

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

# **ALTERNATİFBANK A.Ş.**

**INDEPENDENT AUDITOR'S REVIEW REPORT,  
CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS AND NOTES FOR THE THREE  
MONTHS PERIOD ENDED 31 MARCH 2022**

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

**Independent Auditors' Report on Review of Consolidated Interim Financial Information**

**To the Board of Directors of Alternatifbank A.Ş.**

*Introduction*

We have reviewed the consolidated statement of financial position of Alternatifbank A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group") at March 31, 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair 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 November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by Banking Regulation and Supervision Authority ("BRSA") and Turkish Accounting Standard ("TAS") 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.

*Basis for Qualified Conclusion*

As explained in Section Five Part 2.f.3, the accompanying consolidated financial statements as at March 31, 2022 include a free provision at an amount of TL 336,926 thousands of which TL 55,000 thousands was provided in prior years and TL 281,926 thousands provided in the current period by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". It includes free provision that does not meet the recognition criteria of Contingent Liabilities and Contingent Assets and deferred tax assets amounting to 67,385 thousand TL allocated over these provisions.

### *Qualified Conclusion*

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of the Group at March 31, 2022 and of the results of its consolidated operations and its consolidated cash flows for the three-month-period then ended in all aspects 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 consolidated 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, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated 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.

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

Fatma Ebru Yücel, SMMM  
Sorumlu Denetçi

28 April 2022  
İstanbul, Turkey

**THE CONSOLIDATED FINANCIAL REPORT OF  
ALTERNATİFBANK A.Ş. AS OF AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

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The consolidated financial report as of and for the three-month period ended 31 March 2022 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 Parent Banking Regulation and Supervision Agency, comprises the following sections.

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

Associates, subsidiaries and special purpose entities whose financial statements have been consolidated in the consolidated financial report are as follows:

**Subsidiaries:**

1. Alternatif Yatırım Menkul Değerler A.Ş.
2. Alternatif Finansal Kiralama A.Ş.

The accompanying consolidated financial statements and notes to these financial statements for the three-month period ended which are expressed, unless otherwise stated, **in thousands of Turkish Lira (TL)** , have been prepared and presented based on the accounting books of the Parent 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  
Chairman of the Board  
of Directors

Cenk Kaan Gür  
CEO

Hamdi İlkay Girgin  
Financial Control and  
Planning Executive Vice  
President

Yasemin Deviren  
Beneskenazi  
International and Legal  
Reporting Manager

Leonie Ruth Lethbridge  
Member of the Board of  
Directors and Chairwoman  
of the Board Audit and  
Compliance Committee

Halil Sedat Ergür  
Member of the Board of  
Directors and Member of the  
Board Audit and Compliance  
Committee

Paul Gossiaux  
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:

Name-Surname / Title : Yasemin Deviren Beneskenazi / International and Legal Reporting Manager  
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**SECTION ONE****GENERAL INFORMATION ABOUT THE GROUP****I. Explanations on the Establishment Date and Initial Status of the Parent Bank, and History Including the Changes in the /Former Status**

Alternatifbank A.Ş. (“the Parent Bank” or “the Parent Bank”), was established in Istanbul on 6 November 1991 and started Banking activities on February 1992. The Parent Bank’s ordinary shares started to be traded in Istanbul Stock Exchange on 3 July 1995. The Parent Bank is still a privately owned commercial bank status and provides banking services through 41 (31 December 2021: 41) branches.

The Parent 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 Parent Bank, any Changes in the Period, and Information on the Parent Bank’s Risk Group**

As of 31 March 2022, 100% of the shares of the Parent Bank are owned by The Commercial Bank (P.S.Q.C.). Shareholder’s structure of the Parent Bank is as follows:

Name/Commercial Name	31 March 2022		31 December 2021	
	Share Amount	Share Ratio	Share Amount	Share Ratio
The Commercial Bank (P.S.Q.C) (*)	2,213,740	100%	2,213,740	100%
<b>Total</b>	<b>2,213,740</b>	<b>100%</b>	<b>2,213,740</b>	<b>100%</b>

(\*) With the decision of number 20 of the Board of Directors dated on 18 February 2021 and with the approval of BRSA dated on 11 March 2021, the capital increase is registered in Commercial Registry Gazette number of 10312 and the capital is increased from TL 2,038,390 to TL 2,213,740. In this respect, The Commercial Bank (P.S.Q.C) was included in the capital increase with TL 175,350 by cash and this amount transferred it to the capital account.

**ALTERNATİFBANK A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***GENERAL INFORMATION ABOUT THE GROUP (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 Parent Bank**

<b>Title</b>	<b>Name</b>	<b>Responsibility<sup>(1)</sup></b>	<b>Indirect Share Capital (%)</b>
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, Alternate Member of the Board Credit Committee	-
	Mohd Ismail M Mandani Al-Emadi	Member of the Board of Directors, Chairman of the Board Risk Committee, and Member of the Board Credit Committee	-
	Rajbhushan Buddhiraaju	Member of the Board of Directors, Member of the Board Risk Committee and Member of the Board Credit Committee	-
	Halil Sedat Ergür	Member of the Board of Directors, Member of the Board Audit and Compliance Committee, Member of the Board Risk Committee, and Alternate Member of the Board Credit Committee	-
	Paul Gossiaux	Member of the Board of Directors, Member of the Executive Committee of the Board, Member of the Board Remuneration and Corporate Governance Committee, Member of the Board Risk Committee, and Member of the Board Credit Committee	-
	Zafer Kurtul	Member of the Board of Directors, Chairman of the Board Credit Committee, Member of the Executive Committee of the Board, and Member of the Board Remuneration and Corporate Governance Committee	-
	Leonie Ruth Lethbridge	Member of the Board of Directors, Chairwoman of the Board Audit and Compliance Committee, Member of the Executive Committee of the Board, and Member of the Board Remuneration and Corporate Governance Committee	-
Member of the Board of Directors and CEO	Cenk Kaan Gür	Member of the Board of Directors, Member of the Credit Committee, Member of the Executive Committee of the Board, CEO	-
Executive Vice Presidents	Gökhan Songül <sup>(2)</sup>	Corporate and Business Banking	-
	Gökay Dede	Retail and Digital Banking	-
	Hale Ökmen Ataklı <sup>(1)</sup>	Human Resources	-
	Ayşe Akbulut <sup>(3)</sup>	Credit Granting	-
	Hamdi İlkey Girgin	Financial Affairs and Planning	-
	Boğaç Levent Güven	Treasury and Financial Institutions	-
Head of Internal Audit	Ömer Faruk Gönener	Head of Internal Audit	-

- (1) In accordance with the Board Resolution No 87 dated 4 October 2021, Hale Ökmen Ataklı has designated to Executive Vice President of Human Resources, it has been stated to the BRSA on 12 October 2021.
- (2) In accordance with the Board Resolution No 16 dated 2 March 2022, Gökhan Songül has designated to Executive Vice President of Retail and Digital Banking, it has been stated to the BRSA on 7 March 2022.
- (3) In accordance with the Board Resolution No 16 dated 2 March 2022, Ayşe Akbulut has designated to Executive Vice President of Credit Granting, it has been stated to the BRSA on 7 March 2022.

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

According to the Parent 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 Parent Bank's Capital is as follows.

Name/Commercial Title	Share Amounts (Nominal)	Share Rates	Paid-in Capital (Nominal)	Unpaid Portion
The Commercial Bank (P.Q.S.C.)	2,213,740	% 100.00	2,213,740	-

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

The Parent 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 Parent Bank's Articles of Association.

As of 31 March 2022, the Parent Bank has 41 branches (31 December 2021: 41 branches).

As of 31 March 2022, the Parent Bank has 821 employees (31 December 2021: 891 employees).

Parent Bank and its subsidiaries that are consolidated with the Parent Bank are called "Group" as a whole. As of 31 March 2022, The Group has 885 employees (31 December 2021: 961 employees).

**VI. Differences Between the Communique on Preparation of Consolidated 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 Parent Bank and Its Subsidiaries**

None.



**ALTERNATİFBANK A.Ş.**  
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 31 MARCH 2022**

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

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Reviewed Current Period 31 March 2022			Audited Prior Period 31 December 2021		
ASSETS	Notes (Section Five)	TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>2,679,140</b>	<b>11,053,865</b>	<b>13,733,005</b>	<b>2,715,805</b>	<b>11,972,621</b>	<b>14,688,426</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>668,607</b>	<b>9,205,343</b>	<b>9,873,950</b>	<b>928,832</b>	<b>9,957,213</b>	<b>10,886,045</b>
1.1.1 Cash and Balances with Central Bank	I-a	665,615	6,378,358	7,043,973	824,464	6,634,067	7,458,531
1.1.2 Banks	I-d	4,137	2,826,985	2,831,122	55,469	3,323,146	3,378,615
1.1.3 Money Market Placements		-	-	-	50,018	-	50,018
1.1.4 Expected Credit Losses (-)		1,145	-	1,145	1,119	-	1,119
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>		<b>34,130</b>	<b>23,884</b>	<b>58,014</b>	<b>33,729</b>	<b>14,872</b>	<b>48,601</b>
1.2.1 Government Debt Securities		6,811	23,884	30,695	10,635	14,872	25,507
1.2.2 Equity Instruments		1,903	-	1,903	-	-	-
1.2.3 Other Financial Assets		25,416	-	25,416	23,094	-	23,094
<b>Financial Assets at Fair Value Through Other Comprehensive</b>							
<b>1.3 Income</b>	<b>I-f</b>	<b>1,514,893</b>	<b>1,653,004</b>	<b>3,167,897</b>	<b>1,185,562</b>	<b>1,517,272</b>	<b>2,702,834</b>
1.3.1 Government Debt Securities		1,462,845	1,653,004	3,115,849	1,133,776	1,517,272	2,651,048
1.3.2 Equity Instruments		40,038	-	40,038	39,776	-	39,776
1.3.3 Other Financial Assets		12,010	-	12,010	12,010	-	12,010
<b>1.4 Derivative Financial Assets</b>	<b>I-c</b>	<b>461,510</b>	<b>171,634</b>	<b>633,144</b>	<b>567,682</b>	<b>483,264</b>	<b>1,050,946</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		416,814	151,626	568,440	482,877	479,571	962,448
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive							
Income		44,696	20,008	64,704	84,805	3,693	88,498
<b>FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>17,192,216</b>	<b>21,002,396</b>	<b>38,194,612</b>	<b>13,350,359</b>	<b>20,451,355</b>	<b>33,801,714</b>
<b>2.1 Loans</b>	<b>I-g</b>	<b>16,656,132</b>	<b>13,695,109</b>	<b>30,351,241</b>	<b>12,878,522</b>	<b>13,693,074</b>	<b>26,571,596</b>
<b>2.2 Lease Receivables</b>	<b>I-l</b>	<b>944,519</b>	<b>1,485,765</b>	<b>2,430,284</b>	<b>890,781</b>	<b>1,306,509</b>	<b>2,197,290</b>
<b>2.3 Factoring Receivables</b>		<b>363,285</b>	<b>-</b>	<b>363,285</b>	<b>330,430</b>	<b>-</b>	<b>330,430</b>
<b>2.4 Other Financial Assets Measured at Amortized Cost</b>	<b>I-h</b>	<b>74,136</b>	<b>6,129,813</b>	<b>6,203,949</b>	<b>75,508</b>	<b>5,902,634</b>	<b>5,978,142</b>
2.4.1 Government Debt Securities		74,136	6,129,813	6,203,949	75,508	5,807,366	5,882,874
2.4.2 Other Financial Assets		-	-	-	-	95,268	95,268
<b>2.5 Expected Credit Losses (-)</b>		<b>845,856</b>	<b>308,291</b>	<b>1,154,147</b>	<b>824,882</b>	<b>450,862</b>	<b>1,275,744</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)</b>	<b>I-s</b>	<b>563,914</b>	<b>-</b>	<b>563,914</b>	<b>594,827</b>	<b>-</b>	<b>594,827</b>
3.1 Held for Sale Purpose		563,914	-	563,914	594,827	-	594,827
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4.1 Investments in Associates (Net)</b>	<b>I-i</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Accounted Under Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	<b>I-j</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Entities under Common Control (Joint Venture) (Net)</b>	<b>I-k</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	<b>I-n</b>	<b>503,514</b>	<b>-</b>	<b>503,514</b>	<b>375,986</b>	<b>-</b>	<b>375,986</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>I-o</b>	<b>138,225</b>	<b>-</b>	<b>138,225</b>	<b>143,187</b>	<b>-</b>	<b>143,187</b>
6.1 Goodwill		48,399	-	48,399	49,647	-	49,647
6.2 Other		89,826	-	89,826	93,540	-	93,540
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>I-p</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,465</b>	<b>-</b>	<b>6,465</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>I-r</b>	<b>239,999</b>	<b>-</b>	<b>239,999</b>	<b>192,767</b>	<b>-</b>	<b>192,767</b>
<b>X. OTHER ASSETS</b>	<b>I-t</b>	<b>701,157</b>	<b>19,053</b>	<b>720,210</b>	<b>678,023</b>	<b>15,040</b>	<b>693,063</b>
<b>TOTAL ASSETS</b>		<b>22,018,165</b>	<b>32,075,314</b>	<b>54,093,479</b>	<b>18,057,419</b>	<b>32,439,016</b>	<b>50,496,435</b>

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

**ALTERNATİFBANK A.Ş.**  
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 31 MARCH 2022**

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

<b>I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)</b>		<b>Reviewed Current Period 31 March 2022</b>			<b>Audited Prior Period 31 December 2021</b>		
	<b>Notes</b>						
<b>LIABILITIES</b>	<b>(Section Five)</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>
<b>I. DEPOSITS</b>	<b>II-a</b>	<b>12,427,832</b>	<b>15,715,782</b>	<b>28,143,614</b>	<b>9,324,493</b>	<b>17,853,843</b>	<b>27,178,336</b>
<b>II. FUNDS BORROWED</b>	<b>II-c</b>	<b>1,086,949</b>	<b>12,211,535</b>	<b>13,298,484</b>	<b>670,543</b>	<b>11,650,432</b>	<b>12,320,975</b>
<b>III. MONEY MARKET BALANCES</b>		<b>114,970</b>	<b>2,166,750</b>	<b>2,281,720</b>	<b>38,893</b>	<b>1,536,940</b>	<b>1,575,833</b>
<b>IV. MARKETABLE SECURITIES ISSUED (Net)</b>		<b>753,471</b>	<b>-</b>	<b>753,471</b>	<b>882,314</b>	<b>-</b>	<b>882,314</b>
4.1 Bills		753,471	-	753,471	882,314	-	882,314
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. BORROWER FUNDS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>		<b>196,417</b>	<b>352,855</b>	<b>549,272</b>	<b>281,042</b>	<b>370,010</b>	<b>651,052</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	<b>II-b</b>	117,164	352,855	470,019	212,131	369,307	581,438
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	<b>II-f</b>	79,253	-	79,253	68,911	703	69,614
<b>VIII. FACTORING LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. LEASE LIABILITIES</b>	<b>II-e</b>	<b>35,293</b>	<b>301</b>	<b>35,594</b>	<b>37,891</b>	<b>270</b>	<b>38,161</b>
<b>X. PROVISIONS</b>	<b>II-g</b>	<b>308,456</b>	<b>215,055</b>	<b>523,511</b>	<b>178,315</b>	<b>48,739</b>	<b>227,054</b>
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reverse for Employee Benefits		23,246	-	23,246	22,853	-	22,853
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		285,210	215,055	500,265	155,462	48,739	204,201
<b>XI. CURRENT TAX LIABILITY</b>	<b>II-h</b>	<b>180,230</b>	<b>-</b>	<b>180,230</b>	<b>72,925</b>	<b>-</b>	<b>72,925</b>
<b>XII. DEFERRED TAX LIABILITY</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>II-j</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	<b>II-k</b>	<b>-</b>	<b>4,053,334</b>	<b>4,053,334</b>	<b>-</b>	<b>3,737,398</b>	<b>3,737,398</b>
14.1 Loans		-	1,125,082	1,125,082	-	1,000,209	1,000,209
14.2 Other Debt Instruments		-	2,928,252	2,928,252	-	2,737,189	2,737,189
<b>XV. OTHER LIABILITIES</b>		<b>858,839</b>	<b>479,147</b>	<b>1,337,986</b>	<b>841,388</b>	<b>361,047</b>	<b>1,202,435</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>II-l</b>	<b>3,081,940</b>	<b>(145,677)</b>	<b>2,936,263</b>	<b>2,730,622</b>	<b>(120,670)</b>	<b>2,609,952</b>
16.1 Paid-in Capital		2,213,740	-	2,213,740	2,213,740	-	2,213,740
16.2 Capital Reserves		497	-	497	497	-	497
16.2.1 Share Premium		54	-	54	54	-	54
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		443	-	443	443	-	443
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		125,870	-	125,870	24,919	-	24,919
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		163,140	(145,677)	17,463	44,564	(120,670)	(76,106)
16.5 Profit Reserves		653,746	-	653,746	647,437	-	647,437
16.5.1 Legal Reserves		68,965	-	68,965	62,656	-	62,656
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		584,781	-	584,781	584,781	-	584,781
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit Or Loss		(75,075)	-	(75,075)	(200,557)	-	(200,557)
16.6.1 Prior Years' Profit/Loss		(206,866)	-	(206,866)	(277,098)	-	(277,098)
16.6.2 Current Year Profit/Loss		131,791	-	131,791	76,541	-	76,541
16.7 Non-Controlling Interests		22	-	22	22	-	22
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>19,044,397</b>	<b>35,049,082</b>	<b>54,093,479</b>	<b>15,058,426</b>	<b>35,438,009</b>	<b>50,496,435</b>

