

(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 NINE
MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

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

INTERIM REVIEW REPORT AND 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 September 30, 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 nine-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 September 30, 2022 include a free provision at an amount of TL 330,152 thousands of which TL 55,000 thousands was provided in prior years and TL 275,152 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 82,538 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 September 30, 2022 and of the results of its consolidated operations and its consolidated cash flows for the nine-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 1 of Section Three, there are differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed and international Financial Reporting Standards ("IFRS"). including non application of IAS 29 Financial Reporting in Hyperinflation Economies. The effect of such differences has 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 Zehra Yücel, SMMM
Partner

31 October 2022
İstanbul, Turkey

**THE CONSOLIDATED FINANCIAL REPORT OF
ALTERNATİFBANK A.Ş. AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

Headquarter Address : Ayazağa Mah. Azerbaycan Cad. No:3M/1 2D Blok Sarıyer/İstanbul
Telephone : 0 212 315 65 00
Fax : 0 212 233 15 00
Web site : www.alternatifbank.com.tr
E-mail : malikontrol@alternatifbank.com.tr

The consolidated financial report as of and for the nine-month period ended 30 September 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 THE GROUP
- CONSOLIDATED FINANCIAL STATEMENTS OF THE 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 THE 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 nine-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 İlkey 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	Antonio Francisco Gamez Munoz 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
Telephone Number : 0 212 315 70 77
Fax Number : 0 262 672 15 38

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ALTERNATİFBANK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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 38 (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 30 September 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	30 September 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
Total	2,213,740	%100	2,213,740	%100

(*) With the decision of number 20 of the Board of Directors dated on 18 February 2021 regarding the increase of the bank's capital from TL 2,038,390 to TL 2,213,740, the approval of the BRSA was taken on 11 March 2021 and the capitl increase of TL 175,350 in the Commercial Registry Gazette number of 10312 and it has been registered that the Bank's capital has been increased from TL 2,038,390 to TL 2,213,740 by transferring it to the capital account.

ALTERNATİFBANK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 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

Title	Name	Responsibility⁽¹⁾	Indirect Share Capital (%)
Chairman of the Board of Directors	Omer Hussain I H Al-Fardan	Chairman of the Board	-
Member of the Board of Directors	Joseph Abraham	Vice-Chairman of the Board of Directors, Chairman of the Executive Committee of the Board, Chairman of the Remuneration and Corporate Governance 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	-
	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	-
	Antonio Francisco Gamez Munoz	Member of the Board of Directors, Member of the Board Audit and Compliance Committee, Member of the Board Risk Committee, and Member of the Board Credit Committee	-
Member of the Board of Directors and CEO	Cenk Kaan Gür	Member of the Board of Directors, Member of the Credit Committee, Member of the Executive Committee of the Board, CEO	-
Executive Vice Presidents	Didem Şahin Çakmak ⁽¹⁾	Corporate Banking	-
	Burcu Yangaz ⁽²⁾	Business Banking	-
	Gökay Dede	Retail and Digital Banking	-
	Zafer Vatansever ⁽³⁾	Information Technologies and Operation	-
	Hale Ökmen Ataklı	Human Resources	-
	Ayşe Akbulut ⁽⁴⁾	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 88 dated 23 September 2022, Didem Şahin Çakmak has designated to Executive Vice President of Corporate Banking as of 1 October 2022, it has been stated to the BRSA on 29 September 2022.
- (2) In accordance with the Board Resolution No 88 dated 23 September 2022, Burcu Yangaz has designated to Executive Vice President of Business Banking as of 1 October 2022, it has been stated to the BRSA on 29 September 2022.
- (3) In accordance with the Board Resolution No 88 dated 23 September 2022, Zafer Vatansever has designated to Executive Vice President of Information Technologies and Operation as of 1 October 2022, it has been stated to the BRSA on 29 September 2022.
- (4) 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.

ALTERNATİFBANK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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 30 September 2022, the Parent Bank has 38 branches (31 December 2021: 41 branches).

As of 30 September 2022, the Parent Bank has 846 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 30 September 2022, The Group has 918 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 30 SEPTEMBER 2022

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

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

		Reviewed Current Period 30 September 2022			Audited Prior Period 31 December 2021		
Notes							
ASSETS	(Section Five)	TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		5,286,572	15,071,144	20,357,716	2,715,805	11,972,621	14,688,426
1.1 Cash and Cash Equivalents		2,911,774	12,800,675	15,712,449	928,832	9,957,213	10,886,045
1.1.1 Cash and Balances with Central Bank	I-a	1,314,952	7,095,542	8,410,494	824,464	6,634,067	7,458,531
1.1.2 Banks	I-d	498,100	5,705,133	6,203,233	55,469	3,323,146	3,378,615
1.1.3 Money Market Placements		1,100,385	-	1,100,385	50,018	-	50,018
1.1.4 Expected Credit Losses (-)		1,663	-	1,663	1,119	-	1,119
1.2 Financial Assets at Fair Value Through Profit or Loss		29,566	22,049	51,615	33,729	14,872	48,601
1.2.1 Government Debt Securities		9,139	22,049	31,188	10,635	14,872	25,507
1.2.2 Equity Instruments		449	-	449	-	-	-
1.2.3 Other Financial Assets		19,978	-	19,978	23,094	-	23,094
Financial Assets at Fair Value Through Other Comprehensive							
1.3 Income	I-f	2,099,214	1,868,528	3,967,742	1,185,562	1,517,272	2,702,834
1.3.1 Government Debt Securities		2,069,913	1,868,528	3,938,441	1,133,776	1,517,272	2,651,048
1.3.2 Equity Instruments		14,502	-	14,502	39,776	-	39,776
1.3.3 Other Financial Assets		14,799	-	14,799	12,010	-	12,010
1.4 Derivative Financial Assets	I-c	246,018	379,892	625,910	567,682	483,264	1,050,946
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		242,452	362,620	605,072	482,877	479,571	962,448
Derivative Financial Assets at Fair Value Through Other Comprehensive							
1.4.2 Income		3,566	17,272	20,838	84,805	3,693	88,498
FINANCIAL ASSETS MEASURED AT AMORTIZED COST							
II. (NET)		22,192,290	20,666,153	42,858,443	13,350,359	20,451,355	33,801,714
2.1 Loans	I-g	20,761,702	14,337,955	35,099,657	12,878,522	13,693,074	26,571,596
2.2 Lease Receivables	I-l	1,248,146	1,717,028	2,965,174	890,781	1,306,509	2,197,290
2.3 Factoring Receivables		295,873	-	295,873	330,430	-	330,430
2.4 Other Financial Assets Measured at Amortized Cost	I-h	796,116	5,127,994	5,924,110	75,508	5,902,634	5,978,142
2.4.1 Government Debt Securities		796,116	5,127,994	5,924,110	75,508	5,807,366	5,882,874
2.4.2 Other Financial Assets		-	-	-	-	95,268	95,268
2.5 Expected Credit Losses (-)		909,547	516,824	1,426,371	824,882	450,862	1,275,744
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	I-r	526,243	-	526,243	594,827	-	594,827
3.1 Held for Sale Purpose		526,243	-	526,243	594,827	-	594,827
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		-	-	-	-	-	-
4.1 Investments in Associates (Net)	I-i	-	-	-	-	-	-
4.1.1 Accounted Under Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	I-j	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Entities under Common Control (Joint Venture) (Net)	I-k	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	I-n	746,108	-	746,108	375,986	-	375,986
VI. INTANGIBLE ASSETS (Net)	I-o	148,488	-	148,488	143,187	-	143,187
6.1 Goodwill		36,151	-	36,151	49,647	-	49,647
6.2 Other		112,337	-	112,337	93,540	-	93,540
VII. INVESTMENT PROPERTY (Net)	I-p	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	6,465	-	6,465
IX. DEFERRED TAX ASSET	I-q	233,346	-	233,346	192,767	-	192,767
X. OTHER ASSETS	I-s	1,024,208	24,613	1,048,821	678,023	15,040	693,063
TOTAL ASSETS		30,157,255	35,761,910	65,919,165	18,057,419	32,439,016	50,496,435

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

ALTERNATİFBANK A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 SEPTEMBER 2022

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Reviewed Current Period 30 September 2022			Audited Prior Period 31 December 2021		
LIABILITIES	Notes (Section Five)	TL	FC	Total	TL	FC	Total
I. DEPOSITS	II-a	19,125,952	17,816,599	36,942,551	9,324,493	17,853,843	27,178,336
II. FUNDS BORROWED	II-c	1,543,819	12,694,184	14,238,003	670,543	11,650,432	12,320,975
III. MONEY MARKET BALANCES		39,746	2,473,369	2,513,115	38,893	1,536,940	1,575,833
IV. MARKETABLE SECURITIES ISSUED (Net)		950,814	-	950,814	882,314	-	882,314
4.1 Bills		950,814	-	950,814	882,314	-	882,314
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. BORROWER FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		251,998	219,866	471,864	281,042	370,010	651,052
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	II-b	94,332	219,866	314,198	212,131	369,307	581,438
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	II-f	157,666	-	157,666	68,911	703	69,614
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES	II-e	25,925	226	26,151	37,891	270	38,161
X. PROVISIONS	II-g	369,988	155,079	525,067	178,315	48,739	227,054
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reverse for Employee Benefits		31,511	-	31,511	22,853	-	22,853
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		338,477	155,079	493,556	155,462	48,739	204,201
XI. CURRENT TAX LIABILITY	II-h	172,644	-	172,644	72,925	-	72,925
XII. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	II-i	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	II-j	-	5,128,614	5,128,614	-	3,737,398	3,737,398
14.1 Loans		-	1,423,821	1,423,821	-	1,000,209	1,000,209
14.2 Other Debt Instruments		-	3,704,793	3,704,793	-	2,737,189	2,737,189
XV. OTHER LIABILITIES		1,064,713	510,208	1,574,921	841,388	361,047	1,202,435
XVI. SHAREHOLDERS' EQUITY	II-k	3,728,287	(352,866)	3,375,421	2,730,622	(120,670)	2,609,952
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		307,483	-	307,483	24,919	-	24,919
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		178,082	(352,866)	(174,784)	44,564	(120,670)	(76,106)
16.5 Profit Reserves		660,261	-	660,261	647,437	-	647,437
16.5.1 Legal Reserves		69,291	-	69,291	62,656	-	62,656
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		590,970	-	590,970	584,781	-	584,781
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit Or Loss		368,207	-	368,207	(200,557)	-	(200,557)
16.6.1 Prior Years' Profit/Loss		(213,381)	-	(213,381)	(277,098)	-	(277,098)
16.6.2 Current Year Profit/Loss		581,588	-	581,588	76,541	-	76,541
16.7 Non-Controlling Interests	II-l	17	-	17	22	-	22
TOTAL LIABILITIES AND EQUITY		27,273,886	38,645,279	65,919,165	15,058,426	35,438,009	50,496,435

