

*(Convenience Translation of Unconsolidated Financial Statements and
Related Disclosures and Footnotes Originally Issued in Turkish)*

Alternatifbank A.Ş.

Unconsolidated Financial Statements and Notes as of
and For the Nine-Month Period Ended 30 September
2023 With Independent Auditor's Review Report



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**Convenience Translation of the Review Report Originally Prepared and Issued
in Turkish to English**

**Independent Auditor's Report on Review of Unconsolidated Interim Financial
Information**

To the Board of Directors of Alternatifbank Anonim Şirketi

Introduction

We have reviewed the accompanying unconsolidated balance sheet of Alternatifbank Anonim Şirketi ("the Bank") as at 30 September 2023 and the 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 for the nine month period then ended and notes, comprising a summary significant accounting policies and other explanatory information. The Bank management is responsible for the preparation and fair presentation of these unconsolidated interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" for the matters not regulated by the aforementioned legislations (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these unconsolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "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 and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the unconsolidated financial position of Alternatifbank Anonim Şirketi as at 30 September 2023 and its unconsolidated financial performance and its unconsolidated cash flows for the nine month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2022 were audited and as at and for the nine month period ended 30 September 2022 were reviewed by another auditor who expressed a qualified opinion and a qualified conclusion due to the reversal of free provision at an amount of TL 55,000 thousands provided 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 as at 31 December 2021, and reversal of the related includes deferred tax assets amounting to TL 12,650 thousands allocated over provisions as at 31 December 2022, and due to the free provision at an amount of TL 326,422 thousands of which TL 55,000 thousands was provided in prior years and TL 271,422 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 as at 30 September 2022, and deferred tax assets amounting to TL 81,606 thousand allocated over these provisions as at 30 September 2022, which on 31 January 2023 and 31 October 2022, respectively.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the interim activity report in section eight of the accompanying unconsolidated interim financial information is not consistent, in all material respects, with the reviewed unconsolidated interim financial information and explanatory notes.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ebru Koçak, SMMM
Partner
31 October 2023
İstanbul, Turkey

**THE UNCONSOLIDATED FINANCIAL REPORT OF
ALTERNATİFBANK A.Ş. AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

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The unconsolidated financial report as of and for the nine-month period 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
- INDEPENDENT AUDITORS’ REVIEW REPORT
- INTERIM PERIOD ACTIVITY REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for the nine-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

Hamdi İlkey Girgin

Financial Control and
Planning Executive Vice
President

Ahmet Akın

International and Legal
Reporting Manager

Halil Sedat Ergür

Member of the Board of
Directors and Chairman of the
Board Audit and Compliance
Committee

Leonie Ruth Lethbridge

Member of the Board of Directors
and Member of the Board Audit
and Compliance Committee

Antonio Francisco Gamez
Munoz

Member of the Board of Directors
and Member of the Board Audit
and Compliance Committee

The authorised contact person for questions on this financial report:

Name-Surname / Title : Ahmet Akın / International and Legal Reporting Manager
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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 31 (31 December 2022: 33) 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 September 2023, 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 September 2023		31 December 2022	
	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%

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023***(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	-
	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, Member of the Board Audit and Compliance Committee and Member of the Board Remuneration and Corporate Governance Committee	-
	Antonio Francisco Gamez Munoz	Member of the Board of Directors, Member of the Board Audit and Compliance Committee, Member of the Board Risk Committee and Member of the Board Credit Committee	-
Member of the Board of Directors and CEO	Hamdi İlkey Girgin (*)	Member of the Board of Directors, Member of the Credit Committee, Member of the Executive Committee of the Board, CEO	-
Executive Vice Presidents	Didem Şahin Çakmak	Corporate Banking	-
	Burcu Yangaz	Commercial Banking	-
	Gökay Dede	Retail and Digital Banking	-
	Zafer Vatansever	Information Technologies and Operation	-
	Hale Ökmen Ataklı(**)	Human Resources	-
	Ayşe Akbulut	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	-

(*) In accordance with the decision of the Board of Directors dated 31 July 2023 and numbered 57, Cenk Kaan Gür resigned from his position and Hamdi İlkey Girgin was appointed as Deputy General Manager until a new General Manager is appointed. It is planned that Ozan Kırmızı will start his duty after the necessary procedures are completed

(**) Hale Ökmen Ataklı will leave her position as of 6 October 2023.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

GENERAL INFORMATION ABOUT THE BANK (Continued)**IV. Explanation 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 explained below.

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 September 2023, the Bank has 31 branches (31 December 2022: 33 branches) and has 815 employees (31 December 2022: 818 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 SEPTEMBER 2023

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)			Reviewed Current Period 30 September 2023			Audited Prior Period 31 December 2022		
	Notes (Section Five)	TL	FC	Total	TL	FC	Total	
ASSETS								
I. FINANCIAL ASSETS (NET)		7,026,806	14,934,726	21,961,532	3,959,642	10,123,673	14,083,315	
1.1 Cash and Cash Equivalents		3,272,926	11,008,434	14,281,360	1,734,585	7,875,193	9,609,778	
1.1.1 Cash and Balances with Central Bank	I-a	3,243,388	7,198,594	10,441,982	1,135,230	5,799,357	6,934,587	
1.1.2 Banks	I-d	31,394	3,809,840	3,841,234	246	2,075,836	2,076,082	
1.1.3 Money Market Placements		-	-	-	600,342	-	600,342	
1.1.4 Expected Credit Losses (-)		1,856	-	1,856	1,233	-	1,233	
1.2 Financial Assets at Fair Value Through Profit or Loss		343	17,657	18,000	6	22,900	22,906	
1.2.1 Government Debt Securities		343	17,657	18,000	6	22,900	22,906	
1.2.2 Equity Instruments		-	-	-	-	-	-	
1.2.3 Other Financial Assets		-	-	-	-	-	-	
Financial Assets at Fair Value Through Other Comprehensive Income	I-f	3,446,489	3,084,554	6,531,043	2,086,481	2,048,660	4,135,141	
1.3.1 Government Debt Securities		3,279,308	3,084,554	6,363,862	2,048,121	2,048,660	4,096,781	
1.3.2 Equity Instruments		13,782	-	13,782	13,782	-	13,782	
1.3.3 Other Financial Assets		153,399	-	153,399	24,578	-	24,578	
1.4 Derivative Financial Assets		307,048	824,081	1,131,129	138,570	176,920	315,490	
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss	I-c	281,322	824,081	1,105,403	136,699	176,920	313,619	
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	I-m	25,726	-	25,726	1,871	-	1,871	
FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		18,999,859	21,507,826	40,507,685	20,946,625	19,677,278	40,623,903	
II. Loans	I-g	18,183,408	14,700,526	32,883,934	19,349,553	14,982,491	34,332,044	
2.2 Lease Receivables		-	-	-	-	-	-	
2.3 Factoring Receivables		67,610	-	67,610	368,112	-	368,112	
2.4 Other Financial Assets Measured at Amortized Cost	I-h	1,495,391	7,554,488	9,049,879	1,861,908	5,145,707	7,007,615	
2.4.1 Government Debt Securities		1,393,220	7,554,488	8,947,708	1,501,888	5,145,707	6,647,595	
2.4.2 Other Financial Assets		102,171	-	102,171	360,020	-	360,020	
2.5 Expected Credit Losses (-)		746,550	747,188	1,493,738	632,948	450,920	1,083,868	
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	I-r	452,720	-	452,720	487,833	-	487,833	
3.1 Held for Sale Purpose		452,720	-	452,720	487,833	-	487,833	
3.2 Related to Discontinued Operations		-	-	-	-	-	-	
IV. EQUITY INVESTMENTS		357,918	-	357,918	325,580	-	325,580	
4.1 Investments in Associates (Net)		-	-	-	-	-	-	
4.1.1 Accounted Under Equity Method		-	-	-	-	-	-	
4.1.2 Unconsolidated Associates		-	-	-	-	-	-	
4.2 Subsidiaries (Net)	I-j	357,918	-	357,918	325,580	-	325,580	
4.2.1 Unconsolidated Financial Subsidiaries		340,580	-	340,580	325,580	-	325,580	
4.2.2 Unconsolidated Non-Financial Subsidiaries		17,338	-	17,338	-	-	-	
4.3 Entities under Common Control (Joint Venture) (Net)	I-k	-	-	-	-	-	-	
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-	
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-	
V. TANGIBLE ASSETS (Net)	I-n	934,728	-	934,728	687,675	-	687,675	
VI. INTANGIBLE ASSETS (Net)	I-o	178,070	-	178,070	131,616	-	131,616	
6.1 Goodwill		-	-	-	-	-	-	
6.2 Other		178,070	-	178,070	131,616	-	131,616	
VII. INVESTMENT PROPERTY (Net)	I-p	-	-	-	-	-	-	
VIII. CURRENT TAX ASSET		-	-	-	-	-	-	
IX. DEFERRED TAX ASSET	I-q	436,283	-	436,283	121,669	-	121,669	
X. OTHER ASSETS	I-s	623,579	43,585	667,164	692,521	293,204	985,725	
TOTAL ASSETS		29,009,963	36,486,137	65,496,100	27,353,161	30,094,155	57,447,316	

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

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 SEPTEMBER 2023

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

I.	BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five)	Reviewed Current Period 30 September 2023			Audited Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
	LIABILITIES							
I.	DEPOSITS	II-a	17,623,446	8,825,712	26,449,158	20,506,806	11,905,008	32,411,814
II.	FUNDS BORROWED	II-c	48,682	16,539,211	16,587,893	50,305	10,534,783	10,585,088
III.	MONEY MARKET BALANCES		1,803,833	4,686,128	6,489,961	3,066	2,750,516	2,753,582
IV.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	593,912	-	593,912
4.1	Bills		-	-	-	593,912	-	593,912
4.2	Assets Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	FUNDS		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		141,037	319,085	460,122	192,418	208,467	400,885
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	II-b	141,037	319,085	460,122	89,469	208,467	297,936
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	II-f	-	-	-	102,949	-	102,949
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	II-e	2,824	68	2,892	21,415	221	21,636
X.	PROVISIONS	II-g	217,097	36,504	253,601	177,297	33,886	211,183
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		29,446	-	29,446	28,227	-	28,227
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		187,651	36,504	224,155	149,070	33,886	182,956
XI.	CURRENT TAX LIABILITY	II-h	488,028	-	488,028	235,557	-	235,557
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	-	7,874,644	7,874,644	-	5,243,302	5,243,302
14.1	Loans		-	2,105,406	2,105,406	-	1,403,496	1,403,496
14.2	Other Debt Instruments		-	5,769,238	5,769,238	-	3,839,806	3,839,806
XV.	OTHER LIABILITIES	II-d	790,957	460,677	1,251,634	624,525	468,243	1,092,768
XVI.	SHAREHOLDERS' EQUITY	II-k	5,897,598	(259,431)	5,638,167	4,123,565	(225,976)	3,897,589
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		596,115	-	596,115	278,313	-	278,313
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		63,348	(259,431)	(196,083)	226,418	(225,976)	442
16.5	Profit Reserves		1,404,662	-	1,404,662	493,371	-	493,371
16.5.1	Legal Reserves		110,433	-	110,433	59,082	-	59,082
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		1,294,229	-	1,294,229	434,289	-	434,289
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit Or Loss		1,619,679	-	1,619,679	911,669	-	911,669
16.6.1	Prior Years' Profit/Loss		378	-	378	(115,303)	-	(115,303)
16.6.2	Current Year Profit/Loss		1,619,301	-	1,619,301	1,026,972	-	1,026,972
	TOTAL LIABILITIES AND EQUITY		27,013,502	38,482,598	65,496,100	26,528,866	30,918,450	57,447,316