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

**ALTERNATİFBANK A.Ş.**  
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

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

II.	OFF-BALANCE SHEET ITEMS	Notes	Reviewed Current Period 31 March 2022			Audited Prior Period 31 December 2021			
			(Section Five)	TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)			21,169,361	48,047,095	69,216,456	19,358,912	44,565,938	63,924,850
I.	GUARANTEES AND WARRANTIES	III-a-3.i		4,533,535	9,601,201	14,134,736	3,723,938	10,401,418	14,125,356
1.1	Letters of Guarantee	III-a-2.ii		4,292,310	6,224,559	10,516,869	3,710,572	6,026,650	9,737,222
1.1.1	Guarantees Subject to State Tender Law			44,811	14,879	59,690	43,678	16,436	60,114
1.1.2	Guarantees Given for Foreign Trade Operations			-	-	-	-	-	-
1.1.3	Other Letters of Guarantee			4,247,499	6,209,680	10,457,179	3,666,894	6,010,214	9,677,108
1.2	Bank Acceptances	III-a-2.i		-	403,927	403,927	-	364,331	364,331
1.2.1	Import Letter of Acceptance			-	341,206	341,206	-	257,795	257,795
1.2.2	Other Bank Acceptances			-	62,721	62,721	-	106,536	106,536
1.3	Letters of Credit	III-a-2.i		241,225	2,972,715	3,213,940	13,366	4,010,437	4,023,803
1.3.1	Documentary Letters of Credit			241,225	2,884,063	3,125,288	13,366	3,905,297	3,918,663
1.3.2	Other Letters of Credit			-	88,652	88,652	-	105,140	105,140
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			-	-	-	-	-	-
1.9	Other Warrantees			-	-	-	-	-	-
II.	COMMITMENTS			2,263,238	1,863,920	4,127,158	1,218,324	713,719	1,932,043
2.1	Irrevocable Commitments			2,094,457	1,468,337	3,562,794	1,068,951	340,707	1,409,658
2.1.1	Asset Purchase and Sales Commitments			1,177,600	1,468,337	2,645,937	280,610	340,707	621,317
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		412,014	-	412,014	307,116	-	307,116
2.1.5	Securities Issue Brokerage Commitments			-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements			-	-	-	-	-	-
2.1.7	Commitments for Cheques			123,357	-	123,357	103,873	-	103,873
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			130,119	-	130,119	128,520	-	128,520
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			247,629	-	247,629	245,094	-	245,094
2.2	Revocable Commitments			168,781	395,583	564,364	149,373	373,012	522,385
2.2.1	Revocable Commitments for Loan Limits			-	-	-	-	-	-
2.2.2	Other Revocable Commitments			168,781	395,583	564,364	149,373	373,012	522,385
III.	DERIVATIVE FINANCIAL INSTRUMENTS	III-b		14,372,588	36,581,974	50,954,562	14,416,650	33,450,801	47,867,451
3.1	Hedging Derivative Financial Instruments			6,640,869	8,196,419	14,837,288	7,459,311	8,102,821	15,562,132
3.1.1	Transactions for Fair Value Hedge			-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge			6,640,869	8,196,419	14,837,288	7,459,311	8,102,821	15,562,132
3.1.3	Transactions for Foreign Net Investment Hedge			-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments			7,731,719	28,385,555	36,117,274	6,957,339	25,347,980	32,305,319
3.2.1	Forward Foreign Currency Buy/Sell Transactions			112,422	841,667	954,089	484,925	1,046,185	1,531,110
3.2.1.1	Forward Foreign Currency Transactions-Buy			90,993	330,966	421,959	447,471	267,789	715,260
3.2.1.2	Forward Foreign Currency Transactions-Sell			21,429	510,701	532,130	37,454	778,396	815,850
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates			4,462,363	21,931,240	26,393,603	4,605,960	21,813,849	26,419,809
3.2.2.1	Foreign Currency Swap-Buy			277,281	10,765,015	11,042,296	355,931	10,395,598	10,751,529
3.2.2.2	Foreign Currency Swap-Sell			4,015,082	7,057,543	11,072,625	4,080,029	6,432,465	10,512,494
3.2.2.3	Interest Rate Swap-Buy			85,000	2,054,341	2,139,341	85,000	2,492,893	2,577,893
3.2.2.4	Interest Rate Swap-Sell			85,000	2,054,341	2,139,341	85,000	2,492,893	2,577,893
3.2.3	Foreign Currency, Interest rate and Securities Options			3,156,934	3,949,233	7,106,167	1,866,454	2,487,946	4,354,400
3.2.3.1	Foreign Currency Options-Buy			1,427,473	2,187,720	3,615,193	700,722	1,530,598	2,231,320
3.2.3.2	Foreign Currency Options-Sell			1,729,461	1,761,513	3,490,974	1,165,732	957,348	2,123,080
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			-	1,663,415	1,663,415	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)			106,546,673	133,968,499	240,515,172	106,666,624	119,782,479	226,449,103
IV.	ITEMS HELD IN CUSTODY			11,197,627	12,767,320	23,964,947	12,337,013	11,856,030	24,193,043
4.1	Customer Fund and Portfolio Balances			4,894,586	-	4,894,586	6,365,279	-	6,365,279
4.2	Investment Securities Held in Custody			209,379	687,910	897,289	250,771	547,581	798,352
4.3	Cheques Received for Collection			583,907	86,178	670,085	510,956	90,805	601,761
4.4	Commercial Notes Received for Collection			38,410	66,416	104,826	24,002	83,868	107,870
4.5	Other Assets Received for Collection			-	-	-	-	-	-
4.6	Assets Received for Public Offering			-	-	-	-	-	-
4.7	Other Items Under Custody			5,471,345	11,926,816	17,398,161	5,186,005	11,133,776	16,319,781
4.8	Custodians			-	-	-	-	-	-
V.	PLEDGES RECEIVED			95,214,762	118,042,506	213,257,268	94,172,383	107,579,215	201,751,598
5.1	Marketable Securities			1,118,366	-	1,118,366	1,118,366	-	1,118,366
5.2	Guarantee Notes			46,847,095	44,775,255	91,622,350	45,835,381	41,358,706	87,194,087
5.3	Commodity			4,497,586	5,968,049	10,465,635	4,518,586	5,466,103	9,984,689
5.4	Warranty			-	-	-	-	-	-
5.5	Immovable			39,541,455	64,284,398	103,825,853	39,496,172	57,963,046	97,459,218
5.6	Other Pledged Items			3,210,260	3,014,804	6,225,064	3,203,878	2,791,360	5,995,238
5.7	Pledged Items-Depository			-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES			134,284	3,158,673	3,292,957	157,228	347,234	504,462
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)				127,716,034	182,015,594	309,731,628	126,025,536	164,348,417	290,373,953

The accompanying notes are an integral part of these financial statements

**ALTERNATİFBANK A.Ş.**  
**CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**  
*(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated).*

**III. STATEMENT OF INCOME**

	INCOME AND EXPENSE ITEMS	Note (Section Five)	Reviewed Current Period 1 January - 31 March 2022	Reviewed Current Period 1 January - 31 March 2021
<b>I.</b>	<b>INTEREST INCOME</b>	<b>IV-a</b>	<b>1,244,271</b>	<b>713,562</b>
1.1	Interest on Loans		866,820	552,279
1.2	Interest Received from Reserve Deposits		16,917	11,612
1.3	Interest Received from Banks		4,613	2,561
1.4	Interest Received from Money Market Placements		5,913	21,999
1.5	Interest Received from Marketable Securities Portfolio		284,743	81,920
1.5.1	Fair Value Through Profit or Loss		6,021	797
1.5.2	Fair Value Through other Comprehensive Income		198,392	36,553
1.5.3	Measured at Amortized Cost		80,330	44,570
1.6	Finance Lease Income		63,403	41,521
1.7	Other Interest Income		1,862	1,670
<b>II.</b>	<b>INTEREST EXPENSES (-)</b>	<b>IV-b</b>	<b>872,433</b>	<b>584,446</b>
2.1	Interest on Deposits		549,256	405,978
2.2	Interest on Funds Borrowed		224,742	139,605
2.3	Interest on Money Market Borrowings		11,705	4,677
2.4	Interest on Securities Issued		31,692	19,888
2.5	Leasing Interest Expense		1,425	1,862
2.6	Other Interest Expense		53,613	12,436
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>371,838</b>	<b>129,116</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME / EXPENSES</b>		<b>25,477</b>	<b>20,213</b>
4.1	Fees and Commissions Received		56,283	43,383
4.1.1	Non-cash Loans		22,762	15,464
4.1.2	Other	IV-i	33,521	27,919
4.2	Fees and Commissions Paid (-)		30,806	23,170
4.2.1	Non-cash Loans		112	106
4.2.2	Other	IV-i	30,694	23,064
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>IV-c</b>	<b>28</b>	<b>524</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	<b>IV-d</b>	<b>31,993</b>	<b>(29,560)</b>
6.1	Securities Trading Gains / (Losses)		389	11,959
6.2	Derivative Financial Instruments Gains / Losses		319,060	358,165
6.3	Foreign Exchange Gains / Losses		(287,456)	(399,684)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>IV-e</b>	<b>37,322</b>	<b>18,411</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>466,658</b>	<b>138,704</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	<b>IV-f</b>	<b>(151,124)</b>	<b>37,828</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>IV-f</b>	<b>280,050</b>	<b>32,172</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>	<b>IV-g</b>	<b>75,889</b>	<b>60,898</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>IV-g</b>	<b>89,139</b>	<b>58,674</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>172,704</b>	<b>(50,868)</b>
<b>XIV.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XV.</b>	<b>PROFIT / (LOSS) ON EQUITY METHOD</b>		-	-
<b>XVI.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVII.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)</b>	<b>IV-h</b>	<b>172,704</b>	<b>(50,868)</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>IV-h</b>	<b>(40,913)</b>	<b>9,554</b>
18.1	Provision for Current Income Taxes		(148,561)	(2,765)
18.2	Deferred Tax Expense Effect (+)		-	-
18.3	Deferred Tax Income Effect (-)		107,648	12,319
<b>XIX.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)</b>	<b>IV-i</b>	<b>131,791</b>	<b>(41,314)</b>
<b>XX.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
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		-	-
<b>XXI.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
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		-	-
<b>XXII.</b>	<b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)</b>		-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
23.1	Provision for Current Income Taxes		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV.</b>	<b>NET PROFIT/LOSS (XIX+XXIV)</b>		<b>131,791</b>	<b>(41,314)</b>
25.1	Group's Profit / Loss	IV-i	131,791	(41,315)
25.2	Minority Shares (-)	IV-i	-	1
	Earning / Loss per share (Full TL)		0.05953	(0.01970)

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

**ALTERNATİFBANK A.Ş.**  
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS**  
**FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**  
*(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated).*

**IV. STATEMENT OF PROFIT OR (LOSS) AND OTHER COMPREHENSIVE INCOME**

	Reviewed Current Period 1 January - 31 March 2022	Reviewed Prior Period 1 January – 31 March 2021
<b>I. CURRENT PERIOD INCOME/(LOSS)</b>	<b>131,791</b>	<b>(41,314)</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>194,520</b>	<b>(42,946)</b>
<b>2.1 Not Reclassified Through Profit or (Loss)</b>	<b>100,951</b>	<b>(558)</b>
2.1.1 Property and Equipment Revaluation Increase/(Decrease)	133,764	-
2.1.2 Intangible Assets Revaluation Increase/(Decrease)	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	785	(698)
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	(33,598)	140
<b>2.2 Reclassified Through Profit or (Loss)</b>	<b>93,569</b>	<b>(42,388)</b>
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	131,295	(113,566)
2.2.3 Cash Flow Hedge Income/(Loss)	(10,908)	61,955
2.2.4 Foreign Net Investment Hedge Income/(Loss)	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or (Loss)	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or (Loss)	(26,818)	9,223
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>326,311</b>	<b>(84,260)</b>

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

**ALTERNATİFBANK A.Ş.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

(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								
Prior Period 1 January 2021- 31 March 2021		Note (Section Five)	Paid-in Capital	Share Premiums	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 Equity Except for Minority Shares	Minority shares	Total Shareholders' Equity
I.	Prior Period End Balance		2,038,390	54	-	443	34,751	(5,098)	-	-	(16,614)	1,290	608,185	(359,410)	121,564	2,423,555	19	2,423,574
II.	Corrections and Accounting Policy Changes Made According to TAS 8 <sup>(1)</sup>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		2,038,390	54	-	443	34,751	(5,098)	-	-	(16,614)	1,290	608,185	(359,410)	121,564	2,423,555	19	2,423,574
IV.	Total Comprehensive Income		-	-	-	-	-	(558)	-	-	(92,014)	49,626	-	-	(41,315)	(84,261)	1	(84,260)
V.	Capital Increase by Cash	II-1	175,350	-	-	-	-	-	-	-	-	-	-	-	-	175,350	-	175,350
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	39,252	82,312	(121,564)	-	-	-
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	39,252	82,312	(121,564)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III+...+XVI+XVII+XVIII)			2,213,740	54	-	443	34,751	(5,656)	-	-	(108,628)	50,916	647,437	(277,098)	(41,315)	2,514,644	20	2,514,664

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.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022**

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

Current Period 1 January 2021 – 31 March 2022	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except for Minority Shares		Total Shareholders' Equity
						1	2	3	4	5	6				Minority Shares	Minority shares	
<b>I. Prior Period End Balance</b>		2,213,740	54	-	443	34,751	(9,832)	-	-	(135,831)	59,725	647,437	(277,098)	76,541	2,609,930	22	2,609,952
<b>II. Corrections and Accounting Policy Changes Made According to TAS 8<sup>(1)</sup></b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I+II)</b>		2,213,740	54	-	443	34,751	(9,832)	-	-	(135,831)	59,725	647,437	(277,098)	76,541	2,609,930	22	2,609,952
<b>IV. Total Comprehensive Income</b>		-	-	-	-	100,323	628	-	-	99,968	(6,399)	-	-	131,791	326,311	-	326,311
<b>V. Capital Increase by Cash</b>	II-1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase by Internal Sources</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in capital inflation adjustment difference</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds to Shares</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt Instruments</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/Decrease by Other Changes</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>		-	-	-	-	-	-	-	-	-	-	6,309	70,232	(76,541)	-	-	-
11.1 Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	6,309	70,232	(76,541)	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance (III+...+XVI+XVII+XVIII)</b>		2,213,740	54	-	443	135,074	(9,204)	-	-	(35,863)	53,326	653,746	(206,866)	131,791	2,936,241	22	2,936,263

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.**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 31 MARCH 2022**

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

**VI. STATEMENT OF CASH FLOWS**

	Notes (Section Five)	Reviewed 1 January- 31 March 2022	Reviewed 1 January - 31 March 2021
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit/(Loss) Before Changes in Operating Assets and Liabilities</b>		<b>(683,494)</b>	<b>(5,007)</b>
1.1.1 Interest Received		930,397	373,939
1.1.2 Interest Paid		(926,842)	(536,308)
1.1.3 Dividend Received		28	-
1.1.4 Fees and Commissions Received		73,239	43,383
1.1.5 Other Income		638,989	600,616
1.1.6 Collections from Previously Written-off Loans and Other Receivables		76,069	111,364
1.1.7 Payments to Personnel and Service Suppliers		(79,784)	(57,085)
1.1.8 Taxes Paid		(2,757)	(5,691)
1.1.9 Other		(1,392,833)	(535,225)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(111,127)</b>	<b>421,216</b>
1.2.1 Net Increase/(Decrease) in Financial Assets at Fair Value Through Profit or Loss		(9,501)	12,372
1.2.2 Net Increase/(Decrease) in Due from Banks and Other Financial Institutions		(114,932)	(113,992)
1.2.3 Net Increase/(Decrease) in Loans		(3,261,544)	1,184,868
1.2.4 Net Increase/(Decrease) in Other Assets		(671,875)	540,398
1.2.5 Net Increase/(Decrease) in Bank Deposits		(299,602)	246,345
1.2.6 Net Increase/(Decrease) in Other Deposits		1,605,052	(271,421)
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		247,725	603,176
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		2,393,550	(1,780,530)
<b>I. Net Cash Provided from Banking Operations</b>		<b>(794,621)</b>	<b>416,209</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(972,684)</b>	<b>(165,126)</b>
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(2,402)	(14,571)
2.4 Disposals of Property and Equipment		9,904	60
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(933,787)	(780,516)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		-	171,671
2.7 Purchase of Financial Assets Measured at Amortised Cost		(73,551)	-
2.8 Sale of Financial Assets Measured at Amortised Cost		27,152	458,230
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>(134,421)</b>	<b>1,888,804</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		401,852	1,999,690
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(503,930)	(240,815)
3.3 Issued Capital Instruments		-	175,350
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(32,343)	(45,421)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>774,759</b>	<b>769,189</b>
<b>V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>(1,126,967)</b>	<b>2,909,076</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>7,216,092</b>	<b>4,208,493</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>		<b>6,089,125</b>	<b>7,117,569</b>

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



**ALTERNATİFBANK A.Ş.**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 31 MARCH 2022**

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. Basis of Presentation**

As prescribed in the Article 37 of the Parent Banking Act No. 5411, the Parent 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 Parent 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 consolidated 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 consolidated financial statements in conformity with BRSA Accounting and Reporting Legislation requires the use of certain critical accounting estimates by the Parent 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.

According to the announcement made by Public Oversight Accounting and Auditing Standards Authority on 20 January 2022, due to the fact that cumulative change in the general purchasing power of the last 3 years was 74.41%; it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of 31 March 2022, Public Oversight Accounting and Auditing Standards Authority has not made a new announcement within the scope TAS 29. Therefore, no inflation adjustment has been applied on the financial statements dated 31 March 2022 in accordance with TAS 29.

