

*(Convenience Translation of Independent Auditor's Originally Issued In
Turkish, See Note 1. Of Section Three)*

ALTERNATİFBANK A.Ş.
INDEPENDENT AUDITOR'S REVIEW REPORT,
UNCONSOLIDATED INTERIM FINANCIAL
STATEMENTS AND NOTES FOR THE SIX
MONTHS PERIOD ENDED 30 JUNE 2022

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

INTERIM REVIEW REPORT AND INTERIM FINANCIAL INFORMATION

To the Board of Directors of Alternatifbank A.Ş.

Introduction

We have reviewed the unconsolidated statement of financial position of Alternatifbank A.Ş. ("the Bank") at June 30, 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six 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 unconsolidated financial statements as at June 30, 2022 include a free provision at an amount of TL 317,371 thousands of which TL 55,000 thousands was provided in prior years and TL 262,371 thousands provided in the current period by the Bank 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 79,342 thousand TL allocated over these provisions.



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Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the unconsolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Alternatifbank A.Ş. at June 30, 2022 and of the results of its operations and its cash flows for the six-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 unconsolidated financial statements and disclosures in all material respects.

Additional paragraph for convenience translation to English:

As explained in detail in Note I of Section Three, 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 unconsolidated 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 unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Fatma Ebru Yücel, SMMM
Partner

28 July 2022
İstanbul, Turkey

**THE UNCONSOLIDATED FINANCIAL REPORT OF
ALTERNATİFBANK A.Ş. AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

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The unconsolidated financial report as of and for the six-month period ended 30 June 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 Banking Regulation and Supervision Agency, comprises the following sections.

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

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

Omer Hussain I H Al-Fardan Chairman of the Board of Directors	Cenk Kaan Gür CEO	Hamdi İlkay Girgin Financial Control and Planning Executive Vice President	Yasemin Deviren Beneskenazi International and Legal Reporting Manager
Leonie Ruth Lethbridge Member of the Board of Directors and Chairwoman of the Board Audit and Compliance Committee	Halil Sedat Ergür Member of the Board of Directors and Member of the Board Audit and Compliance Committee	Paul Gossiaux Member of the Board of Directors and Member of the Board Audit and Compliance Committee	

The authorised contact person for questions on this financial report:

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

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

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

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

As of 30 June 2022, 100% of the shares of the Bank are owned by The Commercial Bank (P.S.Q.C.) Shareholder's structure of the Bank is as follows:

Name/Commercial Name	30 June 2022		31 December 2021	
	Share	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 capital 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 UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***GENERAL INFORMATION ABOUT THE BANK (Continued)****III. Explanation on the Board of Directors, Members of the Audit Committee, President and Executive Vice Presidents, Changes in These Matters (if any) and Shares in the Bank**

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

(1) In accordance with the Board Resolution No 87 dated 4 October 2021, Hale Ökmen Ataklı has designated to Executive Vice President of Human Resources, it has been stated to the BRSA on 12 October 2021.

(2) In accordance with the Board Resolution No 16 dated 2 March 2022, Gökhan Songül has designated to Executive Vice President of Retail and Digital Banking, it has been stated to the BRSA on 7 March 2022.

(3) In accordance with the Board Resolution No 16 dated 2 March 2022, Ayşe Akbulut has designated to Executive Vice President of Credit Granting, it has been stated to the BRSA on 7 March 2022.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2022**

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

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

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

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

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

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

As of 30 June 2022, the Bank has 38 branches (31 December 2021: 41 branches) and has 800 employees (31 December 2021: 891 employees).

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

None.

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2022

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

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Reviewed Current Period 30 June 2022			Audited Prior Period 31 December 2021		
	Notes (Section Five)	TL	FC	Total	TL	FC	Total
I	FINANCIAL ASSETS (NET)	3,432,785	13,590,163	17,022,948	2,680,043	11,968,637	14,648,680
1.1	Cash and Cash Equivalents	1,168,703	11,470,012	12,638,715	927,556	9,953,229	10,880,785
1.1.1	Cash and Balances with Central Bank	1,168,879	7,091,751	8,260,630	824,464	6,634,067	7,458,531
1.1.2	Banks	1,153	4,378,261	4,379,414	54,189	3,319,162	3,373,351
1.1.3	Money Market Placements	-	-	-	50,018	-	50,018
1.1.4	Expected Credit Losses (-)	1,329	-	1,329	1,115	-	1,115
1.2	Financial Assets at Fair Value Through Profit or Loss	4	19,694	19,698	3	14,872	14,875
1.2.1	Government Debt Securities	4	19,694	19,698	3	14,872	14,875
1.2.2	Equity Instruments	-	-	-	-	-	-
1.2.3	Other Financial Assets	-	-	-	-	-	-
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	1,725,298	1,638,603	3,363,901	1,184,802	1,517,272	2,702,074
1.3.1	Government Debt Securities	1,668,715	1,638,603	3,307,318	1,133,776	1,517,272	2,651,048
1.3.2	Equity Instruments	42,587	-	42,587	39,016	-	39,016
1.3.3	Other Financial Assets	13,996	-	13,996	12,010	-	12,010
1.4	Derivative Financial Assets	538,780	461,854	1,000,634	567,682	483,264	1,050,946
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss	480,585	435,081	915,666	482,877	479,571	962,448
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	58,195	26,773	84,968	84,805	3,693	88,498
II.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)	20,248,687	20,726,975	40,975,662	12,844,175	19,363,075	32,207,250
2.1	Loans	20,452,789	13,973,351	34,426,140	13,094,126	13,817,852	26,911,978
2.2	Lease Receivables	-	-	-	-	-	-
2.3	Factoring Receivables	342,470	-	342,470	330,430	-	330,430
2.4	Other Financial Assets Measured at Amortized Cost	181,623	7,056,443	7,238,066	75,508	5,902,634	5,978,142
2.4.1	Government Debt Securities	181,623	7,056,443	7,238,066	75,508	5,807,366	5,882,874
2.4.2	Other Financial Assets	-	-	-	-	95,268	95,268
2.5	Expected Credit Losses (-)	728,195	302,819	1,031,014	655,889	357,411	1,013,300
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	541,093	-	541,093	594,827	-	594,827
3.1	Held for Sale Purpose	541,093	-	541,093	594,827	-	594,827
3.2	Related to Discontinued Operations	-	-	-	-	-	-
IV.	EQUITY INVESTMENTS	325,580	-	325,580	225,580	-	225,580
4.1	Investments in Associates (Net)	-	-	-	-	-	-
4.1.1	Accounted Under Equity Method	-	-	-	-	-	-
4.1.2	Unconsolidated Associates	-	-	-	-	-	-
4.2	Subsidiaries (Net)	325,580	-	325,580	225,580	-	225,580
4.2.1	Unconsolidated Financial Subsidiaries	325,580	-	325,580	225,580	-	225,580
4.2.2	Unconsolidated Non-Financial Subsidiaries	-	-	-	-	-	-
4.3	Entities under Common Control (Joint Venture) (Net)	-	-	-	-	-	-
4.3.1	Joint Ventures Valued Based on Equity Method	-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures	-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	686,661	-	686,661	349,799	-	349,799
VI.	INTANGIBLE ASSETS (Net)	95,983	-	95,983	89,193	-	89,193
6.1	Goodwill	-	-	-	-	-	-
6.2	Other	95,983	-	95,983	89,193	-	89,193
VII.	INVESTMENT PROPERTY (Net)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET	-	-	-	6,465	-	6,465
IX.	DEFERRED TAX ASSET	134,978	-	134,978	141,595	-	141,595
X.	OTHER ASSETS	697,848	17,616	715,464	406,597	7,899	414,496
TOTAL ASSETS		26,163,615	34,334,754	60,498,369	17,338,274	31,339,611	48,677,885

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

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2022

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

I.	BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five)	Reviewed Current Period 30 June 2022			Audited Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
	LIABILITIES							
I.	DEPOSITS	II-a	15,252,999	18,185,356	33,438,355	9,329,410	18,355,841	27,685,251
II.	FUNDS BORROWED	II-c	862,473	12,337,732	13,200,205	134,427	10,406,722	10,541,149
III.	MONEY MARKET BALANCES		636,387	2,313,026	2,949,413	1,378	1,536,940	1,538,318
IV.	MARKETABLE SECURITIES ISSUED (Net)		752,610	-	752,610	882,314	-	882,314
4.1	Bills		752,610	-	752,610	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		171,141	360,406	531,547	215,242	370,010	585,252
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	II-b	164,911	360,406	525,317	212,131	369,307	581,438
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	II-f	6,230	-	6,230	3,111	703	3,814
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	II-e	30,137	264	30,401	37,891	270	38,161
X.	PROVISIONS	II-g	336,534	153,250	489,784	172,033	48,739	220,772
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		20,379	-	20,379	21,170	-	21,170
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		316,155	153,250	469,405	150,863	48,739	199,602
XI.	CURRENT TAX LIABILITY	II-h	66,546	-	66,546	43,061	-	43,061
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	-	4,670,483	4,670,483	-	3,737,398	3,737,398
14.1	Loans		-	1,249,939	1,249,939	-	1,000,209	1,000,209
14.2	Other Debt Instruments		-	3,420,544	3,420,544	-	2,737,189	2,737,189
XV.	OTHER LIABILITIES	II-d	832,191	425,687	1,257,878	564,644	293,463	858,107
XVI.	SHAREHOLDERS' EQUITY	II-k	3,438,027	(326,880)	3,111,147	2,668,772	(120,670)	2,548,102
16.1	Paid-in capital		2,213,740	-	2,213,740	2,213,740	-	2,213,740
16.2	Capital Reserves		54	-	54	54	-	54
16.2.1	Share Premium		54	-	54	54	-	54
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		282,648	-	282,648	20,660	-	20,660
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		230,040	(326,880)	(96,840)	56,250	(120,670)	(64,420)
16.5	Profit Reserves		493,371	-	493,371	488,327	-	488,327
16.5.1	Legal Reserves		59,082	-	59,082	54,038	-	54,038
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		434,289	-	434,289	434,289	-	434,289
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit Or Loss		218,174	-	218,174	(110,259)	-	(110,259)
16.6.1	Prior Years' Profit/Loss		(115,303)	-	(115,303)	(211,141)	-	(211,141)
16.6.2	Current Year Profit/Loss		333,477	-	333,477	100,882	-	100,882
	TOTAL LIABILITIES AND EQUITY		22,379,045	38,119,324	60,498,369	14,049,172	34,628,713	48,677,885

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

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS OF 30 JUNE 2022

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

		Reviewed Current Period 30 June 2022			Audited Prior Period 31 December 2021			
II.	OFF- BALANCE SHEET ITEMS							
		(Section Five)	TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		26,384,881	55,899,645	82,284,526	18,910,585	43,818,449	62,729,034
I.	GUARANTEES AND WARRANTIES	III-a-3,i	5,450,729	10,411,125	15,861,854	3,629,295	10,296,278	13,925,573
1.1	Letters of Guarantee	III-a-2,ii	4,997,490	6,744,075	11,741,565	3,615,929	6,026,650	9,642,579
1.1.1	Guarantees Subject to State Tender Law		52,481	16,747	69,228	43,678	16,436	60,114
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		4,945,009	6,727,328	11,672,337	3,572,251	6,010,214	9,582,465
1.2	Bank Acceptances	III-a-2,i	-	442,657	442,657	-	364,331	364,331
1.2.1	Import Letter of Acceptance		-	374,765	374,765	-	257,795	257,795
1.2.2	Other Bank Acceptances		-	67,892	67,892	-	106,536	106,536
1.3	Letters of Credit	III-a-2,i	412,739	3,224,393	3,637,132	13,366	3,905,297	3,918,663
1.3.1	Documentary Letters of Credit		412,739	3,224,393	3,637,132	13,366	3,905,297	3,918,663
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	-	-	-	-	-
1.9	Other Warrantees		40,500	-	40,500	-	-	-
II.	COMMITMENTS		1,999,476	1,780,918	3,780,394	1,068,951	340,707	1,409,658
2.1	Irrevocable Commitments		1,999,476	1,780,918	3,780,394	1,068,951	340,707	1,409,658
2.1.1	Asset Purchase and Sales Commitments		789,797	1,780,918	2,570,715	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	688,160	-	688,160	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		119,814	-	119,814	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		131,337	-	131,337	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		266,630	-	266,630	245,094	-	245,094
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	III-b	18,934,676	43,707,602	62,642,278	14,212,339	33,181,464	47,393,803
3.1	Hedging Derivative Financial Instruments		6,375,000	8,997,156	15,372,156	7,255,000	7,864,110	15,119,110
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		6,375,000	8,997,156	15,372,156	7,255,000	7,864,110	15,119,110
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		12,559,676	34,710,446	47,270,122	6,957,339	25,317,354	32,274,693
3.2.1	Forward Foreign Currency Buy/Sell Transactions		656,773	1,854,465	2,511,238	484,925	1,046,185	1,531,110
3.2.1.1	Forward Foreign Currency Transactions-Buy		636,341	565,629	1,201,970	447,471	267,789	715,260
3.2.1.2	Forward Foreign Currency Transactions-Sell		20,432	1,288,836	1,309,268	37,454	778,396	815,850
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		7,251,701	25,665,690	32,917,391	4,605,960	21,813,849	26,419,809
3.2.2.1	Foreign Currency Swap-Buy		971,337	13,388,137	14,359,474	355,931	10,395,598	10,751,529
3.2.2.2	Foreign Currency Swap-Sell		6,110,364	8,021,945	14,132,309	4,080,029	6,432,465	10,512,494
3.2.2.3	Interest Rate Swap-Buy		85,000	2,127,804	2,212,804	85,000	2,492,893	2,577,893
3.2.2.4	Interest Rate Swap-Sell		85,000	2,127,804	2,212,804	85,000	2,492,893	2,577,893
3.2.3	Foreign Currency, Interest Rate and Securities Options		4,651,202	5,635,265	10,286,467	1,866,454	2,457,320	4,323,774
3.2.3.1	Foreign Currency Options-Buy		2,325,673	2,811,090	5,136,763	700,722	1,515,285	2,216,007
3.2.3.2	Foreign Currency Options-Sell		2,325,529	2,824,175	5,149,704	1,165,732	942,035	2,107,767
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	1,555,026	1,555,026	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		99,892,943	122,741,940	222,634,883	94,236,622	98,715,046	192,951,668
IV.	ITEMS HELD IN CUSTODY		3,591,279	1,706,691	5,297,970	3,026,260	1,306,672	4,332,932
4.1	Customer Fund and Portfolio Balances		1,900,998	-	1,900,998	1,636,650	-	1,636,650
4.2	Investment Securities Held in Custody		86,753	858,211	944,964	51,000	547,581	598,581
4.3	Cheques Received for Collection		741,476	83,022	824,498	509,313	87,061	596,374
4.4	Commercial Notes Received for Collection		52,266	69,275	121,541	23,699	83,450	107,149
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		809,786	696,183	1,505,969	805,598	588,580	1,394,178
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		96,195,157	117,731,545	213,926,702	91,053,134	97,061,140	188,114,274
5.1	Marketable Securities		1,155,815	-	1,155,815	1,118,366	-	1,118,366
5.2	Guarantee Notes		45,991,097	37,145,435	83,136,532	42,716,132	30,840,631	73,556,763
5.3	Commodity		4,498,496	6,650,496	11,148,992	4,518,586	5,466,103	9,984,689
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		40,533,172	70,861,913	111,395,085	39,496,172	57,963,046	97,459,218
5.6	Other Pledged Items		4,016,577	3,073,701	7,090,278	3,203,878	2,791,360	5,995,238
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		106,507	3,303,704	3,410,211	157,228	347,234	504,462
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		126,277,824	178,641,585	304,919,409	113,147,207	142,533,495	255,680,702

