

2023
ANNUAL REVIEW

Alternatif
Bank



A subsidiary of The Commercial Bank - Qatar.

Contents

Introduction

- 2 Message from the Chairman
- 4 Message from the CEO
- 6 Our Vision, Our Mission, Our Values
- 8 Agenda for 2023 Annual General Meeting
- 8 Capital and Shareholding Structure
- 9 Shares, if any, Held in the Bank by the Chairman and Members of the Board of Directors, Members of the Board Audit Committee, Chief Executive Officer and Executive Vice Presidents
- 10 About Alternatif Bank
- 11 About The Commercial Bank
- 12 Financial Indicators
- 14 Milestones
- 16 2023 Highlights

2023 Activities

- 20 Retail and Digital Banking
- 24 Corporate Banking
- 26 Business Banking
- 30 Treasury Group
- 32 Financial Institutions
- 34 Operations
- 38 Human Resources
- 48 Information Technologies
- 50 Information Security Management
- 52 Corporate Communications
- 56 Sustainability
- 60 Alternatif Bank's Subsidiaries

Management and Corporate Governance Practices

- 62 Board of Directors
- 65 Areas of Responsibility of the Board of Directors and the Senior Management
- 67 Terms of Office and Professional Experience of External Auditors
- 68 Committees Under the Board of Directors
- 71 Information on Risk Management Policies Implemented According to Risk Types

- 74 Senior Management
- 79 Internal Control and Compliance
- 81 Internal Audit
- 81 Summary Board of Directors Report Submitted to the Annual General Meeting
- 82 Organisation Chart
- 84 Explanations and Notes About the Bank's Risk Group
- 85 Dividend Policy
- 85 Summary Board of Directors Report Information on Donations Made in 2023 and on Expenses Incurred in the Scope of Corporate Social Responsibility Projects
- 85 Remuneration Paid to the Board of Directors and Senior Management
- 86 Managers of Internal Systems
- 86 Affiliation Report
- 87 Outsourced Services Pursuant to the Regulation on Banks' Procurement of Support Services
- 90 Independent Auditor's Report on the Annual Report of the Board of Directors
- 93 Statement of Responsibility for 2023
- 94 If an Extraordinary General Meeting Was Held during the Year, Information on the Meeting Date, Resolutions And Other Actions Taken in This Respect

Financial Information

- 96 Financial Position, Profitability and Solvency
- 96 Evaluation of the Bank's Capital Strength and Board of Directors' Assessments
- 97 Assessment of 2023 Financial Results
- 97 Information on Special and Public Audits during the Fiscal Year
- 98 Administrative or Judicial Sanctions Imposed on the Bank and the Members of the Board of Directors Due to Actions in Violation of Applicable Laws
- 98 Lawsuits Filed against the Bank with a Potential Impact on the Bank's Financial Standing and Operations, and Their Possible Outcomes
- 99 Credit Ratings Assigned to Alternatif Bank and Related Explanations
- 100 Financial Highlights and Key Ratios for the Five-Year Period

WE CONTINUE TO TAKE STRONGER STEPS INTO THE FUTURE WITH OUR “INSIGHTFUL, ADVISORY, AND RESPONSIBLE” APPROACH TO BANKING.

WITH 2023, WE HAVE REACHED A NEW STAGE IN THE TRANSFORMATION PROCESS THAT IS PREPARING ALTERNATIF BANK FOR THE FUTURE. WE AIM TO TAKE OUR FINANCIAL AND SOCIAL INCLUSION TO A HIGHER LEVEL WITH THE SUPPORT OF OUR STRONG CORPORATE FOUNDATIONS, THE EFFECTIVE SERVICE INFRASTRUCTURE WE HAVE BUILT UNDER THE LEADERSHIP OF DIGITALISATION, AND OUR HUMAN-CENTRIC BUSINESS MODEL.

Message from the Chairman

We firmly believe that with our continued support, Alternatif Bank will build upon its success and create sustainable value for the Turkish economy, banking sector, and its customers.