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

ALTERNATİFBANK A.Ş.
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS OF 30 SEPTEMBER 2022

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

II.	OFF-BALANCE SHEET ITEMS	Notes (Section Else)	Reviewed Current Period 30 September 2022			Audited Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		26,725,762	54,490,254	81,216,016	19,358,912	44,565,938	63,924,850
I.	GUARANTEES AND WARRANTIES	III-a-3,i	6,109,869	10,054,176	16,164,045	3,723,938	10,401,418	14,125,356
1.1	Letters of Guarantee	III-a-2.ii	5,254,586	6,844,293	12,098,879	3,710,572	6,026,650	9,737,222
1.1.1	Guarantees Subject to State Tender Law		54,921	10,010	64,931	43,678	16,436	60,114
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		5,199,665	6,834,283	12,033,948	3,666,894	6,010,214	9,677,108
1.2	Bank Acceptances	III-a-2.i	-	405,942	405,942	-	364,331	364,331
1.2.1	Import Letter of Acceptance		-	391,909	391,909	-	257,795	257,795
1.2.2	Other Bank Acceptances		-	14,033	14,033	-	106,536	106,536
1.3	Letters of Credit	III-a-2.i	80,383	2,803,941	2,884,324	13,366	4,010,437	4,023,803
1.3.1	Documentary Letters of Credit		80,383	2,799,677	2,880,060	13,366	3,905,297	3,918,663
1.3.2	Other Letters of Credit		-	4,264	4,264	-	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 Warranties		774,900	-	774,900	-	-	-
II.	COMMITMENTS		1,732,301	6,262,537	7,994,838	1,218,324	713,719	1,932,043
2.1	Irrevocable Commitments		1,610,374	5,989,687	7,600,061	1,068,951	340,707	1,409,658
2.1.1	Asset Purchase and Sales Commitments		398,256	5,989,687	6,387,943	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	688,059	-	688,059	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		110,079	-	110,079	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		140,616	-	140,616	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		269,626	-	269,626	245,094	-	245,094
2.2	Revocable Commitments		121,927	272,850	394,777	149,373	373,012	522,385
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		121,927	272,850	394,777	149,373	373,012	522,385
III.	DERIVATIVE FINANCIAL INSTRUMENTS	III-b	18,883,592	38,173,541	57,057,133	14,416,650	33,450,801	47,867,451
3.1	Hedging Derivative Financial Instruments		7,240,040	6,424,748	13,664,788	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		7,240,040	6,424,748	13,664,788	7,459,311	8,102,821	15,562,132
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		11,643,552	31,748,793	43,392,345	6,957,339	25,347,980	32,305,319
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1,771,096	2,276,968	4,048,064	484,925	1,046,185	1,531,110
3.2.1.1	Forward Foreign Currency Transactions-Buy		1,771,096	207,304	1,978,400	447,471	267,789	715,260
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	2,069,664	2,069,664	37,454	778,396	815,850
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		6,102,635	23,157,506	29,260,141	4,605,960	21,813,849	26,419,809
3.2.2.1	Foreign Currency Swap-Buy		273,618	12,049,217	12,322,835	355,931	10,395,598	10,751,529
3.2.2.2	Foreign Currency Swap-Sell		5,529,017	6,659,703	12,188,720	4,080,029	6,432,465	10,512,494
3.2.2.3	Interest Rate Swap-Buy		150,000	2,224,293	2,374,293	85,000	2,492,893	2,577,893
3.2.2.4	Interest Rate Swap-Sell		150,000	2,224,293	2,374,293	85,000	2,492,893	2,577,893
3.2.3	Foreign Currency, Interest rate and Securities Options		3,769,821	4,128,144	7,897,965	1,866,454	2,487,946	4,354,400
3.2.3.1	Foreign Currency Options-Buy		2,276,245	1,694,614	3,970,859	700,722	1,530,598	2,231,320
3.2.3.2	Foreign Currency Options-Sell		1,493,576	2,433,530	3,927,106	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		-	2,186,175	2,186,175	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		111,848,887	156,547,910	268,396,797	106,666,624	119,782,479	226,449,103
IV.	ITEMS HELD IN CUSTODY		11,651,902	13,440,724	25,092,626	12,337,013	11,856,030	24,193,043
4.1	Customer Fund and Portfolio Balances		4,050,911	-	4,050,911	6,365,279	-	6,365,279
4.2	Investment Securities Held in Custody		190,987	983,983	1,174,970	250,771	547,581	798,352
4.3	Cheques Received for Collection		706,033	36,344	742,377	510,956	90,805	601,761
4.4	Commercial Notes Received for Collection		51,509	53,699	105,208	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		6,652,462	12,366,698	19,019,160	5,186,005	11,133,776	16,319,781
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		100,106,363	139,516,965	239,623,328	94,172,383	107,579,215	201,751,598
5.1	Marketable Securities		1,156,122	-	1,156,122	1,118,366	-	1,118,366
5.2	Guarantee Notes		50,452,883	52,629,284	103,082,167	45,835,381	41,358,706	87,194,087
5.3	Commodity		4,048,496	7,249,014	11,297,510	4,518,586	5,466,103	9,984,689
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		40,731,670	76,433,028	117,164,698	39,496,172	57,963,046	97,459,218
5.6	Other Pledged Items		3,717,192	3,205,639	6,922,831	3,203,878	2,791,360	5,995,238
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		90,622	3,590,221	3,680,843	157,228	347,234	504,462
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			138,574,649	211,038,164	349,612,813	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 - 30 SEPTEMBER 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 - 30 September 2022	Reviewed Current Period 1 July - 30 September 2022	Reviewed Prior Period 1 January - 30 September 2021	Reviewed Prior Period 1 July - 30 September 2021
I.	INTEREST INCOME	IV-a	4,645,863	1,952,881	2,349,993	835,019
1.1	Interest on Loans		3,497,237	1,531,005	1,825,724	648,051
1.2	Interest Received from Reserve Deposits		17,976	2,746	49,925	21,555
1.3	Interest Received from Banks		38,154	26,063	8,127	2,544
1.4	Interest Received from Money Market Placements		37,172	25,448	42,000	2,925
1.5	Interest Received from Marketable Securities Portfolio		823,035	277,052	284,257	108,783
1.5.1	Fair Value Through Profit or Loss		11,989	3,623	3,849	1,678
1.5.2	Fair Value Through other Comprehensive Income		530,164	156,342	138,721	58,409
1.5.3	Measured at Amortized Cost		280,882	117,087	141,687	48,696
1.6	Finance Lease Income		225,944	87,837	135,792	49,602
1.7	Other Interest Income		6,345	2,730	4,168	1,559
II.	INTEREST EXPENSES (-)	IV-b	3,383,670	1,459,042	1,934,106	698,678
2.1	Interest on Deposits		2,209,046	989,768	1,365,134	492,910
2.2	Interest on Funds Borrowed		889,980	370,359	438,562	146,095
2.3	Interest on Money Market Borrowings		62,459	29,665	21,471	13,295
2.4	Interest on Securities Issued		112,042	47,943	88,470	43,442
2.5	Leasing Interest Expense		6,884	2,498	5,653	1,885
2.6	Other Interest Expense		103,259	18,809	14,816	1,051
III.	NET INTEREST INCOME (I - II)		1,262,193	493,839	415,887	136,341
IV.	NET FEES AND COMMISSIONS INCOME / EXPENSES		114,654	46,588	76,770	26,431
4.1	Fees and Commissions Received		238,150	96,505	136,874	47,162
4.1.1	Non-cash Loans		78,278	28,216	47,958	16,540
4.1.2	Other	IV-i	159,872	68,289	88,916	30,622
4.2	Fees and Commissions Paid (-)		123,496	49,917	60,104	20,731
4.2.1	Non-cash Loans		432	187	283	93
4.2.2	Other	IV-i	123,064	49,730	59,821	20,638
V.	DIVIDEND INCOME	IV-c	1,245	3	643	-
VI.	NET TRADING INCOME	IV-d	185,887	21,196	(86,065)	(11,497)
6.1	Securities Trading Gains / (Losses)		18,510	17,473	24,639	3,487
6.2	Derivative Financial Instruments Gains / Losses		1,637,983	546,077	401,115	45,793
6.3	Foreign Exchange Gains / Losses		(1,470,606)	(542,354)	(511,819)	(60,777)
VII.	OTHER OPERATING INCOME	IV-e	105,424	23,551	71,875	23,298
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		1,669,403	585,177	479,110	174,573
IX.	EXPECTED CREDIT LOSSES (-)	IV-f	77,584	45,807	79,049	10,269
X.	OTHER PROVISION EXPENSES (-)	IV-f	267,760	6,653	11,474	(10,638)
XI.	PERSONNEL EXPENSES (-)	IV-g	263,817	107,372	184,236	62,536
XII.	OTHER OPERATING EXPENSES (-)	IV-g	300,233	119,428	189,671	64,508
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		760,009	305,917	14,680	47,898
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT / (LOSS) ON EQUITY METHOD		-	-	-	-
XVI.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII.	TAXES (XIII+...+XVI)	IV-h	760,009	305,917	14,680	47,898
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-h	(178,419)	(73,661)	(1,790)	(9,703)
18.1	Provision for Current Income Taxes		(275,576)	(100,237)	(7,924)	(1,856)
18.2	Deferred Tax Expense Effect (+)		-	-	-	(7,847)
18.3	Deferred Tax Income Effect (-)		97,157	26,576	6,134	-
XIX.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)	IV-i	581,590	232,256	12,890	38,195
XX.	INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income on Assets Held for Sale		-	-	-	-
20.2	Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-	-	-
20.3	Income on Other Discontinued Operations		-	-	-	-
XXI.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Loss from Assets Held for Sale		-	-	-	-
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-	-	-
21.3	Loss from Other Discontinued Operations		-	-	-	-
XXII.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Provision for Current Income Taxes		-	-	-	-
23.2	Deferred Tax Expense Effect (+)		-	-	-	-
23.3	Deferred Tax Income Effect (-)		-	-	-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)		581,590	232,256	12,890	38,195
25.1	Group's Profit / Loss	IV-i	581,588	232,255	12,888	38,194
25.2	Minority Shares (-)	IV-i	2	1	2	1
	Earning / Loss per share (Full TL)		0.26272	0.10492	0.00593	0.01767

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

ALTERNATİFBANK A.Ş.**CONSOLIDATED STATEMENT OF PROFIT OR (LOSS) AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 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 - 30 September 2022	Reviewed Prior Period 1 January - 30 September 2021
I.	CURRENT PERIOD INCOME/(LOSS)	581,590	12,890
II.	OTHER COMPREHENSIVE INCOME	183,886	(74,005)
2.1	Not Reclassified Through Profit or (Loss)	282,564	(956)
2.1.1	Property and Equipment Revaluation Increase/(Decrease)	382,235	-
2.1.2	Intangible Assets Revaluation Increase/(Decrease)	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(5,483)	(1,242)
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	(94,188)	286
2.2	Reclassified Through Profit or (Loss)	(98,678)	(73,049)
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	33,873	(94,063)
2.2.3	Cash Flow Hedge Income/(Loss)	(170,161)	(223)
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)	37,610	21,237
III.	TOTAL COMPREHENSIVE INCOME (I+II)	765,476	(61,115)