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

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS OF 30 SEPTEMBER 2023

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

II.	OFF- BALANCE SHEET ITEMS	Notes (Section Five)	Reviewed Current Period 30 September 2023			Audited Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		37,523,719	45,135,799	82,659,518	27,626,378	51,194,016	78,820,394
I.	GUARANTEES AND WARRANTIES	III-a-3,i	10,827,795	12,427,652	23,255,447	7,594,979	9,497,954	17,092,933
1.1	Letters of Guarantee	III-a-2,ii	9,093,565	8,016,122	17,109,687	5,981,619	6,343,637	12,325,256
1.1.1	Guarantees Subject to State Tender Law		55,137	24,868	80,005	57,371	8,860	66,231
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		9,038,428	7,991,254	17,029,682	5,924,248	6,334,777	12,259,025
1.2	Bank Acceptances	III-a-2,i	7,452	132,403	139,855	2,000	444,065	446,065
1.2.1	Import Letter of Acceptance		7,452	122,031	129,483	2,000	429,896	431,896
1.2.2	Other Bank Acceptances		-	10,372	10,372	-	14,169	14,169
1.3	Letters of Credit	III-a-2,i	204,128	3,678,828	3,882,956	160,560	2,710,252	2,870,812
1.3.1	Documentary Letters of Credit		204,128	3,678,828	3,882,956	160,560	2,710,252	2,870,812
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		-	600,299	600,299	-	-	-
1.9	Other Warranties		1,522,650	-	1,522,650	1,450,800	-	1,450,800
II.	COMMITMENTS		1,936,688	1,490,402	3,427,090	1,415,763	5,681,715	7,097,478
2.1	Irrevocable Commitments		1,936,688	1,490,402	3,427,090	1,415,763	5,681,715	7,097,478
2.1.1	Asset Purchase and Sales Commitments		798,665	1,490,402	2,289,067	182,293	5,681,715	5,864,008
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	577,766	-	577,766	699,009	-	699,009
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		139,912	-	139,912	111,811	-	111,811
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		156,362	-	156,362	136,281	-	136,281
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		260,245	-	260,245	282,631	-	282,631
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	III-b	24,759,236	31,217,745	55,976,981	18,615,636	36,014,347	54,629,983
3.1	Hedging Derivative Financial Instruments		900,000	-	900,000	4,700,000	-	4,700,000
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		900,000	-	900,000	4,700,000	-	4,700,000
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		23,859,236	31,217,745	55,076,981	13,915,636	36,014,347	49,929,983
3.2.1	Forward Foreign Currency Buy/Sell Transactions		7,183,483	7,183,188	14,366,671	2,064,686	2,642,105	4,706,791
3.2.1.1	Forward Foreign Currency Transactions-Buy		7,183,483	223,837	7,407,320	2,064,686	240,509	2,305,195
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	6,959,351	6,959,351	-	2,401,596	2,401,596
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		14,904,393	20,393,104	35,297,497	6,361,875	23,106,947	29,468,822
3.2.2.1	Foreign Currency Swap-Buy		55,080	11,956,611	12,011,691	686,213	11,297,178	11,983,391
3.2.2.2	Foreign Currency Swap-Sell		9,849,313	2,091,739	11,941,052	4,975,662	7,077,721	12,053,383
3.2.2.3	Interest Rate Swap-Buy		2,500,000	3,172,377	5,672,377	350,000	2,366,024	2,716,024
3.2.2.4	Interest Rate Swap-Sell		2,500,000	3,172,377	5,672,377	350,000	2,366,024	2,716,024
3.2.3	Foreign Currency, Interest Rate and Securities Options		1,771,360	1,720,535	3,491,895	5,489,075	5,535,108	11,024,183
3.2.3.1	Foreign Currency Options-Buy		733,799	1,015,135	1,748,934	3,507,743	2,022,452	5,530,195
3.2.3.2	Foreign Currency Options-Sell		1,037,561	705,400	1,742,961	1,981,332	3,512,656	5,493,988
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		-	1,920,918	1,920,918	-	4,730,187	4,730,187
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		98,754,177	167,498,509	266,252,686	102,714,529	133,605,049	236,319,578
IV.	ITEMS HELD IN CUSTODY		3,536,510	4,231,463	7,767,973	3,506,281	1,605,594	5,111,875
4.1	Customer Fund and Portfolio Balances		1,439,938	-	1,439,938	1,798,895	-	1,798,895
4.2	Investment Securities Held in Custody		60	1,543,032	1,543,092	37,900	1,005,332	1,043,232
4.3	Cheques Received for Collection		1,301,199	31,081	1,332,280	871,428	14,393	885,821
4.4	Commercial Notes Received for Collection		47,532	70,189	117,721	44,219	52,374	96,593
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		747,781	2,587,161	3,334,942	753,839	533,495	1,287,334
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		95,172,760	159,559,410	254,732,170	99,139,098	128,447,527	227,586,625
5.1	Marketable Securities		1,534,703	-	1,534,703	1,441,238	-	1,441,238
5.2	Guarantee Notes		50,481,698	59,195,898	109,677,596	47,981,669	41,480,092	89,461,761
5.3	Commodity		667,058	1,703,019	2,370,077	3,958,996	7,517,550	11,476,546
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		36,828,550	95,423,152	132,251,702	41,703,913	76,245,554	117,949,467
5.6	Other Pledged Items		5,660,751	3,237,341	8,898,092	4,053,282	3,204,331	7,257,613
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		44,907	3,707,636	3,752,543	69,150	3,551,928	3,621,078
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			136,277,896	212,634,308	348,912,204	130,340,907	184,799,065	315,139,972

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

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2023

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

III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS		Note (Section Five)	Reviewed Current Period 1 January - 30 September 2023	Reviewed Current Period 1 July - 30 September 2023	Reviewed Prior Period 1 January - 30 September 2022	Reviewed Prior Period 1 July - 30 September 2022
I.	INTEREST INCOME	IV-a	5,464,253	2,240,555	4,432,738	1,865,620
1.1	Interest on Loans		4,024,413	1,594,509	3,522,253	1,537,169
1.2	Interest Received from Reserve Deposits		4,623	3,382	17,976	2,746
1.3	Interest Received from Banks		103,470	53,386	36,813	25,549
1.4	Interest Received from Money Market Placements		68,928	34,134	37,172	25,448
1.5	Interest Received from Marketable Securities Portfolio		1,199,046	528,367	816,095	273,629
1.5.1	Fair Value through Profit or Loss		1,583	437	5,049	200
1.5.2	Fair Value through other Comprehensive Income		673,638	330,127	530,164	156,342
1.5.3	Measured at Amortized Cost		523,825	197,803	280,882	117,087
1.6	Finance Lease Interest Income		-	-	-	-
1.7	Other Interest Income		63,773	26,777	2,429	1,079
II.	INTEREST EXPENSES (-)	IV-b	4,185,897	1,694,098	3,216,471	1,382,559
2.1	Interest on Deposits		2,486,295	975,598	2,211,370	990,558
2.2	Interest on Funds Borrowed		1,400,039	560,695	725,664	294,961
2.3	Interest on Money Market Borrowings		241,006	119,651	57,252	27,790
2.4	Interest on Securities Issued		13,302	1,870	112,042	47,943
2.5	Leasing Interest Expense		9,790	3,568	6,884	2,498
2.6	Other Interest Expense		35,465	32,716	103,259	18,809
III.	NET INTEREST INCOME (I - II)		1,278,356	546,457	1,216,267	483,061
IV.	NET FEES AND COMMISSIONS INCOME / EXPENSES		(82,767)	12,523	102,064	42,680
4.1	Fees and Commissions Received		392,721	151,258	224,932	91,982
4.1.1	Non-cash Loans		136,442	52,876	78,281	28,217
4.1.2	Other	IV-i	256,279	98,382	146,651	63,765
4.2	Fees and Commissions Paid (-)		475,488	138,735	122,868	49,302
4.2.1	Non-cash Loans		124	77	93	31
4.2.2	Other	IV-i	475,364	138,658	122,775	49,271
V.	DIVIDEND INCOME	IV-c	-	-	1,039	-
VI.	NET TRADING INCOME	IV-d	1,977,390	562,731	105,643	(4,875)
6.1	Securities Trading Gains / (Losses)		166,426	106,566	16,982	16,386
6.2	Derivative Financial Instruments Gains / Losses		2,079,447	574,767	1,669,889	545,459
6.3	Foreign Exchange Gains / Losses		(268,483)	(118,602)	(1,581,228)	(566,720)
VII.	OTHER OPERATING INCOME	IV-e	91,253	21,777	99,385	21,990
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		3,264,232	1,143,488	1,524,398	542,856
IX.	EXPECTED CREDIT LOSSES (-)	IV-f	308,656	12,321	5,614	35,443
X.	OTHER PROVISION EXPENSES (-)	IV-f	29,382	6,848	264,030	5,653
XI.	PERSONNEL EXPENSES (-)	IV-g	480,559	192,646	242,316	98,669
XII.	OTHER OPERATING EXPENSES (-)	IV-g	507,041	168,303	273,694	103,886
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		1,938,594	763,370	738,744	299,205
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	1,938,594	763,370	738,744	299,205
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-h	(319,293)	(254,811)	(177,193)	(71,131)
18.1	Provision for Current Income Taxes		(413,831)	(350,028)	(270,851)	(98,222)
18.2	Deferred Tax Expense Effect (+)		-	679	-	-
18.3	Deferred Tax Income Effect (-)		94,538	94,538	93,658	27,091
	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS					
XIX.	(XVII±XVIII)	IV-j	1,619,301	508,559	561,551	228,074
XX.	INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income on Assets Held for Sale		-	-	-	-
20.2	Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-	-	-
20.3	Income on Other Discontinued Operations		-	-	-	-
XXI.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Loss from Assets Held for Sale		-	-	-	-
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-	-	-
21.3	Loss from Other Discontinued Operations		-	-	-	-
	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-	-	-
XXII.	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	1,619,301	508,559	561,551	228,074
	Earning / (loss) per share (Full TL)		0.7315	0.2297	0.2537	0.1031

The accompanying explanations and 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 SEPTEMBER 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***IV. PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Reviewed Current Period 1 January 2023- 30 September 2023	Reviewed Prior Period 1 January 2022- 30 September 2022
I. CURRENT PERIOD PROFIT / LOSS	1,619,301	561,551
II. OTHER COMPREHENSIVE INCOME	121,277	147,444
2.1 Not Reclassified Through Profit or Loss	317,802	257,350
2.1.1 Property and Equipment Revaluation Increase / Decrease	212,449	348,377
2.1.2 Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain / Loss	(30,609)	(5,244)
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	135,962	(85,783)
2.2 Reclassified Through Profit or Loss	(196,525)	(109,906)
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	(382,563)	34,275
2.2.3 Cash Flow Hedge Income / Loss	101,924	(184,709)
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	84,114	40,528
III. TOTAL COMPREHENSIVE INCOME (I+II)	1,740,578	708,995

The accompanying explanations and 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 SEPTEMBER 2022

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

Reviewed	Prior Period 1 January - 30 September 2022	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		2,213,740	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	(3,933)	-	-	30,494	(140,400)	-	-	561,551	708,995
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+...+ X+XI)			2,213,740	54	-	-	291,569	(13,559)	-	-	(105,861)	(68,465)	493,371	(115,303)	561,551	3,257,097

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 explanations and 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 SEPTEMBER 2023
(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 September 2023		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	-	-	291,569	(13,256)	-	-	59,052	(58,610)	493,371	(115,303)	1,026,972	3,897,589
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	-	-	291,569	(13,256)	-	-	59,052	(58,610)	493,371	(115,303)	1,026,972	3,897,589
IV.	Total Comprehensive Income		-	-	-	-	339,228	(21,426)	-	-	(271,779)	75,254	-	-	1,619,301	1,740,578
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		-	-	-	-	-	-	-	-	-	-	911,291	115,681	(1,026,972)	-
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	911,291	115,681	(1,026,972)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III+...+ X+XI)			2,213,740	54	-	-	630,797	(34,682)	-	-	(212,727)	16,644	1,404,662	378	1,619,301	5,638,167

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 explanations and notes are an integral part of these financial statements.