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

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 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 June 2022	Reviewed Current Period 1 April - 30 June 2022	Reviewed Prior Period 1 January - 30 June 2021	Reviewed Prior Period 1 April - 30 June 2021
I.	INTEREST INCOME	IV-a	2,567,118	1,378,748	1,444,972	762,931
1.1	Interest on Loans		1,985,084	1,107,595	1,197,494	633,639
1.2	Interest Received from Reserve Deposits		15,230	(1,687)	28,370	16,758
1.3	Interest Received from Banks		11,264	7,006	5,006	2,730
1.4	Interest Received from Money Market Placements		11,724	5,811	39,075	17,076
1.5	Interest Received from Marketable Securities Portfolio		542,466	259,496	173,705	92,366
1.5.1	Fair Value through Profit or Loss		4,849	601	402	186
1.5.2	Fair Value through other Comprehensive Income		373,822	175,430	80,312	43,759
1.5.3	Measured at Amortized Cost		163,795	83,465	92,991	48,421
1.6	Finance Lease Interest Income		-	-	-	-
1.7	Other Interest Income		1,350	527	1,322	362
II.	INTEREST EXPENSES (-)	IV-b	1,833,912	998,097	1,201,800	630,858
2.1	Interest on Deposits		1,220,812	671,111	873,547	466,539
2.2	Interest on Funds Borrowed		430,703	241,645	258,983	133,142
2.3	Interest on Money Market Borrowings		29,462	19,136	6,709	2,802
2.4	Interest on Securities Issued		64,099	32,407	45,028	25,140
2.5	Leasing Interest Expense		4,386	2,961	3,768	1,906
2.6	Other Interest Expense		84,450	30,837	13,765	1,329
III.	NET INTEREST INCOME (I - II)		733,206	380,651	243,172	132,073
IV.	NET FEES AND COMMISSIONS INCOME / EXPENSES		59,384	37,270	45,372	27,477
4.1	Fees and Commissions Received		132,950	79,944	85,578	44,485
4.1.1	Non-cash Loans		50,064	27,301	31,422	15,956
4.1.2	Other	IV-i	82,886	52,643	54,156	28,529
4.2	Fees and Commissions Paid (-)		73,566	42,674	40,206	17,008
4.2.1	Non-cash Loans		62	30	23	8
4.2.2	Other	IV-i	73,504	42,644	40,183	17,000
V.	DIVIDEND INCOME	IV-c	1,039	1,039	543	19
VI.	NET TRADING INCOME	IV-d	110,518	104,514	(86,327)	(48,985)
6.1	Securities Trading Gains / (Losses)		596	242	20,050	9,092
6.2	Derivative Financial Instruments Gains / Losses		1,124,430	788,442	355,822	(3,412)
6.3	Foreign Exchange Gains / Losses		(1,014,508)	(684,170)	(462,199)	(54,665)
VII.	OTHER OPERATING INCOME	IV-e	77,395	41,732	47,431	29,659
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		981,542	565,206	250,191	140,243
IX.	EXPECTED CREDIT LOSSES (-)	IV-f	(29,829)	148,886	46,317	20,521
X.	OTHER PROVISION EXPENSES (-)	IV-f	258,377	(21,673)	22,112	(10,060)
XI.	PERSONNEL EXPENSES (-)	IV-g	143,647	73,239	113,630	57,065
XII.	OTHER OPERATING EXPENSES (-)	IV-g	169,808	85,786	119,986	63,881
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		439,539	278,968	(51,854)	8,836
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT / (LOSS) ON EQUITY METHOD		-	-	-	-
XVI.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES					
XVII.	(XIII+...+XVI)	IV-h	439,539	278,968	(51,854)	8,836
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-h	(106,062)	(71,569)	10,561	(1,541)
18.1	Provision for Current Income Taxes		(172,629)	(32,939)	-	-
18.2	Deferred Tax Expense Effect (+)		-	-	-	-
18.3	Deferred Tax Income Effect (-)		66,567	(38,630)	10,561	(1,541)
	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS					
XIX.	(XVII±XVIII)	IV-j	333,477	207,399	(41,293)	7,295
XX.	INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income on Assets Held for Sale		-	-	-	-
	Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities					
20.2	(Joint Venture)		-	-	-	-
20.3	Income on Other Discontinued Operations		-	-	-	-
XXI.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Loss from Assets Held for Sale		-	-	-	-
	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint					
21.2	Venture)		-	-	-	-
21.3	Loss from Other Discontinued Operations		-	-	-	-
	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE					
XXII.	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 (-)		-	-	-	-
	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS					
XXIV.	(XXII±XXIII)		-	-	-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	IV-k	333,477	207,399	(41,293)	7,295
	Earning / (loss) per share (Full TL)		0.1506	0.0936	(0.0192)	(0.0676)

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

ALTERNATİFBANK A.Ş.**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***IV. PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Reviewed Current Period 1 January 2022- 30 June 2022	Reviewed Prior Period 1 January 2021- 30 June 2021
I. CURRENT PERIOD INCOME / LOSS	333,477	(41,293)
II. OTHER COMPREHENSIVE INCOME	229,568	(27,808)
2.1 Not Reclassified Through Profit or Loss	261,988	(369)
2.1.1 Property and Equipment Revaluation Increase / Decrease	348,377	-
2.1.2 Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain / Loss	940	(480)
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	(87,329)	111
2.2 Reclassified Through Profit or Loss	(32,420)	(27,439)
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	(43,619)	(62,374)
2.2.3 Cash Flow Hedge Income / Loss	(2,946)	27,642
2.2.4 Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	14,145	7,293
III. TOTAL COMPREHENSIVE INCOME (I+II)	563,045	(69,101)

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

ALTERNATİF BANK A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2021

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

Reviewed	Prior Period 1 January - 30 June 2021	Notes (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 Shareholders Equity
							1	2	3	4	5	6				
I.	Prior Period End Balance		2,038,390	54	-	-	30,286	(4,854)	-	-	(17,159)	2,410	483,558	(301,762)	95,390	2,326,313
	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Errors ^(*)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		2,038,390	54	-	-	30,286	(4,854)	-	-	(17,159)	2,410	483,558	(301,762)	95,390	2,326,313
IV.	Total Comprehensive Income		-	-	-	-	-	(369)	-	-	(48,694)	21,255	-	-	(41,293)	(69,101)
V.	Capital Increase by Cash	II-k	175,350	-	-	-	-	-	-	-	-	-	-	-	-	175,350
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	4,769	90,621	(95,390)	-
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4,769	90,621	(95,390)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III+...+XVI+XVII+XVIII)			2,213,740	54	-	-	30,286	(5,223)	-	-	(65,853)	23,665	488,327	(211,141)	(41,293)	2,432,562

1. Accumulated Revaluation Increase/Decrease of Fixed Asset,

2. Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan,

3. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss),

4. Foreign Currency Translation Differences,

5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income,

6. Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 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									
Current Period 1 January - 30 June 2022		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 Shareholders Equity
I.	Prior Period End Balance		2,213,740	54	-	-	30,286	(9,626)	-	-	(136,355)	71,935	488,327	(211,141)	100,882	2,548,102
II.	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		2,213,740	54	-	-	30,286	(9,626)	-	-	(136,355)	71,935	488,327	(211,141)	100,882	2,548,102
IV.	Total Comprehensive Income		-	-	-	-	261,283	705	-	-	(28,342)	(4,078)	-	-	333,477	563,045
V.	Capital Increase by Cash	II-k	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Effect of Inflation on Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	5,044	95,838	(100,882)	-
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,044	95,838	(100,882)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III+...+XVI+XVII+XVIII)			2,213,740	54	-	-	291,569	(8,921)	-	-	(164,697)	67,857	493,371	(115,303)	333,477	3,111,147

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

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

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Reviewed Current Period 1 January 2022- 30 June 2022	Reviewed Prior Period 1 January 2021- 30 June 2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit/ (Loss) Before Changes in Operating Assets and Liabilities		(3,523,757)	(435,834)
1.1.1 Interest Received		1,815,737	1,357,772
1.1.2 Interest Paid		(1,968,494)	(1,349,080)
1.1.3 Dividend Received		1,039	543
1.1.4 Fees and Commissions Received		133,930	146,604
1.1.5 Other Income		1,420,436	700,317
1.1.6 Collections from Previously Written-off Loans and Other Receivables		123,509	528,564
1.1.7 Payments to Personnel and Service Suppliers		(164,157)	(115,161)
1.1.8 Taxes Paid		(174,259)	(21,101)
1.1.9 Other		(4,711,498)	(1,684,292)
1.2 Changes in Operating Assets and Liabilities		2,422,376	(585,708)
1.2.1 Net increase/(decrease) in Financial Assets at Fair Value Through Profit or Loss		(4,954)	10,207
1.2.2 Net increase/(decrease) in Due from Banks and Other Financial Institutions		(814,369)	(17,171)
1.2.3 Net increase/(decrease) in Loans		(5,606,123)	(123,612)
1.2.4 Net increase/(decrease) in Other Assets		(260,928)	36,325
1.2.5 Net increase/(decrease) in Bank Deposits		(468,909)	338,903
1.2.6 Net increase/(decrease) in Other Deposits		7,098,854	1,203,064
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		1,325,042	(720,176)
1.2.9 Net increase/(decrease) in Payables		-	-
1.2.10 Net increase/(decrease) in Other Liabilities		1,153,763	(1,313,248)
I. Net Cash Provided from Banking Operations		(1,101,381)	(1,021,542)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		51,532	(454,840)
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		(100,000)	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(17,789)	(31,599)
2.4 Disposals of Property and Equipment		37,609	14,182
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(28,649)	(1,401,077)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		400,519	508,641
2.7 Purchase of Financial Assets Measured at Amortised Cost		(267,311)	-
2.8 Sale of Financial Assets Measured at Amortised Cost		27,153	455,013
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		(142,156)	44,231
3.1 Cash Obtained from Funds Borrowed and Securities Issued		585,026	2,324,410
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		(12,252)	(10,930)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		2,156,944	570,226
V. Net Increase/ (Decrease) in Cash and Cash Equivalents (I+II+III+IV)		964,939	(861,925)
VI. Cash and Cash Equivalents at Beginning of the Period		7,210,830	4,173,744
VII. Cash and Cash Equivalents at End of the Period		8,175,769	3,311,819

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

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 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 Banking Act No. 5411, the Bank prepares its financial statements and underlying documents in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency ("BRSA") and Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") except for BRSA regulations. TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

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

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

According to TAS 29 Financial Reporting Standard in Hyperinflationary Economies, businesses whose functional currency is the currency of a hyperinflationary economy report their financial statements according to the purchasing power of money at the end of the reporting period. It is recommended that they start implementing the standard at the same time. In the statement made by the Public Oversight Accounting and Standards Authority ("POA") on January 20, 2022, it was stated that businesses do not need to make any adjustments to their 2021 financial statements within the scope of TAS 29. On the other hand, no explanation has been made regarding whether or not to make adjustments within the scope of TAS 29 in the financial statements for the accounting period ending on 30 June 2022. In this context, since there is no consensus on the implementation of inflation accounting throughout the country and the POA is expected to postpone the application of TAS 29, no inflation adjustment was made according to TAS 29 while preparing the financial statements dated 30 June 2022 in order to ensure comparability.

A new type of coronavirus (COVID-19), which first appeared in China, has been classified by the World Health Organization as an epidemic that affects countries globally. The COVID-19 epidemic, especially in countries that are over-exposed to the epidemic, not only causes disruptions in operations, but also negatively affects economic conditions but regionally and globally. The effects of these effects on the bANK's financial statements are monitored regularly by the risk monitoring units and the Parent Bank Management. While the Bank was preparing its financial statements dated June 30, 2022, the possible effects of the COVID-19 outbreak were reflected in the estimates and judgments used in the preparation of the financial statements.

The tension between Russia and Ukraine since January 2022 turned into a crisis and a hot conflict as of the date of the report. There is no activity carried out by the Bank in the 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 unconsolidated 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 unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 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 Bank's funding has fixed interest rates; almost all TL placements consist of low-risk short-term transactions. Liquidity risk is monitored closely and the adequacies of available resources (which will be due within a certain period of fulfillment of obligations) are closely monitored. The maturity structure of placements is aimed to be in line with the maturities of resources of the country to the extent permitted by current conditions.

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

As of 30 June 2022 and 31 December 2021, the Bank does not have any investment in foreign companies.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. Investments in Associates, Subsidiaries and Joint Ventures

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

As of 30 June 2022 and 31 December 2021, the Bank has not any recognize as foreign currency association and subsidiaries.

As of 30 June 2022 and 31 December 2021, the Bank has not any joint ventures.