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 - 30 SEPTEMBER 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 - 30 September 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 ^(v)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	(956)	-	-	(72,829)	(220)	-	-	12,888	(61,117)	2	(61,115)
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	(6,054)	-	-	(89,443)	1,070	647,437	(277,098)	12,888	2,537,788	21	2,537,809

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 - 30 SEPTEMBER 2022

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

	Current Period 1 January - 30 September 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	
I.	Prior Period End Balance		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
II.	Corrections and Accounting Policy Changes Made According to TAS 8 ^(*)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		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
IV.	Total Comprehensive Income		-	-	-	-	286,676	(4,112)	-	-	30,494	(129,172)	-	-	581,588	765,474	2	765,476
V.	Capital Increase by Cash	II-1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7)	(7)
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	12,824	63,717	(76,541)	-	-	-
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	12,824	63,717	(76,541)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (III+...+XVI+XVII+XVIII)		2,213,740	54	-	443	321,427	(13,944)	-	-	(105,337)	(69,447)	660,261	(213,381)	581,588	3,375,404	17	3,375,421

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 30 SEPTEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Notes (Section Five)	Reviewed 1 January - 30 September 2022	Reviewed 1 January - 30 September 2021
A. CASH FLOWS FROM BANKING OPERATIONS			
I.1 Operating Profit/(Loss) Before Changes in Operating Assets and Liabilities		(5,614,426)	(625,075)
1.1.1 Interest Received		3,782,415	2,117,403
1.1.2 Interest Paid		(3,092,814)	(2,068,390)
1.1.3 Dividend Received		1,245	643
1.1.4 Fees and Commissions Received		256,970	137,165
1.1.5 Other Income		2,070,563	826,391
1.1.6 Collections from Previously Written-off Loans and Other Receivables		216,807	580,453
1.1.7 Payments to Personnel and Service Suppliers		(282,768)	(190,116)
1.1.8 Taxes Paid		(201,798)	(34,050)
1.1.9 Other		(8,365,046)	(1,994,574)
1.2 Changes in Operating Assets and Liabilities		5,519,942	39,843
1.2.1 Net Increase/(Decrease) in Financial Assets at Fair Value Through Profit or Loss		(2,769)	4,877
1.2.2 Net Increase/(Decrease) in Due from Banks and Other Financial Institutions		(529,186)	(191,822)
1.2.3 Net Increase/(Decrease) in Loans		(6,157,626)	(91,952)
1.2.4 Net Increase/(Decrease) in Other Assets		(844,062)	146,996
1.2.5 Net Increase/(Decrease) in Bank Deposits		(816,967)	340,342
1.2.6 Net Increase/(Decrease) in Other Deposits		11,909,568	1,729,526
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		338,215	(1,253,182)
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		1,622,769	(644,942)
I. Net Cash Provided from Banking Operations		(94,484)	(585,232)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		954,860	(810,309)
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		(13,440)	(66,338)
2.4 Disposals of Property and Equipment		45,893	28,845
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(311,741)	(2,030,637)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		129,196	809,929
2.7 Purchase of Financial Assets Measured at Amortised Cost		(885,200)	(7,121)
2.8 Sale of Financial Assets Measured at Amortised Cost		1,990,152	455,013
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		84,018	383,397
3.1 Cash Obtained from Funds Borrowed and Securities Issued		817,815	2,669,133
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(714,930)	(2,444,599)
3.3 Issued Capital Instruments		-	175,350
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(18,867)	(16,487)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		3,374,573	728,563
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		4,318,967	(283,581)
VI. Cash and Cash Equivalents at Beginning of the Period		7,216,092	4,208,493
VII. Cash and Cash Equivalents at End of the Period		11,535,059	3,924,912

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

ALTERNATİFBANK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 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.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 September 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of September 30, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

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 30 September 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.

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

Additional paragraph for convenience translation into English

As explained in detail in Note I of Section Three, there are differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"), including non application of IAS 29 Financial Reporting in Hyperinflation Economies. The effect of such differences has 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.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 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 30 September 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/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 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.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 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

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.

ALTERNATİFBANK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. Financial Assets (Continued)

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

In case of sales, the realized gain/(losses) are recognized directly in the income statement. During initial recognition an entity may irrevocably elect to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income.

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".

ALTERNATİFBANK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. Financial Assets (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.

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.

ALTERNATİFBANK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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 group 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 30 September 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 as of the agreement date (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 30 September 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 36,151 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.

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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 30 September 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 Parent Bank's average borrowing interest rates, if that rate can be easily determined. If this rate can not be easily determined, the Parent Bank uses the Parent Bank's alternative borrowing interest rate.

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 30 September 2022, net right of use assets are amounting to TL 19,356 and net lease liabilities are amounting to TL 26,151, 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 tax which is applied to corporate earnings at the rate of 20% in Turkey, in accordance with the regulation introduced by the Law No. 7394 on the "Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law", has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2022 for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. 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.

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

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

b. Deferred taxes

The 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.

The corporate tax has been determined as 25% to be applied to the corporate earnings of the 2022 taxation period (2021: 23%). 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 30 September 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 30 September 2022, the Group has not investment allowance which has not used been.

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.

	30 September 2022	30 September 2021 (*)
Group's Profit/(Loss)	581,590	12,890
Weighted Average Number of Issued Ordinary Shares (Thousand) (*)	2,213,740	2,174,773
Earnings/(Losses) Per Share (Disclosed in full TL)	0.26272	0.00593

(*) 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.

No bonus shares were 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 56%, investment banking 40% 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

30 September 2022	Corporate / Retail Banking	Investment Banking	Other	Total Operations of the Group
Net Interest Income / (Expense)	695,693	566,500	-	1,262,193
Net Fees and Commissions Income and Other Operating Income	200,730	19,348	-	220,078
Trading Profit/Loss	485,298	(299,411)	-	185,887
Dividend Income	-	1,245	-	1,245
Impairment Provision for Loans and Other Receivables (-) ^(*)	(68,136)	(9,448)	(267,760)	(345,344)
Other Operating Expenses (-)	(509,610)	(54,440)	-	(564,050)
Profit Before Taxes	803,975	223,794	(267,760)	760,009
Tax Provision				(178,419)
Minority	-	-	2	2
Net Profit for the Period				581,590
30 September 2022				
Segment Assets	36,988,547	26,284,185	2,646,433	65,919,165
Investments in Associates and Subsidiaries	-	-	-	-
Total Assets	36,988,547	26,284,185	2,646,433	65,919,165
Segment Liabilities	39,075,869	15,252,982	8,214,893	62,543,744
Shareholders' Equity	-	-	3,375,421	3,375,421
Total Liabilities	39,075,869	15,252,982	11,590,314	65,919,165

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

30 September 2021	Corporate / Retail Banking	Investment Banking	Other	Total Operations of the Group
Net Interest Income / (Expense)	419,958	(4,071)	-	415,887
Net Fees and Commissions Income and Other Operating Income	4,263	144,382	-	148,645
Trading Profit/(Loss)	142,093	(228,158)	-	(86,065)
Dividend Income	-	643	-	643
Impairment Provision for Loans and Other Receivables (-) ^(*)	(72,482)	(6,567)	(11,474)	(90,523)
Other Operating Expenses (-)	(323,966)	(49,941)	-	(373,907)
Profit Before Taxes	169,866	(143,712)	(11,474)	14,680
Tax Provision				(1,790)
Minority Shares	-	-	2	2
Net Profit for the Period				12,890
31 December 2021				
Segment Assets	27,612,121	20,868,532	2,015,782	50,496,435
Investments in Associates and Subsidiaries	-	-	-	-
Total Assets	27,612,121	20,868,532	2,015,782	50,496,435
Segment Liabilities	29,156,959	12,945,897	5,783,627	47,886,483
Shareholders' Equity	-	-	2,609,952	2,609,952
Total Liabilities	29,156,959	12,945,897	8,393,579	50,496,435

(*) 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 20.37 % (31 December 2021: 20.57%). The standard rate of the capital adequacy of the Parent Bank is 21.48 % (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 31.12.2021. 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. In accordance with the decision of BRSA dated 28 April 2022 and numbered 10188, in the calculation of the amount subject to credit risk in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks as of May 1, 2022, monetary assets and non-monetary assets, other than items in foreign currency measured in historical cost, While calculating the amounts valued in accordance with the Turkish Accounting Standards and the relevant special provision amounts, the Central Bank's foreign exchange buying rate for 31 December 2021, agricultural loans, loans to be extended to enterprises that fall under the definition of SME, export and investment loans, Public Financial Management and Control Law No. 5018 annex (I), (II), (III) and (IV) numbered institutions and organizations and state economic enterprises and their institutions, subsidiaries and affiliates, loans to be made available through corporate credit cards, and loans to banks or financial institutions Excluding the loans to be received, a risk weight of 200% has been applied to the commercial cash loans to be extended as of May 1, 2022. In case the net valuation differences of the securities in the "Securities at Fair Value Through Other Comprehensive Income" portfolio are negative, the practice of ensuring that these differences are not taken into account in the equity amount to be calculated in accordance with the Regulation on Banks' Equity and to be used for the capital adequacy ratio continues. As of 30 September 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

	30 September 2022	31 December 2021
COMMON EQUITY TIER 1 CAPITAL		
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	660,261	647,437
Gains recognized in equity as per TAS	689,815	116,171
Profit	581,967	101,260
Current Period Profit	581,588	76,541
Prior Period Profit	379	24,719
Minority Shares	17	22
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	4,145,854	3,078,684
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the 1 st 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 (-)	295,783	151,404
Improvement costs for operating leasing (-)	15,370	15,384
Goodwill (net of related tax liability)	36,151	49,647
Other intangibles other than mortgage-servicing rights (net of related tax liability)	112,337	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	-	-
Total Deductions From Common Equity Tier I Capital	459,641	309,975
Total Common Equity Tier I Capital	3,686,213	2,768,709
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA ^(*)	5,092,643	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)	-	-
Additional Tier I Capital before Deductions	5,092,643	3,665,475
Deductions from Additional Tier I Capital		
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 (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
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 (-)	-	-
Total Deductions From Additional Tier I Capital		
Total Additional Tier I Capital	5,092,643	3,665,475
Total Tier I Capital (Tier I Capital=Common Equity Tier I Capital+Additional Tier I Capital)	8,778,856	6,434,184
TIER II CAPITAL		
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) ^(*)	479,664	369,358
Tier II Capital Before Deductions	479,664	369,358
Deductions From Tier II Capital		
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 (-)	-	-
Total Deductions from Tier II Capital		
Total Tier II Capital	479,664	369,358
Total Capital (The sum of Tier I Capital and Tier II Capital)	9,258,520	6,803,542
Total Tier I Capital and Tier II Capital (Total Equity)	9,258,520	6,803,542