Esteemed Stakeholders,

The global economy has navigated through a complex landscape in 2023, shaped by geopolitical tensions, inflationary pressures, and monetary policy adjustments. The ongoing conflict in Ukraine and rising geopolitical risks in the Middle East added to existing headwinds, while central banks responded to sustained inflation with tightening measures. As we enter 2024, a shift towards potential monetary easing looms, contingent on downward inflation trajectories in developed economies.

2023 was a year defined by high inflation in Türkiye, further impacted by the devastating earthquake and the election period. The new economic administration implemented decisive orthodox policies to combat inflation, and the sustainability of these measures will be crucial for unlocking growth potential in 2024.

Despite the challenging macroeconomic environment and significant leadership changes, Alternatif Bank delivered a commendable financial performance in 2023. This success is attributed to the Bank's unwavering commitment to strong corporate governance principles, its skilled team, and its core values of "Insightful, Advisory, and Responsible Banking."

In a world increasingly shaped by strategic partnerships, Alternatif Bank stands as a testament to the strong collaboration between Türkiye and Qatar. The Commercial Bank remains committed to supporting Alternatif Bank's

experienced management team and dedicated staff, driven by our unwavering confidence in the Turkish economy and banking sector.

Under the capable leadership of its senior management, Alternatif Bank is not only generating economic value but also driving positive change within its sector through its commitment to social responsibility and 'Accessible Banking' initiatives. We firmly believe that with our continued support, Alternatif Bank will build upon its success and create sustainable value for the Turkish economy, banking sector, and its customers.

On behalf of The Commercial Bank, we extend our sincere congratulations to the entire Alternatif Bank family for their achievements in 2023. We are confident that the value they create for their customers, community, and the national economy will continue to flourish.

Yours faithfully,



Omar Hussain Alfardan
Chairman of the Board



Message from the CEO

Dear Stakeholders,

Throughout 2023, global and regional geopolitical tensions significantly impacted economic indicators. In addition, we navigated through the challenges caused by the earthquake disaster and the domestic election process within our country. Despite these demanding circumstances, Alternatif Bank concluded the year with positive financial outcomes, achieving our objectives. These results are a testament to the effectiveness of our long-term growth strategies and confident progress to achieving our goals.

Adhering to our balance sheet optimisation policy, we maintained strong asset quality throughout 2023. As reflected in our consolidated financial results, our total assets reached TRY 68.1 billion by year-end. By the end of 2023, our bank provided TRY 60.3 billion in support to the national economy through cash (including leasing receivables) and non-cash loans. Our deposit volume also reached TRY 24.9 billion. In addition to the growth in our balance sheet, our bank's equity capital reached TRY 6.1 billion, while our capital adequacy ratio stood at 29.2% during this period. With the successful performance we demonstrated in the challenging year of 2023, Alternatif Bank's consolidated net profit increased by 81.5% compared to the previous year, reaching TRY 1.94 billion.

In 2023, Alternatif Bank continued to renew itself in line with our mission of providing the best possible service to our customers. We went beyond simply addressing their needs and expectations in terms of banking products, and worked to provide them with fast and competitive solutions in all areas by analysing their entire financial processes.

We crowned our successful performance in trade financing with awards

We commenced to perform successfully in the field of trade finance, which we see as a strategic priority, with our "Advisory Banking" approach. We were a pioneer bank in the country to offer the SWAP Agreements-Based Rediscount Credit product introduced by the Central Bank of the Republic of Türkiye (CBRT). We had a significant role in financing imports from China in particular, and intermediated a transaction volume exceeding 210 million Chinese Yuan (USD 30 million).

We crowned our success in the innovations and applications that we implemented with the "Advisory and Responsible Banking" approach with international awards in 2023. Within the scope of the "Foreign Trade Program" carried out by the European Bank for Reconstruction and Development (EBRD), we won the "Most Active User in Türkiye" award for the sixth time this year with our successful performance in financing foreign trade and the value that we created for our customers. In addition, we were also granted to "Green Deal of the Year" award given by the EBRD for the banks that

facilitate trade in green technologies and products in the countries where it operates.