A new type of coronavirus (COVID-19), first emerging in China, has been classified by the World Health Organization as a pandemic affecting countries globally. The COVID-19 outbreak not only affects economic conditions both regionally and globally, as it causes disruptions in operations, especially in countries that are exposed to the epidemic. The effects of COVID-19 on Parent Bank's financial statements are regularly monitored by the risk units and Parent Bank's Management. While preparing the interim financial statements dated 31 March 2022, the Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements.

The tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. Parent Bank does not carry out any activities in these two countries that are subject to the crisis. However, since the course of the crisis is uncertain as of the date of this report, developments that may occur on a global scale, and the effects of these developments on the global and regional economy and on Parent Bank's operations, are closely monitored and considered with the best estimation approach in the preparation of the financial statements.

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 XXIX below.

**Additional paragraph for convenience translation into English**

The effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated 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.

**ALTERNATİFBANK A.Ş.**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 31 MARCH 2022**

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

**II. Strategy of Using Financial Instruments and Foreign Currency Transactions**

A major portion of the Parent 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 Parent 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 2022 and 31 December 2021, the Group does not have any investment in foreign companies.

**III. Consolidated Subsidiaries**

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" and the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TFRS 10") published in the Official Gazette No. 26340 dated 8 November 2006.

The financial statements of the subsidiaries, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards according to the Turkish Commercial Code and/or Financial Leasing Law and/or communiqués of the Capital Market Board, are duly adjusted in order to present their financial statements in accordance with TAS and TFRS.

Accounting policy of the subsidiaries when different from the parent bank, differences are harmonized in the financial statements according with the principle of importance. Subsidiaries financial statements are prepared as of 31 March 2022.

Consolidation principles for subsidiaries:

Subsidiaries (including special purpose entity), in which Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies, have been fully consolidated.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders' equity in scope of the materiality principle. Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from their acquisition date. If necessary, accounting policies of subsidiaries may have been changed in order to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been identified and deducted from the net income of the subsidiary. In the consolidated balance sheet, minority interest has been presented separately from the liabilities and the shares of the Group shareholders. Also, in the income statement, minority interest has been presented separately.

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Activity center (City/Country)	Activity	Ownership rates (%)	Indirect Ownership rates (%)
Alternatif Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	Investment Management	100.00	100.00
Alternatif Finansal Kiralama A.Ş.	İstanbul/Türkiye	Leasing	99.99	99.99

**ALTERNATİFBANK A.Ş.**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 31 MARCH 2022**

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

**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". 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 Comission Income and Expense**

Except for the Parent 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 Expense**

The Group 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 Group 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 Parent 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VI. Financial Assets Expense (Continued)**

**b. Financial Assets at Fair Value through Other Comprehensive Income (Continued)**

In case of disposal of securities whose fair value difference is reflected in other comprehensive income, the value created in the equity accounts as a result of the fair value application is reflected in the income statement. However, for certain investments in equity instruments that would normally be measured at fair value through profit or loss, the Bank may irrevocably choose, at initial recognition, the recognition of subsequent changes in fair value throw other comprehensive income.

**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 Group uses derivative financial instruments to hedge its foreign currency and interest rate risk.

The major derivative instruments utilized by the Group 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 Group 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 Group 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 Group 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 Group continued to apply TAS 39 "Hedge accounting".

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**V. Financial Assets Expense (Continued)**

**d. Derivative Financial Assets (Continued)**

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.

Referring to the regulations by BRSA on swap markets, regulations dated 9th February 2020 and 12nd February 2020, the Bank has updated the yield curves used in the fair value calculations of the forward-swap derivatives from FX Implied Swap (up to 2 years) and FX CCS (for more than 2 years) to Overnight Index Swap (up to 3 months, inclusive), FX Implied Swap (from 3 months to 2 years), and FX CCS (for more than 2 years). The changes in question did not cause any significant impact on financial statements.

**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 Parent 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 379 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 Group 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 Group 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 Group 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 Group calculates the expected loss provisions collectively or individually according to the level of risk determined by the Group.

Within the scope of internal policies, the Group, evaluates the calculation of credit losses in accordance with TFRS 9, as an individual assessment based on expert opinion. In this context, the Group 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. Impairment of Financial Assets (Continued)**

The Group 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. In this context, as of 31 December 2022, The Parent Bank separately calculated the possible effects of the COVID-19 outbreak on the estimates and judgments used in the calculation of Expected Credit Losses with the best estimation method. In the light of the said data, the Parent Bank has been revised the macroeconomic indicators for the future in the expected credit loss calculation.

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 Group, 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.

The Bank agreed an unfunded risk participation with its parent company The Commercial Bank (P.S.Q.C.) in February 2022, within the scope of the Communique on Credit Risk Mitigation Techniques of the Banking Regulation and Supervision Agency (BRSA). In accordance with the agreement, bank guarantees are obtained for a certain ratio of the customer risk, amounting to 3.3 billion full TL (Participation Ratio 80% Parent Bank-20% Bank). Collaterals defined in accordance with the agreement are included in the calculation of the expected credit loss for these loan customers.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group 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 intention 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 Parent Bank from repurchase agreements ("repo") are accounted under "Money Market Balances" in liabilities.

The Group'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.

**X. Assets Held For Sale and Discontinued Operations**

In accordance with TFRS 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 Group classified assets that were acquired due to non-performing receivables, as assets held for sale.

A discontinued operation is a part of the Parent 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 2022 and 31 December 2021, the Group has no discontinued operations.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XI. Goodwill and Other Intangible Assets**

Group has TL 48,399 goodwill in consolidated financial statements as of balance sheet date (31 December 2021: TL 49,647). Goodwill is the amount that exceeds the cost of buying of fair value expressed as the amount of the group share in net identifiable assets of the Group's purchased subsidiaries. Annual impairment test is performed for goodwill every year and shown as deducting accumulated impairment from cost of goodwill. Provision for impairment on goodwill is not reversed.

As a result of the disposal of the business that gain or loss occurs includes the carrying amount goodwill related to disposed business.

Goodwill is distributed to cash generating units for impairment test. Distributions are made to benefit from the business combination in which the goodwill arose expected to cash-generating units or groups. The recoverable amount of the cash-generating unit is determined based on value in used calculations. These calculations require the use of estimates.

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. 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.



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XII. Property and Equipment (Continued)**

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 Parent 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. As of 31 March 2022, 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.

**XIII. Leasing Transactions**

**Financial leasing transactions as a lessee**

The Parent 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 Parent 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 Parent Bank and

When the Parent 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 Parent Bank applies depreciation obligations in TAS 16 property Tangible Assets while depreciating its right of use asset.

**The Lease Obligations:**

At the effective date of the lease, the Parent Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the the Parent 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 Parent 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIII. Leasing Transactions (Continued)**

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 Parent Bank applied TFRS 16 "Leasing" standard, which replaced TAS 17 "Leasing", as of 1 January 2019, the date of first implementation.

As of 31 March 2022, net right of use assets and net lease liabilities are amounting to TL 27,048 and TL 35,595, respectively. (31 December 2021: net right of use assets TL 28,967, net lease liabilities TL 38,161).

**XIV. Provisions, Contingent Asset and Liabilities**

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 Parent 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 Parent 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 Parent 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 Parent 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**

While corporate earnings are subject to corporate tax at the rate of 20% in Turkey; in accordance with the regulation introduced by the Law No. 7316 on the "Procedure for Collection of Public Receivables and the Law Amending Some Laws", this rate has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022. This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

With the "Law on Giving Tax Procedure Law and Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of discount accounting was started from the record on December 31, 2023.

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.

Corporations are required to pay advance corporate tax quarterly at a current rate on their corporate income. Advance tax is declared by the 15th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVI. Taxation (Continued)**

**a. Corporate tax (Continued)**

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.

The corporate tax has been determined as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are effective or close to be effective as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid, as of 31 March 2022, the Parent Bank evaluated their assets and liabilities according to their maturities and calculated deferred tax corresponding to the relevant maturities.

**b. Deferred taxes**

The Group 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 has been determined as 25% to be applied to corporate earnings for the 2021 taxation period, and 23% to be applied to corporate earnings for the 2022 taxation period. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) in force as of the end of the reporting period (balance sheet date) using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Parent Company as of 31 March 2022, the Bank evaluated its assets and liabilities according to their maturities and calculated deferred taxes according to the rates corresponding to the relevant maturities.

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.

**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 Parent Bank. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated using by "Effective interest rate method".

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVIII. Share Certificates and Issuance of Share Certificates**

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

There is no decision of the Parent 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 2022, the Group has no unused investment discount.

**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 2022, The Parent 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, 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.

	<b>31 March 2022</b>	<b>31 March 2021 (*)</b>
Group's Profit/(Loss)	131,791	(41,314)
Weighted Average Number of Issued Ordinary Shares (Thousand) (*)	2,213,740	2,096,840
<b>Earnings/(Losses) Per Share (Disclosed in full TL)</b>	<b>0.05953</b>	<b>(0.01970)</b>

(\*) The number of share capital is calculated by weighting the capital increases, which were made on 18 February 2021.

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.

The Parent Bank has no bonus shares issued in 2022 (31 December 2021: None).

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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.

**XXIV. Cash and Cash Equivalents**

For the purposes of preparation 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. Explanations on the Accounting Policies of the Current Period**

None.

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

In addition to the restatement above, comparative information is reclassified, where necessary, reconciliation to the presentation of the current period financial statements or to ensure the reporting integrity.

**XXVII. Explanations on Other Matters**

None.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXVIII. Operating Segments**

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

- a) The Parent 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) The Parent Bank's one of the subsidiary Alternatif Yatırım A.Ş. provides capital market activities in accordance with Capital Market Law and relevant legislations. In accordance with the law and within the authorization and permits given, the Company operates in the company brokerage, portfolio management, margin trading, Short Selling and Lending and Borrowing of Securities, investment advisory, the securities exchange with buy-back sell-back commitment, intermediation for public offering , intermediation for the derivative instruments exchange.  
  
According to the Law, the Company received an authority certificate from the Capital Market Board to create the company's portfolio, to managing and to make changes in the portfolio when it is necessary. Parent Bank's another subsidiary Alternatif Finansal Kiralama A.Ş., established in 1997 to operate in Turkey, within the framework of 3226 Financial Leasing Law, with following permission from Undersecretariat of Treasury. Company has been operating its activities within the framework of BRSA's 'Regulations on the Establishment and Procedures of the Financial Leasing, Factoring and Financing Company', published in the Official Gazette No. 28627 in 24 April 2013.
- e) 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.
- f) The Group's software requirements, possible software updates and additional software requirements to compete with other firms are provided by the Parent Bank.
- g) According to the table provided, share of each Group's operating segment in the Balance sheet is as follows; corporate/retail banking 59%, investment banking 37% and other 4%.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXVIII. Operating Segments (Continued)**

**Major balance sheet and income statement items according to operating segments**

<b>31 March 2022</b>	<b>Corporate / Retail Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations of the Group</b>
Net Interest Income / (Expense)	228,316	143,522	-	371,838
Net Fees and Commissions Income and Other Operating Income	57,937	4,862	-	62,799
Trading Profit/Loss	124,604	(92,611)	-	31,993
Dividend Income	-	28	-	28
Impairment Provision for Loans and Other Receivables (-) <sup>(*)</sup>	154,532	(3,408)	(280,050)	(128,926)
Other Operating Expenses (-)	(149,832)	(15,196)	-	(165,028)
Profit Before Taxes	135,507	37,197	-	172,704
Tax Provision				(40,913)
Minority	-	-	-	-
<b>Net Profit for the Period</b>				<b>131,791</b>
<b>31 March 2022</b>				
Segment Assets	31,781,608	20,040,790	2,271,081	54,093,479
Investments in Associates and Subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>31,781,608</b>	<b>20,040,790</b>	<b>2,271,081</b>	<b>54,093,479</b>
Segment Liabilities	29,896,445	14,636,639	6,624,132	51,157,216
Shareholders' Equity	-	-	2,936,263	2,936,263
<b>Total Liabilities</b>	<b>29,896,445</b>	<b>14,636,639</b>	<b>9,560,395</b>	<b>54,093,479</b>

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

<b>31 March 2021</b>	<b>Corporate / Retail Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations of the Group</b>
Net Interest Income / (Expense)	136,446	(7,330)	-	129,116
Net Fees and Commissions Income and Other Operating Income	(32,694)	71,318	-	38,624
Trading Profit/(Loss)	69,465	(99,025)	-	(29,560)
Dividend Income	-	524	-	524
Impairment Provision for Loans and Other Receivables (-) <sup>(*)</sup>	(35,238)	(2,590)	(32,172)	(70,000)
Other Operating Expenses (-)	(104,018)	(15,554)	-	(119,572)
Profit Before Taxes	1,789	(52,657)	-	(50,868)
Tax Provision				9,554
Minority Shares	-	-	1	1
<b>Net Profit for the Period</b>				<b>(41,314)</b>
<b>31 December 2021</b>				
Segment Assets	27,612,121	20,868,532	2,015,782	50,496,435
Investments in Associates and Subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>27,612,121</b>	<b>20,868,532</b>	<b>2,015,782</b>	<b>50,496,435</b>
Segment Liabilities	29,156,959	12,945,897	5,783,627	47,886,483
Shareholders' Equity	-	-	2,609,952	2,609,952
<b>Total Liabilities</b>	<b>29,156,959</b>	<b>12,945,897</b>	<b>8,393,579</b>	<b>50,496,435</b>

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

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---

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP**

**I. Explanations on Shareholders' Equity**

The standard rate of the capital adequacy of the Group is 23.43% (31 December 2021: %20.57). The standard rate of the capital adequacy of the Parent Bank is 24.44% (31 December 2021: 21.85%).

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.

In order to reduce the effects of changes in exchange rates on the capital adequacy ratio after the recent fluctuations in exchange rates, in accordance with the Decision of the Banking Regulation and Supervision Agency dated 21.12.2021 and numbered 9996, the Official Gazette dated 23.10.2015 and numbered 29511, stated in the Board Decision dated 06.09.2021 and numbered 9795. In accordance with the Regulation on Measurement and Evaluation of Banks Capital Adequacy (Capital Adequacy Regulation) published in, in the calculation of the amount subject to credit risk; The application for the use of the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date, when calculating the amounts of monetary assets and non-monetary assets, other than items in foreign currency measured in historical cost, in accordance with Turkish Accounting Standards and related special provisions until a Board Decision to the contrary is taken, it will be continued as of 01.01.2022 by using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31.12. In case the net valuation differences in the portfolio of "Securities at Fair Value Reflected in Other Comprehensive Income" are negative, these differences will be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated 05.09.2013 and numbered 28756 and amount to the equity to be used for the capital adequacy ratio. It has been decided to continue to apply the existing provisions of the aforementioned Regulation for "Securities at Fair Value Reflected in Other Comprehensive Income" acquired after the date of this decision. As of 31 March 2022, the Bank has applied the Capital Adequacy calculations within this framework.



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

**I. Explanations on Shareholders' Equity (Continued)**

**a. Information on Shareholders' Equity**

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Parent Bank	2,213,740	2,213,740
Share issue premiums	54	54
Reserves	653,746	647,437
Gains recognized in equity as per TAS	372,876	116,171
Profit	132,163	101,260
Current Period Profit	131,791	76,541
Prior Period Profit	372	24,719
Minority Shares	22	22
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3,372,601</b>	<b>3,078,684</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the 1 <sup>st</sup> clause of article 9.(i) of the Regulation on Bank Capital	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	167,960	151,404
Improvement costs for operating leasing (-)	12,828	15,384
Goodwill (net of related tax liability)	48,399	49,647
Other intangibles other than mortgage-servicing rights (net of related tax liability)	89,826	93,540
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 Parent 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 Parent Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Parent 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 Parent Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Parent 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	-	-
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 Parent 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	-	-

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

**I. Explanations on Shareholders' Equity (Continued)**

**a. Information on Shareholders' Equity (Continued)**

Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>319,013</b>	<b>309,975</b>
<b>Total Common Equity Tier I Capital</b>	<b>3,053,588</b>	<b>2,768,709</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA	4,025,203	3,665,475
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>4,025,203</b>	<b>3,665,475</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Parent 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 Parent 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 Parent Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>		
<b>Total Additional Tier I Capital</b>	<b>4,025,203</b>	<b>3,665,475</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity Tier I Capital+Additional Tier I Capital)</b>	<b>7,078,791</b>	<b>6,434,184</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital) (*)	355,658	369,358
<b>Tier II Capital Before Deductions</b>	<b>355,658</b>	<b>369,358</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Parent Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Parent Bank does not own 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 Core Capital and Tier II Capital of Consolidated Banks and Financial Institutions where the Parent Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>		
<b>Total Tier II Capital</b>	<b>355,658</b>	<b>369,358</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>7,434,449</b>	<b>6,803,542</b>
<b>Total Tier I Capital and Tier II Capital (Total Equity)</b>	<b>7,434,449</b>	<b>6,803,542</b>