ALTERNATİFBANK A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).

VI. STATEMENT OF CASH FLOWS

	Note (Section Five)	Reviewed Current Period 1 January - 30 September 2023	Reviewed Prior Period 1 January - 30 September 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit/ (Loss) Before Changes in Operating Assets and Liabilities		(4,545,132)	(5,141,525)
1.1.1 Interest Received		5,002,963	3,363,575
1.1.2 Interest Paid		(3,642,320)	(2,943,315)
1.1.3 Dividend Received		-	1,039
1.1.4 Fees and Commissions Received		400,086	243,752
1.1.5 Other Income		2,888,227	2,094,930
1.1.6 Collections from Previously Written-off Loans and Other Receivables		303,308	189,955
1.1.7 Payments to Personnel and Service Suppliers		(557,189)	(261,608)
1.1.8 Taxes Paid		(119,332)	(197,787)
1.1.9 Other		(8,820,875)	(7,632,066)
1.2 Changes in Operating Assets and Liabilities		6,072,244	4,984,187
1.2.1 Net increase/(decrease) in Financial Assets at Fair Value Through Profit or Loss		4,929	(7,301)
1.2.2 Net increase/(decrease) in Due from Banks and Other Financial Institutions		49,656	(529,146)
1.2.3 Net increase/(decrease) in Loans		3,885,084	(5,674,349)
1.2.4 Net increase/(decrease) in Other Assets		213,100	(847,975)
1.2.5 Net increase/(decrease) in Bank Deposits		347,305	(816,968)
1.2.6 Net increase/(decrease) in Other Deposits		(3,656,025)	11,522,588
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		3,812,703	149,554
1.2.9 Net increase/(decrease) in Payables		-	-
1.2.10 Net increase/(decrease) in Other Liabilities		1,415,492	1,187,784
I. Net Cash Provided from Banking Operations		1,527,112	(157,338)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		414,642	838,495
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		(15,000)	(100,000)
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		137,233	(26,019)
2.4 Disposals of Property and Equipment		71,139	42,107
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1,656,153)	(311,741)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		1,349,038	129,196
2.7 Purchase of Financial Assets Measured at Amortised Cost		(615,065)	(885,200)
2.8 Sale of Financial Assets Measured at Amortised Cost		1,143,450	1,990,152
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		(568,609)	84,018
3.1 Cash Obtained from Funds Borrowed and Securities Issued		(12,881)	817,815
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(530,000)	(714,930)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(25,728)	(18,867)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		3,348,716	3,376,182
V. Net Increase/ (Decrease) in Cash and Cash Equivalents (I+II+III+IV)		4,721,861	4,141,357
VI. Cash and Cash Equivalents at Beginning of the Period		6,176,601	7,210,830
VII. Cash and Cash Equivalents at End of the Period		10,898,462	11,352,187

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

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(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. TAS 29 identifies the characteristics that can indicate a high inflationary economy. It is recommended that they start implementing the standard at the same time. Therefore, as stated in TAS 29, it is expected that all businesses will start implementing TAS 29 simultaneously through an announcement to be made by the Public Oversight, Accounting, and Auditing Standards Authority ("POA") in order to ensure consistency of application nationwide. In the statement made by the POA on 20 January 2022, it was stated that businesses do not need to make any adjustments to their 31 December 2021 financial statements within the scope of TAS 29. On the other hand, no explanation has been made by the Public Oversight Authority regarding the application of inflation accounting, no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated 30 September 2023.

In addition to the assistance provided to the region due to the earthquake disaster that occurred in Kahramanmaraş and surrounding provinces in February, customers affected by the earthquake were provided with interest-free postponement of their credit, credit card debts and free transaction/service opportunities. The effects of the earthquake disaster were reviewed and it was evaluated that there was no effect on the financial statements that would affect the continuity.

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

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

Additional paragraph for convenience translation to English:

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

II. Explanations on 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.

The Bank does not have any investment in foreign companies as of 30 September 2023 and 31 December 2022.

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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. Explanations on 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.

The Bank has not any recognize as foreign currency association and subsidiaries as of 30 September 2023 and 31 December 2022.

The Bank has not any joint ventures as of 30 September 2023 and 31 December 2022.

IV. Explanations on 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. Explanations on 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. Explanations on 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.

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. Explanations on 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. Explanations on Financial Assets (Continued)

d. Derivative Financial Assets (Continued)

The difference in fair values of derivative transactions used for fair value hedge is presented in the used for fair value hedge is presented in the "Trading Gains/Losses on derivative financial instruments" account. In the balance sheet, the 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.

e. Loans

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

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

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

VII. Impairment of Financial Assets

The 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.

ALTERNATİFBANK A.Ş.
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FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Explanations on 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 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
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(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 September 2023 and 31 December 2022 The Bank has no discontinued operations.

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. Explanations on 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. Explanations on 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 September 2023, 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. Explanations on 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 September 2023, net right of use assets are amounting to TL 5,879 and net lease liabilities are amounting to TL 2,892, respectively. (31 December 2022: net right of use assets TL 16,032, net lease liabilities TL 21,636).

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. Explanations on 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. Explanations on 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. Explanations on Taxation

a. Corporate tax

Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate is amended with "Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Some Laws and the Decree Law No. 375", which includes the regulation on increase in corporate tax rate from 20% to 25% for the institutions other than banks and financial institutions and from 25% to 30% for banks and financial institutions, entered into force after being published in the Official Gazette dated 15 July 2023 and numbered 32249. With the same article (article 21) of the aforementioned law, it is ensured that the corporate tax rate, which was applied with a reduction by 1% to the earnings of the exporting companies exclusively from exports, is applied with a reduction by 5% in order to promote export.

With the "Law Amending Tax Procedure Law and Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on 20 January 2022, the application of discount accounting was started from the record on 31 December 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. Explanations on Taxation (Continued)

a. Corporate tax (Continued)

With the Communiqué Amending the General Communiqué on Tax Procedure Law (line no. 537) published in the Official Gazette No. 32073 on 14 January 2023, the procedures and principles of the law articles that allow the revaluation of immovables and depreciable economic assets have been rearranged. Accordingly, economic assets subject to depreciation in the Bank's balance sheet are subject to revaluation provided that they meet the conditions in the Tax Procedure Law Provisional Article 32 and Reiterated Article 298/ç. Thus, Corporate Tax is calculated by taking into account the values found after revaluation of depreciable economic assets. In accordance with the relevant legislation, the value increase amounts are shown in a special fund account under shareholders' equity.

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.

Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate is amended with "Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Some Laws and the Decree Law No. 375", which includes the regulation on increase in corporate tax rate from 20% to 25% for the institutions other than banks and financial institutions and from 25% to 30% for banks and financial institutions, entered into force after being published in the Official Gazette dated 15 July 2023 and numbered 32249. With the same article (article 21) of the aforementioned law, it is ensured that the corporate tax rate, which was applied with a reduction by 1% to the earnings of the exporting companies exclusively from exports, is applied with a reduction by 5% in order to promote export.

This amendment will be effective for the earnings of the corporations in 2023 and for the following tax periods, starting from the declarations that must be submitted after 1 October 2023. It will be effective in the tax calculation of the profits of the institutions subject to the special accounting period, obtained in the special accounting period starting in the 2023 calendar year and in the following taxation periods.

As of 30 September 2023, 30% deferred tax has been calculated for assets and liabilities by the Bank.

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.

c. Transfer pricing

Transfer pricing is regulated through article 13 of Corporate Tax Law titled "Transfer Pricing through camouflage of earnings". Detailed information for the practice regarding the subject is found in the "General Communiqué on Disguised Profit Distribution via Transfer Pricing". According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against "arm's length principle", the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

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. Explanations on 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. Explanations on Avalized Drafts and Acceptances

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

XX. Explanations on Government Incentives

As of 30 September 2023 and 31 December 2022, 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 September 2023	30 September 2022
Profit/(Loss) Attributable to Shareholders	1,619,301	561,551
Weighted Average Number of Issued Ordinary Shares (Thousand)	2,213,740	2,213,740
Earnings/(Losses) Per Share (Disclosed in full TL)	0.7315	0.2537

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 2023 (31 December 2022 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. Explanations on Reporting by 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 48%, investment banking 48% and other 4%.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVIII. Explanations on Reporting by 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 September 2023				
Net Interest Income/ (Expense)	164,433	1,113,923	-	1,278,356
Net Fees and Commissions Income and Other Operating Income	(15,411)	23,897	-	8,486
Trading Profit/Loss	2,263,785	(286,395)	-	1,977,390
Dividend Income	-	-	-	-
Impairment Provision for Loans and Other Receivables (-) (*)	(305,090)	(3,566)	(29,382)	(338,038)
Other Operating Expenses (-)	(915,760)	(71,840)	-	(987,600)
Profit Before Taxes	1,191,957	776,019	(29,382)	1,938,594
Tax Provision				(319,293)
Net Profit for the Period				1,619,301
30 September 2023				
Segment Assets	31,385,435	30,987,541	2,765,206	65,138,182
Investments in Associates and Subsidiaries			357,918	357,918
Total Assets	31,385,435	30,987,541	3,123,124	65,496,100
Segment Liabilities	26,449,158	23,537,976	9,870,799	59,857,933
Shareholders' Equity			5,638,167	5,638,167
Total Liabilities	26,449,158	23,537,976	15,508,966	65,496,100

(*) 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 September 2022				
Net Interest Income	656,692	559,575	-	1,216,267
Net Fees and Commissions Income and Other Operating Income	196,820	4,629	-	201,449
Trading Profit/Loss	416,616	(310,973)	-	105,643
Dividend Income	-	1,039	-	1,039
Impairment Provision for Loans and Other Receivables (-) (*)	280	(5,894)	(264,030)	(269,644)
Other Operating Expenses (-)	(510,195)	(5,815)	-	(516,010)
Profit Before Taxes	760,213	242,561	(264,030)	738,744
Tax Provision				(177,193)
Net Profit for the Period				561,551
31 December 2022				
Segment Assets	33,245,888	21,090,292	2,785,556	57,121,736
Investments in Associates and Subsidiaries			325,580	325,580
Total Assets	33,245,888	21,090,292	3,111,136	57,447,316
Segment Liabilities	32,411,814	13,636,606	7,501,307	53,549,727
Shareholders' Equity			3,897,589	3,897,589
Total Liabilities	32,411,814	13,636,606	11,398,896	57,447,316

(*) 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 30.68% (31 December 2022: 23.32%).