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

II. Explanations on Shareholders' Equity (Continued)

a. Information on Shareholders' Equity (Continued)

Loans granted against the articles 50 and 51 of the Parent Banking law	3,685	-
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	-	-
Items to be Deducted from sum of Tier I and Tier II (Capital) during the Transition Period	-	-
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	-	-
TOTAL CAPITAL	-	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	9,254,835	6,803,542
Total risk weighted amounts	43,087,683	33,079,137
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	8.56%	8.37%
Tier I Capital Adequacy Ratio (%)	20.37%	19.45%
Capital Adequacy Ratio (%)	21.48%	20.57%
BUFFERS		
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 (%)	4.06%	3.87%
Amounts below the Excess Limits as per the Deduction Principles	-	-
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	-	-
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	479,664	369,358
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	479,664	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	-	-
Debt instruments subjected to Article 4	-	-
(to be implemented between 1 January 2018 and 1 January 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

I. Explanations on Shareholders' Equity (Continued)

a. Details on Subordinated Liabilities

Issuer	The Commercial Bank (P.S.Q.C.)
Unique identifier (eg CUSIP, ISIN)	-
Governing law(s) of the instrument	Regulation on Equity of Banks (Published in the Official Gazette Nr. 28756 dated 5 September 2013)
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on Unconsolidated/ consolidated / both unconsolidated and consolidated	Valid on Consolidated and Unconsolidated Basis
Instrument type	TIER-I Subordinated Loan
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	1,388,903
Par value of instrument (Million TRL)	1,388,903
Accounting classification	347
Original date of issuance	30.06.2015
Demand or time	Demand
Original maturity date	10 years + 1 day
Issuer call subject to prior supervisory approval	-Illegality, - After 5th year, -Taxation reason and -Depending on regulatory as a reason BRSA has the right to refund.
Optional call date, contingent call dates and redemption amount	-
Subsequent call dates, if applicable	-
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	9.85%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Discretionary
Existence of step up or other incentive to redeem	-
Non-cumulative or cumulative	Non-cumulative
Convertible or non-convertible	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger	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

Issuer	Alternatifbank A.Ş.
Unique identifier (eg CUSIP, ISIN)	XS2327872524
Governing law(s) of the instrument	Law / Turkish Law on Subordinate Law
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on Unconsolidated/ consolidated / both unconsolidated and consolidated	Valid on Consolidated and Unconsolidated Basis
Instrument type	Eurobond
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	3,703,740
Par value of instrument (Million TRL)	3,703,740
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
Coupons / dividends	
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 No interest will be charged for the value reduced after the value decrement date
Existence of a dividend stopper	Discretionary
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Non-cumulative or cumulative	Non-cumulative
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts int	-
Write-down feature	
If write-down, write-down trigger (s)	When unsustainable situation is realized,value decrement is realized 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 communique "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

Rate used:	USD	EUR
30.09.2022	18.5187	18.1395
29.09.2022	18.5038	17.9232
28.09.2022	18.4862	17.6711
27.09.2022	18.4509	17.7719
26.09.2022	18.4266	17.7909

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 18.2872

EUR: TL 18.1391

As of 30 September 2022;	USD	EUR
Rate Used:	TL 18.5187	TL 18.1395

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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
30 September 2022				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	441,016	6,382,818	271,708	7,095,542
Banks	151,487	5,304,342	249,304	5,705,133
Financial Assets at Fair Value Through Profit and Loss (*)	127,552	16,234	339	144,125
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	1,868,528	-	1,868,528
Loans (**)	8,182,259	7,541,974	-	15,724,233
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	-	5,127,994	-	5,127,994
Hedging Derivative Financial Assets	-	17,272	-	17,272
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	20,455	4,158	-	24,613
Total Assets	8,922,769	26,263,320	521,351	35,707,440
Liabilities				
Bank Deposits	23,142	164,940	52,269	240,351
Foreign Currency Deposits	3,495,642	13,570,631	509,975	17,576,248
Money Market Funds	-	2,473,369	-	2,473,369
Funds Borrowed From Other Financial Institutions	1,647,069	16,175,729	-	17,822,798
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	131,488	217,803	4,829	354,120
Derivative Financial Liabilities For Hedging Purposes	-	-	-	-
Other Liabilities (****)	138,688	379,408	429	518,525
Total Liabilities	5,436,029	32,981,880	567,502	38,985,411
Net Balance Sheet Position	3,486,740	(6,718,560)	(46,151)	(3,277,971)
Net Off Balance Sheet Position	(2,358,150)	4,832,369	185,629	2,659,848
Financial Derivative Assets	5,085,870	10,805,299	212,742	16,103,911
Financial Derivative Liabilities	7,444,020	5,972,930	27,113	13,444,063
Non-Cash Loans (*****)	3,628,016	5,427,187	998,973	10,054,176
31 December 2021				
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
Net Balance Sheet Position	3,216,194	(6,422,606)	(40,632)	(3,247,044)
Net Off balance Sheet Position	(2,977,299)	6,681,615	82,749	3,787,065
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
Non-Cash Loans	3,253,182	6,302,696	845,540	10,401,418

(*) Accruals of derivative assets held for trading amounting to TL 240,544 (31 December 2021: TL 441,601) have been deducted from fair value through profit and loss.

(**) FC indexed loans and accruals amounting to TL 186,074 (31 December 2021: TL 182,463) are included in loans.

(***) There is no accrual of spot transaction as of 30 September 2022. (31 December 2021: None.)

(****) Accruals of derivative liabilities held for trading amounting to TL 340,132 as of 30 September 2022 (31 December 2021: TL 11,087) have been deducted from other liabilities.

(*****) 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)

30 September 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	6,869,300	-	-	-	-	1,541,194	8,410,494
Banks (**) (****)	2,748,504	-	-	-	-	3,453,066	6,201,570
Financial Assets at Fair Value Through Profit and Loss	162,316	223,176	153,468	106,571	10,707	449	656,687
Money Market Placements	1,100,385	-	-	-	-	-	1,100,385
Financial Assets at Fair Value Through Other Comprehensive Income (****)	620,176	1,281,390	1,915,881	156,628	3	14,502	3,988,580
Loans (****)	10,379,441	7,954,704	10,651,982	5,945,223	2,422,349	(418,150)	36,935,549
Financial Assets Measured at Amortised Cost (****)	3,777,815	888,763	1,164,690	92,842	-	(1,216)	5,922,894
Other Assets (*)	149,009	-	-	-	-	2,553,997	2,703,006
Total Assets	25,806,946	10,348,033	13,886,021	6,301,264	2,433,059	7,143,842	65,919,165
Liabilities							
Bank Deposits (**)	209,685	20,585	-	-	-	59,919	290,189
Other Deposits	21,787,220	8,879,556	2,397,180	45,223	-	3,543,183	36,652,362
Money Market Funds	1,360,082	-	1,109,749	-	-	43,284	2,513,115
Miscellaneous Payables	3,087	-	-	-	-	987,393	990,480
Marketable Securities Issued	1	365,427	513,434	71,952	-	-	950,814
Funds Borrowed From Other Financial Institutions	2,674,205	3,314,782	8,243,524	3,710,277	1,423,829	-	19,366,617
Other Liabilities and Shareholders' Equity (***)	175,801	50,861	194,427	114,784	19,187	4,600,528	5,155,588
Total Liabilities	26,210,081	12,631,211	12,458,314	3,942,236	1,443,016	9,234,307	65,919,165
Balance Sheet Long Position	-	-	1,427,707	2,359,028	990,043	-	4,776,778
Balance Sheet Short Position	(403,135)	(2,283,178)	-	-	-	(2,090,465)	(4,776,778)
Off-Balance Sheet Long Position	201,047	-	222,398	-	-	-	423,445
Off-Balance Sheet Short Position	-	(49,696)	(35,192)	(25,554)	-	-	(110,442)
Total Position	(202,088)	(2,332,874)	1,614,913	2,333,474	990,043	(2,090,465)	313,003

(*) 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 1,332 were deducted from non-interest banks, amounted to TL 1,921 were deducted from non-interest financial assets measured at amortised.

(*****) Receivables from leasing transactions are included. In addition, non-performing receivables 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
Assets							
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
Total Assets	14,909,811	6,973,850	15,230,984	7,367,475	1,374,928	4,639,387	50,496,435
Liabilities							
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
Total Liabilities	20,444,346	11,533,580	6,323,534	3,843,481	959,879	7,391,615	50,496,435
Balance Sheet Long Position	-	-	8,907,450	3,523,994	415,049	-	12,846,493
Balance Sheet Short Position	(5,534,535)	(4,559,730)	-	-	-	(2,752,228)	(12,846,493)
Off-Balance Sheet Long Position	151,955	457,114	85,194	-	1	-	694,264
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(5,382,580)	(4,102,616)	8,992,644	3,523,994	415,050	(2,752,228)	694,264

(*) 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, frozen receivables 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.

30 September 2022 (*)	EURO	USD	OTHER FC	TL
Assets	(%)	(%)	(%)	(%)
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	2.98	-	12.94
Financial Assets at Fair Value Through Profit and Loss	-	3.08	-	10.68
Money Market Placements	-	-	-	12.47
Financial Assets at Fair Value Through Other Comprehensive Income	-	5.31	-	24.44
Loans and Receivables	5.98	7.44	-	23.42
Financial Assets Measured at Amortised Cost	-	4.86	-	15.68
Liabilities				
Bank Deposits	-	1.68	-	16.38
Other Deposits	2.18	3.72	-	18.14
Money Market Funds	-	2.74	-	15.00
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	23.34
Funds Borrowed From Other Financial Institutions	2.37	5.90	-	18.67

(*) Represents Parent Bank's interest rates.

31 December 2021 (*)	EURO	USD	OTHER FC	TL
Assets	(%)	(%)	(%)	(%)
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	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
Liabilities				
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.

(**) The average interest rate calculation also took into account the checking balance.