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 Commission Income and Expense

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

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

VI. Financial Assets

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

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

a. Financial Assets at Fair Value through Profit or Loss

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. Financial Assets (Continued)

b. Financial Assets at Fair Value through Other Comprehensive Income

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

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

Valuation of such assets is based on its fair value. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income reflected and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity. In case of sales, the realized gain/losses are recognized directly in the income statement. During initial recognition an entity may irrevocably elect to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income.

c. Financial Assets Measured at Amortized Cost

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

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

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

d. Derivative Financial Assets

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

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

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

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

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

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

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

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

According to the BRSA regulations on swap markets dated February 9th and 12nd 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 (including 3 months), FX Implied Swap from 3 months to 2 years, and FX CCS for more than 2 years. Aforementioned changes did not cause any significant impact on the financial statements.

e. Loans

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

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

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

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

As of 24 March 2019, the difference of TL 379 resulting from the changes in the fair values of the loans that are subject to fair value hedge accounting will be amortized until 25 December 2023.

VII. Impairment of Financial Assets

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

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

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FOR THE PERIOD ENDED 30 JUNE 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Impairment of Financial Assets (Continued)

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

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

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

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

In the calculation of expected credit loss, the Bank includes the prospective macroeconomic information in to the credit risk parameters. In this context, economic models based on the relationship of credit risk parameters with macroeconomic variables are established based on multi-scenario, and the models mainly take into account the basic macroeconomic variables such as Gross Domestic Product (GDP) and Unemployment Rates. The efficiency and adequacy of the models used in the calculation of credit losses are reviewed at regular intervals. In this context, as of 31 December 2021, The 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 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 Bank, delays more than 90 days from the date of payment in part or in full, or he is not pay.

➤ **Considered as a significant increase in credit risk:**

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

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Impairment of Financial Assets (Continued)

The Bank signed an unfunded credit protection agreement 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 were obtained for a certain ratio of the customer risk, amounting to a total of 3.3 billion full TL, specific to the customers determined in accordance with the agreement (Participation Rates 80% Parent-20% Bank). In this framework, collaterals defined in accordance with the provisions of this agreement are included in the calculation of the expected loss provision for these designated loan customers.

VIII. Offsetting Financial Instruments

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

IX. Sales and Repurchase Agreements and Securities Lending Transactions

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

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

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

X. Assets Held for Sale and Discontinued Operations

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

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

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

As of 30 June 2022 and 31 December 2021 The Bank has no discontinued operations.

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. Goodwill and Other Intangible Assets

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

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

XII. Property and Equipment

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

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

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

If properties and equipments' value, adjusted for inflation (until 31 December 2004) is higher than the current value, exceeding amount is being allocated for impairment and determined amounts are reflected in the financial statements. Gain or loss resulting from disposals of the property and equipment is reflected to the income statement as the difference between the net proceeds and net book value. Expenditures for the repair and renewal of property and equipment are recognised as expense. There are no pledges, mortgages or other restrictions on the properties and equipments.

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

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

The Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 December 2018. As of 30 June 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. Leasing Transactions

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

Right of use assets:

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

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

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

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

The 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 Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates, if that rate can be easily determined. If this rate can not be easily determined, the Bank uses the 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 Bank measures the leasing liability as follows:

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

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

As of 30 June 2022, net right of use assets are amounting to TL 23,044 and net lease liabilities are amounting to TL 30,401, respectively. (31 December 2021: net right of use assets TL 28,967, net lease liabilities TL 38,161).

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. Provisions, Contingent Commitments and Contingent Assets

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

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

XV. Obligations Related to Employee Rights

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

XVI. Taxation

a. Corporate tax

While corporate earnings are subject to corporate tax at the rate of 20% in Turkey; in accordance with the regulation introduced by the Law No. 7394 on the "Law on the Evaluation of Immovable Property Belonging to the Treasury and Amending the Value Added Tax Law and Amending Certain Laws and Decrees", this rate has been determined by banks, companies within the scope of Law No. 6361, electronic payment and money institutions to be applied as 25% for the corporate earnings of foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies for the taxation periods of 2022 and beyond. 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 Amending 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.

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. Taxation (Continued)

b. Deferred taxes

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

The corporate tax has been determined as 25% to be applied to the corporate earnings of the 2022 taxation period. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are in force as of the end of the reporting period (balance sheet date) or that are about to enter into force, using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid. As of 30 June 2022, the assets and liabilities were evaluated according to their maturities, and deferred tax calculations were made 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 Bank. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated using by "Effective interest rate method".

XVIII. Share Certificates and Issuance of Share Certificates

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

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

XIX. Avalized Drafts and Acceptances

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

XX. Government Incentives

As of 30 June 2022 and 31 December 2021, the Bank does not have any government incentives.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 Bank has decided to allocate 5% of the legal reserve over the net distributable profit and transfer the remaining amount, after the distribution of legal reserves, to offset from prior year's losses, within the framework of the Articles of Association and the Turkish Commercial Code.

XXII. Earnings Per Share

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

	30 June 2022	30 June 2021
Profit/(Loss) Attributable to Shareholders	333,477	(41,293)
Weighted Average Number of Issued Ordinary Shares (Thousand) ^(*)	2,213,740	2,155,290
Earnings/(Losses) Per Share (Disclosed in full TL)	0.1506	(0.0192)

(*) 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).

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

XXV. Amendments Accounting Policies of the Current Period

None.

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

None.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVII. Explanations on Other Matters

None.

XXVIII. Operating Segments

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

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

	Corporate / Retail Banking	Investment Banking	Other	Total Operations of the Bank
30 June 2022				
Net Interest Income/ (Expense)	421,065	312,141	-	733,206
Net Fees and Commissions Income and Other Operating Income	133,966	2,813	-	136,779
Trading Profit/Loss	313,805	(203,287)	-	110,518
Dividend Income		1,039	-	1,039
Impairment Provision for Loans and Other Receivables (-) ^(*)	33,760	(3,931)	(258,377)	(228,548)
Other Operating Expenses (-)	(290,700)	(22,755)	-	(313,455)
Profit Before Taxes	611,896	86,020	(258,377)	439,539
Tax Provision				(106,062)
Net Profit for the Period				333,477
30 June 2022				
Segment Assets	33,393,327	24,177,375	2,602,087	60,172,789
Investments in Associates and Subsidiaries	-	-	325,580	325,580
Total Assets	33,393,327	24,177,375	2,927,667	60,498,369
Segment Liabilities	33,438,355	16,674,935	7,273,932	57,387,222
Shareholders' Equity	-	-	3,111,147	3,111,147
Total Liabilities	33,438,355	16,674,935	10,385,079	60,498,369

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

	Corporate / Retail Banking	Investment Banking	Other	Total Operations of the Bank
30 June 2021				
Net Interest Income	247,868	(4,696)	-	243,172
Net Fees and Commissions Income and Other Operating Income	(11,436)	104,239	-	92,803
Trading Profit/Loss	95,297	(181,624)	-	(86,327)
Dividend Income	-	543	-	543
Impairment Provision for Loans and Other Receivables (-) ^(*)	(41,794)	(4,523)	(22,112)	(68,429)
Other Operating Expenses (-)	(208,554)	(25,062)	-	(233,616)
Profit Before Taxes	81,381	(111,123)	(22,112)	(51,854)
Tax Provision				10,561
Net Profit for the Period				(41,293)
31 December 2021				
Segment Assets	25,897,084	20,539,439	2,015,782	48,452,305
Investments in Associates and Subsidiaries	-	-	225,580	225,580
Total Assets	25,897,084	20,539,439	2,241,362	48,677,885
Segment Liabilities	27,685,251	12,660,905	5,783,627	46,129,783
Shareholders' Equity	-	-	2,548,102	2,548,102
Total Liabilities	27,685,251	12,660,905	8,331,729	48,677,885

(*) 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 BANK

I. Explanations on Shareholders' Equity

The standard rate of the capital adequacy of the Bank is 20.50% (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. As of 30 June 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 BANK (Continued)

I. Explanations on Shareholders' Equity (Continued)

a. Information on Shareholder's Equity

	30 June 2022	31 December 2021
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	2,213,740	2,213,740
Share issue premiums	54	54
Reserves	493,371	488,327
Gains recognized in equity as per TAS	641,153	123,155
Profit	333,855	101,260
Current Period Profit	333,477	100,882
Prior Period Profit	378	378
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	3,682,173	2,926,536
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	63,902	61,106
Improvement costs for operating leasing (-)	12,907	14,836
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	95,983	89,192
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-

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

I. Explanations on Shareholders' Equity (Continued)

a. Information on Shareholder's Equity (Continued)

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 Bank owns 10% or more of the issued common share capital		
Excess amount arising from mortgage servicing rights		
Excess amount arising from deferred tax assets based on temporary differences		
Other items to be defined by the BRSA		
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital		
Total Deductions From Common Equity Tier 1 Capital	172,792	165,134
Total Common Equity Tier 1 Capital	3,509,381	2,761,402
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums		
Debt instruments and premiums approved by BRSA (***)	4,581,885	3,665,475
Debt instruments and premiums approved by BRSA(Temporary Article 4)		
Additional Tier I Capital before Deductions	4,581,885	3,665,475
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital		
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital		
Other items to be defined by the BRSA (-)		
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)		
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)		
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)		
Total Deductions From Additional Tier I Capital		
Total Additional Tier I Capital	4,581,885	3,665,475
Total Tier I Capital (Tier I Capital=Common Equity Tier 1 Capital+Additional Tier I Capital)	8,091,266	6,426,877
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA		
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)		
Provisions (Article 8 of the Regulation on the Equity of Banks) (*)	442,296	357,233
Tier II Capital Before Deductions	442,296	357,233
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)		
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions		
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)		
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank		
Other items to be defined by the BRSA (-)		
Total Deductions from Tier II Capital		
Total Tier II Capital	442,296	357,233
Total Capital (The sum of Tier I Capital and Tier II Capital)	8,533,562	6,784,110
Total Tier I Capital and Tier II Capital (Total Equity)	8,533,562	6,784,110

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

I. Explanations on Shareholders' Equity (Continued)

a. Information on Shareholder's Equity (Continued)

Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	3,606	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	-
Other items to be defined by the BRSA	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
TOTAL CAPITAL	-	-
Total Capital (The sum of Tier I Capital and Tier II Capital)	8,529,956	6,784,110
Total risk weighted amounts	41,619,842	31,047,204
CAPITAL ADEQUACY RATIOS	-	-
Core Capital Adequacy Ratio (%)	8.43%	8.89%
Tier 1 Capital Adequacy Ratio (%)	19.44%	20.70%
Capital Adequacy Ratio (%)	20.50%	21.85%
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 (%)	3.93%	4.39%
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Remaining Mortgage Servicing Rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	442,296	357,233
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	442,296	357,233
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 BANK (Continued)

I. Explanations on Shareholders' Equity (Continued)

b. Details on Subordinated Liabilities

Issuer	The Commercial Bank (P.S.Q.C.)
Unique identifier (eg CUSIP, ISIN)	-
Governing law(s) of the instrument	Regulation on Equity of Banks (Published in the Official Gazette Nr. 28756 dated 5 September 2013)
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on Unconsolidated/ consolidated / both unconsolidated and consolidated	Valid on Consolidated and Unconsolidated Basis
Instrument tFCe	TIER-I Subordinated Loan
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	1,249,605
Par value of instrument (Million TRL)	1,249,605
Accounting classification	347
Original date of issuance	30.06.2015
Demand or time	Demand
Original maturity date	10 years + 1 day
	-Illegality, - After 5th year, -Taxation reason and
Issuer call subject to prior supervisory approval	-Depending on regulatory as a reason BRSA has the right to refund.
Optional call date, contingent call dates and redemption amount	-
Subsequent call dates, if applicable	-
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	9.85%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Discretionary
Existence of step up or other incentive to redeem	-
Non-cumulative or cumulative	Non-cumulative
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument tFCe convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger (s)	When unsustainable situation is realized,value decrement is realized.
If write-down, full or partial	Partial or completely value decrement is should be realized.
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument tFCe 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 BANK (Continued)

I. Explanations on Shareholders' Equity (Continued)

b. Details on Subordinated Liabilities (Continued)

Issuer	Alternatifbank A.Ş.
Unique identifier (eg CUSIP, ISIN)	XS2327872524
Governing law(s) of the instrument	Law / Turkish Law on Subordinate Law
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)	3,332,280
Par value of instrument (Million TRL)	3,332,280
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
Existence of a dividend stopper	No interest will be charged for the value reduced after the value decrement date
Fully discretionary, partially discretionary or mandatory	Discretionary
Existence of step up or other incentive to redeem	-
Non-cumulative or cumulative	Non-cumulative
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger (s)	When unsustainable situation is realized,value decrement is realized 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 BANK (Continued)

I. Explanations on Shareholders' Equity (Continued)

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

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

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

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

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

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

II. Explanations on Credit Risk

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

III. Explanations on Currency Risk

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

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

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

Rate used:	USD	EUR
30.06.2022	16.6614	17.3701
29.06.2022	16.6690	17.5221
28.06.2022	16.6189	17.5858
27.06.2022	16.6460	17.6057
24.06.2022	17.3478	18.2753

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

USD: TL 16.9948
EUR: TL 17.9799

As of 30 June 2022;	USD	EUR
Rate used:	TL 16.6614	TL 17.3701

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

III. Explanations on Currency Risk (Continued)

a. Information on currency risk of the Bank

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

	EUR	USD	Other FC	Total
30 June 2022				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	443,129	6,382,900	265,722	7,091,751
Banks	262,848	3,937,585	177,828	4,378,261
Financial Assets at Fair Value Through Profit and Loss (*)	87,255	25,820	175	113,250
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	1,638,603	-	1,638,603
Loans (**)	8,107,514	5,745,383	1,831	13,854,728
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	-	7,056,443	-	7,056,443
Hedging Derivative Financial Assets	-	26,773	-	26,773
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	14,181	3,435	-	17,616
Total Assets	8,914,927	24,816,942	445,556	34,177,425
Liabilities				
Bank Deposits	64,432	489,772	16,006	570,210
Foreign Currency Deposits	3,757,439	13,361,729	495,978	17,615,146
Money Market Funds	-	2,313,026	-	2,313,026
Funds Borrowed From Other Financial Institutions	1,037,615	15,970,600	-	17,008,215
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	117,218	235,296	14,704	367,218
Derivative Financial Liabilities For Hedging Purposes	-	-	-	-
Other Liabilities (****)	144,023	170,300	2,179	316,502
Total Liabilities	5,120,727	32,540,723	528,867	38,190,317
Net Balance Sheet Position	3,794,200	(7,723,781)	(83,311)	(4,012,892)
Net Off-Balance Sheet Position	(3,256,774)	7,706,634	99,492	4,549,352
Financial Derivative Assets	3,727,979	13,665,582	221,482	17,615,043
Financial Derivative Liabilities	6,984,753	5,958,948	121,990	13,065,691
Non-Cash Loans (*****)	4,020,661	5,443,483	946,981	10,411,125
31 December 2020				
Total Assets	8,548,416	22,069,455	462,602	31,080,473
Total Liabilities	5,582,928	28,505,982	528,716	34,617,626
Net Balance Sheet Position	2,965,488	(6,436,527)	(66,114)	(3,537,153)
Net Off-Balance Sheet Position	(2,738,588)	6,681,615	82,749	4,025,776
Financial Derivative Assets	5,159,992	9,421,892	89,681	14,671,565
Financial Derivative Liabilities	7,898,580	2,740,277	6,932	10,645,789
Non-Cash Loans	3,253,182	6,197,556	845,540	10,296,278

(*) Accruals of derivative assets held for trading amounting to TL 341,525 (31 December 2021: TL 441,601) have been deducted from fair value through profit and loss.