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

Information on Shareholder's Equity

	30 September 2023	31 December 2022
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	1,404,662	493,371
Gains recognized in equity as per TAS	1,038,611	653,170
Profit	1,619,679	1,027,350
Current Period Profit	1,619,301	1,026,972
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	6,276,746	4,387,685
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 (-)	18,040	187,546
Improvement costs for operating leasing (-)	24,205	18,713
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	178,070	131,616
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	220,315	337,875
Total Common Equity Tier 1 Capital	6,056,431	4,049,810
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums		
Debt instruments and premiums approved by BRSA (***)	7,528,593	5,142,033
Debt instruments and premiums approved by BRSA(Temporary Article 4)		
Additional Tier I Capital before Deductions	7,528,593	5,142,033
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	7,528,593	5,142,033
Total Tier I Capital (Tier I Capital=Common Equity Tier 1 Capital+Additional Tier I Capital)	13,585,024	9,191,843
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) (*)	518,454	419,600
Tier II Capital Before Deductions	518,454	419,600
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	518,454	419,600
Total Capital (The sum of Tier I Capital and Tier II Capital)	14,103,478	9,611,443
Total Tier I Capital and Tier II Capital (Total Equity)	14,103,478	9,611,443

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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	3,446	3,545
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)	14,100,032	9,607,898
Total risk weighted amounts(*)	45,963,902	41,206,383
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	13.18%	9.83%
Tier 1 Capital Adequacy Ratio (%)	29.56%	22.31%
Capital Adequacy Ratio (%)	30.68%	23.32%
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 (%)	8.68%	5.33%
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)	518,454	419,600
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	518,454	419,600
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	-	-

(*) In accordance to the BRSA article no 10496 dated 31 January 2023, credit risk is calculated by using CBRT's foreign exchange rates dated 30 December 2022.

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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)	2,053,253
Par value of instrument (Million TRL)	2,053,253
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		English 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)		5,475,340
Par value of instrument (Million TRL)		5,475,340
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 int		-
Write-down feature		
If write-down, write-down trigger (s)		When unsustainable situation is realized,value decrement is realized and less than 5.125%
If write-down, full or partial		Partial or completely value decrement is should be realized.
If write-down, permanent or temporary		Temporary
If temporary write-down, description of write-up mechanism		When unsustainable situation is realized,value decrement is realized and higher than 5.125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)		Before core capital, after all creditors
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not		Possess
According to article 7 and 8 of Banks' shareholders equity law that are not possessed		-

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INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE 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 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
30.09.2023	27.3767	29.0305
29.09.2023	27.3752	28.8083
28.09.2023	27.2640	28.7853
27.09.2023	27.2108	28.8183
26.09.2023	27.1751	28.9027

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 26.9630
EUR: TL 28.8224

As of 30 September 2023;	USD	EUR
Rate used:	TL 27.3767	TL 29.0305

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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 September 2023				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1,713,315	5,279,419	205,860	7,198,594
Banks	245,326	3,348,671	215,843	3,809,840
Financial Assets at Fair Value Through Profit and Loss (*)	731	208,617	-	209,348
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	3,084,554	-	3,084,554
Loans (**)	7,404,596	6,721,240	-	14,125,836
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	-	7,554,488	-	7,554,488
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	16,679	26,866	40	43,585
Total Assets	9,380,647	26,223,855	421,743	36,026,245
Liabilities				
Bank Deposits	290,351	50,993	9,784	351,128
Foreign Currency Deposits	3,080,469	4,655,453	738,662	8,474,584
Money Market Funds	-	4,686,128	-	4,686,128
Funds Borrowed From Other Financial Institutions	4,242,651	20,171,204	-	24,413,855
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	200,477	165,321	267	366,065
Derivative Financial Liabilities For Hedging Purposes	-	-	-	-
Other Liabilities (****)	6,109	(176,507)	369,718	199,320
Total Liabilities	7,820,057	29,552,592	1,118,431	38,491,080
Net Balance Sheet Position	1,560,590	(3,328,737)	(696,688)	(2,464,835)
Net Off-Balance Sheet Position	(1,572,529)	4,566,829	444,793	3,439,093
Financial Derivative Assets	4,129,862	12,393,227	805,330	17,328,419
Financial Derivative Liabilities	5,702,391	7,826,398	360,537	13,889,326
Non-Cash Loans (*****)	5,485,562	6,295,181	646,909	12,427,652
31 December 2022				
Total Assets	8,192,286	21,509,288	531,169	30,232,743
Total Liabilities	4,034,242	26,089,113	586,628	30,709,983
Net Balance Sheet Position	4,158,044	(4,579,825)	(55,459)	(477,240)
Net Off-Balance Sheet Position	(4,344,779)	4,857,613	55,332	568,166
Financial Derivative Assets	4,710,894	13,227,675	352,688	18,291,257
Financial Derivative Liabilities	9,055,673	8,370,062	297,356	17,723,091
Non-Cash Loans	3,268,165	5,539,552	690,237	9,497,954

(*) Accruals of derivative assets held for trading amounting to TL 632,390 (31 December 2022: TL 29,440) have been deducted from fair value through profit and loss.

(**) FC indexed loans and accruals amounting to TL 184,612 (31 December 2022: TL 168,028) are included in loans.

(***) There is no accrual of spot transaction as of 30 September 2023 (31 December 2022: None.).

(****) Accruals of derivative liabilities held for trading amounting to TL 8,482 have been deducted from other liabilities as of 30 September 2023 (31 December 2022: TL 208,467).

(*****) 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)

30 September 2023	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	6,940,360	-	-	-	-	3,501,622	10,441,982
Banks (****)	1,468,630	-	-	-	-	2,370,748	3,839,378
Financial Assets at Fair Value Through Profit and Loss	422,190	17,898	505,291	172,369	5,655	-	1,123,403
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1,293,819	1,591,316	3,657,852	-	-	13,782	6,556,769
Loans (*****)	12,430,789	6,583,864	4,896,360	8,064,947	52,940	(569,259)	31,459,641
Financial Assets Measured at Amortised Cost (****)	5,766,676	688,182	2,439,280	-	155,741	(1,835)	9,048,044
Other Assets (*)	122,808	-	-	-	-	2,904,075	3,026,883
Total Assets	28,445,272	8,881,260	11,498,783	8,237,316	214,336	8,219,133	65,496,100
Liabilities							
Bank Deposits (**)	773,702	71,641	-	-	-	14,978	860,321
Other Deposits	15,886,324	5,047,181	921,759	-	-	3,733,573	25,588,837
Money Market Funds	5,426,978	1,062,983	-	-	-	-	6,489,961
Miscellaneous Payables	-	-	-	-	-	875,404	875,404
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,492,354	5,628,614	8,505,920	5,766,932	2,068,717	-	24,462,537
Other Liabilities and Shareholders' Equity (***)	340,263	5,576	33,207	106,028	6,199	6,727,767	7,219,040
Total Liabilities	24,919,621	11,815,995	9,460,886	5,872,960	2,074,916	11,351,722	65,496,100
Balance Sheet Long Position	3,525,651	-	2,037,897	2,364,356	-	-	7,927,904
Balance Sheet Short Position	-	(2,934,735)	-	-	(1,860,580)	(3,132,589)	(7,927,904)
Off-Balance Sheet Long Position	-	72,914	355,002	-	-	-	427,916
Off-Balance Sheet Short Position	(425,692)	-	-	-	-	-	(425,692)
Total Position	3,099,959	(2,861,821)	2,392,899	2,364,356	(1,860,580)	(3,132,589)	2,224

(*) 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 "Other 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 1,856 were deducted from non-interest banks, amounted to TL 1,835 were deducted from non-interest financial assets measured at amortised cost.

(*****) Frozen receivables are shown in the Non-interests bearing 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 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	5,585,729	-	-	-	-	1,348,858	6,934,587
Banks (*)	244,445	-	-	-	-	1,830,404	2,074,849
Financial Assets at Fair Value Through Profit and Loss	172,787	14,656	33,954	111,683	3,445	-	336,525
Money Market Placements	600,342	-	-	-	-	-	600,342
Financial Assets Available-for-Sale	1,364,133	571,473	2,012,979	174,645	-	13,782	4,137,012
Loans (*)	17,775,772	5,786,861	4,679,111	4,571,411	1,243,112	(438,700)	33,617,567
Held-to-Maturity Investments (*)	4	2,138,649	4,773,824	95,138	-	(1,279)	7,006,336
Other Assets (**)	-	-	-	-	-	2,740,098	2,740,098
Total Assets	25,743,212	8,511,639	11,499,868	4,952,877	1,246,557	5,493,163	57,447,316
Liabilities							
Bank Deposits (***)	491,552	-	-	-	-	18,873	510,425
Other Deposits	19,740,755	6,828,175	2,015,654	29,290	-	3,287,515	31,901,389
Money Market Funds	2,672,106	81,476	-	-	-	-	2,753,582
Miscellaneous Payables	-	-	-	-	-	829,279	829,279
Marketable Securities Issued	179,606	342,562	71,744	-	-	-	593,912
Funds Borrowed From Other Financial Institutions	790,982	3,258,868	6,529,107	3,845,930	1,403,503	-	15,828,390
Other Liabilities and Shareholders' Equity (****)	201,342	58,744	100,555	122,212	19,161	4,528,325	5,030,339
Total Liabilities	24,076,343	10,569,825	8,717,060	3,997,432	1,422,664	8,663,992	57,447,316
Balance Sheet Long Position	1,666,869	-	2,782,808	955,445	-	-	5,405,122
Balance Sheet Short Position	-	(2,058,186)	-	-	(176,107)	(3,170,829)	(5,405,122)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	(39,077)	(15,824)	(68,510)	-	-	-	(123,411)
Total Position	1,627,792	(2,074,010)	2,714,298	955,445	(176,107)	(3,170,829)	(123,411)

(*) Expected loss provision for financial assets is presented non-interest bearing on the table. Amounted to TL 1,233 were deducted from non-interest banks, amounted to TL 1,279 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 "Other 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 communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

c. Average interest rates applied to monetary financial instruments

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

30 September 2023	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	-	5.63	-	31.60
Financial Assets at Fair Value Through Profit and Loss	-	5.79	-	12.21
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	5.00	-	19.22
Loans and Receivables	8.12	9.75	-	31.20
Financial Assets Measured at Amortised Cost	-	-	-	-
Liabilities				
Bank Deposits	-	3.22	-	31.82
Other Deposits	1.33	2.21	-	28.71
Money Market Funds	-	7.75	-	31.50
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	32.00
Funds Borrowed From Other Financial Institutions	6.54	8.29	-	25.76

31 December 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	-	4.68	-	-
Financial Assets at Fair Value Through Profit and Loss	-	3.11	-	10.68
Money Market Placements	-	-	-	10.33
Financial Assets Available-for-Sale	-	5.31	-	20.05
Loans	6.67	8.02	-	18.81
Held-to-Maturity Investments	-	4.86	-	21.05
Liabilities				
Bank Deposits	-	5.27	-	20.29
Other Deposits	0.59	2.46	-	19.47
Money Market Funds	-	5.22	-	9.00
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	21.01
Funds Borrowed From Other Financial Institutions	3.40	6.60	-	19.19

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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 September 2023					
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			11,442,488	6,403,885
CASH OUTFLOWS					
2	Retail and Small Business Customers	15,887,431	5,679,610	1,377,838	567,961
3	Stable Deposits	4,218,107	-	210,906	-
4	Less Stable Deposit	11,669,324	5,679,610	1,166,932	567,961
5	Unsecured Wholesale Funding	11,891,533	6,141,593	8,098,237	3,954,870
6	Operational Deposits	-	-		
7	Non-operational Deposits	8,519,001	4,273,617	4,875,127	2,194,376
8	Other Unsecured Funding's	3,372,532	1,867,976	3,223,110	1,760,494
9	Secured Funding			-	-
10	Other Cash Outflows	997,548	991,161	997,548	991,161
11	Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	997,548	991,161	997,548	991,161
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	145,100	137,647	7,255	6,882
15	Other irrevocable or conditionally revocable off-balance sheet obligations	23,733,432	12,631,187	3,659,017	1,341,773
16	TOTAL CASH OUTFLOWS			14,139,895	6,862,647
CASH INFLOWS					
17	Secured lending	800,158	-	-	-
18	Unsecured lending	13,490,218	7,549,256	10,533,912	6,186,731
19	Other cash inflows	457,618	441,106	457,618	441,106
20	TOTAL CASH INFLOWS	14,747,994	7,990,362	10,991,530	6,627,837
				Total Adjusted Value	
21	TOTAL HIGH QUALITY ASSETS STOCKS			11,442,488	6,403,885
22	TOTAL CAH OUTFLOWS			3,790,904	1,751,115
23	LIQUIDITY COVERAGE RATIO (%)			305.68%	368.03%

(*) 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 last three months period of 2023 are given in the table below.