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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:

	Consideration Ratio Unapplied to Total Value (*)		Consideration Ratio Applied to Total Value (*)	
	TL+FC	FC	TL+FC	FC
30 September 2022				
HIGH QUALITY LIQUID ASSETS				
1 High Quality Liquid Assets			12,652,460	9,545,006
CASH OUTFLOWS				
2 Retail and Small Business Customers	20,326,611	9,720,736	1,873,226	972,074
3 Stable Deposits	3,188,706	-	159,435	-
4 Less Stable Deposit	17,137,905	9,720,736	1,713,791	972,074
5 Unsecured Wholesale Funding	19,175,341	11,782,188	11,794,958	6,781,464
6 Operational Deposits	-	-	-	-
7 Non-operational Deposits	13,786,373	8,659,758	6,684,433	3,836,082
8 Other Unsecured Fundings	5,388,968	3,122,430	5,110,525	2,945,382
9 Secured Funding				
10 Other Cash Outflows	680,770	680,617	680,770	680,617
11 Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	680,770	680,617	680,770	680,617
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	463,074	463,074	23,154	23,154
15 Other irrevocable or conditionally revocable off-balance sheet obligations	17,131,237	10,453,868	2,395,070	1,241,095
16 TOTAL CASH OUTFLOWS			16,767,178	9,698,404
CASH INFLOWS				
17 Secured lending	729,543	-	-	-
18 Unsecured lending	11,543,010	6,955,103	9,632,004	6,487,777
19 Other cash inflows	1,335,310	1,386,586	1,335,310	1,386,586
20 TOTAL CASH INFLOWS	13,607,863	8,341,689	10,967,314	7,874,363
21 TOTAL HIGH QUALITY ASSETS STOCKS			12,652,460	9,545,006
22 TOTAL CAH OUTFLOWS			5,799,864	2,424,601
23 LIQUIDITY COVERAGE RATIO (%)			219.62%	397.99%

(*) 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.

30 September 2022	Highest	Date	Lowest	Date	Average
TL+FC	250.4%	31.08.2022	198.0%	31.07.2022	219.6%
FC	435.4%	31.07.2022	329.8%	30.09.2022	398.0%

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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 (*)	
31 December 2021		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			9,227,385	7,737,697
CASH OUTFLOWS					
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
16	TOTAL CASH OUTFLOWS			10,078,108	5,852,273
CASH INFLOWS					
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
20	TOTAL CASH INFLOWS	5,768,550	3,932,410	4,746,524	3,464,564
				Total Adjusted Values	
21	TOTAL HIGH QUALITY ASSETS STOCKS			9,227,385	7,737,697
22	TOTAL CAH OUTFLOWS			5,331,584	2,387,709
23	LIQUIDITY COVERAGE RATIO (%)			172.96%	324.81%

(*) 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.

31 December 2021	Highest	Date	Lowest	Date	Average
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 30 September 2022, the proportion of total liabilities to all deposits of the Parent Bank is 56% and borrowings constitutes 22% portion whereas subordinate debt is 8%. Secured borrowings such as repo transactions has lower portion (4%). In addition, as of 30 September 2022 as a funding item, the Parent Bank has TL 950,814 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 30 September 2022, net derivative assets amounts to TL 636,700. (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 30 September 2022, the liability balance is computed as TL 606,600 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 30 September 2022, approximately 58% 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 (89%). As of 30 September 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 950,814 (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
30 September 2022								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,541,194	6,869,300	-	-	-	-	-	8,410,494
Due From Banks ^(****)	3,454,729	2,748,504	-	-	-	-	(1,663)	6,201,570
Financial Assets at Fair Value Through Profit and Loss	449	162,165	223,138	151,883	108,139	10,913	-	656,687
Money Market Placements	-	1,100,385	-	-	-	-	-	1,100,385
Financial Assets at Fair Value Through Other Comprehensive Income ^(****)	-	17,234	(119,081)	284,990	2,885,280	905,655	14,502	3,988,580
Loans ^(*****)	-	6,792,838	8,978,382	10,461,350	7,432,487	3,688,578	(418,086)	36,935,549
Financial Assets Measured at Amortised Cost ^(****)	-	3	-	134,985	5,469,222	319,900	(1,216)	5,922,894
Other Assets ^(*) ^(****)	6	476,988	6,583	44,445	6,149	6,783	2,162,052	2,703,006
Total Assets	4,996,378	18,167,417	9,089,022	11,077,653	15,901,277	4,931,829	1,755,589	65,919,165
Liabilities								
Bank Deposits ^(**)	59,919	209,685	20,585	-	-	-	-	290,189
Other Deposits	3,543,183	21,787,220	8,879,556	2,397,180	45,223	-	-	36,652,362
Funds Borrowed From Other Financial Institutions ^(**)	-	2,510,311	1,139,427	8,361,619	1,263,653	6,091,607	-	19,366,617
Money Market Funds	39,624	1,360,084	3,658	1,109,749	-	-	-	2,513,115
Marketable Securities Issued	-	52,773	312,656	513,433	71,952	-	-	950,814
Miscellaneous Payables	-	34,618	-	-	-	-	955,862	990,480
Other Liabilities	4,781	905,174	50,758	194,457	115,077	19,187	3,866,154	5,155,588
Total Liabilities	3,647,507	26,859,865	10,406,640	12,576,438	1,495,905	6,110,794	4,822,016	65,919,165
Liquidity Gap	1,348,871	(8,692,448)	(1,317,618)	(1,498,785)	14,405,372	(1,178,965)	(3,066,427)	-
31 December 2021								
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
Liquidity Gap	50,616	(10,026,819)	(5,590,418)	5,263,946	12,430,180	473,497	(2,601,002)	-

- (*) 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 5,092,643 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 1,663 were deducted from non-interest banks, amounted to TL 1,216 were deducted from non-interest financial assets measured at amortised cost.
- (*****) Lease receivables are included. In addition, frozen receivables 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)

VII. Explanations on Leverage Ratio

Contractual maturity analysis of the Group's derivative instruments:

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.

		30 September 2022(*)	31 December 2021(*)
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards	68,205,999	46,547,939
2	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"	-	-
3	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	420,114	502,670
4	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	-	-
5	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	(4,954,397)	(2,563,024)
6	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	27,707,573	18,444,964
7	Total risk amount	91,379,289	62,932,549

(*) 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 9.44% 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%.

		30 September 2022 (*)	31 December 2021(*)
	Assets in Balance Sheet		
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	68,205,999	46,547,939
2	Assets deducted in determining Tier 1 capital	(171,060)	(152,292)
3	Total on-balance sheet risks (sum of lines 1 and 2) Derivative financial instruments and credit derivatives	68,034,939	46,395,647
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	971,167	1,076,630
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	420,114	502,670
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5) Securities or commodity financing transactions (SCFT)	1,391,281	1,579,300
	Securities or commodity financing transactions		
7	Risks from SCFT assets of off-balance sheet	-	-
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8) Other off-balance sheet transactions	-	-
	off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	26,907,466	17,520,624
11	(Adjustments for conversion to credit equivalent amounts)	(4,954,397)	(2,563,024)
12	Total risks of off-balance sheet items (sum of lines 10 and 11) Capital and total risks	21,953,069	14,957,600
	Capital and Total Risk		
13	Tier 1 capital	8,628,024	5,778,087
14	Total risks (sum of lines 3, 6, 9 and 12) Leverage ratio	91,379,289	62,932,547
	Leverage ratio		
15	Leverage ratio (%)	9.44%	9.18%

(*) 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 30 September 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
		30 September 2022	31 December 2021	30 September 2022
1	Credit risk (excluding counterparty credit risk) (CCR)	39,384,980	30,458,453	3,150,798
2	Standardised approach (SA)	39,384,980	30,458,453	3,150,798
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	1,018,170	960,609	81,454
5	Standardised approach for counterparty credit risk (SA-CCR)	1,018,170	960,609	81,454
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	1,157,188	205,400	92,575
17	Standardised approach (SA)	1,157,188	205,400	92,575
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	Total (1+4+7+8+9+10+11+12+16+19+23+24)	43,087,683	33,079,137	3,447,015

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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)

d. Explanations on market risk

1. Consolidated Market Risk -Standard Approach

		RWA (currency period)	RWA (prior period)
	Outright products		
1	Interest rate risk (general and specific)	71,875	19,225
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	972,425	174,488
4	Commodity risk	-	-
	Options	-	-
5	Simplified approach	-	-
6	Delta-plus method	112,888	11,687
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	1,157,188	205,400

e. Explanations on operational 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".

f. Explanations on banking book interest rate 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".

g. Explanations on -credit risk mitigation techniques

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

h. Explanations on risk management objectives and policies

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

XI. Explanation on Hedge Accounting

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.

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 Lease applies cash flow hedge accounting in accordance with TAS 39 through currency swap transactions in the derivatives portfolio in order to hedge their foreign currency finance lease receivables from the cash flow risk arising from changes in the exchange rate. Finance lease receivables in foreign currency in the company's current portfolio are designated as "hedging items" and currency swap transactions are designated as "hedging instruments". The Company applies effectiveness tests for cash flow hedge accounting at each balance sheet date, the active parts are accounted under equity in the financial statements as "Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss" as defined in TAS 39, and the amount related to the ineffective part is accounted for associated with the income statement.

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:

	30 September 2022			31 December 2021		
	Principal Amount (*)	Asset	Liability	Principal Amount (*)	Asset	Liability
Derivative financial instruments						
Interest rate swaps	13,664,788	20,838	157,666	15,562,132	88,498	69,614
Total	13,664,788	20,838	157,666	15,562,132	88,498	69,614

(*) The sum of purchase and sale logs 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.

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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

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
Cash/Foreign Currency	24,502	250,097	33,832	537,539
CBRT	1,290,450	6,845,394	790,606	6,096,486
Other	-	51	26	42
Total	1,314,952	7,095,542	824,464	6,634,067

2. Information on the account of the CBRT

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
Demand Unrestricted Amount (*)	1,290,450	2,667,423	790,606	2,446,047
Time Unrestricted Amount	-	-	-	-
Reserve Requirement	-	4,177,971	-	3,650,439
Total	1,290,450	6,845,394	790,606	6,096,486

(*) 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. Required Reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communique on Required Reserves" at the CBRT. 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 30 September 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%), and other foreign currency liabilities within the range of 5% - 26% (31 December 2021: 5% - 26%).

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in USD, EUR and GBP and participation fund accounts in foreign currency to TL time deposit and participation funds is 10% in TL for real and legal persons as of the obligation date of 15 April 2022; for banks that have reached 10% for real persons, 20% for legal entities as of the obligation date of 8 July 2022, and 20% for real persons and 20% for legal persons as of the date of 2 September 2022 has been decided not to apply the annual commission on the part of the amount required to be kept for their liabilities until the end of 2022. The practice of charging double commission from banks that could not reach the conversion rate determined as of 2 September 2022 was canceled, and the commission rate was increased from 1.5% to 5% as of the commitment date of 8 July 2022.

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

As of 30 September 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).

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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

	30 September 2022 (*)		31 December 2021	
	TL	FC	TL	FC
Forward Transactions	48,037	21,901	9,409	12,991
Swap Transactions	3,639	326,450	88,954	450,475
Options	190,776	14,269	384,514	16,105
Total	242,452	362,620	482,877	479,571

(*) Hedging derivative financial assets are excluded

d. Information on banks

1. Information on banks

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
Banks				
Domestic	498,100	333,427	55,469	986,311
Foreign	-	5,371,706	-	2,336,835
Total	498,100	5,705,133	55,469	3,323,146

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 30 September 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 30 September 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 14,798 (31 December 2021: TL 12,010). As of 30 September 2022, the share certificates amounted to TL 14,502 (31 December 2021: TL 39,776).

