Subsidiaries	884	115

3. Information on interest expense to marketable securities issued

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

4. Information on interest rate and maturity structure of deposits

	Demand Deposit	Time Deposit					Accumulated Deposit	Total
		Up to 1 Months	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
Turkish Lira								
Bank Deposits	-	5,174	1	-	-	-	-	5,175
Savings Deposits	-	30,224	140,784	38,338	5,688	3,105	-	218,139
Public Deposits	-	-	4	40	-	-	-	44
Commercial Deposits	-	30,370	69,707	8,106	2,306	37	-	110,526
Other Deposits	-	55	6,686	-	446	-	-	7,187
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	-	65,823	217,182	46,484	8,440	3,142	-	341,071
Foreign Currency								
Foreign Currency Account	-	3,856	55,580	1,904	4,216	784	-	66,340
Bank Deposits	-	9	-	-	-	-	-	9
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	41	-	2	-	-	43
Total	-	3,865	55,621	1,904	4,218	784	-	66,392
Grand Total	-	69,688	272,803	48,388	12,658	3,926	-	407,463

5. Given interest amount on repurchase agreement

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

6. Informations on leasing expense

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

7. Information on given interest for factoring transaction

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. Explanations And Notes on Income Statement (Continued)****c. Information on dividend income**

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

d. Information on trading income/loss (Net)

	31 March 2019	31 March 2018
Income	8,699,783	3,303,602
Income from Capital Market Transactions	216	112
Derivative Financial Transactions	276,877	238,003
Foreign Exchange Gains	8,422,690	3,065,487
Loss (-)	8,602,908	3,293,401
Loss from Capital Market Transactions	1,390	839
Derivative Financial Transactions	130,037	222,461
Foreign Exchange Loss	8,471,481	3,070,101
Net Income/(Loss)	96,875	10,201

e. Explanations about other operating income

	31 March 2019	31 March 2018
Provision for the Expenses Recovered from Customers	693	364
Gain on Sale of Property, Plant and Equipment	568	1,448
Provision for Communication Costs Received from Customers	399	331
Cancellation of provisions for disposal property	50	27
Other	2,691	2,529
Total	4,401	4,699

f. Expected Provision Losses and Other Provision Losses

	31 March 2019	31 March 2018
Expected Credit Loss	87,085	32,916
12 month expected credit loss (stage 1)	7,724	(9,111)
Significant increase in credit risk (stage 2)	8,662	26,402
Non-performing loans (stage 3)	70,699	15,625
Marketable Securities Impairment Expense	2,582	2,582
Financial Assets at Fair Value Through Profit or Loss	2,582	2,582
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Joint Ventures Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	20,697	3,997
Total	110,364	39,495

(*)Free provision for possible risks amounting to TL 20,000 is included.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. Explanations And Notes on Income Statement (Continued)****g. Information related to personnel expenses and other operating expenses**

	31 March 2019	31 March 2018
Personnel Expenses	50,414	39,531
Reserve for Employee Termination Benefits	-	291
Unused Vacation	662	462
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	8,921	2,929
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	2,849	2,181
Impairment Expenses of Equity Participations Accounted for under Equity Method	-	-
Impairment Expenses of Assets Held For Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses of Tangible Assets Held for Sale	-	-
Other Operating Expenses	20,870	23,159
Advertising Expenses	886	1,022
Maintenance Expenses	315	234
Operational Lease Expenses (**)	62	8,082
Other Expenses	19,607	13,821
Loss on Sales of Assets	2,318	319
Other (*)	8,233	5,700
Total	94,267	74,572

(*) Other operating charges is TL 2,927 (31 March 2018: TL 1,926) except premium of SDIF and tax amounting to TL 5,306 (31 March 2018: TL 3,774).