We will continue to create value for the country's economy and companies in 2024 with our boutique service approach, innovative solutions, by well evaluating the potential we have achieved in trade finance, which is one of the important channels through which our Bank offers different products to its customers and contributes to the healthy maintenance of advised relationships.

We combine digital banking with a human touch

2023 was a year in which we worked continuously to provide an effortless customer experience with our technology investments and digital solutions that facilitate banking applications, and in which we took important steps in this field. We brought a new dimension to customer experience with the "Digital Branch" application we launched in the second half of the year. We combined our digital banking services with a human touch, and by assigning a portfolio manager to each user who is our remote customer with the "Human Digital Banking" approach, we offered the opportunity to communicate one-on-one with the portfolio manager whenever they need assistance with banking products and services. We will continue to increase efficiency in our services and customer experience with the technology investments and digitalisation we have made.

We aim to lead a transformation in our sector with our Accessible Banking initiatives

Beyond our core banking achievements, we remain steadfast in our "Accessible Banking" journey, initiated five years ago with a rights-based approach. Leading the industry in cultural transformation, our recent efforts have demonstrably expanded our impact on accessibility and inclusivity. Notably, our Accessible Banking initiatives have garnered significant interest from international financial institutions. Our "Accessible Banking Terminology Dictionary" project, recognised as a key initiative for financial inclusion by the IFC and EFSE, has blossomed into a valuable partnership. In the coming period, we aim to further enrich this first-of-its-kind resource in Türkiye's banking sector, expanding its glossary to 100 terms and making it freely accessible for all, promoting financial inclusion. Furthermore, following the devastating earthquake in early 2023, we partnered with the Robotel Association to empower children and families affected by limb loss through Robotel's innovative and efficient solutions. Moving forward, we are committed to exceeding regulatory compliance by championing pioneering applications and initiatives that advance the cause of Accessible Banking.

2023 was a year in which we worked continuously to provide an effortless customer experience with our technology investments and digital solutions that facilitate banking applications, and in which we took important steps in this field.

Sustainability of our financial performance is our top priority for 2024. To achieve our new period goals with confidence, we will prioritise digital transformation, customer experience and brand, effective risk management, human resources, and corporate culture.

In 2024, we will continue our digital transformation efforts in both retail and corporate banking without interruption. We will support the strong position that Alternatif Bank has maintained in corporate and commercial banking for over 30 years with a growing customer base through digital channels in retail banking and continue to grow it more efficiently. We see it as one of our primary goals for the products and processes we design by listening to our customers and based on their expectations and needs to create value for all our users. We will see the reflections of the work we carried out in 2023 for a hassle-free banking experience with a customer-oriented approach more clearly in 2024.

Thanks to the expertise of Alternatif Bank employees, the strength of our shareholder The Commercial Bank and the continuous support of our Board of Directors, we will continue to create value for our national economy, our sector, all our

customers and stakeholders with increasing momentum as we move towards the future.

Yours sincerely,



Ozan KIRMIZI
CEO



Our Vision

To be the Bank of first choice
in Türkiye, supported by the
strength of The Commercial
Bank.

Our Values

We Approach Sincerely
We Embrace Our Customers
We Break New Grounds
We Work Tirelessly
We Get Problems Resolved