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

Loans granted against the articles 50 and 51 of the Parent Banking law	3,071	-
Net book values of movables and immovables exceeding the limit defined in the Article 57, clause 1 of the Parent 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	-	-
<b>Items to be Deducted from sum of Tier I and Tier II (Capital) during the Transition Period</b>	-	-
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 Parent 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 Parent 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 Parent 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	-	-
<b>TOTAL CAPITAL</b>	-	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	7,431,378	6,803,542
Total risk weighted amounts	31,718,901	33,079,137
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	9.63%	8.37%
Tier 1 Capital Adequacy Ratio (%)	22.32%	19.45%
Capital Adequacy Ratio (%)	23.43%	20.57%
<b>BUFFERS</b>		
Total Additional CET1 Capital Requirement Ratio (%)	2.50%	%2.50
Capital conservation buffer requirement (%)	2.50%	%2.50
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 (%)	5.13%	%3.87
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Parent Bank owns 10% or less of the issued share capital	-	-
Total of net long positions of the investments in Tier I capital of unconsolidated banks and financial institutions where the Parent Bank owns more than 10% or less of the issued share capital	-	-
Remaining Mortgage Servicing Rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
<b>Limits related to provisions considered in Tier II calculation</b>	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	355,658	369,358
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	355,658	369,358
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	-	-
<b>Debt instruments subjected to Article 4</b>	-	-
<b>(to be implemented between 1 January 2018 and 1 January 2022)</b>	-	-
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	-	-

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**INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (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)
<b>Regulatory treatment</b>	
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)	1,097,783
Par value of instrument (Million TRL)	1,097,783
Accounting classification	347
Original date of issuance	30.06.2015
Demand or time	Demand
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	-
<b>Coupons / dividends</b>	
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
<b>Convertible or non-convertible</b>	
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	-
<b>Write-down feature</b>	
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	-

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

**I. Explanations on Shareholders' Equity (Continued)**

**b. Details on Subordinated Liabilities (Continued)**

Issuer	Alternatifbank A.Ş.
Unique identifier (eg CUSIP, ISIN)	XS2327872524
Governing law(s) of the instrument	Law / Turkish Law on Subordinate Law
<b>Regulatory treatment</b>	
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	Eurobond
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	2,927,420
Par value of instrument (Million TRL)	2,927,420
Accounting classification	347
Original date of issuance	31.03.2021
Demand or time	Demand
Original maturity date	-
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	After 5 th year
Subsequent call dates, if applicable	After 5 th year
<b>Coupons / dividends</b>	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	First 5 year 10,50% Fixed, following 5 year MS+%9,546 Fixed
Existence of a dividend stopper	Will not charge interest for the reduced value after the decrement date
Fully discretionary, partially discretionary or mandatory	Discretionary
Existence of step up or other incentive to redeem	-
Non-cumulative or cumulative	Non-cumulative
<b>Convertible or non-convertible</b>	
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	-
<b>Write-down feature</b>	
If write-down, write-down trigger (s)	When unsustainable situation is realized,value decrement is realized and less than 5.125%
If write-down, full or partial	Partial or completely value decrement is should be realized.
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	When unsustainable situation is realized,value decrement is realized and higher than 5.125%
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	-

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

**I. Explanations on Shareholders' Equity (Continued)**

**The Internal Assessment Process of Internal Capital Adequacy Regarding the Current and Future Operations**

The ultimate objective of the internal assessment process of capital requirement is to sustain considering assess the capital adequacy of the Parent Bank in line with the risk profile and risk appetite by considering the Parent Bank's strategies, credit growth prospects, structure of assets and liabilities, future funding sources and liquidity, and dividend distribution policy and possible fluctuations in the capital due to the economic cycle.

Within this scope, legal and internal capital requirements are assessed prospectively, along with the annual targets of the Parent Bank, in parallel to the preparation of 5 year strategic plans. In the process of assessing internal capital requirements, the credit risk, market risk, and operational risks, in the first pillar, and the interest rate risk resulting from the Parent Banking accounts, concentration risk, business risk, reputation risk, model risk, and exchange risk are also included.

The risks that the Parent Bank can encounter due to its operations are being evaluated in 2022 budget works and the possible capital requirements according to The Parent Bank's goal and strategies are evaluated.

The evaluation of legal and internal capital ratio requirements considers normal conditions as well as the stress conditions. The stress scenarios are designed after estimation of post macroeconomic variables, the effects of these variables on the loan costs and market risk factors (exchange rate, interest rates etc.). The effects of stress scenarios on capital, income, risk weighted assets and capital requirement are calculated.

Internal assessment of internal capital requirement is considered by the Parent Bank as an improving process and further upgrades to this method is planned for the future.

**II. Explanations on Credit Risk**

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".

**III. Explanations on Currency Risk**

The difference between the Parent 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 Parent Bank keeps the amount at currency risk within the legal limits and monitors the foreign currency positions daily/momentarily. Even though the Parent 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 Parent 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

<b>Rate used:</b>	<b>USD</b>	<b>EUR</b>
31.03.2022	14.6371	16.2855
30.03.2022	14.6458	16.3086
29.03.2022	14.7933	16.3117
28.03.2022	14.8221	16.2620
25.03.2022	14.8068	16.3136

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

USD: TL 14.6168

EUR: TL 16.1061

<b>As of 31 March 2022;</b>	<b>USD</b>	<b>EUR</b>
<b>Rate Used:</b>	TL 14.6371	TL 16.2855

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

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

**III. Explanations on Currency Risk (Continued)**

**a. Information on currency risk of the Group**

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

	EURO	USD	Other FC	Total
<b>31 March 2022</b>				
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	387,273	5,746,951	244,134	6,378,358
Banks	138,533	2,506,307	182,145	2,826,985
Financial Assets at Fair Value Through Profit and Loss (*)	56,900	15,620	44	72,564
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	1,653,004	-	1,653,004
Loans (**)	8,534,794	6,509,738	5,025	15,049,557
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	-	6,129,813	-	6,129,813
Hedging Derivative Financial Assets	-	20,008	-	20,008
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	16,196	2,857	-	19,053
<b>Total Assets</b>	<b>9,133,696</b>	<b>22,584,298</b>	<b>431,348</b>	<b>32,149,342</b>
<b>Liabilities</b>				
Bank Deposits	2,523	7,637	16,522	26,682
Foreign Currency Deposits	3,358,770	11,854,363	475,967	15,689,100
Money Market Funds	-	2,166,750	-	2,166,750
Funds Borrowed From Other Financial Institutions	1,785,428	14,479,441	0	16,264,869
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	94,056	269,504	12,475	376,035
Derivative Financial Liabilities For Hedging Purposes	-	-	-	-
Other Liabilities (****)	270,671	244,937	10,038	525,646
<b>Total Liabilities</b>	<b>5,511,448</b>	<b>29,022,632</b>	<b>515,002</b>	<b>35,049,082</b>
<b>Net Balance Sheet Position</b>	<b>3,622,248</b>	<b>(6,438,334)</b>	<b>(83,654)</b>	<b>(2,899,740)</b>
<b>Net Off Balance Sheet Position</b>	<b>(3,400,902)</b>	<b>6,824,589</b>	<b>237,872</b>	<b>3,661,559</b>
Financial Derivative Assets	5,032,810	9,997,284	258,286	15,288,380
Financial Derivative Liabilities	8,433,712	3,172,695	20,414	11,626,821
<b>Non-Cash Loans (*****)</b>	<b>3,036,774</b>	<b>5,685,523</b>	<b>790,252</b>	<b>9,512,549</b>
<b>31 December 2021</b>				
Total Assets	9,476,576	22,215,218	488,084	32,179,878
Total Liabilities	6,260,382	28,637,824	528,716	35,426,922
<b>Net Balance Sheet Position</b>	<b>3,216,194</b>	<b>(6,422,606)</b>	<b>(40,632)</b>	<b>(3,247,044)</b>
<b>Net Off balance Sheet Position</b>	<b>(2,977,299)</b>	<b>6,681,615</b>	<b>82,749</b>	<b>3,787,065</b>
Financial Derivative Assets	5,159,992	9,421,892	89,681	14,671,565
Financial Derivative Liabilities	8,137,291	2,740,277	6,932	10,884,500
<b>Non-Cash Loans</b>	<b>3,253,182</b>	<b>6,302,696</b>	<b>845,540</b>	<b>10,401,418</b>

- (\*) Accruals of derivative assets held for trading amounting to TL 102,946 (31 December 2021: TL 441,601) have been deducted from fair value through profit and loss.  
(\*\*) Foreign currency indexed loans of TL 176,974 and their discounts are shown in the loans line. (31 December 2021: TL 182,463)  
(\*\*\*) There is no spot transaction rediscount as of 31 March 2022. (31 December 2021: None.)  
(\*\*\*\*) As of 31 March 2022, there are no derivative financial debt accruals for trading purposes (31 December 2021: TL 11,087) deducted from other liabilities line.  
(\*\*\*\*\*) No effect on net off-balance sheet position.

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**INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (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 Group 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 Group has not encountered to any significant interest rate risk in the 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 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	6,203,923	-	-	-	-	840,050	7,043,973
Banks (**) (****)	1,266,487	-	756	-	-	1,562,734	2,829,977
Financial Assets at Fair Value Through Profit and Loss	134,289	85,045	369,797	32,090	3,330	1,903	626,454
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (****)	576,392	868,206	1,593,819	154,143	3	40,038	3,232,601
Loans (****)	8,780,664	4,912,032	10,906,369	6,464,493	1,292,889	(364,589)	31,991,858
Financial Assets Measured at Amortised Cost (****)	2,914,296	150,237	3,066,026	73,390	-	(1,195)	6,202,754
Other Assets (*)	150,299	-	-	-	-	2,015,563	2,165,862
<b>Total Assets</b>	<b>20,026,350</b>	<b>6,015,520</b>	<b>15,936,767</b>	<b>6,724,116</b>	<b>1,296,222</b>	<b>4,094,504</b>	<b>54,093,479</b>
<b>Liabilities</b>							
Bank Deposits (**)	774,120	36,018	-	-	-	13,306	823,444
Other Deposits	16,675,153	6,331,460	1,622,134	42,945	-	2,648,478	27,320,170
Money Market Funds	1,404,580	-	877,140	-	-	-	2,281,720
Miscellaneous Payables	50,889	-	-	-	-	869,587	920,476
Marketable Securities Issued	475,778	205,672	-	72,021	-	-	753,471
Funds Borrowed From Other Financial Institutions	1,677,673	2,974,162	8,556,221	3,018,680	1,125,082	-	17,351,818
Other Liabilities and Shareholders' Equity (***)	176,506	52,832	270,710	50,234	21,033	4,071,065	4,642,380
<b>Total Liabilities</b>	<b>21,234,699</b>	<b>9,600,144</b>	<b>11,326,205</b>	<b>3,183,880</b>	<b>1,146,115</b>	<b>7,602,436</b>	<b>54,093,479</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>4,610,562</b>	<b>3,540,236</b>	<b>150,107</b>	<b>-</b>	<b>8,300,905</b>
<b>Balance Sheet Short Position</b>	<b>(1,208,349)</b>	<b>(3,584,624)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,507,932)</b>	<b>(8,300,905)</b>
Off-Balance Sheet Long Position	5,023	-	528,254	4,660	1	-	537,938
Off-Balance Sheet Short Position	-	(957)	(49,701)	-	-	-	(50,658)
<b>Total Position</b>	<b>(1,203,326)</b>	<b>(3,585,581)</b>	<b>5,089,115</b>	<b>3,544,896</b>	<b>150,108</b>	<b>(3,507,932)</b>	<b>487,280</b>

(\*) Investments in associates and subsidiaries, tangible and intangible fixed assets, miscellaneous receivables, deferred tax assets and other assets are classified as 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 1,145 were deducted from non-interest banks, amounted to TL 1,195 were deducted from non-interest financial assets measured at amortised.

(\*\*\*\*\*) Receivables from leasing transactions are included. In addition, non-performing loans are shown in the interests-free column after netting out with expected loss provisions.



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**INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (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 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	5,951,380	213,264	-	-	-	1,293,887	7,458,531
Banks (*)	1,423,865	-	977	-	-	1,952,654	3,377,496
Financial Assets at Fair Value Through Profit and Loss	390,169	250,715	334,398	35,427	340	-	1,011,049
Money Market Placements	50,018	-	-	-	-	-	50,018
Financial Assets at Fair Value Through Other Comprehensive Income	1,002,408	368,507	1,226,686	25,834	128,121	39,776	2,791,332
Loans and Receivables (*) (****)	5,830,110	2,989,771	10,910,221	7,306,214	1,161,719	(373,374)	27,824,661
Financial Assets Measured at Amortised Cost (*)	4	3,151,593	2,758,702	-	67,843	(1,089)	5,977,053
Other Assets (**)	261,857	-	-	-	16,905	1,727,533	2,006,295
<b>Total Assets</b>	<b>14,909,811</b>	<b>6,973,850</b>	<b>15,230,984</b>	<b>7,367,475</b>	<b>1,374,928</b>	<b>4,639,387</b>	<b>50,496,435</b>
<b>Liabilities</b>							
Bank Deposits (***)	833,074	234,753	-	-	-	47,179	1,115,006
Other Deposits	17,180,235	5,266,182	455,714	39,491	-	3,121,708	26,063,330
Money Market Funds	777,082	-	-	798,751	-	-	1,575,833
Miscellaneous Payables	1,005	-	-	-	-	927,182	928,187
Marketable Securities Issued	317,560	296,455	196,163	72,136	-	-	882,314
Funds Borrowed From Other Financial Institutions	1,215,758	5,551,564	5,401,501	2,889,341	1,000,209	-	16,058,373
Other Liabilities and Shareholders' Equity (***)	119,632	184,626	270,156	43,762	(40,330)	3,295,546	3,873,392
<b>Total Liabilities</b>	<b>20,444,346</b>	<b>11,533,580</b>	<b>6,323,534</b>	<b>3,843,481</b>	<b>959,879</b>	<b>7,391,615</b>	<b>50,496,435</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>8,907,450</b>	<b>3,523,994</b>	<b>415,049</b>	<b>-</b>	<b>12,846,493</b>
<b>Balance Sheet Short Position</b>	<b>(5,534,535)</b>	<b>(4,559,730)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,752,228)</b>	<b>(12,846,493)</b>
Off-Balance Sheet Long Position	151,955	457,114	85,194	-	1	-	694,264
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(5,382,580)</b>	<b>(4,102,616)</b>	<b>8,992,644</b>	<b>3,523,994</b>	<b>415,050</b>	<b>(2,752,228)</b>	<b>694,264</b>

(\*) Investments in associates and subsidiaries, tangible and intangible fixed assets, miscellaneous receivables, deferred tax assets and other assets are classified as 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 1,119 were deducted from non-interest banks, amounted to TL 1,089 were deducted from non-interest financial assets measured at amortised.

(\*\*\*\*\*) Receivables from leasing transactions are included. In addition, non-performing loans are shown in the interests-free column after netting out with expected loss provisions.

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

**IV.Explanations on Interest Rate Risk (Continued)**

**b. 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.

<b>31 March 2022 (*)</b>	<b>EURO</b>	<b>USD</b>	<b>OTHER FC</b>	<b>TL</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	8.50
Banks	-	0.39	-	-
Financial Assets at Fair Value Through Profit and Loss	-	4.42	-	10.50
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	5.26	-	15.48
Loans and Receivables	4.20	4.54	-	19.48
Financial Assets Measured at Amortised Cost	-	4.77	-	6.91
<b>Liabilities</b>				
Bank Deposits	-	0.01	-	14.08
Other Deposits	0.90	2.38	-	17.83
Money Market Funds	-	1.87	-	15.50
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	17.60
Funds Borrowed From Other Financial Institutions	2.15	4.60	-	16.13

(\*) Represents Parent Bank's interest rates.

<b>31 December 2021 (*)</b>	<b>EURO</b>	<b>USD</b>	<b>OTHER FC</b>	<b>TL</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	8.50
Banks	-	0.10	-	13.30
Financial Assets at Fair Value Through Profit and Loss	-	2.56	-	10.68
Money Market Placements	-	-	-	13.00
Financial Assets Available-for-Sale	-	5.54	-	14.35
Loans	4.08	4.18	-	19.74
Held-to-Maturity Investments	-	5.49	-	7.10
<b>Liabilities</b>				
Bank Deposits (**)	-	0.21	-	14.66
Other Deposits (**)	0.34	1.37	-	19.76
Money Market Funds	-	1.82	-	15.50
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	17.43
Funds Borrowed From Other Financial Institutions	2.21	4.53	-	15.88

(\*) Represents Parent Bank's interest rates.

(\*\*) Amount of demand deposits are included.

**INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGAMENT OF THE GROUP (Continued)****V. Explanation on share certificates**

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 Parent 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 Parent 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 framework of BRSA's "Regulation on calculation of Bank's liquidity coverage ratio", published in Official Gazette no. 28948 as of 2019, dated 21 March 2014, as of 2019 the deposit banks are subject to set 100% and 80% liquidity ratios for 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 Parent Bank, liquidity risk, responsibility and structure of management, reporting of Parent 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 Parent 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. The Parent 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 Parent 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 Parent Bank and the Parent 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 Parent Bank and its shareholders are determined by Parent Bank's Asset and Liability Management Committees and monitored by the Treasury Department.

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**INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGAMENT OF THE GROUP (Continued)**

**VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)**

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

For the Parent 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 Parent 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 Parent Bank. Non-deposit sources also preferred because they are more long-term resources.

**1.d. Information on liquidity management on the basis of currencies constitute the minimum five percentage of the Parent Bank's total liabilities**

Turkish Lira, US Dollars and Euros are the currencies that constitute the minimum five per cent of the Parent 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 Parent 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 Parent 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 Parent 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 Parent Bank "Emergency Funding Plan Policy". Definitions regarding the liquidity crisis and actions that the Parent Bank may take against a liquidity crisis that may occur in the market are implemented the action plan outlined. The Parent Bank's special liquidity crisis levels set out in alarm conditions and the parameters to be monitored as an indicator are detailed. Crisis Committee members and the Committee's duties and responsibilities are determined for the Parent Bank's stress scenarios specific to the market and the Parent Bank.