(**) Includes the effect of TFRS 16.

h. Explanations on profit and loss from continuing operations before tax

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

i. Provision for taxes on income from continuing operations

As of 31 March 2019, the Bank has no current tax expense (31 March 2018: None), and deferred tax expense amounting to TL 18,530 (31 March 2018: TL 12,548).

j. Net operating profit/loss after taxes including net profit/loss from discontinued operations

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

k. Information on net income/loss for the period

- Interest income from ordinary banking transactions is TL 680,195 (31 March 2018: TL 419,009), interest expense is TL 537,734 (31 March 2018: TL 276,032).
- Information on any change in the accounting estimates has no profit/loss effect on current period or consequent periods.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. Explanations And Notes on Income Statement (Continued)**

1. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

Fees and Commissions Received - Other	31 March 2019	31 March 2018
Credit Card Pos Commissions	7,032	2,306
Banking Service Income	5,435	783
Credit Early Termination Compensation	3,573	320
Insurance Commissions	2,603	1,188
Account Management Fee Commission	630	376
Transfer Commissions	383	474
Expertise Commissions	319	594
Export Letters of Credit Commissions	311	320
Other	1,591	1,346
Total	21,877	7,707
Fees and Commissions Paid - Other	31 March 2019	31 March 2018
Debit Card Fees and Commissions	5,029	1,451
Clearing Commissions	2,792	652
Fees and Commissions on Foreign Currency Transactions	2,438	1,773
Bonds Commissions	969	524
Commissions Granted to Correspondent Banks	317	203
Pos Transactions Commissions	250	212
Commissions for Effective and Future Transactions	217	-
Transfer Commissions	183	192
CBRT Interbank Money Market	30	260
Other	114	144
Total	12,339	5,411

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****V. Explanations and Notes on Changes in Shareholders' Equity**

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

VI. Explanations And Notes on Statement Of Cash Flows

Not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

VII. Explanations and Notes on Bank's Risk Group**a. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period**

31 March 2019

	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Bank's Risk Group (*) (**)						
Loans and Other Receivables						
Balance at the Beginning of the Period	254,831	1,222	-	164,542	151,800	5,483
Balance at the End of the Period	261,646	1,241	-	101,547	158,471	9,928
Interest and Commission Income Received	10,832	4	50	7	1,474	18

(*) Defined in the 49th article of paragraph 2 of the Banking Act No. 5411.

(**) The information in table above includes bank receivables as well as loans and receivables.

31 December 2018

	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Bank's Risk Group (*) (**)						
Loans and Other Receivables						
Balance at the Beginning of the Period	161,369	2,243	-	249,646	113,277	2,870
Balance at the End of the Period	254,831	1,222	-	164,542	151,800	5,483
Interest and Commission Income Received (***)	2,558	875	110	12,309	1,133	3

(*) Defined in the 49th article of paragraph 2 of the Banking Act No. 5411.

(**) The information in table above includes banks as well as loans and receivables.

(***) 31 March 2018 balances used for income accounts.

Information on deposits of the Bank's risk group

Bank's Risk Group (*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Deposit						
Beginning of the Period	199,589	48,486	-	-	37,278	74,207
End of the Period	150,411	199,589	-	-	41,995	37,278
Interest Expense on Deposits (**)	884	115	-	-	518	591

(*) Defined in the 49th article of subsection 2 of the Banking Act No. 5411.

(**) 31 March 2018 balances used for expense accounts.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****VII. Explanations and Notes on Bank's Risk Group (Continued)****a. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period****4. Information on forward and option agreements and other derivative instruments with the Bank's risk group**

Bank's Risk Group (*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Transactions for trading purposes (**)						
Beginning of the Period (**)	-	161,840	-	-	-	-
End of the Period (**)	193,600	-	-	-	-	-
Total Profit / Loss (***)	-	2,819	-	12,074	-	-
Transactions for hedging purposes	-	-	-	-	-	-
Beginning of the Period (**)	-	-	-	-	-	-
End of the Period (**)	-	-	-	-	-	-
Total Profit / Loss (***)	-	-	-	-	-	-

(*) Defined in the 49th article of subsection 2 of the Banking Act No. 5411.