Our Mission

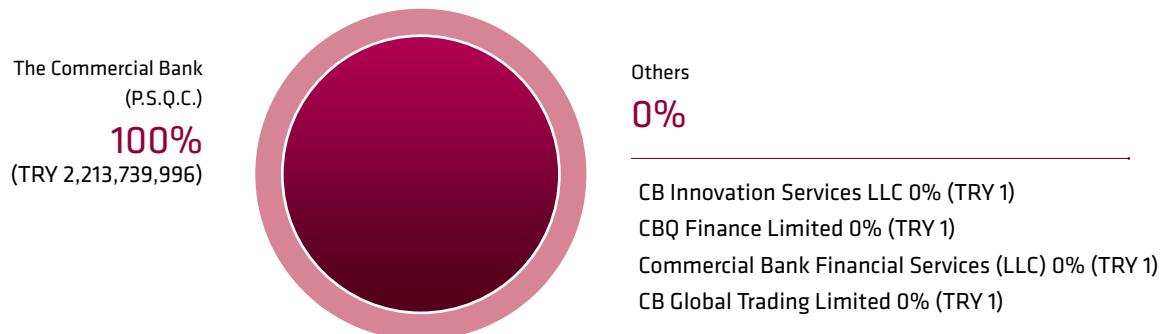
To create value for our customers on their road to growth with our Insightful Banking approach and Advisory Bankers.

Agenda for 2023 Annual General Meeting

1. Opening and formation of the Presiding Board, authorising the Presiding Board to sign the minutes of the Annual General Meeting,
2. Reading out and deliberation on the Board of Directors' Annual Report, External Auditor Reports and Balance Sheet and Profit/Loss Statements for 2023, taking decision on their approval,
3. Negotiation and decision on the Board of Directors' proposal in relation to the Profit for 2023 Fiscal Year,
4. Approval of the appointment of the newly appointed members to the vacant Board of Directors due to the resignation of the Members of the Board of Directors appointed at the Annual General Meeting
5. Release from liabilities of the Members of the Board of Directors who have served during the fiscal year,
6. Determination of the number, terms of office and sitting fees as well as remuneration of the Board Members, and election of the Board Members,
7. Designating the audit firm which will conduct the independent audit of the Bank,
8. Presentation of information to the shareholders regarding bonuses paid to employees and other items distributed in the same category,
9. Informing the shareholders about the donations made during 2023,
10. Authorising the Board of Directors to issue bonds and/or bank bills within legal limits in order to generate funds for the Bank, and empowering the Board to determine the details of such transactions according to the market conditions of the day and to carry out relevant steps and procedures for the same purpose,
11. Authorising Board Members, as per Articles 395 and 396 of the Turkish Commercial Code No. 6102, to carry out the activities that fall under the Bank's scope, on their own or on behalf of third parties, to act as shareholders in companies performing such activities and to conduct other relevant transactions.

Capital and Shareholding Structure

Shareholder Structure (%)
(Total: TRY 2,213,740,000)



Shareholders with Qualifying Shares*

Qatar Holding LLC (a 100% subsidiary of Qatar Investment Authority, which is owned by the State of Qatar)

Share (%)

16.67%

*As per definition under Turkish Banking Law

Shares, if any, Held in the Bank by the Chairman and Members of the Board of Directors, Members of the Board Audit Committee, Chief Executive Officer and Executive Vice Presidents

Name	Title	Area of Responsibility	Shares Held (%)
Omar Hussain Alfardan	Chairman of Board of Directors	Chairman of Board of Directors	-
Joseph Abraham	Vice-Chairman	Chairman of Executive Committee of the Board, Chairman of Board Remuneration and Governance Committee, and Alternate Member of Board Credit Committee	-
Mohd Ismail M Mandani Al-Emadi	Member of the Board of Directors	Chairman of Board Risk Committee and Member of Board Credit Committee	-
Rajbhushan Buddhiraju	Member of the Board of Directors	Member of Executive Committee of the Board, Member of Board Risk Committee and Member of Board Credit Committee	
Halil S. Ergür	Member of the Board of Directors	Chairman of Board Audit and Compliance Committee and Member of Board Risk Committee	-
Antonio Gamez Munoz	Member of the Board of Directors	Member of Board Audit and Compliance Committee, Member of Board Risk Committee and Alternate Member of Board Credit Committee	-
Zafer Kurtul	Member of the Board of Directors	Chairman of Board Credit Committee, Member of Executive Committee of the Board, and Member of Board Remuneration and Governance Committee	-
Leonie Lethbridge	Member of the Board of Directors	Member of Board Remuneration and Governance Committee and Member of Board Audit and Compliance Committee	-
Ozan Kırmızı*	Member of the Board of Directors, CEO	Member of Board Credit Committee and Member of Executive Committee of the Board	-
Ayşe Akbulut	Executive Vice President	Credit Underwriting	
Bike Tarakçı**	Executive Vice President	Human Resources	
Burcu Yangaz	Executive Vice President	Business Banking	
Didem Şahin Çakmak	Executive Vice President	Corporate Banking	
Gökay Dede	Executive Vice President	Retail and Digital Banking	
Hamdi İlkay Girgin	Executive Vice President	Financial Affairs and Planning	
Levent Güven	Executive Vice President	Treasury and Financial Institutions	
Seçkin Mutlubaş***	Executive Vice President	Restructuring and Legal Follow-up	
Zafer Vatansever	Executive Vice President	IT and Operations	
Ömer Faruk Gönener	Head of Internal Audit	Internal Audit	
Egemen Baykan	Head of Risk Management	Risk Management	
Engin Turan	Head of Internal Control and Compliance, Consumer Relations Coordination Officer	Internal Control and Compliance	