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

**VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)**

**2. Liquidity Coverage Ratio**

The Parent 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 2022	Consideration Ratio Unapplied to Total Value (*)		Consideration Ratio Applied to Total Value (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 High Quality Liquid Assets			10,202,856	8,333,135
<b>CASH OUTFLOWS</b>				
2 Retail and Small Business Customers	13,917,810	7,689,355	1,285,336	768,943
3 Stable Deposits	2,129,090	-	106,455	-
4 Less Stable Deposit	11,788,720	7,689,355	1,178,881	768,943
5 Unsecured Wholesale Funding	16,093,780	10,676,725	9,433,308	6,089,034
6 Operational Deposits	-	-	-	-
7 Non-operational Deposits	12,251,441	8,059,696	5,778,656	3,658,411
8 Other Unsecured Fundings	3,842,339	2,617,029	3,654,652	2,430,623
9 Secured Funding				
10 Other Cash Outflows	703,832	700,222	703,832	700,222
11 Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	703,832	700,222	703,832	700,222
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	363,939	363,939	18,197	18,197
15 Other irrevocable or conditionally revocable off-balance sheet obligations	13,538,971	9,089,015	1,816,442	1,024,406
<b>16 TOTAL CASH OUTFLOWS</b>			<b>13,257,115</b>	<b>8,600,802</b>
<b>CASH INFLOWS</b>				
17 Secured lending	176,389	-	-	-
18 Unsecured lending	6,615,135	4,258,817	5,513,945	3,816,581
19 Other cash inflows	1,019,626	1,036,021	1,019,626	1,036,021
<b>20 TOTAL CASH INFLOWS</b>	<b>7,811,150</b>	<b>5,294,838</b>	<b>6,533,571</b>	<b>4,852,602</b>
			<b>Total Adjusted Values</b>	
<b>21 TOTAL HIGH QUALITY ASSETS STOCKS</b>			<b>10,202,856</b>	<b>8,333,135</b>
<b>22 TOTAL CAH OUTFLOWS</b>			<b>6,723,544</b>	<b>3,748,200</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>152.84%</b>	<b>226.00%</b>

(\*) The average of the consolidated liquidity coverage ratio calculated by taking the monthly simple arithmetic average for the last three months, the average of the liquidity coverage ratio calculated by taking the weekly simple arithmetic average for the last three months.

The lowest, highest and average Liquidity Coverage Ratios in three months period of 2022 are given in the table below.

31 March 2022	Highest	Date	Lowest	Date	Average
TL+FC	168.96%	31.03.2022	141.83%	28.02.2022	152.84%
FC	263.97%	31.03.2022	202.70%	28.02.2022	226.00%

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**INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (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
<b>31 December 2021</b>				
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 High Quality Liquid Assets			9,227,385	7,737,697
<b>CASH OUTFLOWS</b>				
2 Retail and Small Business Customers	12,535,477	6,397,922	1,165,326	639,796
3 Stable Deposits	1,764,520	-	88,230	-
4 Less Stable Deposit	10,770,957	6,397,922	1,077,096	639,796
5 Unsecured Wholesale Funding	11,687,537	7,164,117	6,681,742	3,665,466
6 Operational Deposits	-	-	-	-
7 Non-operational Deposits	8,979,076	5,626,553	4,226,357	2,368,322
8 Other Unsecured Fundings	2,708,461	1,537,564	2,455,385	1,297,144
9 Secured Funding				
10 Other Cash Outflows	617,718	618,282	617,718	618,282
11 Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	617,718	618,282	617,718	618,282
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	322,509	322,509	16,125	16,125
15 Other irrevocable or conditionally revocable off-balance sheet obligations	11,915,910	8,229,115	1,597,197	912,604
<b>16 TOTAL CASH OUTFLOWS</b>			<b>10,078,108</b>	<b>5,852,273</b>
<b>CASH INFLOWS</b>				
17 Secured lending	21,148	-	-	-
18 Unsecured lending	5,201,124	3,373,740	4,200,246	2,905,894
19 Other cash inflows	546,278	558,670	546,278	558,670
<b>20 TOTAL CASH INFLOWS</b>	<b>5,768,550</b>	<b>3,932,410</b>	<b>4,746,524</b>	<b>3,464,564</b>
			<b>Total Adjusted Values</b>	
<b>21 TOTAL HIGH QUALITY ASSETS STOCKS</b>			<b>9,227,385</b>	<b>7,737,697</b>
<b>22 TOTAL CAH OUTFLOWS</b>			<b>5,331,584</b>	<b>2,387,709</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>172.96%</b>	<b>324.81%</b>

(\*) The average of the consolidated liquidity coverage ratio calculated by taking the monthly simple arithmetic average for the last three months, the average of the liquidity coverage ratio calculated by taking the weekly simple arithmetic average for the last three months.

The lowest, highest and average Liquidity Coverage Ratios in the last three months of 2021 are given in the table below.

<b>31 December 2021</b>	<b>Highest</b>	<b>Date</b>	<b>Lowest</b>	<b>Date</b>	<b>Average</b>
TL+FC	% 176.0	30.11.2021	% 168.7	31.10.2021	% 173.0
FC	% 353.9	30.11.2021	% 286.0	31.10.2021	% 324.8

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**INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (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 Parent Bank's funding balances. As of 31 March 2022, the proportion of total liabilities to all deposits of the Parent Bank is 54% and borrowings constitutes 22% portion whereas subordinate debt is 8%. Secured borrowings such as repo transactions has lower portion (4%). In addition, as of 31 March 2022 as a funding item, the Parent Bank has TL 753,471 issued securities (31 December 2021: TL 882,314).

**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. Cash outflows arising from derivative product balances are occurred when bank derivative product liabilities are higher than the derivative receivables. Net cash outflows declined in the periods when the cash inflows arising from derivative products are higher than the derivative liabilities. As of 31 March 2022, net derivative assets amounts to TL 857,021 (31 December 2021: TL 1,119,502). In addition, cash outflows 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 2022, the liability balance is computed as TL 635,585 in case of a change in fair value of derivatives products (31 December 2021: TL 533,834).

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

As of 31 March 2022, approximately 57% 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 (87%). As of 31 March 2022, 27% of the subordinated loans which are subject to capital adequacy calculations provided from The Commercial Bank (P.S.Q.C.). In addition, the Group has issued securities amounting to TL 753,471 (31 December 2021: TL 882,314).

**3.f The liquidity risk for the potential funding needs for the Parent 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 Parent Bank and its consolidated subsidiaries, there are no such risks drawing attention.

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

**VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)**

**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.

**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
<b>31 March 2022</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	840,072	6,203,901	-	-	-	-	-	7,043,973
Due From Banks <sup>(****)</sup>	1,564,060	1,266,306	-	756	-	-	(1,145)	2,829,977
Financial Assets at Fair Value Through Profit and Loss	1,903	134,289	80,237	346,067	53,009	9,046	1,903	626,454
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income <sup>(****)</sup>	-	12,013	47	109,583	2,325,675	745,245	40,038	3,232,601
Loans <sup>(*****)</sup>	-	4,688,779	5,026,756	10,296,772	9,011,706	3,332,434	(364,589)	31,991,858
Financial Assets Measured at Amortised Cost <sup>(****)</sup>	-	4	-	2,214,405	3,915,865	73,675	(1,195)	6,202,754
Other Assets <sup>(*)</sup> <sup>(****)</sup>	2	347,877	1,521	44,230	5,612	24,088	1,742,532	2,165,862
<b>Total Assets</b>	<b>2,406,037</b>	<b>12,653,169</b>	<b>5,108,561</b>	<b>13,011,813</b>	<b>15,311,867</b>	<b>4,184,488</b>	<b>1,417,544</b>	<b>54,093,479</b>
<b>Liabilities</b>								
Bank Deposits <sup>(***)</sup>	4,999	782,426	36,018	-	-	-	-	823,443
Other Deposits	2,648,477	16,675,154	6,331,461	1,622,134	42,945	-	-	27,320,171
Funds Borrowed From Other Financial Institutions <sup>(**)</sup>	-	848,911	1,402,693	9,612,192	1,438,851	4,049,171	-	17,351,818
Money Market Funds	4,646	1,396,276	3,658	877,140	-	-	-	2,281,720
Marketable Securities Issued	-	475,777	205,672	-	72,022	-	-	753,471
Miscellaneous Payables	-	88,356	-	-	-	-	832,120	920,476
Other Liabilities	18,843	691,783	92,844	303,385	50,234	21,035	3,464,256	4,642,380
<b>Total Liabilities</b>	<b>2,676,965</b>	<b>20,958,683</b>	<b>8,072,346</b>	<b>12,414,851</b>	<b>1,604,052</b>	<b>4,070,206</b>	<b>4,296,376</b>	<b>54,093,479</b>
<b>Liquidity Gap</b>	<b>(270,928)</b>	<b>(8,305,514)</b>	<b>(2,963,785)</b>	<b>596,962</b>	<b>13,707,815</b>	<b>114,282</b>	<b>(2,878,832)</b>	<b>-</b>
<b>31 December 2021</b>								
Total Assets	3,247,662	10,461,371	3,727,107	12,901,956	14,772,893	4,170,562	1,214,884	50,496,435
Total Liabilities	3,197,046	20,488,190	9,317,525	7,638,010	2,342,713	3,697,065	3,815,886	50,496,435
<b>Liquidity Gap</b>	<b>50,616</b>	<b>(10,026,819)</b>	<b>(5,590,418)</b>	<b>5,263,946</b>	<b>12,430,180</b>	<b>473,497</b>	<b>(2,601,002)</b>	<b>-</b>

(\*) It consists of other asset and liabilities accounts that do not convert to cash in a short time such as fixed assets, associates and subsidiaries, goods, deferred tax assets and non-performing loans, which constitute the balance sheet.

(\*\*) As explained in Section Three Footnote Number XXVI, primary subordinated loan amounting to TL 4,025,203 is shown in the column "Over 5 years" in "Funds borrowed from other financial institutions".

(\*\*\*) 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 1,145 were deducted from non-interest banks, amounted to TL 1,195 were deducted from non-interest financial assets measured at amortised cost.

(\*\*\*\*\*) Lease receivables are included. In addition, non-performing loans are shown in the interests-free column after netting out with expected loss provisions.



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

**VIII. Explanations on Leverage Ratio**

**Remaining Maturity Distribution of Contractual Financial 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".

**Comparison Summary Table of Total Risk and Total Assets Amounts in the Consolidated Financial Statements prepared in accordance with Turkish Accounting Standards.**

		<b>31 March 2022(*)</b>	<b>31 December 2021(*)</b>
<b>1</b>	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards	52,107,943	46,547,939
<b>2</b>	The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	-	-
<b>3</b>	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	463,237	502,670
<b>4</b>	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	-	-
<b>5</b>	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	(3,285,782)	(2,563,024)
<b>6</b>	Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	20,357,441	18,444,964
<b>7</b>	Total risk amount	<b>69,642,839</b>	<b>62,932,549</b>

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

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

**VII. Explanations on Leverage Ratio (Continued)**

**Comparison Summary Table of Total Risk and Total Assets Amounts in the Consolidated Financial Statements prepared in accordance with Turkish Accounting Standards (Continued)**

**Explanations about the aspects that cause the difference between the leverage ratios of current and prior years**

The Group's leverage ratio is 9.60% calculated in compliance with "Regulation on Measurement and Evaluation of Leverage Levels of Banks" which was not consolidated. (31 December 2021: 9.18%). Increase in the leverage ratio is mainly due to the decrease in total risk. Regulation has been arrived at a decision of the minimum leverage ratio of 3%.

		<b>31 March 2022 (*)</b>	<b>31 December 2021 (*)</b>
	<b>Assets in Balance Sheet</b>		
<b>1</b>	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	52,107,943	46,547,939
<b>2</b>	Assets deducted in determining Tier 1 capital	(155,792)	(152,292)
<b>3</b>	<b>Total on-balance sheet risks (sum of lines 1 and 2) Derivative financial instruments and credit derivatives</b>	<b>51,952,151</b>	<b>46,395,647</b>
	<b>Derivative financial instruments and credit derivatives</b>		
<b>4</b>	Replacement cost associated with all derivative financial instruments and credit derivatives	681,768	1,076,630
<b>5</b>	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	463,237	502,670
<b>6</b>	<b>Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5) Securities or commodity financing transactions (SCFT)</b>	<b>1,145,005</b>	<b>1,579,300</b>
	<b>Securities or commodity financing transactions</b>		
<b>7</b>	Risks from SCFT assets of off-balance sheet	-	-
<b>8</b>	Risks from brokerage activities related exposures	-	-
<b>9</b>	<b>Total risks related with securities or commodity financing transactions (sum of lines 7 to 8) Other off-balance sheet transactions</b>	<b>-</b>	<b>-</b>
	<b>off-balance sheet transactions</b>		
<b>10</b>	Gross notional amounts of off-balance sheet transactions	19,831,465	17,520,624
<b>11</b>	(Adjustments for conversion to credit equivalent amounts)	(3,285,782)	(2,563,024)
<b>12</b>	<b>Total risks of off-balance sheet items (sum of lines 10 and 11) Capital and total risks</b>	<b>16,545,683</b>	<b>14,957,600</b>
	<b>Capital and Total Risk</b>		
<b>13</b>	Tier 1 capital	6,688,299	5,778,087
<b>14</b>	<b>Total risks (sum of lines 3, 6, 9 and 12) Leverage ratio</b>	<b>69,642,839</b>	<b>62,932,547</b>
	<b>Leverage ratio</b>		
<b>15</b>	<b>Leverage ratio (%)</b>	<b>9.60%</b>	<b>9.18%</b>

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

**VIII. Fair values of financial assets and 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".

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

None (31 December 2021: None).

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**INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (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 Parent Bank, the following tables have not been presented as of 31 March 2022.

- 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 Parent 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 Parent 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 Parent Bank. The Board manages risk through the Audit & Compliance; Risk; Executive Committees.

While the risk appetite at the Parent Bank is linked to the overall risk management framework and business strategy of the Parent Bank, the update of Risk Appetite statement approved by the Board and monitoring of the Parent 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 Parent Bank and its affiliates are performed.

The Parent 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 Parent Bank in particular, and reports related results to the Top Management.

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

The Parent 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 Parent Bank's solvency and liquidity.

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

**X. Explanations on the Risk Management (Continued)**

**a. Risk Management and General Information on Risk Weighted Amount (Continued)**

**1. The Parent Bank's risk management approach (Continued)**

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

1. Protection Level (Risk-taking departments): All business units of the Parent 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 Parent Bank standards and policies.
2. 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.
3. 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 2022	31 December 2021	31 March 2022
1	Credit risk (excluding counterparty credit risk) (CCR)	29,264,657	30,458,453	2,341,173
2	Standardised approach (SA)	29,264,657	30,458,453	2,341,173
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	599,749	960,609	47,980
5	Standardised approach for counterparty credit risk (SA-CCR)	599,749	960,609	47,980
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the Parent 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	327,150	205,400	26,171
17	Standardised approach (SA)	327,150	205,400	26,171
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	1,527,345	1,454,675	122,188
20	Basic Indicator Approach	1,527,345	1,454,675	122,188
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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>31,718,901</b>	<b>33,079,137</b>	<b>2,537,512</b>

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**INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (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**

**1. Credit Quality of 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".

**2. Changes In Stock of Defaulted Loans And Debt Securities**

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".

**3. 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".

**4. Consolidated Credit Risk Exposure and 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".

**5. Consolidated Exposures by Asset Classes and Risk Weights**

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 (CCR)**

**1. Consolidated Counterparty Credit Risk (CCR) Approach Analysis**

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".

**2. Consolidated Capital Requirement for Credit Valuation Adjustment (CVA)**

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".

**3. CCR Exposures by Risk Class and Risk Weights**

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. Collaterals for Consolidated CCR**

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".

**5. 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".

**6. Central counterparty risks (CCR):**

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".

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

**X. Explanations on the Risk Management (Continued)**

**e. Explanations on market risk**

**1. Consolidated Market Risk -Standard Approach**

		<b>RWA</b>
	<b>Outright products</b>	
1	Interest rate risk (general and specific)	42,150
2	Equity risk (general and specific)	-
3	Foreign exchange risk	247,275
4	Commodity risk	-
	<b>Options</b>	
5	Simplified approach	-
6	Delta-plus method	37,725
7	Scenario approach	-
8	Securitisation	-
9	<b>Total</b>	<b>327,150</b>

		<b>RWA</b>
	<b>Outright products</b>	
1	Interest rate risk (general and specific)	19,225
2	Equity risk (general and specific)	-
3	Foreign exchange risk	174,488
4	Commodity risk	-
	<b>Options</b>	
5	Simplified approach	-
6	Delta-plus method	11,687
7	Scenario approach	-
8	Securitisation	-
9	<b>Total</b>	<b>205,400</b>

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

**X. Explanations on the Risk Management (Continued)**

**f. 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".

**g. 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".

**h. 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".

**i. 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".

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

**XI. Explanation on Hedge Accounting**

The Parent 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 Parent 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.

Alternative Financial Leasing applies cash flow hedge accounting in accordance with TAS 39 through currency swap transactions in its derivative portfolio in order to hedge its foreign currency finance lease receivables from the cash flow risk arising from changes in foreign exchange rates. Financial lease receivables in foreign currency in the Company's current portfolio designed as "hedging items" and currency swap transactions are designed as "hedging instruments". The Company applies effectiveness tests for cash flow hedge accounting at each balance sheet date, the effective parts are accounted for in the "Other Accumulated Comprehensive Income or Expenses to be Reclassified in Profit or Loss" account item in the financial statements as defined in TAS 39, while the amount related to the ineffective part is accounted for associated with the income statements.