30 September 2023	Highest	Date	Lowest	Date	Average
TL+FC	339.77%	25.08.2023	245.04%	22.09.2023	305.68%
FC	419.62%	01.09.2023	325.81%	22.09.2023	368.03%

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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 (*)	
31 December 2022		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			11,006,412	7,211,191
CASH OUTFLOWS					
2	Retail and Small Business Customers	19,326,256	8,478,715	1,770,748	847,872
3	Stable Deposits	3,237,562	-	161,879	-
4	Less Stable Deposit	16,088,694	8,478,715	1,608,869	847,872
5	Unsecured Wholesale Funding	17,758,223	10,447,778	11,767,701	6,774,138
6	Operational Deposits	-	-	-	-
7	Non-operational Deposits	11,801,866	6,438,200	5,996,790	2,886,798
8	Other Unsecured Fundings	5,956,357	4,009,578	5,770,911	3,887,340
9	Secured Funding				
10	Other Cash Outflows	724,323	700,236	724,323	700,236
11	Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	724,323	700,236	724,323	700,236
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	421,409	420,183	21,070	21,009
15	Other irrevocable or conditionally revocable off-balance sheet obligations	16,970,780	9,346,875	2,495,678	1,157,686
16	TOTAL CASH OUTFLOWS			16,779,520	9,500,941
CASH INFLOWS					
17	Secured lending	948,858	-	-	-
18	Unsecured lending	13,051,804	8,397,327	10,718,453	7,513,340
19	Other cash inflows	319,082	328,288	319,082	328,288
20	TOTAL CASH INFLOWS	14,319,744	8,725,615	11,037,535	7,841,628
				Total Adjusted Value	
21	TOTAL HIGH QUALITY ASSETS STOCKS			11,006,412	7,211,191
22	TOTAL CAH OUTFLOWS			5,882,621	2,600,094
23	LIQUIDITY COVERAGE RATIO (%)			194.18%	286.03%

(*) 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 2022	Highest	Date	Lowest	Date	Average
TL+FC	258.2%	07.10.2022	144.2%	02.12.2022	194.2%
FC	344.6%	07.10.2022	232.5%	02.12.2022	286.0%

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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 September 2023, the proportion of total liabilities to all deposits of the bank is 40% and borrowings constitutes 25% portion whereas subordinate debt is 12%. Secured borrowings such as repo transactions has lower portion (10%).

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 bank derivative product liabilities are higher than the derivative receivables. Net cash outflows declined in the periods when the cash inflows arising from derivative products are higher than the derivative liabilities. As of 30 September 2023, net of derivative assets are amounting to TL 86,441 (31 December 2022: TL 168,714). 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 September 2023, the liability balance is computed as TL 970,800 in case of a change in fair value of derivatives products (31 December 2022: TL 650,988).

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

As of 30 September 2023, 67% of the Bank's 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 (99%). As of 30 September 2023, 27% of the subordinated loans which are subject to capital adequacy calculations provided from The Commercial Bank (P.S.Q.C.).

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)

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Unclassified	Total
30 September 2023								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	3,501,594	6,940,388	-	-	-	-	-	10,441,982
Due From Banks (****)	2,131,192	1,710,042	-	-	-	-	(1,856)	3,839,378
Financial Assets at Fair Value Through Profit and Loss	-	466,344	8,707	467,432	175,171	5,749	-	1,123,403
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (****)	-	97,040	51,211	7,651	4,813,792	1,573,293	13,782	6,556,769
Loans(*****)	-	9,967,205	7,828,131	4,823,866	7,304,717	2,103,603	(567,881)	31,459,641
Financial Assets Measured at Amortised Cost (****)	-	40,386	43,005	759,069	7,323,710	883,709	(1,835)	9,048,044
Other Assets (*) (****)	73	74,035	20,668	57,281	9,164	5,985	2,859,677	3,026,883
Total Assets	5,632,859	19,295,440	7,951,722	6,115,299	19,626,554	4,572,339	2,301,887	65,496,100
Liabilities								
Bank Deposits (***)	14,978	773,702	71,641	-	-	-	-	860,321
Other Deposits	3,733,605	15,886,317	5,047,156	921,759	-	-	-	25,588,837
Funds Borrowed From Other Financial Institutions (**)	-	868,114	2,582,270	13,165,236	-	7,846,917	-	24,462,537
Money Market Funds	-	4,918,629	1,571,332	-	-	-	-	6,489,961
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	875,404	875,404
Other Liabilities	-	1,114,561	5,566	33,211	114,461	6,199	5,945,042	7,219,040
Total Liabilities	3,748,583	23,561,323	9,277,965	14,120,206	114,461	7,853,116	6,820,446	65,496,100
Liquidity Gap	1,884,276	(4,265,883)	(1,326,243)	(8,004,907)	19,512,093	(3,280,777)	(4,518,559)	-
31 December 2022								
Total Assets	3,180,495	14,883,669	8,625,391	9,470,277	14,370,410	4,787,930	2,129,144	57,447,316
Total Liabilities	3,306,388	24,825,282	10,253,096	7,778,225	1,096,772	5,268,383	4,919,170	57,447,316
Liquidity Gap	(125,893)	(9,941,613)	(1,627,705)	1,692,052	13,273,638	(480,453)	(2,790,026)	-

(*) 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 7,528,593 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 1,856 were deducted from unclassified banks, amounted to TL 1,835 were deducted from unclassified 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 communiqué "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 14.27% and calculated in compliance with "Regulation on Measurement and Evaluation of Leverage Levels of Banks" (31 December 2022: 10.59%). Increase in the leverage ratio is mainly due to the decrease in total risk. Regulation has been arrived at a decision of the minimum leverage ratio of 3%.

		30 September 2023 ^(*)	31 December 2022 ^(*)
	Assets in Balance Sheet		
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	64,129,289	60,021,014
2	Assets deducted in determining Tier 1 capital	(199,592)	(137,305)
3	Total on-balance sheet risks (sum of lines 1 and 2) Derivative financial instruments and credit derivatives	63,929,697	59,883,709
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	1,123,221	392,209
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	712,080	630,296
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5 (SCFT))	1,835,301	1,022,505
	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	31,855,895	28,068,973
11	(Adjustments for conversion to credit equivalent amounts)	(4,672,639)	(4,027,673)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	27,183,256	24,041,300
	Capital and Total Risk		
13	Tier 1 capital	13,267,157	8,982,814
14	Total risks (sum of lines 3, 6, 9 and 12)	92,948,254	84,947,514
	Leverage ratio		
15	Leverage ratio (%)	14.27%	10.59%

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

VIII. Explanations on Fair Values of Financial Assets and Liabilities

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

IX. Transactions Carried Out on Behalf of Customers and Items Held in Trust

None (31 December 2022: None).

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

X. Explanations on the Risk Management

a. Risk Management and General Information on Risk Weighted Amount

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to the Communiqué these notes have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of 30 September 2023:

- 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 September 2023	31 December 2022	30 September 2023
1	Credit risk (excluding counterparty credit risk) (CCR)	39,482,772	37,007,243	3,158,622
2	Standardised approach (SA)	39,482,772	37,007,243	3,158,622
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	2,263,583	1,282,324	181,087
5	Standardised approach for counterparty credit risk (SA-CCR)	2,263,583	1,282,324	181,087
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	IRBratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	2,007,475	1,458,438	160,598
17	Standardised approach (SA)	2,007,475	1,458,438	160,598
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	2,210,072	1,458,378	176,806
20	Basic Indicator Approach	2,210,072	1,458,378	176,806
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)	45,963,902	41,206,383	3,677,113

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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 communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

c. Explanations on credit risk

1. Credit Quality of Assets

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

2. Changes In Stock of Defaulted Loans And Debt Securities

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

3. Credit Risk Mitigation Techniques

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

4. Consolidated Credit Risk Exposure and Credit Risk Mitigation Techniques

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

5. Consolidated Exposures by Asset Classes and Risk Weights

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

d. Explanations on counterparty credit risk

1. Consolidated Counterparty Credit Risk (CCR) Approach Analysis

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

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

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

3. CCR Exposures by Risk Class and Risk Weights

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

4. Collaterals for Consolidated CCR

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

5. Credit Derivatives

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

6. Central counterparty risks (CCR):

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

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

X. Explanations on the Risk Management (Continued)

e. Explanations on securitisations

None.

f. Explanations on market risk

		RWA Current Period	RWA Prior Period
	Outright products		
1	Interest rate risk (general and specific)	279,000	62,438
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	1,589,213	1,328,675
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	139,262	67,325
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	2,007,475	1,458,438

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.

As of 30 September 2023, the Bank has no derivative transactions determined as fair value hedging.

The Bank applies cash flow hedge accounting using interest rate swaps to hedge its TL and FC 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 September 2023			31 December 2022		
	Principal Amount (*)	Asset	Liability	Principal Amount (*)	Asset	Liability
Derivative financial instruments						
Interest rate swaps	900,000	25,726	-	4,700,000	1,871	102,949
Total	900,000	25,726	-	4,700,000	1,871	102,949

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

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

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***SECTION FIVE****EXPLANATIONS AND NOTES ON THE 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 September 2023		31 December 2022	
	TL	FC	TL	FC
Cash/Foreign Currency	42,241	397,650	30,909	240,368
CBRT	3,201,147	6,799,427	1,103,621	5,556,128
Other	-	1,517	700	2,861
Total	3,243,388	7,198,594	1,135,230	5,799,357

2. Information on the account of the CBRT

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Demand Unrestricted Amount (*)	3,201,147	3,416,930	1,103,621	2,126,044
Time Restricted Amount	-	-	-	-
Reserve Requirement	-	3,382,497	-	3,430,084
Total	3,201,147	6,799,427	1,103,621	5,556,128

(*) 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 1 October 2021.

As of 30 September 2023, the Turkish lira required reserve ratios are determined to be within the range of 0% - 8% depending on the maturity structure of deposits denominated in Turkish Lira (31 December 2022: 3% - 8%), and other foreign currency liabilities within the range of 5%-29% (31 December 2022: 5% - 26%).