(**) FC indexed loans and accruals amounting to TL 184,196 (31 December 2021: TL 182,463) are included in loans.

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

(****) Accruals of derivative liabilities held for trading amounting to TL 70,993 (31 December 2021: TL 11,087) have been deducted from other liabilities as of 30 June 2022.

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

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

IV. Explanations on Interest Rate Risk

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
30 June 2022							
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	7,157,478	-	-	-	-	1,103,152	8,260,630
Banks (****)	2,173,284	-	489	-	-	2,204,312	4,378,085
Financial Assets at Fair Value Through Profit and Loss	223,149	319,358	317,728	72,849	2,280	-	935,364
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1,054,128	611,548	1,584,870	155,733	3	42,587	3,448,869
Loans (*****)	7,642,038	6,295,490	12,643,107	6,231,217	1,359,392	(431,727)	33,739,517
Financial Assets Measured at Amortised Cost (****)	4	3,520,020	3,633,275	84,767	-	(1,921)	7,236,145
Other Assets (*)	-	-	-	-	-	2,499,759	2,499,759
Total Assets	18,250,081	10,746,416	18,179,469	6,544,566	1,361,675	5,416,162	60,498,369
Liabilities							
Bank Deposits (**)	474,451	50,023	-	-	-	128,379	652,853
Other Deposits	18,110,422	8,288,027	1,849,716	269,019	-	4,268,318	32,785,502
Money Market Funds	1,950,965	-	998,448	-	-	-	2,949,413
Miscellaneous Payables	-	-	-	-	-	821,194	821,194
Marketable Securities Issued	395,024	285,556	-	72,030	-	-	752,610
Funds Borrowed From Other Financial Institutions	652,418	5,040,494	7,507,293	3,420,544	1,249,939	-	17,870,688
Other Liabilities and Shareholders' Equity (***)	153,165	222,180	161,268	76,065	16,067	4,037,364	4,666,109
Total Liabilities	21,736,445	13,886,280	10,516,725	3,837,658	1,266,006	9,255,255	60,498,369
Balance Sheet Long Position	-	-	7,662,744	2,706,908	95,669	-	10,465,321
Balance Sheet Short Position	(3,486,364)	(3,139,864)	-	-	-	(3,839,093)	(10,465,321)
Off-Balance Sheet Long Position	101,095	75,321	-	54	-	-	176,470
Off-Balance Sheet Short Position	-	-	(25,099)	-	-	-	(25,099)
Total Position	(3,385,269)	(3,064,543)	7,637,645	2,706,962	95,669	(3,839,093)	151,371

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

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

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

(****) Expected loss provision for financial assets is presented non-interest bearing on the table. Amounted to TL 1,329 were deducted from non-interest banks, amounted to TL 1,921 were deducted from non-interest financial assets measured at amortised cost.

(*****) 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 BANK (Continued)

IV. Explanations on Interest Rate Risk (Continued)

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

31 December 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 (*)	1,410,682	-	977	-	-	1,960,577	3,372,236
Financial Assets at Fair Value Through Profit and Loss	370,250	241,921	329,384	35,427	341	-	977,323
Money Market Placements	50,018	-	-	-	-	-	50,018
Financial Assets Available-for-Sale	1,002,408	368,507	1,226,686	25,834	128,121	39,016	2,790,572
Loans (*)	5,824,413	2,747,394	10,445,274	6,356,075	1,235,107	(378,066)	26,230,197
Held-to-Maturity Investments (****)	4	3,151,593	2,758,702	-	67,843	(1,089)	5,977,053
Other Assets (*) (****)	-	-	-	-	-	1,821,955	1,821,955
Total Assets	14,609,155	6,722,679	14,761,023	6,417,336	1,431,412	4,736,280	48,677,885
Liabilities							
Bank Deposits (***)	833,074	234,753	-	-	-	47,179	1,115,006
Other Deposits	17,670,035	5,266,182	455,714	39,491	-	3,138,823	26,570,245
Money Market Funds	739,567	-	-	798,751	-	-	1,538,318
Miscellaneous Payables	-	-	-	-	-	644,102	644,102
Marketable Securities Issued	317,560	296,455	196,163	72,136	-	-	882,314
Funds Borrowed From Other Financial Institutions	929,440	5,123,471	4,422,399	2,803,028	1,000,209	-	14,278,547
Other Liabilities and Shareholders' Equity (***)	119,632	184,626	270,156	43,762	16,265	3,014,912	3,649,353
Total Liabilities	20,609,308	11,105,487	5,344,432	3,757,168	1,016,474	6,845,016	48,677,885
Balance Sheet Long Position	-	-	9,416,591	2,660,168	414,938	-	12,491,697
Balance Sheet Short Position	(6,000,153)	(4,382,808)	-	-	-	(2,108,736)	(12,491,697)
Off-Balance Sheet Long Position	151,955	18,805	89,746	-	-	-	260,506
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(5,848,198)	(4,364,003)	9,506,336	2,660,168	414,939	(2,108,736)	260,506

(*) Expected loss provision for financial assets is presented non-interest bearing on the table. Amounted to TL 1,115 were deducted from non-interest banks, amounted to TL 1,089 were deducted from non-interest financial assets measured at amortised cost.

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

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

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

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INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (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 June 2022	EUR	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	-	1.56	-	-
Financial Assets at Fair Value Through Profit and Loss	-	3.03	-	10.68
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	5.31	-	14.91
Loans and Receivables	4.89	6.05	-	23.28
Financial Assets Measured at Amortised Cost	-	4.80	-	14.11
Liabilities				
Bank Deposits	-	2.15	-	17.80
Other Deposits	2.35	4.37	-	18.81
Money Market Funds	-	2.28	-	14.00
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	18.89
Funds Borrowed From Other Financial Institutions	2.31	4.89	-	16.67

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

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

V. Explanation on Stock Position Risk

None.

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.e. Information on current liquidity risk mitigation techniques

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

1.f. Information on the use of stress testing

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

In addition, the liquidity risk stress tests are conducted regularly on a monthly basis and reported to the senior management together with the results.

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

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

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

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

2. Liquidity Coverage Ratio

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

	Consideration Ratio Unapplied to Total Value (*)		Consideration Ratio Applied to Total Value (*)	
	TL+FC	FC	TL+FC	FC
30 June 2022				
HIGH QUALITY LIQUID ASSETS				
1 High Quality Liquid Assets			10,189,326	8,149,379
CASH OUTFLOWS				
2 Retail and Small Business Customers	16,842,015	8,313,933	1,543,573	831,393
3 Stable Deposits	2,812,570	-	140,629	-
4 Less Stable Deposit	14,029,445	8,313,933	1,402,944	831,393
5 Unsecured Wholesale Funding	14,903,590	9,593,604	8,272,054	4,958,653
6 Operational Deposits	-	-		
7 Non-operational Deposits	11,714,337	7,936,503	5,319,530	3,529,802
8 Other Unsecured Funding's	3,189,253	1,657,101	2,952,524	1,428,851
9 Secured Funding				
10 Other Cash Outflows	609,996	609,996	609,996	609,996
11 Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	609,996	609,996	609,996	609,996
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	424,534	424,534	21,227	21,227
15 Other irrevocable or conditionally revocable off-balance sheet obligations	15,205,514	9,850,894	2,096,864	1,140,775
16 TOTAL CASH OUTFLOWS			12,543,714	7,562,044
CASH INFLOWS				
17 Secured lending	169,745	-	-	-
18 Unsecured lending	7,842,439	4,782,887	6,333,911	4,186,763
19 Other cash inflows	1,066,043	1,096,911	1,066,043	1,096,911
20 TOTAL CASH INFLOWS	9,078,227	5,879,798	7,399,954	5,283,674
			Total Adjusted Value	
21 TOTAL HIGH QUALITY ASSETS STOCKS			10,189,326	8,149,379
22 TOTAL CAH OUTFLOWS			5,143,760	2,278,370
23 LIQUIDITY COVERAGE RATIO (%)			201.85%	356.29%

(*) 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 June 2022	Highest	Date	Lowest	Date	Average
TL+FC	251.4%	08.04.2022	163.1%	20.05.2022	201.9%
FC	452.4%	08.04.2022	237.5%	20.05.2022	356.3%

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

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

2. Liquidity Coverage Ratio (Continued)

		Consideration Ratio Unapplied to Total Value (*)		Consideration Ratio Applied to Total Value (*)	
		TL+FC	FC	TL+FC	FC
31 December 2021					
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			9,041,090	7,584,967
CASH OUTFLOWS					
2	Retail and Small Business Customers	12,357,688	6,256,747	1,148,290	625,675
3	Stable Deposits	1,749,578	-	87,479	-
4	Less Stable Deposit	10,608,110	6,256,747	1,060,811	625,675
5	Unsecured Wholesale Funding	11,519,987	7,092,929	6,664,614	3,723,410
6	Operational Deposits	-	-		
7	Non-operational Deposits	8,974,195	5,637,042	4,366,167	2,501,416
8	Other Unsecured Fundings	2,545,792	1,455,887	2,298,447	1,221,994
9	Secured Funding				
10	Other Cash Outflows	606,126	606,567	606,126	606,567
11	Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	606,126	606,567	606,126	606,567
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	315,601	315,601	15,780	15,780
15	Other irrevocable or conditionally revocable off-balance sheet obligations	11,641,132	8,021,270	1,564,471	890,338
16	TOTAL CASH OUTFLOWS			9,999,281	5,861,770
CASH INFLOWS					
17	Secured lending	19,269	-	-	-
18	Unsecured lending	4,893,196	3,116,570	3,939,996	2,674,388
19	Other cash inflows	517,225	529,587	517,224	529,587
20	TOTAL CASH INFLOWS	5,429,690	3,646,157	4,457,220	3,203,975
				Total Adjusted Value	
21	TOTAL HIGH QUALITY ASSETS STOCKS			9,041,090	7,584,967
22	TOTAL CAH OUTFLOWS			5,542,061	2,657,795
23	LIQUIDITY COVERAGE RATIO (%)			163.36%	286.69%

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

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

31 December 2021	Highest	Date	Lowest	Date	Average
TL+FC	173.0%	26.11.2021	153.6%	18.10.2021	163.4%
FC	321.1%	26.11.2021	239.8%	15.10.2021	286.7%

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

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

3. Banks explanations as a minimum regarding the liquidity ratio:

3.a Important factors affected by the results of Liquidity Coverage Ratio and the change of the items taken into account in the ratio calculation over time.

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

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

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

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

Basically deposits, loans and subordinated loans as unsecured debt items have the most significant portion in Bank's funding balances. As of 30 June 2022, the proportion of total liabilities to all deposits of the bank is 55% and borrowings constitutes 22% portion whereas subordinate debt is 8%. Secured borrowings such as repo transactions has lower portion (5%). In addition, as a funding item, the Bank has issued securities amounting to TL 752,610 as of 30 June 2022 (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 June 2022, net of derivative assets are amounting to TL 1,188,707 (31 December 2021: TL 1,119,502). In addition, cash outflow balances are reported with calculation against the change of derivatives fair value. This calculation is performed by checking the output margin within last 24 months of the counterparty balance. The maximum value in the past 24 months is considered as cash outflow as of reporting date. In this context, according to calculations as of 30 June 2022, the liability balance is computed as TL 724,182 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 June 2022, the Bank's more than 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 (86%). As of 30 June 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 Bank has an issued securities amounting to TL 752,610 (31 December 2021: TL 882,314).

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

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

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

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

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

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

Breakdown of assets and liabilities according to their outstanding maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Unclassified	Total
30 June 2022								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,103,156	7,157,474	-	-	-	-	-	8,260,630
Due From Banks (****)	2,205,155	2,173,770	-	489	-	-	(1,329)	4,378,085
Financial Assets at Fair Value Through Profit and Loss	-	204,672	318,308	317,556	91,373	3,455	-	935,364
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (****)	-	14,370	-	292,178	2,430,867	668,867	42,587	3,448,869
Loans	-	3,531,832	6,739,433	13,183,874	7,214,660	3,501,445	(431,727)	33,739,517
Financial Assets Measured at Amortised Cost (****)	-	4	2,464,295	75,389	4,612,757	85,621	(1,921)	7,236,145
Other Assets (*) (****)	-	306,301	7,159	45,233	5,333	6,984	2,128,749	2,499,759
Total Assets	3,308,311	13,388,423	9,529,195	13,914,719	14,354,990	4,266,372	1,736,359	60,498,369
Liabilities								
Bank Deposits (***)	128,379	474,451	50,023	-	-	-	-	652,853
Other Deposits	4,268,318	18,110,422	8,288,027	1,849,716	269,019	-	-	32,785,502
Funds Borrowed From Other Financial Institutions (**)	-	114,764	2,890,564	7,821,968	2,376,569	4,666,823	-	17,870,688
Money Market Funds	118,311	1,828,996	3,658	998,448	-	-	-	2,949,413
Marketable Securities Issued	-	395,023	285,523	1	72,063	-	-	752,610
Miscellaneous Payables	-	-	-	-	-	-	819,541	819,541
Other Liabilities	-	587,635	222,179	161,268	76,065	16,069	3,604,546	4,667,762
Total Liabilities	4,515,008	21,511,291	11,739,974	10,831,401	2,793,716	4,682,892	4,424,087	60,498,369
Liquidity Gap	(1,206,697)	(8,122,868)	(2,210,779)	3,083,318	11,561,274	(416,520)	(2,687,728)	-
31 December 2021								
Total Assets	3,255,579	10,154,827	3,475,832	12,431,882	13,822,717	4,227,157	1,309,891	48,677,885
Total Liabilities	3,186,002	20,483,676	8,976,251	6,695,581	2,132,908	3,753,663	3,449,804	48,677,885
Liquidity Gap	69,577	(10,328,849)	(5,500,419)	5,736,301	11,689,809	473,494	(2,139,913)	-

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

(**) As explained in Section Three Footnote Number XXVI, primary subordinated loan amounting to TL 4,581,885 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 1,329 were deducted from non-interest banks, amounted to TL 1,921 were deducted from non-interest financial assets measured at amortised cost.