Derivative financial instruments which used as hedging instruments in Cash Flow Hedge accounting are swap interest transactions. Those derivative financial instruments are summarized in the following table:

	31 March 2022			31 December 2021		
	Principal Amount (*)	Asset	Liability	Principal Amount (*)	Asset	Liability
<b>Derivative financial instruments</b>						
Interest rate swaps	14,837,288	64,704	79,253	15,562,132	88,498	69,614
<b>Total</b>	<b>14,837,288</b>	<b>64,704</b>	<b>79,253</b>	<b>15,562,132</b>	<b>88,498</b>	<b>69,614</b>

(\*) 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.**  
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**SECTION FIVE**

**EXPLANATIONS AND NOTES ON THE CONSOLIDATED 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 2022		31 December 2021	
	TL	FC	TL	FC
Cash/Foreign Currency	29,802	239,568	33,832	537,539
CBRT	631,743	6,135,817	790,606	6,096,486
Other	4,070	2,973	26	42
<b>Total</b>	<b>665,615</b>	<b>6,378,358</b>	<b>824,464</b>	<b>6,634,067</b>

**2. Information on the account of the CBRT**

	31 March 2022		31 December 2021	
	TL	FC	TL	FC
Demand Unrestricted Amount (*)	631,743	2,373,990	790,606	2,446,047
Time Unrestricted Amount	-	-	-	-
Reserve Requirement	-	3,761,827	-	3,650,439
<b>Total</b>	<b>631,743</b>	<b>6,135,817</b>	<b>790,606</b>	<b>6,096,486</b>

(\*) 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**

According to the CBRT’s communique No. 2013/15 on Required Reserves, required reserves are established at the CBRT for Turkish currency and foreign currency liabilities. According to the Communique on Required Reserves published in the Official Gazette dated 01.07.2021 and numbered 31528, the possibility of establishing Turkish Lira required reserves in foreign currency was terminated as of October 1, 2021.

As of 31 March 2022, the Turkish lira required reserve ratios are determined to be within the range of 3% - 8% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2021: 3% - 8% for all Turkish lira liabilities), and other foreign currency liabilities within the range of 5%-26% (31 December 2021: 5% - 26% for all foreign currency liabilities).

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

As of 31 March 2022, the Parent Bank have no financial assets at fair value through profit/loss subject to repo transactions (31 December 2021: None) and have no financial assets at fair value through profit and loss given as collateral/blocked amount (31 December 2021: None).

**ALTERNATİFBANK A.Ş.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and Notes on Assets (Continued)**

**c. Positive differences related to derivative financial assets**

	31 March 2022 (*)		31 December 2021	
	TL	FC	TL	FC
Forward Transactions	1,637	10,432	9,409	12,991
Swap Transactions	1,604	129,027	88,954	450,475
Options	413,573	12,167	384,514	16,105
<b>Total</b>	<b>416,814</b>	<b>151,626</b>	<b>482,877</b>	<b>479,571</b>

(\*) Hedging derivative financial assets are excluded

**d. Information on banks**

**1. Information on banks**

	31 March 2022		31 December 2021	
	TL	FC	TL	FC
Banks				
Domestic	4,137	764,810	55,469	986,311
Foreign	-	2,062,175	-	2,336,835
<b>Total</b>	<b>4,137</b>	<b>2,826,985</b>	<b>55,469</b>	<b>3,323,146</b>

**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 2022, there are no financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2021: None) and subject to repurchase agreements (31 December 2021: None). As of 31 March 2022, except the financial assets at fair value through other comprehensive income given as collateral/blocked and those subject to repurchase agreements, amounting to TL 12,010 (31 December 2021: TL 12,010). As of 31 March 2022, the share certificates amounted to TL 40,038 (31 December 2021: TL 39,776).

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

	31 March 2022	31 December 2021
Debt Securities	3,353,799	2,864,486
Quoted on Stock Exchange	3,341,729	2,852,421
Not Quoted(*)	12,070	12,065
Share Certificates	40,038	39,776
Quoted on Stock Exchange	31,619	31,357
Not Quoted	8,419	8,419
Impairment Provision (-)	225,940	201,428
<b>Total</b>	<b>3,167,897</b>	<b>2,702,834</b>

(\*) Omurga Gayrimenkul Ve Girişim Sermayesi Portföy Yönetimi A.Ş., which is 100% owned by Alternatifbank also includes the Second Real Estate Investment Fund.

**ALTERNATİFBANK A.Ş.**  
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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED 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 Parent Bank

	31 March 2022		31 December 2021	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	14,208	-	12,942
Corporate Shareholders	-	14,208	-	12,942
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	931,560	3,216	851,470	2,932
Loans Granted To Employees	13,882	-	9,121	-
<b>Total</b>	<b>945,442</b>	<b>17,424</b>	<b>860,591</b>	<b>15,874</b>

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

Cash Loans (*)	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to restructuring	Restructured Loans	
			Amendments on Conditions of Contract	Refinancing
Non-Specialized Loans	25,838,508	2,038,519	2,054,844	-
Corporate Loans	-	-	-	-
Export Loans	138,806	4,767	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,744,884	25,030	-	-
Consumer Loans	189,508	4,300	277	-
Credit Cards	62,994	3,592	-	-
Other	23,702,316	2,000,830	2,054,567	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>25,838,508</b>	<b>2,038,519</b>	<b>2,054,844</b>	<b>-</b>

(\*) Standard and closely monitored leasing receivables amounting to TL 1,968,373 and TL 461,911 are not included.

Cash Loans (*)	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to restructuring	Restructured Loans	
			Amendments on Conditions of Contract	Refinancing
Non-Specialized Loans	22,360,701	1,865,191	2,041,989	-
Corporate Loans	-	-	-	-
Export Loans	229,381	4,733	70,775	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,474,439	22,790	702	-
Consumer Loans	181,151	3,741	360	-
Credit Cards	60,629	3,399	-	-
Other	20,415,101	1,830,528	1,970,152	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>22,360,701</b>	<b>1,865,191</b>	<b>2,041,989</b>	<b>-</b>

(\*) Standard and closely monitored leasing receivables amounting to TL 1,517,898 and TL 485,756 are not included.

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and Notes on Assets (Continued)**

**g. Explanations on loans (Continued)**

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

Current Period (\*)

	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	159,544	-
Significant Increase in Credit Risk	-	431,787

(\*) Expected loss provision amounting to TL 1,195 calculated for financial assets measured at amortized cost is not included.

The Bank agreed an unfunded risk participation with its parent company The Commercial Bank (P.S.Q.C.). In accordance with the agreement, bank guarantees are obtained for a certain ratio of the customer risk, amounting to 3.3 billion full TL (Participation Ratio 80% Parent Bank-20% Bank) and accordingly the expected credit loss calculation was made.

**3. Prior Period**

	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	165,641	-
Significant Increase in Credit Risk	-	537,582

(\*) Expected loss provision amounting to TL 1,089 calculated for financial assets measured at amortized cost is not included.

**4. 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".

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED 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**

	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
Consumer Loans-TL	17,326	159,601	176,927
Real Estate Loans	-	73,162	73,162
Automotive Loans	231	2,679	2,910
Consumer Loans	17,095	83,760	100,855
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	14,033	-	14,033
With Installments	2,505	-	2,505
Without Installments	11,528	-	11,528
Individual Credit Cards- FC	10	-	10
With Installments	-	-	-
Without Installments	10	-	10
Personnel Loans-TL	853	11,301	12,154
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	853	11,301	12,154
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	1,587	-	1,587
With Installments	249	-	249
Without Installments	1,338	-	1,338
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Credit Deposit Account-TL (Individuals) (*)	5,004	-	5,004
Credit Deposit Account-FC (Individuals)	-	-	-
<b>Total</b>	<b>38,813</b>	<b>170,902</b>	<b>209,715</b>

(\*) TL 141 of the credit deposit account consists of loans extended to personnel.

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED 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**

	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Commercial Loans With Installments-TL	315,019	3,015,311	3,330,330
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	315,019	3,015,311	3,330,330
Other	-	-	-
Commercial Loans With Installment-FC Indexed	-	59,206	59,206
Real Estate Loans	-	59,206	59,206
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Loans With Installment-FC	-	5,730,165	5,730,165
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	5,730,165	5,730,165
Other	-	-	-
Corporate Credit Cards-TL	50,864	18	50,882
With Installment	16,738	18	16,756
Without Installment	34,126	-	34,126
Corporate Credit Cards-FC	74	-	74
With Installment	-	-	-
Without Installment	74	-	74
Overdraft Accounts – TL(Corporate)	85,003	-	85,003
Overdraft Accounts – FC (Corporate)	-	-	-
<b>Total</b>	<b>450,960</b>	<b>8,804,700</b>	<b>9,255,660</b>

**6. Loans according to types of borrowers**

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”.

**7. Distribution of domestic and foreign loans**

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Domestic Loans	29,930,180	26,259,192
Foreign Loans	1,691	8,689
<b>Total</b>	<b>29,931,871</b>	<b>26,267,881</b>

**ALTERNATİFBANK A.Ş.**  
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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and Notes on Assets (Continued)**

**g. Explanations on loans (Continued)**

**8. Loans given to investments in associates and subsidiaries**

As of 31 March 2022, there are no loans granted to associates and subsidiaries amount (31 December 2021: None).

**9. Information on specific provisions provided against loans or provisions for default (Stage 3)**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Loans with Limited Collectability	8,899	85,208
Loans with Doubtful Collectability	100,097	47,985
Uncollectible Loans	452,625	438,239
<b>Total</b>	<b>561,621</b>	<b>571,432</b>

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

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

Group has no non-performing loans restructured or rescheduled and other receivables as of 31 March 2022 (31 December 2021: None).

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>31 December 2021</b>	<b>150,568</b>	<b>84,603</b>	<b>592,610</b>
Addition (+)	10,334	2,674	18,906
Transfers from Other Categories of Non-performing Loans (+)	-	125,897	23,460
Transfers to Other Categories of Non-performing Loans (-)	(125,897)	(23,460)	(971)
Collections (-)	(14,979)	(4,614)	(56,476)
Write-offs (-)	-	-	-
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>31 March 2022</b>	<b>20,026</b>	<b>185,100</b>	<b>577,529</b>
Specific Provision (-)	8,899	100,097	452,625
<b>Net Balance on Balance Sheet</b>	<b>11,127</b>	<b>85,003</b>	<b>124,904</b>

**ALTERNATİFBANK A.Ş.**  
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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and Notes on Assets (Continued)**

**g. Explanations on loans (Continued)**

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

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

The Group has no non-performing loans denominated in foreign currency loans as at the balance sheet date (31 December 2021: None).

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>31 March 2022 (Net)</b>	<b>11,127</b>	<b>85,003</b>	<b>124,904</b>
Loans to Real Persons and Legal Entities (Gross)	20,026	185,100	577,529
Specific Provision Amount (-)	8,899	100,097	452,625
Loans to Real Persons and Legal Entities (Net)	11,127	85,003	124,904
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
<b>31 December 2021 (Net)</b>	<b>65,360</b>	<b>36,618</b>	<b>154,371</b>
Loans to Real Persons and Legal Entities (Gross)	150,568	84,603	592,610
Specific Provision Amount (-)	85,208	47,985	438,239
Loans to Real Persons and Legal Entities (Net)	65,360	36,618	154,371
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**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>Current Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest accruals and valuation differences	-	-	68,185
Provision (-)	-	-	(68,185)
<b>Prior Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest accruals and valuation differences	-	-	63,897
Provision (-)	-	-	(63,897)



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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED 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 communique "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 communique "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 2022 there are financial assets measured at amortised cost given as collateral amounting to TL 6,203,949 (31 December 2021: TL 5,978,142) .

	<b>31 March 2022</b>		<b>31 December 2021</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Given as collateral/blocked	22,160	2,835,463	22,571	2,663,774
Subject to repurchase agreements	-	2,824,395	-	2,310,134
Other	51,976	469,955	52,937	928,726
<b>Total</b>	<b>74,136</b>	<b>6,129,813</b>	<b>75,508</b>	<b>5,902,634</b>

2. Information on debt securities measured at amortised cost

	<b>31 March 2022</b>	<b>31 December 2021</b>
Government Bonds	6,129,813	5,807,366
Treasury Bills	74,136	75,508
Other Government Debt Securities	-	-
<b>Total</b>	<b>6,203,949</b>	<b>5,882,874</b>

3. Information on financial assets measured at amortised cost

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Debt Securities</b>	<b>6,203,949</b>	<b>5,978,142</b>
Quoted to Stock Exchange	6,203,949	5,978,142
Not Quoted to Stock Exchange	-	-
<b>Impairment Provision (-)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>6,203,949</b>	<b>5,978,142</b>

4. Movement of financial assets measured at amortised cost

	<b>31 March 2022</b>	<b>31 December 2021</b>
Balance at the Beginning of the Period	5,978,142	4,233,900
Effect of Reclassifications and Measurements in accordance with TFRS 9	179,408	1,798,463
Foreign Currency Differences on Monetary Assets	73,551	66,900
Disposals Through Sales and Redemptions	(27,152)	(121,121)
Impairment Provision (-)	-	-
<b>Balance at the End of the Period</b>	<b>6,203,949</b>	<b>5,978,142</b>

**i. Information on investments in associates (Net)**

Group has no associates as of 31 March 2022 (31 December 2021: None).

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED 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 unconsolidated subsidiaries**

There is no unconsolidated subsidiary (31 December 2021: None).

**3. Information on consolidated subsidiaries**

No	Title	Address (City/ Country)	Bank's share percentage, if different voting percentage (%)	Bank's Risk Group Share (%)
1	Alternatif Yatırım 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	Prior Period Profit / Loss (**)	Fair Value
1(*)	221,564	47,013	4,212	3,197	1,773	2,234	904	-
2(*)	2,327,409	219,864	38,176	63,818	-	4,476	6,370	-

(\*) The above mentioned subsidiaries' financial data are taken from the financial statements prepared for the BRSA consolidation as of 31 March 2022.

(\*\*) These balances represents 31 March 2021 data.

Information about equity component of the consolidated subsidiaries:

	Alternatif Finansal Kiralama A.Ş.	Alternatif Yatırım Menkul Değerler A.Ş.
<b>TIER I Capital</b>	219,864	47,013
Paid-in Capital	100,000	22,509
Capital Reserves	151,674	15,303
Current and Prior Period Net Profit	4,476	9,201
Current and Prior Period Net (Loss)	(35,242)	-
Intangible Assets (-)	1,044	-
<b>TIER II Capital</b>	-	-
<b>Deduction from Capital</b>	-	-
<b>Net Usable Capital</b>	<b>219,864</b>	<b>47,013</b>

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and Notes on Assets (Continued)**

**j. Information on subsidiaries (Net) (Continued)**

**4. The movement of the subsidiaries**

	31 March 2022	31 December 2021
<b>Balance at the beginning of the period</b>	<b>225,580</b>	<b>225,580</b>
<b>Movements during the period</b>	-	-
Purchases	-	-
Transfers	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation (Decrease) / Increase	-	-
Provision for Impairment	-	-
<b>Balance at the End of the Period</b>	<b>225,580</b>	<b>225,580</b>
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

**5. Sectoral information on financial subsidiaries and the related carrying amounts**

<b>Subsidiaries</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	192,165	192,165
Finance Companies	-	-
Other Financial Subsidiaries	33,415	33,415

**6. Quoted subsidiaries**

None (31 December 2021: None).

**k. Information on joint ventures**

There are no joint ventures (31 December 2021: None).

**l. Information on finance lease receivables (Net)**

Finance lease receivable of the Group is amounting to TL 2,430,284 (31 December 2021: TL 2,197,290).

**m. Information on hedging derivative financial assets**

	<b>31 March 2022</b>		<b>31 December 2021</b>	
	<b>TP</b>	<b>YP</b>	<b>TP</b>	<b>YP</b>
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	44,696	20,008	84,805	3,693
Net Investment Hedge in a foreign operation	-	-	-	-
<b>Total</b>	<b>44,696</b>	<b>20,008</b>	<b>84,805</b>	<b>3,693</b>

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations and Notes on Assets (Continued)**

**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 2022 (31 December 2021: None).

**r. Explanations about deferred tax asset**

As of 31 March 2022, the Group has deferred tax asset amounting to TL 239,999 (31 December 2021: TL 192,767 deferred tax asset) in the financial statements.

As of 31 March 2022 and 31 December 2021, the details of temporary differences and deferred tax assets and liabilities are presented below:

	31 March 2022		31 December 2021	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Deferred Tax Asset / (Liability)				
Tangible Assets Base Differences	121,979	28,108	120,452	27,634
Provisions	1,043,661	234,724	893,854	205,584
Valuation of Financial Assets	(115,178)	(26,491)	(484,742)	(111,489)
Commission Deferral	18,774	4,318	14,991	3,448
Financial Losses (*)	-	-	283,913	65,300
Other	(3,046)	(660)	9,166	2,290
<b>Net Deferred Tax Assets</b>		<b>239,999</b>		<b>192,767</b>

(\*) Includes tax assets calculated from financial losses. Deferred tax asset calculated from movable losses is calculated from financial losses for financial year of 2021. Since the Bank plans to generate sufficient taxable income to offset these amounts in the future, a total of TL 65,300 has been reflected in its deferred tax assets.