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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EXPLANATIONS AND NOTES ON THE 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 September 2023, the Bank have no financial assets at fair value through profit/loss subject to repo transactions (31 December 2022: None) and have no financial assets at fair value through profit and loss given as collateral/blocked amount (31 December 2022: None).

c. Positive differences related to derivative financial assets

	30 September 2023 ^(*)		31 December 2022 ^(*)	
	TL	FC	TL	FC
Forward Transactions	118,872	1,563	44,883	9,370
Swap Transactions	22,904	793,733	11,351	142,052
Options	139,546	28,785	80,465	25,498
Total	281,322	824,081	136,699	176,920

(*) Hedging derivative financial assets are excluded.

d. Information on banks

1. Information on banks

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Banks				
Domestic	31,394	1,614,555	246	1,082,538
Foreign	-	2,195,285	-	993,298
Total	31,394	3,809,840	246	2,075,836

2. Information on foreign banks:

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

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

As of 30 September 2023, there are no financial assets at fair value through other comprehensive income given as collateral/blocked and those subject to repurchase agreements. (31 December 2022: None) As of 30 September 2023, there are no financial assets at fair value through other comprehensive income those subject to repurchase agreements (31 December 2022: None). Real estate investment fund amounting to TL 153,399 (31 December 2022: 24,578). As of 30 September 2023, the share certificates amounting to TL 13,782 (31 December 2022: TL 13,782).

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

	30 September 2023	31 December 2022
Debt Securities	6,987,093	4,402,753
Quoted on Stock Exchange	6,833,694	4,378,099
Not Quoted(*)	153,399	24,654
Share Certificates	13,782	13,782
Quoted on Stock Exchange	1	1
Not Quoted	13,781	13,781
Impairment Provision (-)	469,832	281,394
Total	6,531,043	4,135,141

(*) 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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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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 September 2023		31 December 2022	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	12,234	-	292
Corporate Shareholders	-	12,234	-	292
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	812	1,535	1,012,705	4,222
Loans Granted To Employees	17,368	-	17,038	-
Total	18,180	13,769	1,029,743	4,514

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

Current Period		Loans Under Close Monitoring		
		Restructured Loans		
		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Cash Loans(*)	Standard Loans			
Non-specialized Loans	26,236,632	3,784,711	2,007,559	-
Loans given to enterprises	-	-	-	-
Export Loans	6,962,325	3,298	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	4,283,389	-	-	-
Consumer Loans	272,927	2,363	110	-
Credit Cards	63,368	3,942	-	-
Other	14,654,623	3,775,108	2,007,449	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	26,236,632	3,784,711	2,007,559	-

(*) Factoring receivables are included.

Prior Period		Loans Under Close Monitoring		
		Restructured Loans		
		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Cash Loans(*)	Standard Loans			
Non-specialized Loans	29,829,293	2,250,190	1,976,786	-
Loans given to enterprises	-	-	-	-
Export Loans	112,981	4,072	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	4,950,435	-	-	-
Consumer Loans	241,845	3,719	283	-
Credit Cards	69,019	1,655	-	-
Other	24,455,013	2,240,744	1,976,503	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	29,829,293	2,250,190	1,976,786	-

(*) Factoring receivables are included.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 30 SEPTEMBER 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND DISCLOSURES ON 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	46,379	-
Significant Increase in Credit Risk	-	787,823

(*) Expected loss provision amounting to TL 1,835 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	110,139	-
Significant Increase in Credit Risk	-	421,474

(*) Expected loss provision amounting to TL 1,279 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".

ALTERNATİFBANK A.Ş.
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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	66,221	177,370	243,591
Real Estate Loans	-	42,686	42,686
Automotive Loans	481	3,606	4,087
Consumer Loans	65,740	131,078	196,818
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	19,939	-	19,939
With Installments	4,372	-	4,372
Without Installments	15,567	-	15,567
Individual Credit Cards- FC	610	-	610
With Installments	-	-	-
Without Installments	610	-	610
Personnel Loans-TL	2,231	12,033	14,264
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	2,231	12,033	14,264
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	1,920	-	1,920
With Installments	394	-	394
Without Installments	1,526	-	1,526
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Credit Deposit Account-TL (Individuals) (*)	17,545	-	17,545
Credit Deposit Account-FC (Individuals)	-	-	-
Total	108,466	189,403	297,869

(*) TL 1,184 of the credit deposit account consist of 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	57,936	1,512,660	1,570,596
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	57,936	1,512,660	1,570,596
Other	-	-	-
Commercial Installments Loans-FC Indexed	-	40,124	40,124
Real Estate Loans	-	40,124	40,124
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installments Loans-FC	-	2,557,444	2,557,444
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	2,557,444	2,557,444
Other	-	-	-
Corporate Credit Cards-TL	44,360	67	44,427
With Installment	5,292	67	5,359
Without Installment	39,068	-	39,068
Corporate Credit Cards-FC	414	-	414
With Installment	-	-	-
Without Installment	414	-	414
Credit Deposit Account-TL (Legal Person)	159,885	-	159,885
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	262,595	4,110,295	4,372,890

6. Loans according to types of borrowers

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

7. Distribution of domestic and foreign loans

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

	30 September 2023	31 December 2022
Domestic Loans	32,027,235	34,047,369
Foreign Loans	1,667	8,900
Total	32,028,902	34,056,269

8. Loans given to investments in associates and subsidiaries

As of 30 September 2023, there are loans granted to associates and subsidiaries amount to TL 1,170,493 (31 December 2022: TL 693,553).

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

	30 September 2023	31 December 2022
Loans with Limited Collectability	276,831	145,505
Loans with Doubtful Collectability	15,688	41,506
Uncollectible Loans	365,864	363,965
Total	658,383	550,976

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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:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
30 September 2023			
Gross Amounts Before Provisions	-	-	798
Restructured Loans	-	-	798
31 December 2022			
Gross Amounts Before Provisions	-	-	-
Restructured Loans	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
31 December 2022	148,527	45,622	449,738
Addition (+)	702,294	525	23,846
Transfers from Other Categories of Non-performing Loans (+)	-	48,978	53,931
Transfers to Other Categories of Non-performing Loans (-)	(48,978)	(53,931)	-
Collections (-)	(153,779)	(206)	(149,323)
Write-offs (-)	(134,862)	-	(9,740)
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
30 September 2023	513,202	40,988	368,452
Specific Provisions (-)	276,831	15,688	365,864
Net Balance on Balance Sheet	236,371	25,300	2,588

(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 2022: 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 September 2023 (Net)	236,371	25,300	2,588
Loans to Real Persons and Legal Entities (Gross)	513,202	40,988	368,452
Specific Provision Amount (-)	(276,831)	(15,688)	(365,864)
Loans to Real Persons and Legal Entities (Net)	236,371	25,300	2,588
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2022 (Net)	3,022	4,116	85,773
Loans to Real Persons and Legal Entities (Gross)	148,527	45,622	449,738
Specific Provision Amount (-)	(145,505)	(41,506)	(363,965)
Loans to Real Persons and Legal Entities (Net)	3,022	4,116	85,773
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	-	-	81,221
Provision (-)	-	-	(81,221)
Prior Period(Net)	-	-	-
Interest accruals and valuation differences	-	-	106,812
Provision (-)	-	-	(106,812)

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 September 2023 there are financial assets measured at amortised cost given as collateral amounting to TL 9,049,879 (31 December 2022: TL 7,007,615).

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Given as collateral/blocked	550,706	2,739,923	859,350	1,391,957
Subject to repurchase agreements	324,855	4,814,565	-	3,224,268
Other	619,830	-	1,002,558	529,482
Total	1,495,391	7,554,488	1,861,908	5,145,707

2. Information on debt securities measured at amortised cost

	30 September 2023	31 December 2022
Government Bonds	7,554,488	5,145,707
Treasury Bills	1,393,220	1,501,888
Other Government Debt Securities	-	-
Total	8,947,708	6,647,595

3. Financial assets measured at amortised cost

	30 September 2023	31 December 2022
Debt Securities	9,049,879	7,007,615
Quoted to Stock Exchange	9,049,879	7,007,615
Not Quoted to Stock Exchange	-	-
Impairment Provision (-)	-	-
Total	9,049,879	7,007,615

4. Movement of financial assets measured at amortised cost

	30 September 2023	31 December 2022
Balance at the Beginning of the Period	7,007,615	5,978,142
Effect of Reclassifications and Measurements in accordance with IFRS 9	2,570,649	1,417,522
Transfers from Investment Securities Available for Sale (*)	615,065	1,936,863
Disposals Through Sales and Redemptions	(1,143,450)	(2,324,912)
Impairment Provision (-)	-	-
Balance at the End of the Period	9,049,879	7,007,615

(*) The amount consist immaterial sale of financial asset.

i. Information on investments in associates (Net)

The Bank has no investments in associates as of 30 September 2023 (31 December 2022: None).

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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 (*)	603,426	91,361	7,413	15,627	722	16,755	10,170	-
2 (*)	4,793,518	416,152	97,666	486,757	-	32,453	20,694	-

(*) The above mentioned subsidiaries' financial data are taken from the financial statements prepared for the BRSA consolidation as of 30 September 2023.

(**) These balances represents 30 September 2022 data.

3. The movement of the subsidiaries

	30 September 2023	31 December 2022
Balance at the Beginning of the Period	325,580	225,580
Movements During the Period	32,338	100,000
Purchases ^(*) ^(**) ^(***)	32,338	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	357,918	325,580
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) According to the Extraordinary General Assembly decision made on 22 June 2023, the paid capital of Alternatif Yatırım Menkul Değerler A.Ş. was increased by TL 49,300, TL 15,000 in cash, TL 34,300 from internal resources and its paid in capital to TL 67,000.

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

(***) On 13 September 2023, shares worth 17388 TL were taken over based on the receivables of a loan customer and transferred as of 10 October 2023

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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 September 2023	31 December 2022
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	292,165	292,165
Finance Companies	-	-
Other Financial Subsidiaries	48,415	33,415

5. Subsidiaries quoted on stock exchange

There are no subsidiaries quoted on stock exchange (31 December 2022: None).

k. Information on joint ventures

There are no joint ventures (31 December 2022: None).

l. Information on lease receivables (net)

There are no receivables from lease transactions (31 December 2022: None).

m. Information on hedging derivative financial assets

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	25,726	-	1,871	-
Net Investment Hedge in a foreign operation	-	-	-	-
Fair Value Hedge	25,726	-	1,871	-

n. Tangible assets

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

o. Intangible assets

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

p. Information on investment property

There is no investment property (31 December 2022: None).

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EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

q. Explanations about deferred tax asset

As of 30 September 2023, the Bank has deferred tax asset amounting to TL 436,283 (31 December 2022: TL 121,669 deferred tax asset) in the financial statements.