(**) The balances at the beginning and end of the periods are disclosed as the total of purchase and sell amounts of derivative financial instruments.

(***) 31 March 2018 balances used for income / expense accounts

b. With respect to the Bank's risk group

1. The relations with entities that are included in the Bank's risk group and controlled by the Bank irrespective of the relationship between the parties:

The Bank performs various transactions with group companies during its banking activities. These are commercial transactions realised with market prices.

2. The type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues

	Total Risk Group	Share in Financial Statements (%)
Deposits	192,406	1.42%
Non-cash Loans	112,716	1.93%
Loans	420,117	2.61%
Subordinated Loan	552,894	24.11%

These transactions are priced according to the Bank's pricing policy and they are in line with the market prices.

3. Equity accounted transactions

None.

ALTERNATİFBANK A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations and Notes on Bank's Risk Group (Continued)

b. With respect to the Bank's risk group (Continued)

4. Information on transactions such as purchase-sale of immovable and other assets, purchase-sale of service, agent agreements, financial lease agreements, transfer of the information gained as a result of research and development, license agreements, financing (including loans and cash or in kind capital), guarantees, collaterals and management contracts

As of 31 March 2019, there is no financial leasing agreement between the Bank and Alternatif Finansal Kiralama A.Ş. The Bank has also cost sharing agreements with Alternatif Finansal Kiralama A.Ş. and Alternatif Yatırım Menkul Değerler A.Ş.

The Bank allocates cash and non-cash loans to the risk group of the Bank within limits of Banking Laws and that amount is 2.43% of total cash and non-cash loan amount (31 December 2018: 2.68%).

5. Information on Other Liabilities

None.

c. Information regarding benefits provided to the Bank's key management

Benefits provided to the Bank's key management amount to TL 8,808 as of 31 March 2019 (31 March 2018: TL 3,636).

VIII. Explanations and Notes on The Domestic, Foreign, Off-Shore Branches and Foreign Representatives of The Bank

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks

IX. Explanations and Notes on Subsequent Events

None.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2019**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

SECTION SIX**OTHER EXPLANATIONS****I. Other Explanations Related to Bank's Operations**

Summary information about the Bank's rates from international credit rating agencies

Fitch Ratings: July 2018	
Foreign Currency	
Long Term	BB-
Short Term	B
Local Currency	
Long Term	BB
Short Term	B
National Note	AA(tur)
Support Note	3
Financial Capacity Note	b-
Outlook	Negative

Moody's: September 2018	
Foreign Currency	
Long Term	B2
Short Term	NP
Local Currency	
Long Term	Ba3
Short Term	NP
National Long Term	Aa1.tr
National Short Term	TR-1
Outlook	Negative

SECTION SEVEN

EXPLANATIONS ON THE AUDITORS’ LIMITED REPORT

I. Explanations on the Independent Auditors’ Report

The Bank’s unconsolidated financial statements and footnotes to be disclosed to public as of 31 March 2019 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the independent auditors’ report dated 7 May 2019 has been presented at the beginning of this report.

II. Explanations and Footnotes Prepared by Independent Auditor

None.

SECTION EIGHT**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESSMENTS FOR THE INTERIM ACTIVITIES****Abstract Financial Information About the Term Activity Results**

The unconsolidated financial statements with explanations related to these and financial data compatible to footnotes that prepared according to Financial Tables that will be Announced to Public by Banks with Explanations Related to these and Footnotes Communique which has been regulated by Council of Bank Audit and Regulation regarding to the bank's 1 January - 31 March 2019 activity period is below.