	1 January -31 March 2022	1 January -31 March 2021
1 January Net Deferred Tax Asset/(Liability)	192,767	170,757
Deferred Tax (Expense)/Income	107,648	12,319
Deferred tax recognized in other comprehensive income	(60,416)	9,363
<b>Net Deferred Tax Asset/(Liability)</b>	<b>239,999</b>	<b>192,439</b>

**s. Movement of assets held for resale and discontinued operations**

	31 March 2022	31 December 2021
Beginning of the period	594,827	224,790
Disposals (-)	(41,948)	(115,049)
Additions	10,990	485,027
Current period depreciation (-)	-	-
Impairment provision addition/ return	45	59
<b>End of the Period</b>	<b>563,914</b>	<b>594,827</b>

**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".

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. Explanations and Notes on Liabilities**

**a. Information on deposits**

**1. Information on maturity structure of deposits/the funds collected**

**(i) 31 March 2022:**

	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
<b>Saving Deposits</b>	<b>151,877</b>	-	<b>2,130,658</b>	<b>4,277,289</b>	<b>214,779</b>	<b>123,352</b>	<b>120,168</b>	-	<b>7,018,123</b>
<b>Foreign Currency Deposits</b>	<b>2,009,054</b>	-	<b>2,027,686</b>	<b>10,053,955</b>	<b>584,847</b>	<b>200,373</b>	<b>451,626</b>	-	<b>15,327,541</b>
Residents in Turkey	1,908,763	-	2,006,208	9,679,233	571,610	53,755	104,040	-	14,323,609
Residents Abroad	100,291	-	21,478	374,722	13,237	146,618	347,586	-	1,003,932
<b>Public Sector Deposits</b>	<b>62,747</b>	-	-	-	-	-	-	-	<b>62,747</b>
<b>Commercial Deposits</b>	<b>272,608</b>	-	<b>1,140,519</b>	<b>1,898,941</b>	<b>285,729</b>	<b>625,155</b>	<b>63,004</b>	-	<b>4,285,956</b>
<b>Other Institutions Deposits</b>	<b>2,691</b>	-	<b>48,931</b>	<b>212,621</b>	-	<b>1</b>	-	-	<b>264,244</b>
<b>Precious Metal Deposits</b>	<b>149,500</b>	-	<b>27,435</b>	<b>128,959</b>	<b>26,995</b>	<b>893</b>	<b>27,778</b>	-	<b>361,560</b>
<b>Bank Deposits</b>	<b>13,286</b>	-	<b>759,732</b>	<b>50,381</b>	-	-	<b>44</b>	-	<b>823,443</b>
The CBRT	8,307	-	719,203	-	-	-	-	-	727,510
Domestic Banks	213	-	5,002	-	-	-	-	-	5,215
Foreign Banks	4,766	-	35,527	50,381	-	-	44	-	90,718
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,661,763</b>	-	<b>6,134,961</b>	<b>16,622,146</b>	<b>1,112,350</b>	<b>949,774</b>	<b>662,620</b>	-	<b>28,143,614</b>

**(ii) 31 December 2021:**

	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
<b>Saving Deposits</b>	<b>98,337</b>	-	<b>1,141,151</b>	<b>4,048,915</b>	<b>89,921</b>	<b>60,782</b>	<b>131,627</b>	-	<b>5,570,733</b>
<b>Foreign Currency Deposits</b>	<b>2,436,228</b>	-	<b>3,031,052</b>	<b>10,398,903</b>	<b>242,278</b>	<b>377,007</b>	<b>449,482</b>	-	<b>16,934,950</b>
Residents in Turkey	2,353,755	-	2,824,121	10,150,773	241,107	187,188	136,751	-	15,893,695
Residents Abroad	82,473	-	206,931	248,130	1,171	189,819	312,731	-	1,041,255
<b>Public Sector Deposits</b>	<b>42,435</b>	-	-	-	-	-	-	-	<b>42,435</b>
<b>Commercial Deposits</b>	<b>379,226</b>	-	<b>1,036,690</b>	<b>1,520,410</b>	<b>121,942</b>	<b>1,238</b>	<b>18,013</b>	-	<b>3,077,519</b>
<b>Other Institutions Deposits</b>	<b>2,094</b>	-	<b>29,306</b>	<b>55,128</b>	-	<b>913</b>	-	-	<b>87,441</b>
<b>Precious Metal Deposits</b>	<b>163,387</b>	-	<b>30,475</b>	<b>114,986</b>	<b>15,936</b>	<b>1,992</b>	<b>23,476</b>	-	<b>350,252</b>
<b>Bank Deposits</b>	<b>47,179</b>	-	<b>802,866</b>	<b>224,665</b>	-	-	<b>40,296</b>	-	<b>1,115,006</b>
The CBRT	-	-	267,787	-	-	-	-	-	267,787
Domestic Banks	168	-	-	194,502	-	-	-	-	194,670
Foreign Banks	47,011	-	535,079	30,163	-	-	40,296	-	652,549
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,168,886</b>	-	<b>6,071,540</b>	<b>16,363,007</b>	<b>470,077</b>	<b>441,932</b>	<b>662,894</b>	-	<b>27,178,336</b>

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED 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

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Limit of the Deposit Insurance	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Saving Deposits (*)	1,784,534	1,147,227	5,234,240	4,424,000
Foreign Currency Savings Deposit	652,200	556,436	7,256,826	6,741,517
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-

(\*)Relevant savings deposit amounts include the simple-IRR rediscount difference of TL 649 (31 December 2021: TL 492).

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 2022	31 December 2021
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	30,416	25,207
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 2022 (*)		31 December 2021 (*)	
	TL	FC	TL	FC
Forward Transactions	3,479	8,149	27,020	8,071
Swap Transactions	22,416	106,713	126,395	126,500
Futures Transactions	-	-	-	-
Options	91,269	237,993	58,716	234,736
<b>Total</b>	<b>117,164</b>	<b>352,855</b>	<b>212,131</b>	<b>369,307</b>

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

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. Explanations and Notes on Liabilities (Continued)**

**c. Information on banks and other financial institutions:**

**1. General information on banks and other financial institutions:**

	31 March 2022		31 December 2021	
	TL	FC	TL	FC
The CBRT Borrowings	358,800	762,133	75,350	1,234,351
From Domestic Banks and Institutions	723,402	1,112,930	595,193	1,430,118
From Foreign Banks, Institutions and Funds	4,747	10,336,472	-	8,985,963
<b>Total</b>	<b>1,086,949</b>	<b>12,211,535</b>	<b>670,543</b>	<b>11,650,432</b>

**2. Information on maturity profile of borrowings**

	31 March 2022		31 December 2021	
	TL	FC	TL	FC
Short-term	1,037,667	1,485,758	621,261	1,368,406
Medium and Long-term	49,282	10,725,777	49,282	10,282,026
<b>Total</b>	<b>1,086,949</b>	<b>12,211,535</b>	<b>670,543</b>	<b>11,650,432</b>

**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 foreign liabilities**

Other foreign liabilities amounting to TL 417,511 are included in "Other Liabilities" (31 December 2021: TL 274,748) and do not exceed 10% of the total balance sheet.

**e. Information on financial lease agreements**

**i) Explanations on liabilities arising from financial leasing transactions:**

	31 March 2022		31 December 2021	
	Gross	Net	Gross	Net
Less than 1 year	17,434	6,506	31,088	15,835
1-4 year	35,428	15,572	22,467	20,852
More than 4 year	19,853	13,516	16,767	1,474
<b>Total</b>	<b>72,715</b>	<b>35,594</b>	<b>70,322</b>	<b>38,161</b>

**g. Information on hedging derivative financial liabilities**

	31 March 2022		31 December 2021	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges (*)	79,253	-	68,911	703
Foreign Currency Investment Hedges	-	-	-	-
<b>Total</b>	<b>79,253</b>	<b>-</b>	<b>68,911</b>	<b>703</b>

(\*) Explained in Section Four Footnote Number XI.

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**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.

As of 31 March 2022, in accordance with the revised TAS 19 Standard, Actuarial gain has recognized under the equity, amount of after deferred tax TL 628 (31 March 2021: TL 558 Loss).

**1. Provisions for employee benefits (Continued):**

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
Discount Rate(%)	4.09	4.09
Possible Retirement rate (%)	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 2022, The Group has provision for employee termination benefits amount of TL 17,837 (31 December 2021: TL 18,867), provision of unused vacation amount of TL 5,409 (31 December 2021: TL 3,986).

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

As of 31 March 2022, there is no provision related to the foreign currency difference of foreign currency indexed loans (31 December 2021: 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. Other Provisions**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Provisions for Unindemnified Non-cash Loan	90,862	97,438
Free Provision for Possible Risks (*)	336,926	55,000
Bonus Provision	29,172	27,262
Provision for Litigation and Claims	26,887	23,120
Provision for the Impairment due Settlement Date	1,086	-
Other	15,332	1,381
<b>Total</b>	<b>500,265</b>	<b>204,201</b>

(\*) As of the balance sheet date, taking into account the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions, within the scope of the precautionary principle, there is a free provision amounting to TL 336,926, TL 55,000 of which was provided in the prior period and TL 281,926 in the current period.

**h. Explanations on Tax Liabilities**

**i. Information on taxes payable**

As of 31 March 2022, the current tax liability is TL 135,273 (31 December 2021: TL 26,408).



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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. Explanations and Notes on Liabilities (Continued)**

**h. Explanations on Tax Liabilities (Continued)**

**i. Information on current tax liability (Continued)**

**(i) Information on taxes payable**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Corporate Tax Payable	135,273	26,408
Taxation of Marketable Securities	14,420	12,992
Property Tax	16,922	17,455
Banking Insurance Transaction Tax (BITT)	306	291
Value Added Tax Payable	657	1,939
Other	6,850	8,984
<b>Total</b>	<b>174,428</b>	<b>68,069</b>

**(ii) Information on premium payables**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Social Security Premiums - Employee	2,133	1,781
Social Security Premiums - Employer	3,086	2,577
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	151	127
Unemployment Insurance - Employer	302	253
Other	130	118
<b>Total</b>	<b>5,802</b>	<b>4,856</b>

**2. Deferred tax liability**

None (31 December 2021: 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".

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. Explanations and Notes on Liabilities (Continued)**

**j. Information on shareholders' equity**

**1. Presentation of paid-in capital (As of nominal; non-adjusted amounts according to inflation)**

	<b>31 March 2022</b>	<b>31 December 2021</b>
Common Stock (*)	2,213,740	2,213,740
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 Parent Bank applies registered share capital system. The Parent Bank's registered capital is TL 4,000,000,000 (Four billion Turkish Liras) and all are divided into 4.000.000.000 shares in the name of the holder with a nominal value of TL 1,00 (one Turkish Lira).

3. Information about the share capital increases and their sources in the current period: None.

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

5. Information on capital increases from capital reserves during the current period: None.

6. Information on prior period's indicators on the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Group'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 Parent Bank within several risk limits and legal limits.

7. Information on privileges given to shares representing the capital: None.

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. Explanations and Notes on Liabilities (Continued)**

**l. Information on shareholders' equity (Continued)**

**8. Information on marketable securities valuation reserve**

	31 March 2022		31 December 2021	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	126,702	(162,564)	(11,477)	(124,354)
Foreign Currency Difference	-	-	-	-
<b>Total</b>	<b>126,702</b>	<b>(162,564)</b>	<b>(11,477)</b>	<b>(124,354)</b>

**9. Information on other capital reserves**

None.

**k. Information on minority interests**

	31 March 2022	31 December 2021
<b>Balance at the Beginning of the Period</b>	<b>22</b>	<b>19</b>
Current Year Income	-	3
Dividends Paid	-	-
Purchase from Minority Interests	-	-
Other	-	-
<b>Balance at the End of the Period</b>	<b>22</b>	<b>22</b>

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED 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 412,014 irrevocable loan commitments as of 31 March 2022 (31 December 2021: TL: 307,116).

**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, the Parent Bank avalized and acceptance loans, collaterals that are accepted as financial guarantees and other letters of credit

	<b>31 March 2022</b>	<b>31 December 2021</b>
Letter of Credits	3,213,940	4,023,803
Bank Acceptance Loans	403,927	364,331
Guarantees and Collaterals	-	-
<b>Total</b>	<b>3,617,867</b>	<b>4,388,134</b>

(ii). Guarantees, sureties and other similar guarantees

	<b>31 March 2022</b>	<b>31 December 2021</b>
Definite Letter of Guarantees	9,379,416	8,612,479
Advance Letter of Guarantees	871,255	818,221
Temporary Letter of Guarantee	69,159	110,650
Letter of Guarantees Given to Customs	197,039	195,872
<b>Total</b>	<b>10,516,869</b>	<b>9,737,222</b>

**3. Non-cash loans**

(i). Total amount of non-cash loans

	<b>31 March 2022</b>	<b>31 December 2021</b>
Non-Cash Loans against Cash Risks	4,605,360	4,186,293
With Original Maturity of 1 Year or Less	2,243,000	1,642,227
With Original Maturity of More Than 1 Year	2,362,360	2,544,066
Other Non-Cash Loans	9,529,376	9,939,063
<b>Total</b>	<b>14,134,736</b>	<b>14,125,356</b>

**ALTERNATİFBANK A.Ş.**  
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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED 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".

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and Notes on Income Statement**

**a. Information on interest income**

**1. Information on interest income on loans**

	<b>31 March 2022</b>		<b>31 March 2021</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-term Loans	527,457	115,374	258,723	22,928
Medium/Long-term Loans	155,011	56,238	185,267	77,331
Interest on Loans Under Follow-up	12,740	-	8,030	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total (*)</b>	<b>695,208</b>	<b>171,612</b>	<b>452,020</b>	<b>100,259</b>

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

**2. Information on interest income on banks**

	<b>31 March 2022</b>		<b>31 March 2021</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From the CBRT (*)	17,105	-	11,634	-
From Domestic Banks	2,367	539	1,180	91
From Foreign Banks	437	1,082	389	879
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>19,909</b>	<b>1,621</b>	<b>13,203</b>	<b>970</b>

(\*) 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**

	<b>31 March 2022</b>		<b>31 March 2021</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From Financial Assets At Fair Value Through Profit or Loss	5,872	149	682	115
From Financial Assets at Fair Value Through Other Comprehensive Income	174,032	24,360	31,615	4,938
From Financial Assets Measured at Amortised Cost	1,243	79,087	1,248	43,322
<b>Total</b>	<b>181,147</b>	<b>103,596</b>	<b>33,545</b>	<b>48,375</b>

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

None (31 March 2021:None).

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and Notes on Income Statement (Continued)**

**b. Information on interest expense**

**1. Information on interest expense on borrowings**

	<b>31 March 2022</b>		<b>31 March 2021</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Banks	32,709	137,192	12,131	88,028
CBRT	4,126	-	2,736	-
Domestic Banks	28,536	265	9,395	4,922
Foreign Banks	47	136,927	-	83,106
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	54,841	-	39,446
<b>Total (*)</b>	<b>32,709</b>	<b>192,033</b>	<b>12,131</b>	<b>127,474</b>

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

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

None (31 March 2021: None).

**3. Information on interest expense to marketable securities issued**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Interest Expense to Marketable Securities Issued	31,692	19,888

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**III. Explanations and Notes on Income Statement (Continued)**

**b. Information on interest expense (Continued)**

**4. Information on interest rate and maturity structure of deposits**

31 March 2022	Demand Deposit	Time Deposit					Accumulated Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	-	33,855	-	-	-	-	-	33,855
Savings Deposits	-	74,888	193,731	6,249	4,901	4,943	-	284,712
Public Deposits	-	3	-	-	-	-	-	3
Commercial Deposits	-	68,386	75,124	7,047	11,916	1,653	-	164,126
Other Deposits	-	1,198	8,577	-	25	3	-	9,803
Deposit with 7 days notification	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>178,330</b>	<b>277,432</b>	<b>13,296</b>	<b>16,842</b>	<b>6,599</b>	-	<b>492,499</b>
<b>Foreign Currency</b>								
Foreign Currency Account	-	5,633	42,574	1,992	1,859	3,815	-	55,873
Bank Deposits	-	506	-	-	-	-	-	506
Deposit with 7 days notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	49	167	50	4	108	-	378
<b>Total</b>	-	<b>6,188</b>	<b>42,741</b>	<b>2,042</b>	<b>1,863</b>	<b>3,923</b>	-	<b>56,757</b>
<b>Grand Total</b>	-	<b>184,518</b>	<b>320,173</b>	<b>15,338</b>	<b>18,705</b>	<b>10,522</b>	-	<b>549,256</b>

31 March 2021	Demand Deposit	Time Deposit					Accumulated Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	-	8,078	-	-	-	-	-	8,078
Savings Deposits	-	23,588	172,157	7,227	3,948	3,063	749	210,732
Public Deposits	-	1	-	-	-	-	-	1
Commercial Deposits	-	46,907	94,708	343	2,135	-	-	144,093
Other Deposits	-	217	2,155	52	24	1	-	2,449
Deposit with 7 days notification	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>78,791</b>	<b>269,020</b>	<b>7,622</b>	<b>6,107</b>	<b>3,064</b>	<b>749</b>	<b>365,353</b>
<b>Foreign Currency</b>								
Foreign Currency Account	-	2,624	32,401	1,115	1,236	2,652	-	40,028
Bank Deposits	-	418	-	-	-	-	-	418
Deposit with 7 days notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	16	133	5	1	24	-	179
<b>Total</b>	-	<b>3,058</b>	<b>32,534</b>	<b>1,120</b>	<b>1,237</b>	<b>2,676</b>	-	<b>40,625</b>
<b>Grand Total</b>	-	<b>81,849</b>	<b>301,554</b>	<b>8,742</b>	<b>7,344</b>	<b>5,740</b>	<b>749</b>	<b>405,978</b>

**5. Given interest amount on repurchase agreement**

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".

**6. Informations on leasing expense**

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".



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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and Notes on Income Statement (Continued)**

**7. Information on given interest for factoring transaction**

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. Information on dividend income**

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".