* As per the Board resolution dated 31 July 2023, Kaan Gür resigned from his role as the CEO and Board Member, and Hamdi İlkay Girgin, Financial Affairs and Planning EVP, served as the Acting CEO in his lieu. As per the Board resolution dated 23 October 2023, Ozan Kırmızı was appointed as the CEO and Board Member with effect from 07 November 2023 following the completion of regulatory approvals.

** Hale Ökmen Ataklı resigned from her position as EVP of Human Resources as of 6 October 2023, and Bike Tarakçı started to work in her lieu as of 2 January 2024 as per Board resolution dated 18 December 2023 upon the completion of official approvals.

*** As per Board resolution dated 7 August 2023, Seçkin Mutlubaş was appointed as the EVP of Restructuring and Legal Follow-up.

About Alternatif Bank

Alternatif Bank continues its **journey of growth with its strong structure** and expert human resources, positioning itself among the significant players in the banking sector with all stakeholders.

Alternatif Bank is taking firm steps toward its objective of being a significant player in the market with its expert human resources, up-to-date technological infrastructure, operational excellence standards and exceptional service quality.

Focusing on providing high value-added solutions to its customers in the Corporate, Business, Retail and Digital Banking segments, Alternatif Bank continues its uninterrupted support to the Turkish economy and real sector with its vision of being an advisory, insightful and responsible bank.

Having commenced its operations in 1991, Alternatif Bank aims to provide a flawless banking experience to its customers with more than 800 employees and through physical and digital banking channels.

The Bank's effectiveness in the market significantly increased thanks to its revamped strategy and goals after, one of Qatar's prominent banks, The Commercial Bank's acquisition of the majority shares of Alternatif Bank in 2013 followed by the transfer of all the remaining shares in 2016.

Alternatif Bank aims to realise its vision of being the most preferred bank in Türkiye with the strength it gets from its shareholders. In this context, Alternatif Bank continues its growth journey with its experience of over 30 years, its competent employees and an understanding of "advisory, insightful and responsible banking" approach together with all its stakeholders who create employment and contribute to the Turkish economy.



About The Commercial Bank

The Commercial Bank is today **one of the leading financial institutions** in Qatar and the entire Middle East Region.



Incorporated in 1974 as the first private bank in the country, The Commercial Bank is today one of the leading financial institutions in Qatar with a profitable track record since inception. The Bank continues to play an important role in driving innovation and raising service standards in banking across the region through its investment in new technology, a clear focus on customers and prudent management.

Its country-wide network includes 31-location-strong physical network, a cornerstone of The Commercial Bank's distribution approach, and 305 ATMs, and it also owns and operates the exclusive 'Diners Club' franchise in Qatar and Türkiye. The Bank is listed on the Qatar Exchange and was the first Qatari bank to list its Global Depository Receipts on the London Stock Exchange. The Commercial Bank's bonds issuances are listed on the Irish Stock Exchange and the Swiss Exchange (SIX).