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

	30 September 2022	31 December 2021
Debt Securities	4,393,376	2,864,486
Quoted on Stock Exchange	4,378,503	2,852,421
Not Quoted	14,873	12,065
Share Certificates	14,502	39,776
Quoted on Stock Exchange	1	31,357
Not Quoted (*)	14,501	8,419
Impairment Provision (-)	440,136	201,428
Total	3,967,742	2,702,834

(*) Omurga Gayrimenkul ve Girişim Sermayesi Portföy Yönetimi which is 100% owned by Alternatifbank also includes the second real estate investment fund

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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

	30 September 2022		31 December 2021	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	266	-	12,942
Corporate Shareholders	-	266	-	12,942
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	1,043,870	4,436	851,470	2,932
Loans Granted To Employees	17,084	-	9,121	-
Total	1,060,954	4,702	860,591	15,874

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

Current Period		Loans Under Close Monitoring		
		Loans Not Subject to restructuring	Restructured Loans	
Cash Loans (*)	Standard Loans		Amendments on Conditions of Contract	Refinancing
Non-Specialized Loans	30,527,758	2,402,234	1,922,595	-
Corporate Loans	-	-	-	-
Export Loans	130,295	4,351	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	3,026,904	-	-	-
Consumer Loans	253,622	2,719	231	-
Credit Cards	70,373	2,573	-	-
Other	27,046,564	2,392,591	1,922,364	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	30,527,758	2,402,234	1,922,595	-

(*) Standard and closely monitored leasing receivables amounting to TL 2,338,530 and TL 162,581 are not included.

Prior Period		Loans Under Close Monitoring		
		Loans Not Subject to restructuring	Restructured Loans	
Cash Loans (*)	Standard 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	-	-	-	-
Total	22,360,701	1,865,191	2,041,989	-

(*) 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	156,794	-
Significant Increase in Credit Risk	-	504,010

(*) Expected loss provision amounting to TL 1,216 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 (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

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	81,360	154,121	235,481
Real Estate Loans	-	62,156	62,156
Automotive Loans	-	3,179	3,179
Consumer Loans	81,360	88,786	170,146
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	16,175	-	16,175
With Installments	2,717	-	2,717
Without Installments	13,458	-	13,458
Individual Credit Cards- FC	19	-	19
With Installments	-	-	-
Without Installments	19	-	19
Personnel Loans-TL	601	14,160	14,761
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	601	14,160	14,761
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	2,096	-	2,096
With Installments	308	-	308
Without Installments	1,788	-	1,788
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Credit Deposit Account-TL (Individuals) (*)	6,330	-	6,330
Credit Deposit Account-FC (Individuals)	-	-	-
Total	106,581	168,281	274,862

(*) TL 227 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

	Short-term	Medium and long-term	Total
Commercial Loans With Installments-TL	489,756	2,477,016	2,966,772
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	489,756	2,477,016	2,966,772
Other	-	-	-
Commercial Loans With Installment-FC Indexed	-	57,628	57,628
Real Estate Loans	-	57,628	57,628
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Loans With Installment-FC	-	5,686,900	5,686,900
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	5,686,900	5,686,900
Other	-	-	-
Corporate Credit Cards-TL	54,479	8	54,487
With Installment	17,117	8	17,125
Without Installment	37,362	-	37,362
Corporate Credit Cards-FC	169	-	169
With Installment	-	-	-
Without Installment	169	-	169
Overdraft Accounts – TL(Corporate)	100,064	-	100,064
Overdraft Accounts – FC (Corporate)	-	-	-
Total	644,468	8,221,552	8,866,020

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.

	30 September 2022	31 December 2021
Domestic Loans	34,851,201	26,259,192
Foreign Loans	1,386	8,689
Total	34,852,587	26,267,881

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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 30 September 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)

	30 September 2022	31 December 2021
Loans with Limited Collectability	10,586	85,208
Loans with Doubtful Collectability	211,214	47,985
Uncollectible Loans	542,999	438,239
Total	764,799	571,432

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 30 September 2022 (31 December 2021: None).

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
31 December 2021	150,568	84,603	592,610
Addition (+)	94,489	263,554	37,989
Transfers from Other Categories of Non-performing Loans (+)	-	181,255	106,931
Transfers to Other Categories of Non-performing Loans (-)	(181,255)	(106,931)	-
Collections (-)	(38,841)	(39,225)	(138,741)
Write-offs (-)	-	-	-
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
30 September 2022	24,961	383,256	598,789
Specific Provision (-)	10,586	211,214	542,999
Net Balance on Balance Sheet	14,375	172,042	55,790

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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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
30 September 2022 (Net)	14,375	172,042	55,790
Loans to Real Persons and Legal Entities (Gross)	24,961	383,256	598,789
Specific Provision Amount (-)	10,586	211,214	542,999
Loans to Real Persons and Legal Entities (Net)	14,375	172,042	55,790
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2021 (Net)	65,360	36,618	154,371
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, discounts, valuation differences and their equivalents calculated for non-performing loans in accordance with TFRS 9

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	-	-	-
Interest accruals and valuation differences	-	-	65,752
Provision (-)	-	-	(65,752)
Prior Period (Net)	-	-	-
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 30 September 2022 there are financial assets measured at amortised cost given as collateral amounting to TL 5,924,110 (31 December 2021: TL 5,978,142).

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
Given as collateral/blocked	701,253	1,396,172	22,571	2,663,774
Subject to repurchase agreements	-	2,873,472	-	2,310,134
Other	94,863	858,350	52,937	928,726
Total	796,116	5,127,994	75,508	5,902,634

2. Information on debt securities measured at amortised cost

(i) Financial assets measured at amortised cost

	30 September 2022	31 December 2021
Government Bonds	5,127,994	5,807,366
Treasury Bills	796,116	75,508
Other Government Debt Securities	-	-
Total	5,924,110	5,882,874

3. Financial assets measured at amortised cost

	30 September 2022	31 December 2021
Debt Securities	5,924,110	5,978,142
Quoted to Stock Exchange	5,924,110	5,978,142
Not Quoted to Stock Exchange	-	-
Impairment Provision (-)	-	-
Total	5,924,110	5,978,142

4. Movement of financial assets measured at amortised cost

	30 September 2022	31 December 2021
Balance at the Beginning of the Period	5,978,142	4,233,900
Foreign Currency Differences on Monetary Assets	1,050,920	1,798,463
Purchases	885,200	66,900
Disposals Through Sales and Redemptions	(1,990,152)	(121,121)
Impairment Provision (-)	-	-
Balance at the End of the Period	5,924,110	5,978,142

i. Information on investments in associates (Net)

Group has no associates as of 30 September 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(*)	235,487	54,852	4,518	12,132	6,940	10,170	4,238	-
2(*)	3,066,271	353,042	61,296	228,333	0	20,694	21,483	-

(*) The above mentioned subsidiaries' financial data are taken from the financial statements prepared for the BRSA consolidation as of 30 September 2022.

(**) These balances represents 30 September 2021 data.

Information about equity component of the consolidated subsidiaries:

	Alternatif Finansal Kiralama A.Ş.	Alternatif Yatırım Menkul Değerler A.Ş.
TIER I Capital	335,360	52,800
Paid-in Capital	200,000	22,509
Capital Reserves	151,674	21,140
Current and Prior Period Net Profit	(14,548)	10,170
Current and Prior Period Net (Loss)	-	452
Intangible Assets (-)	1,766	1,471
TIER II Capital	-	-
Deduction from Capital	-	-
Net Usable Capital	335,360	52,800

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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

	30 September 2022	31 December 2021
Balance at the beginning of the period	225,580	225,580
Movements during the period	100,000	-
Purchases (*)	100,000	-
Transfers	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation (Decrease) / Increase	-	-
Provision for Impairment	-	-
Balance at the End of the Period	325,580	225,580
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) According to the Extraordinary General Assembly decision made on May 25, 2022, the paid capital of Alternatif Financial Leasing was increased by TL 100,000.

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

Subsidiaries	30 September 2022	31 December 2021
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	292,165	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 2,965,174 (31 December 2021: TL 2,197,290).

m. Information on hedging derivative financial assets

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	3,566	17,272	84,805	3,693
Net Investment Hedge in a foreign operation	-	-	-	-
Total	3,566	17,272	84,805	3,693

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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 communique "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 communique "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 30 September 2022 (31 December 2021: None).

q. Explanations about deferred tax asset

As of 30 September 2022, the Group has deferred tax asset amounting to TL 233,346 (31 December 2021: TL 192,767 deferred tax asset) in the financial statements.

As of 30 September 2022 and 31 December 2021, the details of temporary differences and deferred tax assets and liabilities are presented below:

	30 September 2022		31 December 2021	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Deferred Tax Asset / (Liability)				
Tangible Assets Base Differences	(114,104)	(28,527)	120,452	27,634
Provisions	1,362,045	340,421	893,854	205,584
Valuation of Financial Assets	(591,950)	(147,987)	(484,742)	(111,489)
Commission Deferral	33,700	8,425	14,991	3,448
Financial Losses (*)	125,093	31,273	283,913	65,300
Other	118,748	29,741	9,166	2,290
Net Deferred Tax Assets		233,346		192,767

(*) Includes tax assets calculated from financial losses. Deferred tax asset calculated from movable losses is calculated from financial losses for financial year of 2022. Since the subsidiary included in consolidation, plans to generate sufficient taxable income to offset these amounts in the future, a total of TL 31,273 has been reflected in its deferred tax assets. (31 December 2021: 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 -30 September 2022	1 January -30 September 2021
1 January Net Deferred Tax Asset/(Liability)	192,767	170,757
Deferred Tax (Expense)/Income	97,157	6,134
Deferred tax recognized in other comprehensive income	(56,578)	21,523
30 September Net Deferred Tax Asset/(Liability)	233,346	198,414

r. Movement of assets held for resale and discontinued operations

	30 September 2022	31 December 2021
Beginning of the period	594,827	224,790
Disposals (-)	(114,469)	(115,049)
Additions -	45,885	485,027
Current period depreciation (-)	-	-
Impairment provision addition/ return	-	59
End of the Period	526,243	594,827

s. Information on other 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".