**d. Information on trading income/loss (Net)**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Income</b>	<b>35,452,890</b>	<b>25,943,664</b>
Income from Capital Market Transactions	7,650	14,298
Derivative Financial Transactions	657,817	731,715
Foreign Exchange Gains	34,787,423	25,197,651
<b>Loss (-)</b>	<b>35,420,897</b>	<b>25,973,224</b>
Loss from Capital Market Transactions	7,261	2,339
Derivative Financial Transactions	338,757	373,550
Foreign Exchange Loss	35,074,879	25,597,335
<b>Net Income/(Loss)</b>	<b>31,993</b>	<b>(29,560)</b>

**e. Explanations about other operating income**

For the period ended 31 March 2022, other operating income includes the adjustment account for previous years' expenses and other operating income. The amount of the Bank's other operating income in the current period is TL 37,322 (31 March 2021: TL 18,411).

**f. Expected Provision Losses and Other Provision Losses**

	<b>31 March 2022</b>	<b>31 March 2021</b>
<b>Expected Credit Loss (*)</b>	<b>(151,124)</b>	<b>37,828</b>
12 month expected credit loss (stage 1)	(17,521)	3,110
Significant increase in credit risk (stage 2)	(122,008)	(11,738)
Non-performing loans (stage 3)	(11,595)	46,456
<b>Marketable Securities Impairment Expense</b>	<b>1,954</b>	<b>2,547</b>
Financial Assets at Fair Value Through Profit or Loss	1,954	2,547
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
<b>Investments in Associates, Subsidiaries and Joint Ventures Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other (**)</b>	<b>278,096</b>	<b>29,625</b>
<b>Total</b>	<b>128,926</b>	<b>70,000</b>

(\*) As a result of explanation on VII footnote of third section and 1.f of fifth section, it include the expected credit loss reversal as of 31 March 2022.

(\*\*) As of March 31, 2022, it include free provision expenses for possible risks amounting to TL 273,543.

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and Notes on Income Statement (Continued)**

**g. Information related to personnel expenses and other operating expenses**

	<b>31 March 2022</b>	<b>31 March 2021</b>
Personnel Expenses	74,091	59,797
Reserve For Employee Termination Benefits	343	190
Unused Vacation	1,455	911
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	-	-
Impairment Expenses of Intangible Assets	10,030	10,801
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	1,248	-
Impairment Expenses of Equity Participations Accounted for under Equity Method	8,593	6,564
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	44,379	29,835
Operational Lease Expenses	2,191	336
Maintenance Expenses	1,165	592
Advertising Expenses	2,062	1,222
Other Expenses	38,961	27,685
Loss on Sales of Assets	2,596	532
Other (*)	22,293	10,942
<b>Total</b>	<b>165,028</b>	<b>119,572</b>

(\*) Other operating charges is TL 5,353 except premium of SDIF and tax amounting to TL 16,940 (31 March 2021: Other operating charges is TL 3,480 except premium of SDIF and tax amounting to TL 7,462)

**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 2022, the Parent Bank has TL 148,561 tax expense (31 March 2021: TL 2,765), and deferred tax income amounting to TL 107,648 (31 March 2021: TL 12,319).

**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".

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**IV. Explanations and Notes on Income Statement (Continued)**

**k. Information on net income/loss for the period**

1) Interest income from ordinary banking transactions is TL 1,244,271 (31 March 2021: TL 713,562), interest expense is TL 872,433 (31 March 2021: TL 584,446).

2) Information on any change in the accounting estimates has no profit/loss effect on current period or consequent periods.

**l. 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:**

<b>Fees and Commissions Received - Other</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Credit Card Pos Commissions	14,223	11,408
Banking Service Income	5,895	5,770
Insurance Commissions	4,786	2,706
Credit Early Termination Compensation	471	626
Account Management Fee	445	397
Transfer Commissions	193	110
Brokerage Commissions	2,191	1,868
Expertise Commissions	542	211
Export Letter of Credit Commissions	-	39
Portfolio Management Commissions	244	126
Other	4,531	4,658
<b>Total</b>	<b>33,521</b>	<b>27,919</b>
<b>Fees and Commissions Paid - Other</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Clearing Commissions	5,824	7,199
Debit Card Fees and Commissions	14,748	8,459
Commissions Granted to Correspondent Banks	437	848
Fees and Commissions on Foreign Currency Transactions	17	5,096
Transfer Commissions	334	197
Commissions for Effective and Future	772	325
CBRT Interbank Money Market	202	72
Other	8,360	868
<b>Total</b>	<b>30,694</b>	<b>23,064</b>

(\*) It includes the commission amount calculated at the rate of 2% of the risks subject to the risk participation agreement signed with the Commercial Bank (P.S.Q.C).

	<b>31 March 2022</b>	<b>31 March 2021</b>
Minority Shares (-)	-	1

**ALTERNATİFBANK A.Ş.**  
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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED 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 the Parent Bank's Risk Group**

**a. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period**

**31 March 2022**

	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Parent Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
<b>Group's Risk Group (*) (**)</b>						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	12,942	851,470	2,932
Balance at the End of the Period	-	-	-	14,208	931,560	3,216
Interest and Commission Income Received	-	-	-	178	13,356	155

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

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

**31 December 2021**

	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Parent Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
<b>Group's Risk Group (*) (**)</b>						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	12,485	632,308	2,199
Balance at the End of the Period	-	-	-	12,942	851,470	2,932
Interest and Commission Income Received (***)	-	-	35	97	8,150	-

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

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

(\*\*\*) 31 March 2021 balances used for income accounts.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**a. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period (Continued)**

**3. Information on deposits of the Group's risk group**

Group's Risk Group (*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Parent Bank		Other real and legal persons that have been included in the risk group	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
<b>Deposit</b>						
Beginning of the Period (**)	-	-	-	-	36,662	77,278
End of the Period (**)	-	-	-	-	65,235	36,662
<b>Interest Expense on Deposits (***)</b>	-	-	-	-	7	1

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

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

(\*\*\*) 31 March 2021 balances used for expense accounts.

**4. Information on forward and option agreements and other derivative instruments with the Parent Bank's risk group**

Group's Risk Group (*)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Parent Bank		Other real and legal persons that have been included in the risk group	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
<b>Transactions for Trading Purposes</b>						
Beginning of the Period (**)	-	-	-	-	-	-
End of the Period (**)	-	-	-	-	-	-
<b>Total Profit/Loss (***)</b>	-	-	(77)	(14)	-	-
<b>Transactions for Hedging Purposes</b>						
Beginning of the Period (**)	-	-	-	-	-	-
End of the Period (**)	-	-	-	-	-	-
<b>Total Profit/Loss (***)</b>	-	-	-	-	-	-

(\*) Defined in the 49th article of paragraph 2 of the Parent 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.

(\*\*\*) Represents 31 March 2021 balances.

**b. With respect to the Parent Bank's risk group**

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

The Parent 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

	<b>Total Risk Group</b>	<b>Share in Financial Statements (%)</b>
Deposit	65,235	0.23%
Non-cash Loans	17,424	0.12%
Loans	931,560	3.07%
Subordinated Loans	1,125,082	27.76%

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

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**EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

**3. Equity accounted transactions:**

None.

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 2022, there is no financial leasing agreement between the Parent Bank and Alternatif Finansal Kiralama A.Ş. The Parent Bank also has cost sharing agreements with Alternatif Finansal Kiralama A.Ş. and Alternatif Yatırım Menkul Değerler A.Ş.

The Parent Bank allocate cash and non-cash loans to risk group of the Parent Bank in limit of Bank Law and that amount is 2.13% of total cash and non-cash loan amount (31 December 2021: 1.93%).

**5. Information on Other Liabilities**

None.

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

Benefits provided to the Group's key management amount to TL 11,022 as of 31 March 2022 (31 March 2021: TL 9,804).

**VIII. Explanations on the domestic, foreign and off-shore branches or affiliates and foreign representative offices of the Parent 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**

With the press release of the Central Bank of the Republic of Turkey, dated April 23, 2022 and numbered 2022-24, it was announced that the required reserves, which were applied to the liability side of the balance sheet, would also be applied to the asset side of the balance sheets in order to strengthen the macro prudential policy set.

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**SECTION SIX**

**OTHER EXPLANATIONS AND NOTES**

**I. Other Explanations Related To The Parent Bank's Operations**

**Summaries about the Parent Bank's rates from international credit rating agencies**

<b>Fitch Ratings: February 2022</b>	
Foreign Currency	
Long Term	B
Short Term	B
Local Currency	
Long Term	B+
Short Term	B
National Note	AA(tur)
Support Note	B
Financial Capacity Note	b-
Outlook	Negative

<b>Moody's: January 2022</b>	
Foreign Currency	
Long Term	B2
Short Term	NP
Local Currency	
Long Term	B1
Short Term	NP
National Long Term	Aa1.tr
National Short Term	TR-1
Outlook	Negative

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**SECTION SEVEN**

**EXPLANATIONS ON AUDITORS’ LIMITED REPORT**

**I. Explanations on Independent Auditors’ Limited Report**

Group’s consolidated financial statements and footnotes to be disclosed to public as of 31 March 2022 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 auditor’s limited report dated 28 April 2022 has been presented at the beginning of this report.

**II. Explanations and Footnotes Prepared by Independent Auditor**

None.



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**SECTION EIGHT**

**I. Interim Period Activity Report Consisting Bank Chairman and CEO's Evaluation in Reference to Interim Period 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 Parent Bank's 1 January – 31 March 2022 activity period is below.

	<b>31 March 2022</b>	<b>31 December 2021</b>	<b>31 March 2021</b>
Loans	31,990,663	27,823,572	22,748,981
Securities	9,429,860	8,729,577	5,718,258
Total Assets	28,143,614	27,178,336	19,159,993
Deposits	54,093,480	50,496,435	39,716,678
Equity	2,936,256	2,609,952	2,514,666
Profit / Loss Before Taxes	172,704	100,525	(50,867)
Profit / Loss	131,791	76,544	(41,313)

**Message from the Chairman of the Board of Directors**

Dear Stakeholders,

While we think that we have left the effects of the pandemic process behind with the first months of 2022, we see that new geopolitical risks that directly affect. The economies have come to the agenda. With these uncertainties in Turkey and in the world, the measures taken regarding the inflation process in the global scale will play a decisive role for the upcoming periods. We think that we will experience a process in which the effects of these risk factors on the agenda will gradually be balanced in the course of the year, but may continue to a certain extend.

When we look at the first quarter of the last year from an economic perspective, the ongoing war between Ukraine and Russia mainly affected the European region, but it caused commodity prices to rise on a global basis. In the light of these developments the leading Central Banks of the world started to accerelate the tightening of monetary policies by taking this process into account. In this context the growth expectations in the world economy are being revised from 4% at the beginning of 2022 to the 3%-3.5% band. Therefore, we foresee that the tight monetary policy practises, which are expected to continue in 2022, will continue to limit growth gradually. As for inflation, we expect the uncertainties in 2022 in general to stabilize only in the second half of the year.

When we look at the Turkish economy, we observe that after the strong growth 11% in 2021, the export-led growth performance continued in the first months of 2022. We are extremely happy that Alternatif Bank, which focuses on foreign trade, also contributed to Turkey's successful performance in exports. We believe that these strong performance in exports will continue in the rest of the year. On the other hand, global commodity prices and tourism performance will play a critical role achieving the targets set for the country's current account balance. While it is expected that inflation may decline towards the end of the year, we think that new steps to be taken on behalf of economic policy will be the main determining factors in terms of both growth and the course of inflation.

As Commercial Bank, as we express on every occasion, we see Turkey as a very important market and business partner. Despite the uncertainties in the economy, we continue to support our bank with the confidence we have in Alternatif Bank's experienced management team and competent work. As Alternatif Bank celebrates its 30<sup>th</sup> anniversary in the Turkish banking industry this year, it continues its growth journey with the support of its competent human resources and stakeholders, with the understanding of "Consultant and Prudent Banking", acting as a bridge between Turkey and Qatar. As a matter of fact, the performance and financial results achieved in the first quarter of the last year show that our Bank is taking firm steps towards its targets in a stable manner. We believe that their contribution to the country's economy and the development of regional trade will increasingly continue with the support we offer them on this path.

Yours faithfully,  
Omar Hussain Alfardan  
Chairman of the Board of Directors

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

**CEO Message**

Dear stakeholders,

Following the challenging year 2021 during which the effects of the pandemic diminished in part while we still continued to feel its persistent economic reflections, we have come up against new uncertainties and imbalances in the global economy with the war that broke out between Russia and Ukraine in the first quarter of the year which we have started with more hope in terms of both human health and economic developments.

In addition to the increasing demand observed after leaving the effects of the pandemic behind, we have started to experience an inflationary process increasing on a global scale also with the effects of geopolitical risks. Although this tendency of inflation has brought tightening in global monetary policies in its wake, we see that the global expectations of growth still remain relatively strong. Considering the Turkish economy, we can say that the stabilization ensured with the measures taken in the first quarter of the year and the growth performance based on strong exports are successfully maintained. The persistence of inflation at high levels on one hand and the effects of the new measures taken and likely to be taken by the CBRT on the other hand will determine the overall economic picture throughout the year 2022.

As Alternatif Bank, we have completed the first quarter of 2022 with successful results in line with our targets that we have set during this period of great fluctuations in economic dynamics with continued uncertainties in the macroeconomic framework. Thanks to our insightful banking approach and the dedicated contributions of our expert colleagues, we have left this period behind by getting stronger, further increasing the value that we create for our customers, stakeholders and economy. As we celebrate the 30<sup>th</sup> anniversary of Alternatif Bank in Turkish banking industry this year, we are happy and proud that we are strongly moving forward towards our long-term goals that we have set for our Bank.

Considering our consolidated figures for the first quarter of 2022, we see that the total size of our assets has increased by 7% compared to 2021, reaching the level of TL 54 billion. While the support that our Bank has provided for the national economy through cash and non-cash loans (including financial lease receivables) in this period has reached TL 46 billion with a 10% increase compared to the end of the last year; our volume of deposits has reached TL 28,1 billion. The 33% growth that we have displayed in the volume of Turkish Lira deposits has made a significant contribution in this growth. Besides this growth in our balance sheet, our Bank's shareholders' equity has increased by 13% reaching TL 2,9 billion while our capital adequacy ratio has been recorded as 23.43% in this period. With the successful performance that we have demonstrated by the first quarter of 2022, Alternatif Bank's consolidated net profit totalled TL 132 million.

We attach particular importance to retail banking as a segment that we, as Alternative Bank, consider as our new area of growth and aim to stand out as the bank best blending the digital banking with a human touch. As a matter of fact, we see the results of our systematic investments that we have made in technology and customer analytics as an expansion in our customer base and an increase in our volume of deposits. While we gained 36% of our customers from digital banking throughout the year 2021, we have increased the share of digital banking to 55% with a giant leap taken forward in March 2022. Our customers that we gained through video calls accounted for 66% of our total digital customer acquisitions.

We have supported the momentum captured with our digital channels through our efforts to VOV Account and FX-Protected TL Time Deposit Account, which are of great significance in terms of expansion of customer base and customer acquisitions. The volume of deposits in VOV Accounts offering advantages to our retail customers has reached the highest figures in the product history and grown 3 times in the first quarter of the year. Our volume of the Treasury and CBRT FX-Protected Deposits launched as of the end of 2021 has reached approximately 31% of our total TL deposits in the first quarter of 2022. We have become one of the first banks to offer the FX-Protected TL Time Deposit Account product through digital channels; thus, allowing our customers to experience the difference of Alternatif Bank in this area as well.

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**I. Interim Period Activity Report Consisting Bank Chairman and CEO’s Evaluation in Reference to Interim Period Activities (Continued)**

As Alternatif Bank, we aim to make a world of difference by serving customers from any and all segments as an ecosystem rather than merely as a bank in the field of “ecosystem banking” which we have started to hear more and more frequently in the banking sector. Offering holistic services designed with an end-to-end perspective to our customers and their value chains by developing our products and services in digital channels and creating business partnerships is considered among our strategic priorities. We aim to become the main bank for our customers’ cash flows by expanding the ecosystem, and we continue our deepening by offering our tailored services. We are also proud of the fact that the applications we have launched on this path that we follow with our “Insightful and Advisory Banking” approach are crowned with prestigious awards. Our Bank was granted an award for its “Ecosystem Banking” project in the Big Data & Analytics category within the scope of the “IDC Turkey Financial Technologies Awards” rewarding the projects in the field of technology every year.

As Alternatif Bank, we define ourselves as “Insightful and Advisory” bankers; and the understanding that constitutes the core of this definition is that we aim to create permanent benefits for people and the society with every step we take. A very important reflection of this understanding is seen in the Accessible Banking activities that we launched in 2019. We came together with our young people once again with the Accessible Banking Ideathon which we organized for the 3<sup>rd</sup> time this year under the structure of “Accessible Banking”. In the final of the event held with the participation of more and more students every year, the teams shared their feasible creative solutions that will lead the future in the field of accessible banking. We aim to support the winning projects for their implementation and transformation into permanent values.

As Alternatif Bank, we are resolutely moving forward towards our long-term growth targets with the pleasure and motivation of starting the year 2022 in line with our goals as we celebrate our 30<sup>th</sup> anniversary in the Turkish banking industry this year. On this journey, we are drawing our strength from our competent human resources, our experiences that we have gained through the achievements of 30 years, and our ‘Advisory, Insightful and Responsible Banking’ approach serving as the foundation of our corporate culture. The innovative steps we have taken and the trust and support provided by our shareholder the Commercial Bank are lighting the way for Alternatif Bank. We will continue to work with all our power and strength to create value for our customers, stakeholders and national economy and to further increase our contributions with our people-oriented banking approach. I would like to take this opportunity to thank all my colleagues, our valuable customers, our shareholder for their unwavering support regardless of circumstances, our Board of Directors for guiding us with their experience, and all our stakeholders walking with us in this journey.

Yours sincerely,  
Kaan Gür  
CEO