(*****) 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 BANK (Continued)

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

Contractual maturity analysis of the Bank's derivative instruments:

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

VII. Explanations on Leverage Ratio

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

The Bank's unconsolidated leverage ratio is 9.85% and calculated in compliance with "Regulation on Measurement and Evaluation of Leverage Levels of Banks" (31 December 2021: 9.50%). 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 June 2022 (*)	31 December 2021 (*)
	Assets in Balance Sheet		
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	57,484,878	44,783,507
2	Assets deducted in determining Tier 1 capital	(109,962)	(96,719)
3	Total on-balance sheet risks (sum of lines 1 and 2) Derivative financial instruments and credit derivatives	57,374,916	44,686,788
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	938,670	1,076,630
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	609,689	502,670
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5 (SCFT))	1,548,359	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)	-	-
	Off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	22,069,274	16,324,559
11	(Adjustments for conversion to credit equivalent amounts)	(3,373,722)	(2,027,157)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	18,695,552	14,297,402
	Capital and Total Risk		
13	Tier 1 capital	7,640,452	5,730,814
14	Total risks (sum of lines 3, 6, 9 and 12)	77,618,827	60,563,490
	Leverage ratio		
15	Leverage ratio (%)	9.85%	9.50%

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

VIII. Explanations on Fair Values of Financial Assets and Liabilities

Not prepared in compliance with the Article 25 of the 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 BANK (Continued)

X. Explanations on the Risk Management

a. Explanations on the Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to the Communiqué these notes have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of 30 June 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 Bank's risk management approach

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

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

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

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

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

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

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

The Bank identifies measures, assesses, monitors the risks it is exposed to by way of using internationally recognised quantitative and analytical techniques found suitable for the Bank in particular, and reports related results to the Top Management. The Bank also monitors the compliance of credit facilities and treasury operations etc. with the Bank's risk policies administer internal reporting and monitor the results on a regular basis.

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

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

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

X. Explanations on the Risk Management (Continued)

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

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

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

1. Protection Level (Risk-taking departments): All business units of the Bank which are directly responsible from controlling and reducing to minimum levels the risks resulting from the activities conducted by each one of the units as per the Bank standards and policies.
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 June 2022	31 December 2021	30 June 2022
1	Credit risk (excluding counterparty credit risk) (CCR)	38,300,639	28,612,980	3,064,051
2	Standardised approach (SA)	38,300,639	28,612,980	3,064,051
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	1,028,337	960,609	82,267
5	Standardised approach for counterparty credit risk (SA-CCR)	1,028,337	960,609	82,267
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	832,488	164,875	66,599
17	Standardised approach (SA)	832,488	164,875	66,599
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	1,458,378	1,308,740	116,670
20	Basic Indicator Approach	1,458,378	1,308,740	116,670
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)	41,619,842	31,047,204	3,329,587

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

X. Explanations on the Risk Management (Continued)

b. Explanations on linkages between financial statements and risk amounts

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

c. Explanations on credit risk

1. Credit Quality of Assets

Current Year	Gross carrying value in consolidated financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/amortisation and impairments	Net values (a+b-c)
	Defaulted (a)	Non-defaulted (b)	c	d
1 Loans	597,874	31,923,640	1,029,601	31,491,913
2 Debt securities	-	11,098,464	476,799	10,621,665
3 Off-balance sheet exposures	105,282	15,140,465	43,837	15,201,910
4 Total	703,156	58,162,569	1,550,237	57,315,488

Previous Year	Gross carrying value in consolidated financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/amortisation and impairments	Net values (a+b-c)
	Defaulted (a)	Non-defaulted (b)	c	d
1 Loans	634,145	22,159,458	1,012,208	21,781,395
2 Debt securities	-	8,946,543	201,434	8,745,109
3 Off-balance sheet exposures	95,242	11,277,655	42,774	11,330,123
4 Total	729,387	42,383,656	1,256,416	41,856,627

2. Changes In Stock of Defaulted Loans And Debt Securities

		Amount (Current Year)	Amount (Previous Year)
1	Defaulted loans and debt securities at end of the previous reporting period	729,387	1,127,249
2	Loans and debt securities that have defaulted since the last reporting period	115,987	237,711
3	Receivables back to non-defaulted status	-	-
4	Amounts written off	-	-
5	Other changes	(142,218)	(635,573)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	703,156	729,387

Explanations of the law value of financial assets described in Note VII of Section Three.

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

X. Explanations on the Risk Management (Continued)

3. Credit Risk Mitigation Techniques

Current Year		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	27,149,823	4,342,090	1,335,092	-	-	-	-
2	Debt securities	10,621,665	-	-	-	-	-	-
3	Total	37,771,488	4,342,090	1,335,092	-	-	-	-
4	Of which defaulted	388,720	18,438	4,524	-	-	-	-

Previous Year		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	17,997,687	3,783,708	925,133	-	-	-	-
2	Debt securities	8,745,109	-	-	-	-	-	-
3	Total	26,742,796	3,783,708	925,133	-	-	-	-
4	Of which defaulted	347,103	21,507	5,144	-	-	-	-

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

X. Explanations on the Risk Management (Continued)

4. Consolidated Credit Risk Exposure and Credit Risk Mitigation Techniques

	Current Year	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA Density
	Risk Classes						
1	Exposures to central governments or central banks	18,676,666	-	18,765,952	-	14,999	0.1%
2	Exposures to regional and local governments or local authorities	-	-	-	-	-	0.0%
3	Exposures to public sector entities	-	3,494	-	1,399	1,399	100.0%
4	Exposures to multilateral development banks	-	-	-	-	-	0.0%
5	Exposures to international organizations	-	-	-	-	-	0.0%
6	Exposures to institutions	8,025,630	479,744	7,853,950	(93,562)	3,579,123	46.1%
7	Exposures to corporates	31,122,922	13,362,809	28,167,397	9,412,591	32,904,018	87.6%
8	Retail exposures	100,147	419,850	86,429	77,764	123,145	75.0%
9	Exposures secured by residential property	321,682	68,030	304,111	31,338	190,204	56.7%
10	Exposures secured by commercial real estate	319,016	24,283	315,262	13,162	179,647	54.7%
11	Past-due loans	110,941	-	104,735	-	103,977	99.3%
12	High risk categories by the Agency Board	-	-	-	-	-	0.0%
13	Exposures in the form of covered bonds	-	-	-	-	-	0.0%
14	Exposures to institutions and corporates with a short term credit assessment	-	-	-	-	-	0.0%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	0.0%
16	Other exposures	2,725,522	-	2,725,522	-	2,002,486	73.5%
17	Investments in equities	-	-	-	-	-	0.0%
18	Total	61,402,526	14,358,210	58,323,358	9,442,692	39,098,998	57.7%

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

X. Explanations on the Risk Management (Continued)

4. Credit Risk Exposure and Credit Risk Mitigation Techniques

	Previous Year	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA Density
	Risk Classes						
1	Exposures to central governments or central banks	14,402,382	-	14,550,986	-	16,235	0.1%
2	Exposures to regional and local governments or local authorities	-	-	-	-	-	0.0%
3	Exposures to public sector entities	-	2,266	-	958	958	100.0%
4	Exposures to multilateral development banks	-	-	-	-	-	0.0%
5	Exposures to international organizations	-	-	-	-	-	0.0%
6	Exposures to institutions	3,819,599	568,832	3,308,838	209,721	1,611,238	45.8%
7	Exposures to corporates	20,988,874	10,604,872	20,412,263	7,349,339	25,609,670	92.2%
8	Retail exposures	104,981	397,841	86,778	34,475	90,940	75.0%
9	Exposures secured by residential property	273,662	50,840	265,547	22,833	100,933	35.0%
10	Exposures secured by commercial real estate	619,240	22,611	608,371	12,453	310,412	50.0%
11	Past-due loans	184,395	-	176,308	-	176,419	100.1%
12	High risk categories by the Agency Board	-	-	-	-	-	0.0%
13	Exposures in the form of covered bonds	-	-	-	-	-	0.0%
14	Exposures to institutions and corporates with a short term credit assessment	-	-	-	-	-	0.0%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	0.0%
16	Other exposures	1,973,148	-	1,973,148	-	1,449,788	73.5%
17	Equity share investments	-	-	-	-	-	0.0%
18	Total	42,366,281	11,647,262	41,382,239	7,629,779	29,366,593	59.9%

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

X. Explanations on the Risk Management (Continued)

5. Consolidated Exposures by Asset Classes and Risk Weights

30 June 2022 Regulatory portfolio		0%	10%	20%	35% secured by real estate mortgage	50% secured by real estate mortgage	50%	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
1	Exposures to central governments or central banks	18,735,955	-	-	-	-	29,997	-	-	-	-	-	18,765,952
2	Exposures to regional and local governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-	-	1,399	-	-	-	1,399
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	1,003,568	-	-	6,756,820	-	-	-	-	-	7,760,388
7	Exposures to corporates	-	-	5,035,698	-	-	4,519,044	-	26,413,135	-	1,612,111	-	37,579,988
8	Retail exposures	-	-	-	-	-	164,193	-	-	-	-	-	164,193
9	Exposures secured by residential property	-	-	-	291,330	-	-	-	-	-	44,119	-	335,449
10	Exposures secured by commercial real estate	-	-	-	-	318,134	-	-	-	-	10,290	-	328,424
11	Past-due loans	-	-	-	-	-	7,298	-	91,654	5,783	-	-	104,735
12	High risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-	-	-
17	Other exposures	705,791	-	21,556	-	-	-	-	1,998,175	-	-	-	2,725,522
18	Total	19,441,746	-	6,060,822	291,330	318,134	11,313,159	164,193	28,504,363	5,783	1,666,520	-	67,766,050

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

X. Explanations on the Risk Management (Continued)

5. Exposures by Asset Classes and Risk Weights (Continued)

31 December 2022 Regulatory portfolio		0%	10%	20%	35% secured by real estate mortgage	50% secured by real estate mortgage	50%	75%	100%	150%	200%	Other s	Total risk amount (post-CCF and CRM)
1	Exposures to central governments or central banks	14,518,515	-	-	-	-	32,471	-	-	-	-	-	14,550,986
2	Exposures to regional and local governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-	-	958	-	-	-	958
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international Organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	493,469	-	-	3,025,090	-	-	-	-	-	3,518,559
7	Exposures to corporates	-	-	1,407,541	-	-	2,051,800	-	24,302,262	-	-	-	27,761,602
8	Retail exposures	-	-	-	-	-	-	121,253	-	-	-	-	121,253
9	Exposures secured by residential property	-	-	-	288,380	-	-	-	-	-	-	-	288,380
10	Exposures secured by commercial real estate	-	-	-	-	620,824	-	-	-	-	-	-	620,824
11	Past-due loans	-	-	-	-	-	15,030	-	146,026	15,252	-	-	176,308
12	High risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-	-
16	Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
17	Other exposures	523,337	-	29	-	-	-	-	1,449,782	-	-	-	1,973,148
18	Total	15,041,852	-	1,901,039	288,380	620,824	5,124,391	121,253	25,899,028	15,252	-	-	49,012,018

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

X. Explanations on the Risk Management (Continued)

d. Explanations on counterparty credit risk

1. Consolidated Counterparty Credit Risk (CCR) Approach Analysis

	Current Year	Replacement cost	Potential future exposure	EEPE(Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	801,104	173,687		1.4	974,791	798,320
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions))					867,736	39
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					867,736	39
6	Total						798,359

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

X. Explanations on the Risk Management (Continued)

d. Explanations on counterparty credit risk (Continued)

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

		Replacement cost	Potential future exposure	EEPE(Effective Expected Positive Exposure)	Alpha used for computing regulatory EAD	EAD post- CRM	RWA
	Previous Year						
1	Standardised Approach - CCR (for derivatives)	703,236	116,097		1.4	819,333	746,205
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions))					36,907	7,408
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					36,907	7,408
6	Total						753,613

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

X. Explanations on the Risk Management (Continued)

c. Explanations on Counterparty Credit Risk (CCR) (Continued):

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

	Current Year	EAD post-CRM	RWA
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-
1	(i) Value at Risk component (including the 3×multiplier)		-
2	(ii) Stressed Value at Risk component (including the 3×multiplier)		-
3	Total portfolio value with simplified approach CVA adequacy	374,442	229,978
4	Total subject to the CVA capital obligation	374,442	229,978

	Previous Year	EAD post-CRM	RWA
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-
1	(i) Value at Risk component (including the 3×multiplier)		-
2	(ii) Stressed Value at Risk component (including the 3×multiplier)		-
3	Total portfolio value with simplified approach CVA adequacy	257,539	206,996
4	Total subject to the CVA capital obligation	257,539	206,996

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

X. Explanations on the Risk Management (Continued)

d. Explanations on Counterparty Credit Risk (CCR) (Continued):

3. CCR Exposures by Risk Class and Risk Weights

Current Year Risk weight/ Risk classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Central governments and central banks receivables	867,627	-	-	-	-	-	-	-	867,627
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
International organizations receivables	-	-	-	-	-	-	-	-	-
Banks and intermediary institutions receivables	-	-	186,223	293,605	-	-	-	-	479,828
Corporate receivables	-	-	-	-	-	797,716	-	-	797,716
Retail receivables	-	-	-	-	62,099	-	-	-	62,099
Mortgage receivables	-	-	-	-	-	-	-	-	-
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term credit rated banks and intermediary institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	867,627	-	186,223	293,605	62,099	797,716	-	-	2,207,270

(*) Total credit risk: the amount of relating to the capital adequacy calculation after applying counterparty credit risk measurement techniques

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

X. Explanations on the Risk Management (Continued)

c. Explanations on Counterparty Credit Risk (CCR) (Continued)

3. CCR Exposures by Risk Class and Risk Weights (Continued)

Previous Year Risk weight/ Risk classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
International organizations receivables	-	-	-	-	-	-	-	-	-
Banks and intermediary institutions receivables	-	-	88,817	157,778	-	-	-	-	246,594
Corporate receivables	-	-	-	-	-	854,271	-	-	854,271
Retail receivables	-	-	-	-	12,914	-	-	-	12,914
Mortgage receivables	-	-	-	-	-	-	-	-	-
Non performing receivables	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short term credit rated banks and intermediary institutions receivables	-	-	-	-	-	-	-	-	-
Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	88,817	157,778	12,914	854,271	-	-	1,113,779

(*) Total credit risk: the amount of relating to the capital adequacy calculation after applying counterparty credit risk measurement techniques

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

X. Explanations on the Risk Management (Continued)

d. Explanations on Counterparty Credit Risk (CCR) (Continued)

4. Collaterals for Consolidated CCR

	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Current Year						
Cash-domestic currency	-	-	-	-	636,268	-
Cash-foreign currency	-	-	-	-	2,313,026	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	2,949,294	-

	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Previous Year						
Cash-domestic currency	-	-	-	-	1,378	13,174
Cash-foreign currency	-	-	-	-	1,536,940	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	1,538,318	13,174

5. Credit Derivatives

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. Central counterparty risks (CCR):

None (31 December 2021: None.)