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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) 30 September 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
Saving Deposits	222,755	-	2,814,274	6,934,393	348,525	73,339	191,094	-	10,584,380
Foreign Currency Deposits	2,506,515	-	1,395,403	11,794,595	830,080	109,516	546,703	-	17,182,812
Residents in Turkey	2,333,172	-	1,384,559	11,389,134	827,706	106,944	115,669	-	16,157,184
Residents Abroad	173,343	-	10,844	405,461	2,374	2,572	431,034	-	1,025,628
Public Sector Deposits	80,719	-	-	-	-	-	-	-	80,719
Commercial Deposits	579,583	-	1,921,304	3,919,505	929,819	276	959,201	-	8,309,688
Other Institutions Deposits	2,128	-	7,492	91,361	-	346	-	-	101,327
Precious Metal Deposits	151,483	-	33,821	150,028	25,908	1,487	30,709	-	393,436
Bank Deposits	59,919	-	91,279	138,991	-	-	-	-	290,189
The CBRT	43,283	-	-	-	-	-	-	-	43,283
Domestic Banks	203	-	-	-	-	-	-	-	203
Foreign Banks	16,433	-	91,279	138,991	-	-	-	-	246,703
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3,603,102	-	6,263,573	23,028,873	2,134,332	184,964	1,727,707	-	36,942,551

(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
Saving Deposits	98,337	-	1,141,151	4,048,915	89,921	60,782	131,627	-	5,570,733
Foreign Currency Deposits	2,436,228	-	3,031,052	10,398,903	242,278	377,007	449,482	-	16,934,950
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
Public Sector Deposits	42,435	-	-	-	-	-	-	-	42,435
Commercial Deposits	379,226	-	1,036,690	1,520,410	121,942	1,238	18,013	-	3,077,519
Other Institutions Deposits	2,094	-	29,306	55,128	-	913	-	-	87,441
Precious Metal Deposits	163,387	-	30,475	114,986	15,936	1,992	23,476	-	350,252
Bank Deposits	47,179	-	802,866	224,665	-	-	40,296	-	1,115,006
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	-	-	-	-	-	-	-	-	-
Total	3,168,886	-	6,071,540	16,363,007	470,077	441,932	662,894	-	27,178,336

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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	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Saving Deposits (*)	2,681,946	1,147,226	7,903,945	4,424,000
Foreign Currency Savings Deposit	759,424	556,436	8,937,062	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	-	-	-	-

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 communiqué "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

	30 September 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	34,030	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

	30 September 2022 (*)		31 December 2021 (*)	
	TL	FC	TL	FC
Forward Transactions	9,357	47,304	27,020	8,071
Swap Transactions	7,493	147,292	126,395	126,500
Futures Transactions	-	-	-	-
Options	77,482	25,270	58,716	234,736
Total	94,332	219,866	212,131	369,307

(*) 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 borrowings

1. Information on borrowing

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
The CBRT Borrowings	443,700	400,986	75,350	1,234,351
From Domestic Banks and Institutions	1,095,381	1,186,301	595,193	1,430,118
From Foreign Banks, Institutions and Funds	4,738	11,106,897	-	8,985,963
Total	1,543,819	12,694,184	670,543	11,650,432

2. Information on maturity profile of borrowings

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
Short-term	1,543,819	1,483,022	621,261	1,368,406
Medium and Long-term	-	11,211,162	49,282	10,282,026
Total	1,543,819	12,694,184	670,543	11,650,432

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 584,431 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:

	30 September 2022		31 December 2021	
	Gross	Net	Gross	Net
Less than 1 year	14,941	6,963	31,088	15,835
1-4 year	23,393	16,125	22,467	20,852
More than 4 year	25,398	3,063	16,767	1,474
Total	63,732	26,151	70,322	38,161

g. Information on hedging derivative financial liabilities

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges (*)	157,666	-	68,911	703
Foreign Currency Investment Hedges	-	-	-	-
Total	157,666	-	68,911	703

(*) 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 30 September 2022, in accordance with the revised TAS 19 Standard, Actuarial loss has recognized under the equity, amount of after deferred tax TL 4,112 (30 September 2021: TL 286 loss).

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

	30 September 2022	31 December 2021
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.

As of 30 September 2022, The Group has provision for employee termination benefits amount of TL 23,763 (31 December 2021: TL 18,867), provision of unused vacation amount of TL 7,748 (31 December 2021: TL 3,986).

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

As of 30 September 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. Provisions for non-cash loans that are not indemnified or converted into cash

	30 September 2022	31 December 2021
Provisions for Unindemnified Non-cash Loan	103,886	97,438
Free Provision for Possible Risks (*)	330,152	55,000
Bonus Provision	24,568	27,262
Provision for Litigation and Claims	33,358	23,120
Provision for Miscellaneous Receivables	1,522	-
Other	70	1,381
Total	493,556	204,201

(*) 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 330,152 (TL 116,422 from foreign currency), TL 55,000 of which was provided in the prior period and TL 275,152 in the current period.

h. Information on taxes payable

1. Information on current tax liability

As of 30 September 2022, the current tax liability is TL 99,954 (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. Information on taxes payable (Continued)

1. Information on current tax liability (Continued)

(i) Information on taxes payable

	30 September 2022	31 December 2021
Corporate Tax Payable	99,954	26,408
Tax on Securities Income	21,959	12,992
Banking Insurance Transaction Tax (BITT)	27,649	17,455
Tax on Real Estate	415	291
Value Added Tax Payable	2,653	1,939
Other	8,933	8,984
Total	161,563	68,069

(ii) Information on premium payables

	30 September 2022	31 December 2021
Social Security Premiums - Employee	3,052	1,781
Social Security Premiums - Employer	7,109	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	217	127
Unemployment Insurance - Employer	433	253
Other	270	118
Total	11,081	4,856

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)

i. Information on shareholders' equity

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

	30 September 2022	31 December 2021
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)

1. Information on shareholders' equity (Continued)

8. Information on marketable securities valuation reserve

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	250,276	(355,613)	(11,477)	(124,354)
Foreign Currency Difference	-	-	-	-
Total	250,276	(355,613)	(11,477)	(124,354)

9. Information on other capital reserves

None.

m. Information on minority interests

	30 September 2022	31 December 2021
Balance at the Beginning of the Period	22	19
Current Year Income	2	3
Dividends Paid	-	-
Purchase from Minority Interests	-	-
Other	(7)	-
Balance at the End of the Period	17	22

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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 688,059 irrevocable loan commitments as of 30 September 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

	30 September 2022	31 December 2021
Letter of Credits	2,884,324	4,023,803
Bank Acceptance Loans	405,942	364,331
Guarantees and Collaterals	-	-
Total	3,290,266	4,388,134

(ii). Guarantees, sureties and other similar guarantees

	30 September 2022	31 December 2021
Definite Letter of Guarantees	10,366,999	8,612,479
Advance Letter of Guarantees	1,304,615	818,221
Temporary Letter of Guarantee	180,000	110,650
Letter of Guarantees Given to Customs	247,265	195,872
Total	12,098,879	9,737,222

3. Non-cash loans

(i). Total amount of non-cash loans

	30 September 2022	31 December 2021
Non-Cash Loans against Cash Risks	4,784,641	4,186,293
With Original Maturity of 1 Year or Less	2,531,452	1,642,227
With Original Maturity of More Than 1 Year	2,253,189	2,544,066
Other Non-Cash Loans	11,379,404	9,939,063
Total	16,164,045	14,125,356

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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

	30 September 2022		30 September 2021	
	TL	FC	TL	FC
Short-term Loans	2,311,960	337,579	800,249	67,404
Medium/Long-term Loans	545,344	262,481	695,544	238,793
Interest on Loans Under Follow-up	39,873	-	23,734	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total (*)	2,897,177	600,060	1,519,527	306,197

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

2. Information on interest income on banks

	30 September 2022		30 September 2021	
	TL	FC	TL	FC
From the CBRT (*)	18,196	-	50,943	-
From Domestic Banks	6,631	9,823	4,361	349
From Foreign Banks	2,210	19,270	1,071	1,328
Headquarters and Branches Abroad	-	-	-	-
Total	27,037	29,093	56,375	1,677

(*) 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

	30 September 2022		30 September 2021	
	TL	FC	TL	FC
From Financial Assets At Fair Value Through Other Comprehensive Income	443,465	86,699	110,815	27,906
From Financial Assets Measured at Amortised Cost at Fair Value Through Profit or Loss	21,286	259,596	3,769	137,918
From Financial Assets at Fair Value Through Profit or Loss	11,483	506	3,534	315
Total	476,234	346,801	118,118	166,139

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

None (30 September 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

	30 September 2022		30 September 2021	
	TL	FC	TL	FC
Banks	176,277	478,040	57,303	265,841
CBRT	42,857	-	7,842	-
Domestic Banks	133,109	607	49,461	17,535
Foreign Banks	311	477,433	-	248,306
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	235,663	-	115,418
Total (*)	176,277	713,703	57,303	381,259

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

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

None (30 September 2021: None).

3. Information on interest expense to marketable securities issued

	30 September 2022	30 September 2021
Interest Expense to Marketable Securities Issued	112,042	88,470

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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

4. Information on interest rate and maturity structure of deposits

		Time Deposit						
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accummulated Deposit	Total
30 September 2022								
Turkish Lira								
Bank Deposits	-	57,347	-	-	-	-	-	57,347
Savings Deposits	-	353,524	702,128	34,094	14,479	16,431	-	1,120,656
Public Deposits	-	10	-	-	-	-	-	10
Commercial Deposits	-	212,008	314,852	102,478	4,857	46,092	-	680,287
Other Deposits	-	4,821	22,532	-	45	2	-	27,400
Deposit with 7 days notification	-	-	-	-	-	-	-	-
Total	-	627,710	1,039,512	136,572	19,381	62,525	-	1,885,700
Foreign Currency	-							
Foreign Currency Account	-	23,255	262,843	11,675	3,510	13,691	-	314,974
Bank Deposits	-	7,187	-	-	-	-	-	7,187
Deposit with 7 days notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	139	581	165	8	292	-	1,185
Total	-	30,581	263,424	11,840	3,518	13,983	-	323,346
Grand Total	-	658,291	1,302,936	148,412	22,899	76,508	-	2,209,046

		Time Deposit						
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accummulated Deposit	Total
30 September 2021								
Turkish Lira								
Bank Deposits	-	52,719	-	-	-	-	-	52,719
Savings Deposits	-	115,438	542,790	42,170	17,302	13,717	989	732,406
Public Deposits	-	7	-	-	-	-	-	7
Commercial Deposits	-	165,193	287,513	7,521	5,335	316	-	465,878
Other Deposits	-	2,114	11,387	698	45	2	-	14,246
Deposit with 7 days notification	-							
Total	-	335,471	841,690	50,389	22,682	14,035	989	1,265,256
Foreign Currency		-	-	-	-	-	-	
Foreign Currency Account	-	6,327	73,101	4,377	5,879	8,955	-	98,639
Bank Deposits	-	505	-	-	-	-	-	505
Deposit with 7 days notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	50	531	37	12	104	-	734
Total	-	6,882	73,632	4,414	5,891	9,059	-	99,878
Grand Total	-	342,353	915,322	54,803	28,573	23,094	989	1,365,134

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)

	30 September 2022	30 September 2021
Income	94,613,678	59,210,203
Income from Capital Market Transactions	27,846	28,630
Derivative Financial Transactions	3,177,487	951,207
Foreign Exchange Gains	91,408,345	58,230,366
Loss (-)	94,427,791	59,296,268
Loss from Capital Market Transactions	9,336	3,991
Derivative Financial Transactions	1,539,504	550,092
Foreign Exchange Loss	92,878,951	58,742,185
Net Income/(Loss)	185,887	(86,065)

e. Explanations about other operating income

For the period ended 30 September 2022, other operating income includes income from assets to be disposed, adjustment to previous years's expenses and income from other operations. The amount of the banks other operating income in the current period is TL 105,424 (30 September 2021: TL 71,875).

f. Expected Provision Losses and Other Provision Losses

	30 September 2022	30 September 2021
Expected Credit Loss (*)	77,584	79,049
12 month expected credit loss (stage 1)	(29,770)	(2,069)
Significant increase in credit risk (stage 2)	(86,399)	14,407
Non-performing loans (stage 3)	193,753	66,711
Marketable Securities Impairment Expense	5,774	2,002
Financial Assets at Fair Value Through Profit or Loss	5,894	6,521
Financial Assets at Fair Value Through Other Comprehensive Income	(120)	(4,519)
Investments in Associates, Subsidiaries and Joint Ventures Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (**)	261,986	9,472
Total	345,344	90,523

(*) As of 30 September 2022, ECL reversal is included as a result of the matter explained in note VII of Section Three and Section 1.f of Section Five.