As of 30 September 2023 and 31 December 2022, the details of temporary differences and deferred tax assets and liabilities are presented below:

	30 September 2023		31 December 2022	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Deferred Tax Asset / (Liability)				
Tangible Assets Base Differences	552,273	165,682	(290,968)	(72,742)
Provisions	1,400,260	420,078	854,276	213,569
Valuation of Financial Assets	(522,253)	(156,676)	(197,900)	(49,475)
Commission Deferral	23,997	7,199	18,100	4,525
Financial Losses	-	-	-	-
Other	-	-	103,168	25,792
Net Deferred Tax Assets		436,283		121,669

	1 January 2023 – 30 September 2023	1 January 2022 – 30 September 2022
1 January Net Deferred Tax Asset/(Liability)	121,669	141,595
Deferred Tax (Expense)/Income	94,538	93,658
Deferred tax recognized in other comprehensive income	220,076	(45,255)
30 September Net Deferred Tax Asset/(Liability)	436,283	189,998

r. Movement of assets held for resale and discontinued operations

	30 September 2023	31 December 2022
Beginning of the period	487,833	594,827
Disposals (-)	(43,727)	(155,334)
Additions	8,614	48,340
Current period depreciation (-)	-	-
Impairment provision addition/ return	-	-
End of the Period	452,720	487,833

s. Information on other assets

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

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EXPLANATIONS AND NOTES ON THE 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 September 2023:

	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	322,424	-	3,200,662	7,189,464	135,017	4,242	120,237	-	10,972,046
Foreign Currency Deposits	2,502,976	-	1,808,455	3,387,445	42,494	55,107	59,633	-	7,856,110
Residents in Turkey	2,382,081	-	1,800,441	3,258,180	42,494	54,704	29,189	-	7,567,089
Residents Abroad	120,895	-	8,014	129,265	-	403	30,444	-	289,021
Public Sector Deposits	8,081	-	-	-	-	-	-	-	8,081
Commercial Deposits	621,892	-	813,713	3,191,713	1,133,828	113	325,666	-	6,086,925
Other Institutions Deposits	6,527	-	11,576	31,260	-	-	-	-	49,363
Precious Metal Deposits	271,704	-	59,288	248,282	17,434	1,885	17,719	-	616,312
Bank Deposits	14,977	-	630,447	214,897	-	-	-	-	860,321
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	220	-	490,305	-	-	-	-	-	490,525
Foreign Banks	14,757	-	140,142	214,897	-	-	-	-	369,796
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3,748,581	-	6,524,141	14,263,061	1,328,773	61,347	523,255	-	26,449,158

1 (ii). 31 December 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	312,374	-	3,099,840	7,237,148	256,015	60,629	254,377	-	11,220,383
Foreign Currency Deposits	2,082,933	-	1,844,651	6,446,810	136,672	88,801	511,046	-	11,110,913
Residents in Turkey	1,998,893	-	1,831,518	6,012,714	136,387	80,641	71,204	-	10,131,357
Residents Abroad	84,040	-	13,133	434,096	285	8,160	439,842	-	979,556
Public Sector Deposits	3,929	-	-	-	-	-	-	-	3,929
Commercial Deposits	719,977	-	1,868,536	4,338,276	801,370	244,695	1,119,204	-	9,092,058
Other Institutions Deposits	2,185	-	2,021	29,630	139	358	-	-	34,333
Precious Metal Deposits	166,117	-	42,250	164,984	29,961	2,438	34,023	-	439,773
Bank Deposits	18,873	-	311,377	180,175	-	-	-	-	510,425
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	146	-	-	-	-	-	-	-	146
Foreign Banks	18,727	-	311,377	180,175	-	-	-	-	510,279
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3,306,388	-	7,168,675	18,397,023	1,224,157	396,921	1,918,650	-	32,411,814

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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 September 2023	31 December 2022	30 September 2023	31 December 2022
Saving Deposits				
Saving Deposits	3,109,789	2,369,113	6,693,324	8,852,560
Foreign Currency Savings Deposit	1,085,397	638,436	4,703,084	5,595,907
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. The explanation of if the centrally located bank's savings deposits held at its branch in Turkey and the special current accounts of individuals that are not subject to commercial transactions are covered by insurance in the country where the headquarters is located, this should be disclosed

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

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

	30 September 2023	31 December 2022
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	56,041	19,486
Deposits and Other Accounts of Property Assets Value due to Crime Which is in the Scope of Article 282 of Numbered 5237 "TCL" Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-

b. Table of negative differences for trading derivative financial liabilities

1. Information on derivative financial liabilities

	30 September 2023 (*)		31 December 2022 (*)	
	TL	FC	TL	FC
Forward Transactions	86,689	2,189	20,766	6,873
Swap Transactions	3,606	301,031	1,414	188,940
Futures Transactions	-	-	-	-
Options	50,742	15,865	67,289	12,654
Total	141,037	319,085	89,469	208,467

(*) 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 banks and other financial institutions

1. General information on banks and other financial institutions

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
The CBRT Borrowings	-	112,130	-	316,619
From Domestic Banks and Institutions	45,654	68,467	45,602	446,657
From Foreign Banks, Institutions and Funds	3,028	16,358,614	4,703	9,771,507
Total	48,682	16,539,211	50,305	10,534,783

2. Information on maturity profile of borrowings

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Short-term	48,682	1,306,963	50,305	336,977
Medium and Long-term	-	15,232,248	-	10,197,806
Total	48,682	16,539,211	50,305	10,534,783

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 376,231 are included in "Other Liabilities" (31 December 2022: TL 182,440) and do not exceed 10% of the total balance sheet.

e. Information on financial lease agreements

i). Information of financial lease liabilities

	30 September 2023		31 December 2022	
	Gross	Net	Gross	Net
Less than 1 year	4,643	622	12,049	4,232
1-4 year	8,155	1,092	22,351	5,147
More than 4 year	8,795	1,178	15,433	12,257
Total	21,593	2,892	49,833	21,636

f. Information on hedging derivative financial liabilities

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges (*)	-	-	102,949	-
Foreign Currency Investment Hedges	-	-	-	-
Total	-	-	102,949	-

(*) 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 21,426 as of 30 September 2023 (30 September 2022: TL 3,933 Loss).

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

	30 September 2023	31 December 2022
Discount Rate(%)	1.93	4.09
Ratio Used for Probability of Pension (%)	86.67	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 September 2023, The Bank has provision for employee benefits amount of TL 20,200 (31 December 2022: 21,003) provision of unused vacation amount of 9,246 TL (31 December 2022: TL 7,224).

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

As of 30 September 2023, there is no provision related to the foreign currency difference of foreign currency indexed loans (31 December 2022: None). When the provision related to the foreign currency difference of foreign currency indexed loans occurs, these amounts are netted with loans in the financial statements.

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

	30 September 2023	31 December 2022
Provisions for Unindemnified Non-cash Loan	109,192	90,873
Provision for Litigation and Claims	60,969	38,220
Bonus Provision	51,351	52,320
Provision for Miscellaneous Receivables	2,643	1,543
Total	224,155	182,956

h. Information on taxes payable

1. Information on current tax liability

As of 30 September 2023, the current tax liability is TL 408,394 (31 December 2022: 153,163).

(i) Explanations on Tax Liabilities

	30 September 2023	31 December 2022
Corporate Tax Payable	408,394	153,163
Taxation of Marketable Securities	14,726	17,140
Banking Insurance Transaction Tax (BITT)	23,642	28,396
Value Added Tax Payable	1,766	3,896
Property Tax	339	265
Foreign Exchange Transaction Tax	281	553
Other	11,377	11,313
Total	460,525	214,726

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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 September 2023	31 December 2022
Social Security Premiums - Employee	9,105	5,705
Social Security Premiums - Employer	11,024	13,258
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	650	408
Unemployment Insurance - Employer	1,301	814
Other	5,423	646
Total	27,503	20,831

2. Deferred tax liability

None (31 December 2022: None).

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

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

j. Subordinated debts

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

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EXPLANATIONS AND NOTES ON THE 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 September 2023	31 December 2022
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 September 2023		31 December 2022	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	46,705	(259,431)	285,029	(225,976)
Foreign Currency Difference	-	-	-	-
Total	46,705	(259,431)	285,029	(225,976)

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 577,766 irrevocable loan commitments as of 30 September 2023 (31 December 2022: TL 699,009).

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 September 2023	31 December 2022
Letter of Credits	3,882,956	2,870,812
Bank Acceptance Loans	139,855	446,065
Guarantees and Collaterals	600,299	-
Total	4,623,110	3,316,877

(ii). Guarantees, sureties and other similar guarantees

	30 September 2023	31 December 2022
Definite Letter of Guarantees	15,334,496	10,814,031
Advance Letter of Guarantee	880,797	1,030,194
Letter of Guarantees Given to Customs	544,556	266,318
Temporary Letter of Guarantees	349,838	214,713
Total	17,109,687	12,325,256

3. Non-cash loans

(i). Total amount of non-cash loans

	30 September 2023	31 December 2022
Non-Cash Loans against Cash Risks	8,360,130	4,913,204
With Original Maturity of 1 Year or Less	1,633,044	1,602,155
With Original Maturity of More Than 1 Year	6,727,086	3,311,049
Other Non-Cash Loans	14,895,317	12,179,729
Total	23,255,447	17,092,933

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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. Explanations on 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. Explanations on 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. Explanations on 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 Statement of Profit or Loss

a. Information on interest income

1. Information on interest income on loans

	30 September 2023		30 September 2022	
	TL	FC	TL	FC
Short-term Loans	2,528,417	731,934	2,311,960	337,579
Medium/Long-term Loans	470,495	227,173	563,915	268,926
Interest on Loans Under Follow-up	66,394	-	39,873	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total (*)	3,065,306	959,107	2,915,748	606,505

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

2. Information on interest income on banks

	30 September 2023		30 September 2022	
	TL	FC	TL	FC
From the CBRT (*)	2,789	4,623	18,196	-
From Domestic Banks	10,123	22,738	7,519	9,983
From Foreign Banks	20	67,800	178	18,913
Headquarters and Branches Abroad	-	-	-	-
Total	12,932	95,161	25,893	28,896

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

3. Information on interest income on marketable securities

	30 September 2023		30 September 2022	
	TL	FC	TL	FC
From Financial Assets at Fair Value Through Other Comprehensive Income	548,922	124,716	443,465	86,699
From Financial Assets Measured at Amortised Cost	283,511	240,314	21,286	259,596
From Financial Assets At Fair Value Through Profit or Loss	145	1,438	4,543	506
Total	832,578	366,468	469,294	346,801

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

	30 September 2023	30 September 2022
Interest Received from Associates and Subsidiaries	112,872	25,016

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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 September 2023		30 September 2022	
	TL	FC	TL	FC
Banks	6,278	949,551	49,878	440,123
CBRT	535	-	42,857	-
Domestic Banks	5,409	6,170	6,710	7,052
Foreign Banks	334	943,381	311	433,071
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	444,210	-	235,663
Total (*)	6,278	1,393,761	49,878	675,786

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

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

	30 September 2023	30 September 2022
Interest Paid to Associates and Subsidiaries	9,020	2,324

3. Information on interest expense to marketable securities issued

	30 September 2023	30 September 2022
Interest Expense to Marketable Securities Issued	13,302	112,042

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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 (Continued)

4. Information on interest rate and maturity structure of deposits

		Time Deposit						Total
30 September 2023	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	-	35,109	-	-	-	-	-	35,109
Savings Deposits	-	487,786	895,976	27,618	-	21,736	-	1,433,116
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	225,703	496,469	88,234	-	90,076	-	900,482
Other Deposits	-	11,645	6,097	6	19	3	-	17,770
Deposit with 7 Days	-	-	-	-	-	-	-	-
Total	-	760,243	1,398,542	115,858	19	111,815	-	2,386,477
Foreign Currency								
Foreign Currency	-	10,777	64,167	878	1,216	8,162	-	85,200
Bank Deposits	-	13,240	-	-	-	-	-	13,240
Deposit with 7 Days	-	-	-	-	-	-	-	-
Precious Metal	-	87	983	80	8	220	-	1,378
Total	-	24,104	65,150	958	1,224	8,382	-	99,818
Grand Total	-	784,347	1,463,692	116,816	1,243	120,197	-	2,486,295