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

X. Explanations on the Risk Management (Continued)

e. Explanations on securitisations:

None.

f. Explanations on market risk

		RWA Current Year	RWA Previous Year
	Outright products		
1	Interest rate risk (general and specific)	100,138	19,225
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	447,263	133,963
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	285,087	11,687
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	832,488	164,875

g. Explanations on operational risk

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

h. Explanations on banking book interest rate risk

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

i. Explanations on -credit risk mitigation techniques

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

j. Explanations on risk management objectives and policies

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

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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 balanced the fair value effects of changes in libor interest rates, fixed interest rate by applying hedge accounting with the interest rate swap nominal value of TL 55,000 with maturity 5 years.

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

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

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

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 June 2022			31 December 2021		
	Principal Amount (*)	Asset	Liability	Principal Amount (*)	Asset	Liability
Derivative financial instruments						
Interest rate swaps	15,372,156	84,968	6,230	15,119,110	88,498	3,814
Total	15,372,156	84,968	6,230	15,119,110	88,498	3,814

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

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes on Assets

a. Information on cash and balances with the Central Bank of Republic of Turkey ("CBRT")

1. Information on cash and the account of the CBRT

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Cash/Foreign Currency	30,558	296,252	33,832	537,539
CBRT	1,137,437	6,769,969	790,606	6,096,486
Other	884	25,530	26	42
Total	1,168,879	7,091,751	824,464	6,634,067

2. Information on the account of the CBRT

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Demand Unrestricted Amount (*)	874,391	2,595,404	790,606	2,446,047
Time Restricted Amount	-	-	-	-
Reserve Requirement	263,046	4,174,565	-	3,650,439
Total	1,137,437	6,769,969	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 June 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%-31% (31 December 2021: 5% - 26%).

Within the scope of the "Communique on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" numbered 2021/14, the conversion rate from USD, EUR and GBP foreign currency deposit participation fund accounts to TL time deposits and participation accounts is real and legal as of the liability date of 15 April 2022. Banks that have reached the level of 10% for individuals; 10% for real persons, 20% for legal persons as of the liability date of July 2022, and 20% for real and legal persons as of September 2, 2022. It has been decided not to apply the annual commission over the part up to the amount. The practice of charging double commission from banks that could not reach the conversion rate determined as of September 2, 2022 was canceled and the commission rate increased from 1.5% to 5% as of July 8, 2022 commitment date.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations and Notes on Assets (Continued)

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

As of 30 June 2022, the 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).

c. Positive differences related to derivative financial assets

	30 June 2022 (*)		31 December 2021 (*)	
	TL	FC	TL	FC
Forward Transactions	14,962	11,225	9,409	12,991
Swap Transactions	18,200	389,024	88,954	450,475
Options	447,423	34,832	384,514	16,105
Total	480,585	435,081	482,877	479,571

(*) Hedging derivative financial assets are excluded.

d. Information on banks

1. Information on banks

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Banks				
Domestic	1,153	1,247,141	54,189	982,327
Foreign	-	3,131,120	-	2,336,835
Total	1,153	4,378,261	54,189	3,319,162

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 June 2022, there are no financial assets at fair value through other comprehensive income given as collateral/blocked and those subject to repurchase agreements. (31 December 2021: None) As of 30 June 2022, there are no financial assets at fair value through other comprehensive income those subject to repurchase agreements (31 December 2021: None). As of 30 June 2022, the share certificates amounting to TL 42,588 (31 December 2021: TL 39,016).

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

	30 June 2022	31 December 2021
Debt Securities	3,797,724	2,864,486
Quoted on Stock Exchange	3,783,652	2,852,421
Not Quoted	14,072	12,065
Share Certificates	42,588	39,016
Quoted on Stock Exchange	34,929	31,357
Not Quoted	7,659	7,659
Impairment Provision (-)	476,411	201,428
Total	3,363,901	2,702,074

(*) 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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans

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

	30 June 2022		31 December 2021	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	7,825	-	12,942
Corporate Shareholders	-	7,825	-	12,942
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	949,024	3,814	851,470	2,932
Loans Granted To Employees	17,868	-	9,121	-
Total	966,892	11,639	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 Year		Loans Under Close Monitoring		
		Restructured Loans		
		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Cash Loans	Standard Loans			
Non-specialized Loans	30,001,638	2,136,109	2,032,989	-
Loans given to enterprises	-	-	-	-
Export Loans	180,888	4,752	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	2,886,641	-	-	-
Consumer Loans	239,621	4,310	229	-
Credit Cards	74,342	3,282	-	-
Other	26,620,146	2,123,765	2,032,760	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	30,001,638	2,136,109	2,032,989	-

(*) Factoring receivables are included.

Previous Year		Loans Under Close Monitoring		
		Restructured Loans		
		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Cash Loans	Standard Loans			
Non-specialized Loans	22,701,083	1,865,191	2,041,989	-
Loans given to enterprises	-	-	-	-
Export Loans	229,381	4,733	70,775	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,814,821	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	22,701,083	1,865,191	2,041,989	-

(*) Factoring receivables are included.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED 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	165,616	-
Significant Increase in Credit Risk	-	373,278

(*) Expected loss provision amounting to TL 1,921 calculated for financial assets measured at amortized cost is not included.

The Bank has signed a risk participation agreement with its main partner, The Commercial Bank (P.S.Q.C). Determined in accordance with the agreement Bank guarantess for a certain amount of customer risks were obtained for customers (participation rates: 80% Parent 20% Bank) and accordingly the expected loss provision calculation was made.

Prior Period

	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	163,536	-
Significant Increase in Credit Risk	-	395,375

(*) Expected loss provision amounting to TL 1,092 calculated for financial assets measured at amortized cost is not included.

3. Loans according to their maturity structure

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

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans (Continued)

4. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	53,419	167,756	221,175
Real Estate Loans	-	68,709	68,709
Automotive Loans	173	1,791	1,964
Consumer Loans	53,246	97,256	150,502
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	15,858	-	15,858
With Installments	2,704	-	2,704
Without Installments	13,154	-	13,154
Individual Credit Cards- FC	12	-	12
With Installments	-	-	-
Without Installments	12	-	12
Personnel Loans-TL	686	15,205	15,891
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	686	15,205	15,891
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	1,883	-	1,883
With Installments	375	-	375
Without Installments	1,508	-	1,508
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Credit Deposit Account-TL (Individuals) (*)	7,094	-	7,094
Credit Deposit Account-FC (Individuals)	-	-	-
Total	78,952	182,961	261,913

(*) TL 94 of the credit deposit account personal loans.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans (Continued)

5. Information on commercial installment loans and corporate credit cards

	Short-term	Medium and long-term	Total
Commercial Installments Loans-TL	332,619	2,931,848	3,264,467
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	332,619	2,931,848	3,264,467
Other	-	-	-
Commercial Installments Loans-FC Indexed	-	58,062	58,062
Real Estate Loans	-	58,062	58,062
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installments Loans-FC	-	5,444,881	5,444,881
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	5,444,881	5,444,881
Other	-	-	-
Corporate Credit Cards-TL	59,736	13	59,749
With Installment	20,397	13	20,410
Without Installment	39,339	-	39,339
Corporate Credit Cards-FC	122	-	122
With Installment	-	-	-
Without Installment	122	-	122
Credit Deposit Account-TL (Legal Person)	84,384	-	84,384
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	476,861	8,434,804	8,911,665

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 June 2022	31 December 2021
Domestic Loans	34,169,941	26,599,574
Foreign Loans	795	8,689
Total	34,170,736	26,608,263

8. Loans given to investments in associates and subsidiaries

As of 30 June 2022, there are loans granted to associates and subsidiaries amount to TL 364,900 (31 December 2021: TL 340,382).

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

	30 June 2022	31 December 2021
Loans with Limited Collectability	79,830	72,510
Loans with Doubtful Collectability	69,425	45,545
Uncollectible Loans	340,944	335,242
Total	490,199	453,297

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans (Continued)

10. Information on non-performing loans (Net)

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

The Bank has no non-performing loans restructured or rescheduled and other receivables as of 30 June 2022 (31 December 2021: None).

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
31 December 2021	96,803	45,546	491,796
Addition (+)	81,100	2,816	3,322
Transfers from Other Categories of Non-performing Loans (+)	-	92,540	27,131
Transfers to Other Categories of Non-performing Loans (-)	(92,540)	(27,131)	-
Collections (-)	(4,480)	(17,311)	(101,718)
Write-offs (-) (*)	-	-	-
Sold Portfolio (-) (**)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
30 June 2022	80,883	96,460	420,531
Specific Provisions (-)	(79,830)	(69,425)	(340,944)
Net Balance on Balance Sheet	1,053	27,035	79,587

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

As at the balance sheet date there are no non-performing loans denominated in foreign currencies (31 December 2021: None).

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans (Continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
30 June 2022 (Net)	1,053	27,035	79,587
Loans to Real Persons and Legal Entities (Gross)	80,883	96,460	420,531
Specific Provision Amount (-)	(79,830)	(69,425)	(340,944)
Loans to Real Persons and Legal Entities (Net)	1,053	27,035	79,587
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2021 (Net)	24,293	1	156,554
Loans to Real Persons and Legal Entities (Gross)	96,803	45,546	491,796
Specific Provision Amount (-)	(72,510)	(45,545)	(335,242)
Loans to Real Persons and Legal Entities (Net)	24,293	1	156,554
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	-	-	-
Interest accruals and valuation differences	-	-	70,577
Provision (-)	-	-	(70,577)
Prior Period (Net)	-	-	-
Interest accruals and valuation differences	-	-	63,897
Provision (-)	-	-	(63,897)

11. Explanation on liquidation policy for uncollectible loan and receivable

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

12. Explanations on write-off policy

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

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

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 June 2022 there are financial assets measured at amortised cost given as collateral amounting to TL 7,238,066 (31 December 2021: TL 5,978,142).

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Given as collateral/blocked	75,386	2,575,161	22,571	2,663,774
Subject to repurchase agreements	-	2,871,946	-	2,310,134
Other	106,237	1,609,336	52,937	928,726
Total	181,623	7,056,443	75,508	5,902,634

2. Information on debt securities measured at amortised cost

	30 June 2022	31 December 2021
Government Bonds	7,056,443	5,807,366
Treasury Bills	181,623	75,508
Other Government Debt Securities	-	-
Total	7,238,066	5,882,874

3. Financial assets measured at amortised cost

	30 June 2022	31 December 2021
Debt Securities	7,238,066	5,978,142
Quoted to Stock Exchange	7,238,066	5,978,142
Not Quoted to Stock Exchange	-	-
Impairment Provision (-)	-	-
Total	7,238,066	5,978,142

4. Movement of financial assets measured at amortised cost

	30 June 2022	31 December 2021
Balance at the Beginning of the Period	5,978,142	4,233,900
Effect of Reclassifications and Measurements in accordance with TFRS 9	1,019,766	1,798,463
Transfers from Investment Securities Available for Sale	267,311	66,900
Disposals Through Sales and Redemptions	(27,153)	(121,121)
Impairment Provision (-)	-	-
Balance at the End of the Period	7,238,066	5,978,142

i. Information on investments in associates (Net)

The Bank has no investments in associates as of 30 June 2022 (31 December 2021: None).

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

j. Information on subsidiaries (Net)

1. Information on shareholders' equity of the significant subsidiaries

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

2. Information on subsidiaries

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

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

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss ¹	(**) Prior Period Profit / Loss	Fair value
1 (*)	205,565	50,318	4,655	6,623	3,517	5,498	2,429	-
2 (*)	2,783,841	343,592	59,956	139,627	-	12,355	13,559	-

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

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

3. The movement of the subsidiaries

	30 June 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.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

j. Information on subsidiaries (Net) (Continued)

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

Subsidiaries	30 June 2022	31 December 2021
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	292,165	192,165
Finance Companies	-	-
Other Financial Subsidiaries	33,415	33,415

5. Subsidiaries quoted on stock exchange

There are no subsidiaries quoted on stock exchange (31 December 2021: None).

k. Information on joint ventures

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

l. Information on lease receivables (net)

There are no receivables from lease transactions (31 December 2021: None).

m. Information on hedging derivative financial assets

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	58,195	26,773	84,805	3,693
Net Investment Hedge in a foreign operation	-	-	-	-
Fair Value Hedge	58,195	26,773	84,805	3,693

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 (31 December 2021: None).

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

r. Explanations about deferred tax asset

As of 30 June 2022, the Bank has deferred tax asset amounting to TL 134,978 (31 December 2021: TL 141,595 deferred tax asset) in the financial statements.