	31 March 2019	31 December 2018	31 March 2018
Loans	15,897,960	15,587,603	14,200,220
Stocks and Shares	3,670,005	3,476,492	2,582,874
Bank Deposits	13,550,921	13,816,340	11,335,398
Total Assets	24,997,365	24,297,937	20,369,514
Equity	1,965,390	1,632,546	1,372,295
Profit / Loss Before Taxes	70,347	228,938	55,309
Profit / Loss	51,817	194,934	42,761

2019 First Quarter Activity Report – Message from the Chairman

Dear Stakeholders,

We observed that the moderate trends in global markets which started in late 2018 continued in most of the first quarter of 2019. Following weak economic indicators in January, there was a slight recovery in credit growth in February, which became stronger at the beginning of March. Despite a limited increase in production, we need to wait a little while before we can speak of a resurgence in terms of growth. That being said, we foresee the possibility for a resurgence in growth in the second half of the year and we believe in a strong medium and long-term growth prospect for the Turkish economy.

We believe that Turkey will continue to serve as an important destination for global investments with its strong growth potential. Accordingly, we are pleased to increase Alternatif Bank's capital by TRY 272.7 million in the first quarter of the year, demonstrating a reinforcement of trust in Turkey and Alternatif Bank. Strengthened by synergies between Alternatif Bank and Commercial Bank, we offer a seamless banking experience to our customers in Turkey and Qatar, continue to expand our support for the ever-increasing mutual investments and capital flows, and act as a bridge between the two countries.

I wholeheartedly believe that Alternatif Bank will achieve its sustainable growth targets and make an even greater contribution to the region's trade in line with its strategic plan in the upcoming quarter. This is thanks to both its experienced executive leadership and committed human resources.

Yours sincerely,

Omar Hussain I H Alfardan

Chairman of the Board of Directors

I. Interim Period Activity Report Consisting Bank Chairman and CEO's Evaluation in Reference to Interim Period Activities

2019 First Quarter Activity Report - Message from the CEO

Dear Stakeholders,

As Alternatif Bank, we have left behind the first quarter of the year in agreement with our objectives after a very challenging albeit successful 2018. We have taken firm steps forward in accordance with our business plan by always prioritising risk management and our Bank's asset quality. Our recent TRY 272.7 million capital injection has given us more strength as part of our strategic growth plan and made a significant contribution as a tangible indicator of our shareholder Commercial Bank's trust in Alternatif Bank and the Turkish economy.

As in the final quarter of the last year, important steps were taken by our economy administration to ensure recovery in the first three months of this year. SME Value Loan packages of which our Bank was a participant in initial implementation, the newly enacted regulation on the restructuring of non-performing consumer loans, and 'Real Economy and Finance Sector Dialogue Enhancement' meetings organised by TBB and TOBB were among the important developments in terms of taking soundings of the economy and supporting the real economy.

In this fast-paced first quarter for the Bank, our total consolidated assets grew by 21% on a year-over-year basis reaching TRY 26.5 billion. In the first quarter, we grew our balance sheet, as well as increasing the total amount of funds extended to our customers. Alternatif Bank's contribution to the real economy through total cash (including leasing receivables) and non-cash loans has increased by 17% on a year-over-year basis to TRY 23.3 billion. In this period, our deposit volume reached TRY 13.4 billion with 19% growth on a year-over-year basis. As a result of our efforts, our net profits increased by 6% from the previous year and reached TRY 52.2 million.

We will continue our sustainable growth journey in the upcoming period by managing the risk factors in global and domestic markets and ever increasing our efforts, sensitivity and support for our customers. We will continue to add value to Turkey's business and trade world with our strong correspondent bank relations, renewed advisory branch network, the crucial steps we have taken for digitalisation and our experienced people.

I would like to take this opportunity to express my sincere thanks to our devoted employees, valuable customers who accept Alternatif Bank as their companion, our shareholder which believes in our bright future, members of the Board which offer their insight to us with their valued experiences and all of our stakeholders which strengthen our Bank with their close collaboration.

Yours sincerely,

Kaan Gür