	Demand Deposit	Time Deposit						Total
30 September 2022		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	-	57,347	-	-	-	-	-	57,347
Savings Deposits	-	353,524	702,128	34,094	14,479	16,431	-	1,120,656
Public Deposits	-	10	-	-	-	-	-	10
Commercial Deposits	-	214,172	314,852	102,478	4,857	46,092	-	682,451
Other Deposits	-	4,821	22,532	-	45	2	-	27,400
Deposit with 7 Days	-	-	-	-	-	-	-	-
Notification	-	-	-	-	-	-	-	-
Total	-	629,874	1,039,512	136,572	19,381	62,525	-	1,887,864
Foreign Currency								
Foreign Currency Account	-	23,415	262,843	11,675	3,510	13,691	-	315,134
Bank Deposits	-	7,187	-	-	-	-	-	7,187
Deposit with 7 Days	-	-	-	-	-	-	-	-
Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	139	581	165	8	292	-	1,185
Total	-	30,741	263,424	11,840	3,518	13,983	-	323,506
Grand Total	-	660,615	1,302,936	148,412	22,899	76,508	-	2,211,370

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statementb. Information on interest expense (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.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

c. Justify 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 September 2023	30 September 2022
Income	138,316,532	94,010,767
Income from Capital Market Transactions	167,328	26,220
Derivative Financial Transactions	4,414,592	3,169,913
Foreign Exchange Gains	133,734,612	90,814,634
Loss (-)	136,339,142	93,905,124
Loss from Capital Market Transactions	902	9,238
Derivative Financial Transactions	2,335,145	1,500,024
Foreign Exchange Loss	134,003,095	92,395,862
Net Income/ (Loss)	1,977,390	105,643

e. Explanations about other operating income

For the period ended 30 September 2023, 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 91,253 (30 September 2022: TL 99,385).

f. Expected provision losses and other provision losses

	30 September 2023	30 September 2022
Expected Credit Loss(*)	308,656	5,614
12 month expected credit loss (stage 1)	(75,402)	(30,023)
Significant increase in credit risk (stage 2)	114,893	34,937
Non-performing loans (stage 3)	269,165	700
Marketable Securities Impairment Expense	3,566	5,774
Financial Assets at Fair Value Through Profit or Loss	3,566	5,894
Financial Assets at Fair Value Through Other Comprehensive Income	-	(120)
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (**)	-	-
Total	25,816	258,256
	338,038	269,644

(*) The expected loss provision cancellation as of 30 September 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 September 2023, there is no free provision for possible risks (30 September 2022: 246,179 TL).

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

g. Information related to personnel expenses and other operating expenses

	30 September 2023	30 September 2022
Personnel Expenses	473,232	238,129
Reserve for Employee Termination Benefits	5,073	1,164
Unused Vacation	2,254	3,023
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	36,437	32,156
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortisation Expenses of Intangible Assets	50,192	30,339
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	341,816	154,270
Other Expenses	1,153	509
Advertising Expenses	5,694	3,670
Maintenance Expenses	20,030	9,981
Operational Lease Expenses	314,939	140,110
Loss on Sales of Assets	4,516	2,906
Other (*)	74,080	54,023
Total	987,600	516,010

(*) Other operating charges is TL 65,702 except premium of SDIF and tax amounting to TL 8,378 (30 September 2022: Other operating charges is TL 44,610 except Premium of SDIF and tax amounting to TL 9,413).

ALTERNATİFBANK A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

h. Justify 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. Explanations on for taxes on income from continuing operations

As of 30 September 2023, the Bank has current tax expense amounting to TL 413,831 (30 September 2022: 270,851 current tax expense), and deferred tax income amounting to TL 94,538 (30 September 2022: TL 93,658 deferred tax expense).

j. Explanations on 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. Explanations on on net income/loss for the period

1) Interest income from ordinary banking transactions is TL 5,464,253 (30 September 2022: 4,432,738 TL), interest expense is TL 4,185,897 (30 September 2022: 3,216,471 TL).

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 FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations And Notes on Income Statement (Continued)

- 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 September 2023	30 September 2022
Credit Card Pos Commissions	48,200	55,726
Banking Service Income	1,119	50,826
Insurance Commissions	136,559	20,553
Account Management Fee Commission	2,648	1,701
Export Letters of Credit Commissions	1,310	1,294
Credit Early Termination Compensation	599	585
Transfer Commissions	1,511	1,270
Expertise Commissions	32,667	118
Other	31,666	14,578
Total	256,279	146,651
Fees and Commissions Paid - Other	30 September 2023	30 September 2022
Clearing Commissions	21,449	20,655
Debit Card Fees and Commissions	47,239	51,479
Commissions Granted to Correspondent Banks	4,917	3,891
Bonds Commissions	-	2,663
Fees and Commissions on Foreign Currency Transactions	51	51
Transfer Commissions	1,978	1,482
Commissions for Effective and Future Transactions	4,463	1,526
CBRT Interbank Money Market	876	658
Other	394,391	40,370
Total	475,364	122,775

(*) 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".

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations and Notes on Bank's Risk Group

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 September 2023

	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	
Bank's Risk Group (*) (**)	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	693,553	284	-	292	1,012,705	4,222
Balance at the End of the Period	1,170,493	256	-	12,234	812	1,535
Interest and Commission Income Received	112,872	-	-	512	17,568	37

(*) 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 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	
Bank's Risk Group (*) (**)	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
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	693,553	284	-	292	1,012,705	4,222
Interest and Commission Income Received(***)	25,016	-	8	525	27,118	693

(*) 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 September 2022 balances used for income accounts.

3. Information on deposits of the 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	
Bank's Risk Group (*)	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Deposit						
Beginning of the Period	198,031	506,915	-	-	68,723	36,662
End of the Period	677,168	198,031	-	-	146,943	68,723
Interest Expense on Deposits (**)	9,020	2,324	-	-	4	7

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

(**) 30 September 2022 balances used for expense accounts.

ALTERNATİFBANK A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated).***EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****VII. Explanations and Notes on Bank's Risk Group (Continued)****a. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period (Continued)****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 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Transactions for trading purposes						
Beginning of the Period (**)	-	-	-	-	-	-
End of the Period (**)	-	-	-	-	-	-
Total Profit / Loss (***)	14,829	-	11,303	(78)	-	-
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 September 2022 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	824,111	3.12%
Non-cash Loans	14,025	0.06%
Loans	1,171,305	3.56%
Subordinated Loan	2,105,406	26.74%

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

3. Equity accounted transactions

None.

ALTERNATİFBANK A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

As of 30 September 2023, 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 2.11% of total cash and non-cash loan amount (31 December 2022: 3.33%).

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 36,696 as of 30 September 2023 (30 September 2022: TL 23,963).

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 communiqué "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks.

IX. Explanations and Notes on Subsequent Events

None.

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to Bank's Operations

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

Fitch Ratings: September 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	Fixed

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

SECTION SEVEN

EXPLANATIONS ON THE AUDITOR'S REVIEW REPORT

I. Explanations on the Independent Auditor's Review Report

The Bank's unconsolidated financial statements and footnotes to be disclosed to public as of 30 September 2023 have been reviewed by KMPG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent auditor's review report dated 31 October 2023 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 FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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 Communiqué which has been regulated by Council of Bank Audit and Regulation regarding to the bank's 1 January – 30 September 2023 activity period is below.

Actual Figures	30 September 2023	31 December 2022	30 September 2022
Loans	31,458,959	33,617,140	34,883,656
Marketable securities	15,598,922	11,165,662	9,913,146
Deposits	26,449,158	32,411,814	37,062,485
Total Assets	65,496,100	57,447,316	63,606,785
Equity	5,638,167	3,897,589	3,257,097
Profit / Loss Before Taxes	1,938,594	1,356,792	738,744
Profit / Loss	1,619,301	1,026,972	561,551

Message from the Chairman

Dear Stakeholders,

The global economy has spent the third quarter of the year under the influence of persistently high inflation and the continued tight monetary policies of central banks. Meanwhile, the Turkish economy continued to take significant steps to mitigate the impact of inflation through the orthodox policies set by the new economic administration. As we enter the last quarter of the year, we will closely monitor the potential effects of geopolitical developments on both the global and Turkish economies.

In spite of the fluctuations experienced during the past period, we are pleased to witness a successful financial performance exhibited by Alternatif Bank. The approach of Insightful, Advisory, and Responsible Banking, which our Bank has embraced as its core principles and built its business culture upon, plays a significant role in this performance. Despite the changes in our leadership team in the last quarter, Alternatif Bank's continued and unwavering progress towards its financial goals demonstrates our strong corporate governance structure.

As we consistently emphasise, we have confidence in the strong potential of the Turkish economy and the banking sector built on solid foundations. In line with this, as Commercial Bank, we will continue to provide uninterrupted support to Alternatif Bank.

With the appointment of our new CEO next quarter, a new chapter will commence for Alternatif Bank. We wholeheartedly believe that, with the support we provide, our Bank will continue to create sustainable value for the Turkish economy, the banking sector, and its customers, just as it has done to date. I sincerely congratulate the entire Alternatif Bank Family once again for their successful results in the past period.

Yours faithfully,

Omar Hussain Alfardan
Board Chairman

ALTERNATİFBANK A.Ş.
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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,

The year 2023 has proven to be quite challenging due to the impact of geopolitical and political developments worldwide on economies, a significant earthquake disaster in our country, a two-stage election process, and the rising inflation that is on the rise globally and being addressed. As Alternatif Bank, we successfully concluded the third quarter of 2023, where macroeconomic measures were tightened in the fight against high inflation, surpassing our targets with excellent results. The successful financial performance we demonstrated in the past quarter reaffirms that we are making steady progress toward our long-term goals.

When we look at our consolidated figures for the third quarter of the year, our total assets reached 69 billion Turkish Lira, marking a 15% increase. During this period, Alternatif Bank's support to the national economy, through both cash (including financial lease receivables) and non-cash loans, exceeded 57 billion Turkish Lira. We also managed to bring our deposit volume to 26 billion Turkish Lira, maintaining our commitment to asset quality through balance sheet optimization. As our balance sheet witnessed growth, our bank's equity also increased by 44%, reaching 5.8 billion Turkish Lira, and our capital adequacy ratio stood at 29,01%. With our strong performance at the end of the third quarter of the year, our consolidated net profit amounted to 1.66 billion Turkish Lira.

Individual banking, and as an integral component, what we consider Digital Banking, stands at the forefront of our growth strategy at Alternatif Bank. We continue to take significant steps in providing a unique customer experience with our digital solutions that make banking applications easier for everyone. In this context, with our Digital Branch that we launched last August, we introduced our new service model that combines digital banking services with a human touch to our customers. Named 'Human-Centric Digital Banking' and aligned with our 'Advisory Banking' approach, this new service model allows us to assign a 'Portfolio Manager' to customers we acquire through video calls.

In addition to our financial results, we are committed to making contributions to accessibility and financial inclusion through new projects and collaborations in the field of Inclusive Banking. Following the major earthquake disaster, we have refocused our efforts on longer-term and sustainable initiatives. Through our partnership with the Robotel Association, we aim to support the rehabilitation processes of children affected by the earthquake and those who have experienced limb loss. On the other hand, we are proud to announce a pioneering project in Turkey and the banking sector, the "Accessible Banking Glossary." Under this initiative, we have formed a valuable collaboration with IFC's subsidiary, EFSE, and with their support, we have added 75 new terms to our glossary, bringing the total to over 100 terms.

Dear Stakeholders,

Thanks to our strong corporate governance structure, despite significant changes in our senior management in the third quarter of 2023, our bank has continued to deliver a successful financial performance. As we enter a new era in the final quarter of the year with our new leadership, we draw inspiration from the transformations we have undertaken thus far. With our visionary outlook, a robust management team, and the expertise of our dedicated employees, Alternatif Bank will continue to build on its successes without pause.

King regards,

Hamdi İlkey Girgin,
Acting CEO