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

	30 June 2022		31 December 2021	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Deferred Tax Asset / (Liability)				
Tangible Assets Base Differences	(57,260)	(14,315)	121,570	27,961
Provisions	1,139,104	284,776	739,296	170,038
Valuation of Financial Assets	(582,024)	(145,506)	(553,974)	(127,414)
Commission Deferral	26,704	6,676	14,991	3,448
Financial Losses (*)	-	-	283,913	65,300
Other	13,388	3,347	9,826	2,262
Net Deferred Tax Assets		134,978		141,595

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

	1 January 2022 – 30 June 2022	1 January 2021 – 30 June 2021
1 January Net Deferred Tax Asset/(Liability)	141,595	153,744
Deferred Tax (Expense)/Income	66,567	10,561
Deferred tax recognized in other comprehensive income	(73,184)	7,404
30 June Net Deferred Tax Asset/(Liability)	134,978	171,709

s. Movement of assets held for resale and discontinued operations

	30 June 2022	31 December 2021
Beginning of the period	594,827	224,790
Disposals (-)	(98,539)	(115,049)
Additions	44,805	485,027
Current period depreciation (-)	-	-
Impairment provision addition/ return	-	59
End of the Period	541,093	594,827

t. Information on other assets

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

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities

a. Information on deposits

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

1 (i). 30 June 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	195,248	-	2,500,930	5,895,104	288,755	82,085	155,888	-	9,118,010
Foreign Currency Deposits	3,433,919	-	1,651,290	11,405,496	174,164	93,215	493,141	-	17,251,225
Residents in Turkey	3,362,305	-	1,647,218	10,894,250	173,913	93,215	103,885	-	16,274,786
Residents Abroad	71,614	-	4,072	511,246	251	-	389,256	-	976,439
Public Sector Deposits	35,659	-	-	-	-	-	-	-	35,659
Commercial Deposits	458,979	-	1,543,369	1,706,176	1,296,034	54,239	786,920	-	5,845,717
Other Institutions Deposits	1,895	-	20,895	147,848	-	332	-	-	170,970
Precious Metal Deposits	142,618	-	25,412	143,504	22,296	416	29,675	-	363,921
Bank Deposits	128,379	-	308,053	216,421	-	-	-	-	652,853
The CBRT	121,970	-	-	-	-	-	-	-	121,970
Domestic Banks	185	-	-	30,000	-	-	-	-	30,185
Foreign Banks	6,224	-	308,053	186,421	-	-	-	-	500,698
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4,396,697	-	6,049,949	19,514,549	1,781,249	230,287	1,465,624	-	33,438,355

1 (ii). 31 December 2021:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	months -1 year	1 year and over	Accumulated Deposits	Total
Saving Deposits	98,337	-	1,141,151	4,048,915	89,921	60,784	131,627	-	5,570,735
Foreign Currency Deposits	2,453,209	-	3,516,069	10,398,903	242,278	377,007	449,482	-	17,436,948
Residents in Turkey	2,370,736	-	3,309,137	10,150,773	241,107	187,188	136,751	-	16,395,692
Residents Abroad	82,473	-	206,932	248,130	1,171	189,819	312,731	-	1,041,256
Public Sector Deposits	42,435	-	-	-	-	-	-	-	42,435
Commercial Deposits	379,361	-	1,041,472	1,520,410	121,942	1,238	18,013	-	3,082,436
Other Institutions Deposits	2,094	-	29,306	55,128	-	912	-	-	87,440
Precious Metal Deposits	163,387	-	30,474	114,986	15,936	1,992	23,476	-	350,251
Bank Deposits	47,179	-	802,867	224,664	-	-	40,296	-	1,115,006
The CBRT	-	-	267,787	-	-	-	-	-	267,787
Domestic Banks	168	-	-	194,502	-	-	-	-	194,670
Foreign Banks	47,011	-	535,080	30,162	-	-	40,296	-	652,549
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3,186,002	-	6,561,339	16,363,006	470,077	441,933	662,894	-	27,685,251

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

a. Information on deposits (Continued)

2. Information on saving deposits insurance

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

	Under the Guarantee of Deposit Insurance		Exceeding Limit of the Deposit Insurance	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Saving Deposits				
Saving Deposits	2,324,624	1,147,226	6,793,387	4,424,000
Foreign Currency Savings Deposit	634,993	556,436	7,620,396	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 June 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	39,820	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 June 2022 ^(*)		31 December 2021 ^(*)	
	TL	FC	TL	FC
Forward Transactions	2,383	35,682	27,020	8,071
Swap Transactions	28,446	137,751	126,395	126,500
Futures Transactions	-	-	-	-
Options	134,082	186,973	58,716	234,736
Total	164,911	360,406	212,131	369,307

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

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

c. Information on borrowings

1. Information on borrowings

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
The CBRT Borrowings	806,150	647,331	75,350	1,234,351
From Domestic Banks and Institutions	51,579	392,291	59,077	348,525
From Foreign Banks, Institutions and Funds	4,744	11,298,110	-	8,823,846
Total	862,473	12,337,732	134,427	10,406,722

2. Information on maturity profile of borrowings

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Short-term	862,473	595,304	134,427	122,794
Medium and Long-term	-	11,742,428	-	10,283,928
Total	862,473	12,337,732	134,427	10,406,722

3. Disclosures for concentration areas of bank's liabilities

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

d. Information on other liabilities

Other foreign liabilities amounting to TL 237,303 are included in "Other Liabilities" (31 December 2020: TL 168,952) and do not exceed 10% of the total balance sheet.

e. Information on financial lease agreements

i). Information of financial lease liabilities

	30 June 2022		31 December 2021	
	Gross	Net	Gross	Net
Less than 1 year	13,599	9,183	31,088	15,835
1-4 year	38,398	14,078	22,467	20,852
More than 4 year	27,868	7,140	16,767	1,474
Total	79,865	30,401	70,322	38,161

f. Information on hedging derivative financial liabilities

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges (*)	6,230	-	3,111	703
Foreign Currency Investment Hedges	-	-	-	-
Total	6,230	-	3,111	703

(*) Explained in Section Four Footnote Number XI.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED 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.

In accordance with the revised TAS 19 Standard, Actuarial losses has recognized under the equity, amount of after deferred tax TL 705 as of 30 June 2022 (30 June 2021: TL 369 Loss)

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

	30 June 2022	31 December 2021
Discount Rate(%)	4.09	4.09
Ratio Used for Probability of Pension (%)	83.33	83.33

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

As of 30 June 2022, The Bank has provision for employee benefits amount of TL 14,882 (31 December 2021: 17,518) provision of unused vacation amount of 5,497 TL (31 December 2021: TL 3,652)

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

As of 30 June 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 June 2022	31 December 2021
Provisions for Unindemnified Non-cash Loan	107,092	97,438
Free Provision for Possible Risks	317,371	55,000
Provision for Litigation and Claims	30,024	21,946
Bonus Provision	13,845	23,930
Provision for Miscellaneous Receivables	1,073	1,288
Total	469,405	199,602

(*) As of the balance sheet date, taking into account the possible advancements that may occur in the economy and markets, within the scope of the precautionary principle, there is a free provision amounting to TL 317,371, TL 55,000 of which was allocated in the past period and 262,371 in the current period.

h. Information on taxes payable

1. Information on current tax liability

As of 30 June 2022, the current tax liability is TL 17,377 (31 December 2021: None).

(i) Information on taxes payable

	30 June 2022	31 December 2021
Banking Insurance Transaction Tax (BITT)	17,377	-
Taxation of Marketable Securities	14,008	11,704
Foreign Exchange Transaction Tax	22,889	17,455
Value Added Tax Payable	626	1,912
Property Tax	335	210
Corporate Tax Payable	817	2,425
Other	4,094	4,804
Total	60,146	38,510

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

h. Information on taxes payable (Continued)

1. Information on current tax liability (Continued)

(ii) Information on premium payables

	30 June 2022	31 December 2021
Social Security Premiums - Employee	2,019	1,653
Social Security Premiums - Employer	3,759	2,426
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	144	118
Unemployment Insurance - Employer	288	236
Other	190	118
Total	6,400	4,551

2. Deferred tax liability

None (31 December 2021: None).

i. Liabilities for assets held for sale and assets of 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".

j. Subordinated debts

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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

k. Information on shareholders' equity

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

	30 June 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 Bank applies registered share capital system. The 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 (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 commitments up until the end of the fiscal year and the subsequent interim period : None.

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

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

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

8. Information on marketable securities valuation reserve

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	178,263	(342,960)	(12,000)	(124,355)
Foreign Currency Difference	-	-	-	-
Total	178,263	(342,960)	(12,000)	(124,355)

9. Information on other capital reserves

None.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes on Off-Balance Sheet Accounts

a. Information on off balance sheet commitments

1. The amount and type of irrevocable commitments

According to Direct Debiting System, there is TL 688,160 irrevocable loan commitments as of 30 June 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, bank avalized and acceptance loans, collaterals that are accepted as financial guarantees and other letters of credit

	30 June 2022	31 December 2021
Letter of Credits	3,637,132	3,918,663
Bank Acceptance Loans	442,657	364,331
Guarantees and Collaterals	-	-
Total	4,079,789	4,282,994

(ii). Guarantees, sureties and other similar guarantees

	30 June 2022	31 December 2021
Definite Letter of Guarantees	10,305,442	8,612,817
Advance Letter of Guarantee	990,908	723,240
Letter of Guarantees Given to Customs	212,046	195,872
Temporary Letter of Guarantees	233,169	110,650
Total	11,741,565	9,642,579

3. Non-cash loans

(i). Total amount of non-cash loans

	30 June 2022	31 December 2021
Non-Cash Loans against Cash Risks	5,011,104	4,186,293
With Original Maturity of 1 Year or Less	2,845,902	1,642,227
With Original Maturity of More Than 1 Year	2,165,202	2,544,066
Other Non-Cash Loans	10,850,750	9,739,280
Total	15,861,854	13,925,573

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

a. Information on off balance sheet commitments (Continued)

3. Non-cash loans (Continued)

(ii). Other information on non-cash loans

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

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

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

b. Information on derivative financial instruments

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

c. Credit derivatives and risk exposures on credit derivatives

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

d. Contingent liabilities and assets

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

e. Services rendered on behalf of third parties

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

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement

a. Information on interest income

1. Information on interest income on loans

	30 June 2022		30 June 2021	
	TL	FC	TL	FC
Short-term Loans	1,230,534	202,198	544,823	48,995
Medium/Long-term Loans	362,152	158,488	423,684	163,939
Interest on Loans Under Follow-up	31,712	-	16,053	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total (*)	1,624,398	360,686	984,560	212,934

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

2. Information on interest income on banks

	30 June 2022		30 June 2021	
	TL	FC	TL	FC
From the CBRT (*)	15,418	-	29,023	-
From Domestic Banks	4,131	2,720	3,250	543
From Foreign Banks	155	4,070	172	388
Headquarters and Branches Abroad	-	-	-	-
Total	19,704	6,790	32,445	931

(*) 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 June 2022		30 June 2021	
	TL	FC	TL	FC
From Financial Assets at Fair Value Through Other Comprehensive Income	4,524	325	65,012	15,300
From Financial Assets Measured at Amortised Cost	319,124	54,698	2,496	90,495
From Financial Assets At Fair Value Through Profit or Loss	3,312	160,483	171	231
Total	326,960	215,506	67,679	106,026

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

	30 June 2022	30 June 2021
Interest Received from Associates and Subsidiaries	18,852	19,821

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

b. Information on interest expense

1. Information on interest expense on borrowings

	30 June 2022		30 June 2021	
	TL	FC	TL	FC
Banks	27,121	273,135	10,567	169,201
CBRT	22,608	-	5,407	-
Domestic Banks	4,362	4,368	5,160	-
Foreign Banks	151	268,767	-	169,201
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	130,447	-	79,215
Total (*)	27,121	403,582	10,567	248,416

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

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

	30 June 2022	30 June 2021
Interest Paid to Associates and Subsidiaries	1,534	1,323

3. Information on interest expense to marketable securities issued

	30 June 2022	30 June 2021
Interest Expense to Marketable Securities Issued	64,099	45,028

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

4. Information on interest rate and maturity structure of deposits

		Time Deposit						Total
30 June 2022	Demand Deposit	Up to 1 Months	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit	
Turkish Lira								
Bank Deposits	-	54,611	-	-	-	-	-	54,611
Savings Deposits	-	206,709	408,135	17,739	11,284	9,112	-	652,979
Public Deposits	-	4	-	-	-	-	-	4
Commercial	-	128,560	139,197	21,452	38,864	9,926	-	337,999
Other Deposits	-	3,382	16,153	-	32	3	-	19,570
Deposit with 7 Days	-	-	-	-	-	-	-	-
Total	-	393,266	563,485	39,191	50,180	19,041	-	1,065,163
Foreign Currency								
Foreign Currency	-	13,258	124,732	3,657	2,519	8,168	-	152,334
Bank Deposits	-	2,555	-	-	-	-	-	2,555
Deposit with 7 Days	-	-	-	-	-	-	-	-
Precious Metal	-	90	358	106	7	199	-	760
Total	-	15,903	125,090	3,763	2,526	8,367	-	155,649
Grand Total	-	409,169	688,575	42,954	52,706	27,408	-	1,220,812

		Time Deposit						Total
30 June 2021	Demand Deposit	Up to 1 Months	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit	
Turkish Lira								
Bank Deposits	-	28,282	-	-	-	-	-	28,282
Savings Deposits	-	57,804	340,258	33,787	11,865	7,806	978	452,498
Public Deposits	-	3	-	-	-	-	-	3
Commercial	-							
Deposits	-	108,798	192,014	3,401	4,849	-	-	309,062
Other Deposits	-	1,103	6,561	698	29	1	-	8,392
Deposit with 7 Days	-							
Notification	-	-			-			-
Total	-	195,990	538,833	37,886	16,743	7,807	978	798,237
Foreign Currency								
Foreign Currency	-							
Account	-	5,022	57,356	2,758	3,464	5,727	-	74,327
Bank Deposits	-	485	-	-	-	-	-	485
Deposit with 7 Days	-							
Notification	-	-			-		-	-
Precious Metal	-							
Deposits	-	36	369	22	7	64	-	498
Total	-	5,543	57,725	2,780	3,471	5,791	-	75,310
Grand Total	-	201,533	596,558	40,666	20,214	13,598	978	873,547

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

IV. Explanations And Notes on Income Statement (Continued)

5. Given interest amount on repurchase agreement

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

6. Information's on leasing expense

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

7. Information on given interest for factoring transaction

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

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

IV. Explanations And Notes on Income Statement (Continued)

c. Information on dividend income

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

d. Information on trading income/loss (Net)

	30 June 2022	30 June 2021
Income	69,712,167	44,253,797
Income from Capital Market Transactions	9,889	23,038
Derivative Financial Transactions	1,836,924	791,881
Foreign Exchange Gains	67,865,354	43,438,878
Loss (-)	69,601,649	44,340,124
Loss from Capital Market Transactions	9,293	2,988
Derivative Financial Transactions	712,494	436,059
Foreign Exchange Loss	68,879,862	43,901,077
Net Income/ (Loss)	110,518	(86,327)

e. Explanations about other operating income

For the period ended 30 June 2022, other operating income includes income from assets to be disposed of 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 77,395 (30 June 2021: TL 47,431).

f. Expected Provision Losses and Other Provision Losses

	30 June 2022	30 June 2021
Expected Credit Loss	(29,829)	46,317
12 month expected credit loss (stage 1)	(6,841)	15,789
Significant increase in credit risk (stage 2)	(60,322)	(9,725)
Non-performing loans (stage 3)	37,334	40,253
Marketable Securities Impairment Expense	3,821	4
Financial Assets at Fair Value Through Profit or Loss	3,931	4,523
Financial Assets at Fair Value Through Other Comprehensive Income	-	(4,519)
Investments in Associates, Subsidiaries and Joint Ventures Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	254,446	22,108
Total	228,548	68,429

(*) The expected loss provision cancellation as of 30 June 2022 is shown here as a result of the issue explained in Note VII of Section Three and I.f of Section Five.