(**) As of 30 September 2022, free provision for possible risks amounting to TL 249,909 is included (30 September 2021: 3,000 TL).

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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

	30 September 2022	30 September 2021
Personnel Expenses	259,086	182,617
Reserve For Employee Termination Benefits	1,333	1,128
Unused Vacation	3,398	491
Bank Welfare Fund Provision For Asset Deficits	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	33,612	32,057
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	13,496	-
Amortisation Expenses of Intangible Assets	17,853	21,295
Impairment Expenses of Equity Participations Accounted for under Equity Method	-	-
Impairment Expenses of Assets Held For Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses of Tangible Assets Held for Sale	-	-
Other Operating Expenses	162,928	93,549
Operational Lease Expenses	1,326	1,209
Maintenance Expenses	4,358	2,278
Advertising Expenses	9,983	5,271
Other Expenses	147,261	84,791
Loss on Sales of Assets	2,906	787
Other (*)	69,438	41,983
Total	564,050	373,907

(*) Other operating charges is TL 24,828 except premium of SDIF and tax amounting to TL 44,610 (30 September 2021: Other operating charges is TL 10,667 except premium of SDIF and tax amounting to TL 31,316).

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 30 September 2022, the Parent Bank has TL 275,576 tax expense (30 September 2021: TL 7,924), and deferred tax income amounting to TL 97,157 (30 September 2021: TL 6,134 deferred tax income).

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 4,645,863 (30 September 2021: TL 2,349,993), interest expense is TL 3,383,670 (30 September 2021: TL 1,934,106).

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:

Fees and Commissions Received - Other	30 September 2022	30 September 2021
Credit Card Pos Commissions	55,726	38,050
Banking Service Income	50,826	17,657
Insurance Commissions	20,553	9,086
Credit Early Termination Compensation	1,294	6,079
Account Management Fee Commission	1,701	1288
Transfer Commissions	585	367
Brokerage Commissions	8,223	4,137
Expertise Commissions	1,270	546
Export Letters of Credit Commissions	118	-
Other	19,576	11,706
Total	159,872	88,916
Fees and Commissions Paid - Other	30 September 2022	30 September 2021
Clearing Commissions	20,655	17,014
Debit Card Fees and Commissions	51,479	31,602
Commissions Granted to Correspondent Banks	3,891	3,360
Fees and Commissions on Foreign Currency Transactions	51	3,892
Transfer Commissions	1,482	900
Commissions for Effective and Future	1,526	837
CBRT Interbank Money Market	658	429
Other (*)	43,322	1,787
Total	123,064	59,821

(*) 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).

	30 September 2022	30 September 2021
Minority Shares (-)	2	2

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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

30 September 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
Group's Risk Group (*) (**)						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	12,942	851,470	2,932
Balance at the End of the Period	-	-	-	266	1,043,870	4,436
Interest and Commission Income Received	-	-	8	525	27,118	693

(*) 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
Group's Risk Group (*) (**)						
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 (***)	-	-	43	316	30,376	243

(*) 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.

(***) 30 September 2021 balances used for income accounts.

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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	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Deposit						
Beginning of the Period (**)	-	-	-	-	36,662	77,278
End of the Period (**)	-	-	-	-	71,315	36,662
Interest Expense on Deposits (***)	-	-	-	-	7	-

(*) 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.

(***) 30 September 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	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Transactions for Trading Purposes						
Beginning of the Period (**)	-	-	-	-	-	-
End of the Period (**)	-	-	-	-	-	-
Total Profit/Loss (***)	-	-	(78)	(788)	-	-
Transactions for Hedging Purposes						
Beginning of the Period (**)	-	-	-	-	-	-
End of the Period (**)	-	-	-	-	-	-
Total Profit/Loss (***)	-	-	-	-	-	-

(*) 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 30 September 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

	Total Risk Group	Share in Financial Statements (%)
Deposit	71,315	0.19%
Non-cash Loans	4,702	0.03%
Loans	1,043,870	2.97%
Subordinated Loans	1,423,821	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 30 September 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 2.05% 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 29,024 as of 30 September 2022 (30 September 2021: TL 23,028).

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

None.

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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

Fitch Ratings: September 2022	
Foreign Currency	
Long Term	B-
Short Term	B
Local Currency	
Long Term	B
Short Term	B
National Note	AA(tur)
Shareholder Support Note	b-
Financial Capacity Note	b-
Outlook	Negative

Moody's: August 2022	
Foreign Currency	
Long Term	B3
Short Term	NP
Local Currency	
Long Term	B1
Short Term	NP
National Long Term	Aa1.tr
National Short Term	TR-1
Outlook	Fixed

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SECTION SEVEN

EXPLANATIONS ON AUDITORS’ LIMITED REPORT

I. Explanations on Independent Auditors’ Report

Group’s consolidated financial statements and footnotes to be disclosed to public as of 30 September 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 31 October 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 consolidated 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 - 30 September 2022 activity period is below.

	30 September 2022	31 December 2021	30 September 2021
Loans	36,934,333	27,823,572	23,772,889
Securities	9,943,467	8,729,577	6,382,993
Total Assets	36,942,551	27,178,336	20,323,319
Deposits	65,919,165	50,496,435	38,008,754
Equity	3,375,421	2,609,952	2,537,809
Profit / Loss Before Taxes	760,009	100,525	14,680
Profit / Loss	581,590	76,544	12,890

Message from the Chairman of the Board of Directors

Dear Stakeholders,

Ongoing geopolitical risks, high inflationary pressures, and monetary tightening policies of central banks stood out as determining factors in the global economy during the first half of 2022. We are witnessing that geopolitical risks, which were on the rise again in the third quarter, has led to increased uncertainty for the last quarter. Here, while the developments in the war between Russia and Ukraine are particularly significant, risk factors become prominent again. Monetary tightening policies made by the central banks of developed countries in particular, which accelerated further in this period, indicate that performance might be weaker than expected in the global economy. In this sense, we see that expected weakness in the global economy, particularly in Europe, continue to be priced into the last quarter of the year.

In the Turkish economy, we saw that the strong growth performance at 11% achieved in 2021, continued with 7.5% in the first half of 2022. However, as shown by preliminary indicators, we can expect this high growth momentum may potentially be at lower levels as of the tkhird quarter. The successful progress in exports might decline to a limited level depending on the recession in European economy. We consider that this trend will continue to a certain extent at the beginning of 2023. While relatively high energy prices caused the current account deficit to gradually increase, tourism income volumes in the summer months were effective in limiting further growth in this account deficit. On the inflation side, we have all been observing a gradual increase and ramifications of global factors. Therefore, we project that the increase in the annual inflationary trend may slow down only at the end of the year.

As Commercial Bank, we consider Türkiye as a very important and valuable market, and a strategic business partner at the same time. Despite macro-level global and regional uncertainties, Alternatif Bank as our largest investment in Türkiye continues to achieve strong and steady results, leveraging its 'Adviser and Insightful Banking' approach. Hence, I would like to take this opportunity to underline our trust in Alternatif Bank management and employees, and we are happy to offer our continued support in this journey.

Yours sincerely,

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,

Alternatif Bank is proud to report its outstanding third quarter results amidst global uncertainty prevailing the markets in the second half of 2022. During this time, we stood tall against all hardships and challenges coming our way without compromising our "Insightful and Advisory Banking" approach, all the while remaining prudent and steady. We continuously generated value for our customers, our stakeholders, and for the Turkish economy.

According to the third quarter 2022 financial results, Alternatif Bank's total assets reached TRY 66 billion, up 31% from 2021 year-end. Our Bank's total contribution to the economy through cash (including finance lease receivables) and non-cash loans increased by 27% from the year-end, reaching TRY 53 billion. Our deposit volume is TRY 37 billion, which is up 36%. In addition to strengthening our balance sheet, we also preserved our asset quality in this quarter. The Bank's shareholder's equity reached TRY 3.4 billion, with a quarterly capital adequacy ratio of 21.48%. As a result of continued success in the first 9 months of 2022, Alternatif Bank's quarterly net profits reached TRY 582 million on a consolidated basis.

It is undoubtedly a great pleasure to have accomplished our Bank's long-term objectives one after another. We are marching strongly towards the future thanks to our investments and fundamental values, as well as the dedicated contribution of Alternatif Bank's expert people.

Our digital banking initiatives play a crucial role in this successful performance. We put digitalisation at the core of our overall customer experience and develop our entire strategy accordingly. Our purpose is to deliver a seamless experience to our customers by embracing a digital banking perspective with a human touch. We are being rewarded for our efforts with higher customer satisfaction, a larger customer base and deposit growth all at the same time. As of the end of the third quarter, 65% of our new customers are acquired through our Bank's digital channels. Likewise, the number of accounts opened via our digital channels grew by 178% and our digital banking account deposit volume is also up 245% from 2021 year-end. Moreover, the number of our active digital banking users increased by 60% from the previous year. All these figures are a clear sign how firmly Alternatif Bank moves forward into the future.

However challenging the conditions we are navigating might turn out to be, we will continue working toward our mission to create and cultivate value for Turkey and our customers with our "Responsible Banking" mindset. We are moving steadily toward our long-term objectives thanks to our shareholder Commercial Bank's trust, our Board of Directors' support and the dedication of our expert people. We are ever strengthened by our 30 years of experience in the banking industry and our 'Advisory, Insightful and Accessible Banking' approach, which characterizes our Bank's corporate culture. Maintaining our focus on people-oriented business practices, we will be working with all our strength to make a difference today and every day.

Yours sincerely,

Kaan Gür
CEO