(**) As of 30 June 2022, free provision for possible risks amounting to TL 246,179 is included (30 June 2021: 15,000 TL).

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NOTES TO THE UNCONSOLIDATED
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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

g. Information related to personnel expenses and other operating expenses

	30 June 2022	30 June 2021
Personnel Expenses	141,203	112,274
Reserve for Employee Termination Benefits	600	502
Unused Vacation	1,844	854
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	21,272	20,948
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	19,479	13,200
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	88,853	57,035
Other Expenses	305	52,707
Advertising Expenses	2,312	2,667
Maintenance Expenses	5,285	1,267
Operational Lease Expenses	80,951	394
Loss on Sales of Assets	2,905	677
Other (*)	37,299	28,126
Total	313,455	233,616

(*) Other operating charges is TL 6,383 (30 June 2020: TL 15,992) except premium of SDIF and tax amounting to TL 30,916 (30 June 2020: Other operating charges is TL 6,244 except Premium of SDIF and tax amounting to TL 21,882).

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

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

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

i. Provision for taxes on income from continuing operations

As of 30 June 2022, the Bank has current tax expense amounting to TL 172,629 (30 June 2021: None), and deferred tax income amounting to TL 66,567 (30 June 2021: TL 10,561 deferred tax expense).

j. Net operating profit/loss after taxes including net profit/loss from 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. Information on net income/loss for the period

1) Interest income from ordinary banking transactions is TL 2,567,118 (30 June 2021: TL 1,444,972), interest expense is TL 1,833,912 (30 June 2021: TL 1,201,800).

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

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

IV. Explanations And Notes on Income Statement (Continued)

- I. 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 June 2022	30 June 2021
Credit Card Pos Commissions	31,590	22,009
Banking Service Income	27,530	11,752
Insurance Commissions	11,650	6,093
Account Management Fee Commission	1,032	827
Export Letters of Credit Commissions	1,259	6,013
Credit Early Termination Compensation	394	232
Transfer Commissions	862	406
Expertise Commissions	67	47
Other	8,502	6,777
Total	82,886	54,156
Fees and Commissions Paid - Other	30 June 2022	30 June 2021
Clearing Commissions	12,231	12,146
Debit Card Fees and Commissions	31,796	18,483
Commissions Granted to Correspondent Banks	2,452	1,964
Bonds Commissions	1,487	1,502
Fees and Commissions on Foreign Currency Transactions	34	3,875
Transfer Commissions	889	542
Commissions for Effective and Future Transactions	926	604
CBRT Interbank Money Market	403	254
Other	23,286	813
Total	73,504	40,183

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

V. Explanations and Notes on Changes in Shareholders' Equity

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".

VI. Explanations And Notes on Statement Of Cash Flows

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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations and Notes on Bank's Risk Group

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

30 June 2022

	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Bank's Risk Group (*) (**)						
Loans and Other Receivables						
Balance at the Beginning of the Period	340,382	338	-	12,942	851,470	2,932
Balance at the End of the Period	364,900	304	-	7,825	949,024	3,814
Interest and Commission Income Received	18,852	-	-	359	26,766	399

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

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

31 December 2021

	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Bank's Risk Group (*) (**)						
Loans and Other Receivables						
Balance at the Beginning of the Period	343,296	913	-	12,485	632,308	2,199
Balance at the End of the Period	340,382	338	-	12,942	851,470	2,932
Interest and Commission Income Received	19,821	4	43	198	21,056	4

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

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

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

3. Information on deposits of the Bank's risk group

Bank's Risk Group (*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Deposit						
Beginning of the Period	506,915	99,562	-	-	36,662	77,278
End of the Period	49,057	506,915	-	-	76,927	36,662
Interest Expense on Deposits (**)	1,534	1,323	-	-	7	-

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

(**) 30 June 2021 balances used for expense accounts.

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

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

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

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

Bank's Risk Group (*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Transactions for trading purposes (**)						
Beginning of the Period (**)	-	-	-	-	-	-
End of the Period (**)	-	-	-	-	-	-
Total Profit / Loss (***)	-	-	(78)	(394)	-	-
Transactions for hedging purposes						
Beginning of the Period (**)	-	-	-	-	-	-
End of the Period (**)	-	-	-	-	-	-
Total Profit / Loss (***)	-	-	-	-	-	-

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

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

(***) 30 June 2021 balances used for income / expense accounts

b. With respect to the Bank's risk group

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

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

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

	Total Risk Group	Share in Financial Statements (%)
Deposits	125,984	0.38%
Non-cash Loans	11,943	0.08%
Loans	1,313,924	3.82%
Subordinated Loan	1,249,939	26.76%

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

3. Equity accounted transactions

None.

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

As of 30 June 2022, there is no financial leasing agreement between the Bank and Alternatif Finansal Kiralama A.Ş. The Bank has also cost sharing agreements with Alternatif Finansal Kiralama A.Ş. and Alternatif Yatırım Menkul Değerler A.Ş.

The Bank allocates cash and non-cash loans to the risk group of the Bank within limits of Banking Laws and that amount is 2.64% of total cash and non-cash loan amount (31 December 2021: 2.76%).

5. Information on Other Liabilities

None.

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

Benefits provided to the Bank's key management amount to TL 16,378 as of 30 June 2022 (30 June 2021: TL 14,190).

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

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

IX. Explanations and Notes on Subsequent Events

None.

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED
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SECTION SIX
OTHER EXPLANATIONS

I. Other Explanations Related to Bank's Operations

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

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

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

SECTION SEVEN

EXPLANATIONS ON THE AUDITOR'S LIMITED REPORT

I. Explanations on the Independent Auditor's Report

The Bank's unconsolidated financial statements and footnotes to be disclosed to public as of 30 June 2022 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the independent auditor's limited report dated 28 July 2022 has been presented at the beginning of this report.

II. Explanations and Footnotes Prepared by Independent Auditor

None.

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED
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SECTION EIGHT

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

Abstract Financial Information About the Term Activity Results

The unconsolidated financial statements with explanations related to these and financial data compatible to footnotes that prepared according to Financial Tables that will be Announced to Public by Banks with Explanations Related to these and Footnotes Communique which has been regulated by Council of Bank Audit and Regulation regarding to the bank's 1 January - 30 June 2022 activity period is below.

Actual Figures	30 June 2022	31 December 2021	30 June 2021
Loans	33,737,596	26,229,108	22,631,358
Marketable securities	10,621,665	8,695,091	5,935,995
Deposits	33,438,355	27,685,251	19,753,644
Total Assets	60,498,369	48,677,885	35,833,499
Equity	3,111,147	2,548,102	2,432,562
Profit / Loss Before Taxes	439,539	129,345	(51,854)
Profit / Loss	333,477	100,882	(41,293)

Message from the Chairman

Dear Stakeholders,

In the first quarter of 2022, ongoing geopolitical risks, rising inflation pressures and the tightening monetary policies of central banks played a decisive role in the global economy. In the second quarter of year, although the effects of geopolitical risks decreased somewhat, uncertainties is energy supply and increasing risk factors come to the fore. In this period, we saw that the accelerated monetary tightening preferences of the central banks of developed countries affected the global growth expectations.

When we look at the Turkish economy, we saw that the strong growth performance of 11% in 2021 continued at the level of 7.3% in the first quarter of 2022, depending on consumption. Accordingly, we think that a growth of over 5% will be achieved in the second quarter of the year as well. While the successful performance on the export side continues, we expect this trend to continue in the rest of the year. Despite strong exports, high energy prices lead to a gradual increase in the current account deficit, and at this point the impact of tourism revenues becomes more important. As global factors continue to be reflected in inflation, we expect the upward trend in annual inflation to slow down only at the end of the year.

As we express at every opportunity, as Commercial Bank, Turkey is a very important and valuable market for us, as well as a strategic business partner. Despite the global uncertainties and risks, we continue to trust and strongly support Alternatif Bank's management and employees, who continue on their way with a solid long-term growth strategy. Our bank's continued successful performance in the first quarter of the year and achieving positive financial results as of the second quarter proves the accuracy of our strategy, and represents a tangible response to our confidence in this challenging period.

With the strength it draws from its 30 years of experiences and the 'Consultant and Prudent Banking' approach it has adopted, Alternatif Bank continues to progress steadily towards its goals regardless of the circumstances. We proudly follow the contributions of our Bank's management and employees, who have made a great contribution to this journey, which has been crowned with successful results. We believe that our bank will increasingly continue to contribute to the national economy with the support we provide to them on this path.

Yours faithfully,

Omar Hussain Alfardan

Chairman of the Board of Directors

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

Message from the CEO

Dear stakeholders,

As Alternatif Bank, we left behind the second quarter of 2022, where global uncertainties persist, with successful results in line with our targets. In 2022, when we celebrate our 30 years in the Turkish banking sector, these results we achieved as of the first 2nd quarter of the year reveal that we are taking firm steps towards our long-term growth targets.

When we look at our consolidated figures, we see that in the first half of the year, our total asset size increased by 24% compared to the end of 2021 and reached TL 63 billion. In this period, our Bank's support to the national economy with cash (including financial leasing receivables) and non-cash loans was TL 52 billion with an increase of 24% compared to the end of last year, while our deposit volume reached TL 33.4 billion with an increase of 23%. The 64% improvement in Turkish Lira deposits has contributed significantly to this growth. In addition to this growth in our balance sheet, our Bank's shareholder's equity increased by 24% to reach TL 3.2 billion, while our capital adequacy ratio became 19.47% in this period. While growing our balance sheet, we continued to maintain our asset quality. With our successful performance in the first half of 2022, Alternatif Bank's consolidated net profit was TL 349 million.

Retail and Digital Banking, which we see as an integral component of it, is one of the areas we focus on in our growth strategy as Alternatif Bank. We continue the investments we have made the steps you have taken in this area without slowing down. While we aim to maintain the Alternatif Bank difference with a human-touching digital banking approach, we see the results of our regular investments as an increase in both the number of customers and the volume of deposits. 54% of our customers who joined the Alternatif Bank family in the first 6 months of 2022 came from our digital channels. On the other hand, while the number of accounts opened through our digital channels increased by 130% compared to the end of last year, the volume of deposits in the accounts opened through these channels increased by 168%. As a result of the actions we took in line with our targets, we also achieved a 77% growth compared to the previous year in our customers who actively use digital.

While increasing the variety of services in our banking channels in line with the needs of our customers, we aim to raise the experience of our users to the next level with our human-oriented technology investments. By keeping our customers in focus at all times, we consider providing a perfect digital banking service with a difference-making experience as our primary goal. Our "Instant Cashback" application, which makes you instantly earn when you spend with our VOV debit card, which we launched last year, and the application that we integrated into the video call process, where our customers can solve their transactions such as a new password, SIM card blocking and device identification for mobile banking, are good examples of this approach.

We continue to increase our influence in the field of foreign trade, in which we reinforce the "Consultant Bank" approach with our expert staff, in 2022 as well. As a reflection of the priority we give to exports in foreign trade, the export volume that we mediate grew by 43% compared to the first 6 months of the previous year and reached the level of 1 billion dollars. By the end of 2022, we aim to mediate over 2 billion dollars of export transactions. On the other hand, the loans we extended from our bank's source regarding export committed loans increased by 134% compared to the same period of the previous year and reached the level of 374 million dollars. As a result of all this effort, our total foreign trade volume reached 2.2 billion dollars in the first half of the year.

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

Our successful performance in the financing of foreign trade and exports brings important awards to our bank. Within the scope of the EBRD's Foreign Trade Program, we were deemed worthy of the "Turkey's Most Active User" award for the 5th time in a row. Within the framework of this program, which contributed greatly to increasing our funding diversity and foreign trade volume, the highest limit in Turkey was allocated to our bank. On the other hand, we took part in events where to work of our foreign trade team was shown as the best case study by IFC. The strong relations we have established with such supranational institutions are of great value in terms of confirming the trust in our bank and our success in foreign trade.

As Alternatif Bank, which has left 30 years behind in the Turkish banking sector, our journey of success continues. As always, our biggest pillar in this journey is the expertise and dedication of Alternatif Bank employees, with the support of our shareholder Commercial Bank. Therefore, we will continue to work with all our strength to create value for our customers, stakeholders and the country's economy, with the banking approach that we put people at the center of. I would like to thank all my colleagues, our customers who add value to us, our shareholders whose support we always see, our Board of Directors for their guidance, and all our stakeholders.

Yours sincerely,

Kaan Gür

CEO