The Commercial Bank is committed to helping support the development of Qatar's economy and future sustainability in line with the goals of the economic pillar of the Qatar National Vision 2030. The Bank's vision is to be 'The Best Bank in Qatar' based on the foundation of its values or 5 Cs. Corporate Earnings Quality, Client Experience, Creativity and Innovation, Culture, and Compliance

Bank's continual investment in technology and people, together with its strong capital base, provides a solid foundation for further growth. The Commercial Bank has a robust financial position, with total assets of QAR 164.4 billion and Net profit of QAR 3,010.2 million as at 31 December 2023. The Bank enjoys strong credit ratings of 'A-' rating with a

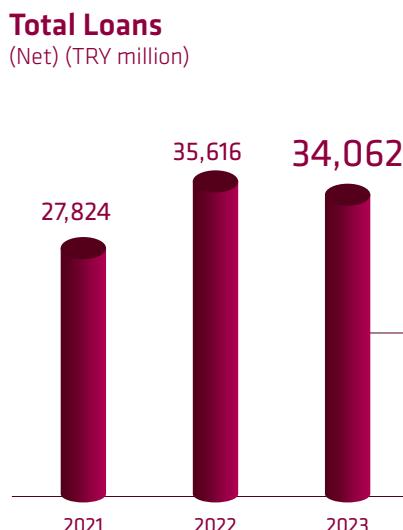
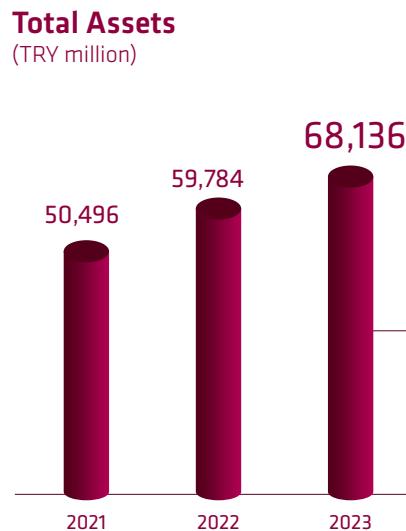
positive outlook by Fitch, and 'A-' rating with a stable outlook by S&P.

True to its pioneering origins and history of success, The Commercial Bank is dedicated to supporting Qatar's economic development and social infrastructure through Corporate Social Responsibility programmes and sponsorship of various events which help to raise Qatar's profile internationally.

In 2023, The Commercial Bank won the following prestigious awards:

- "The Top Innovation in Mobile Banking" award in the World by Global Finance.
- "Best Trade Finance Provider" award in Qatar by Global Finance.
- "Best Mobile Banking Application" award in Qatar by International Finance.
- "Best Customer Service Initiative" award in Qatar by International Finance.
- "The Most Innovative Mobile Trading App" award in Qatar by International Finance.
- "The Fastest Growing Brokerage House" award in Qatar by International Finance.
- "The Most Innovative Bank" award in the Middle East by World Finance.
- "The Best Consumer Mobile Banking App" award in Qatar by Global Finance.
- "The Best Digital Bank for Trade Finance Services" award in Qatar by Global Finance.
- "The Best Corporate Mobile Banking App" award in the Middle East by Global Finance.

Financial Indicators



Boosting Support to Economy

Having displayed a successful financial performance in 2023, Alternatif Bank prioritised customers' access to finance and increasing its contribution to the economy.

Total Assets

TRY **68.1** billion

Alternatif Bank's total assets increased by 14% in 2023 to reach TRY 68.1 billion.

Total Loans (Net)

TRY **34.1** billion

Alternatif Bank's total loans were recorded as TRY 34.1 billion as of the end of 2023.

Cash and non-cash loans

TRY **60.3** billion

With a 14% increase in cash and non-cash loans, Alternatif Bank increased its contribution to economy to TRY 60.3 billion.

Total Deposits**TRY 24.9** billion

Deposits of Alternatif Bank as of 2023-year end is TRY 24.9 billion.

Total Equity**TRY 6.1** billion

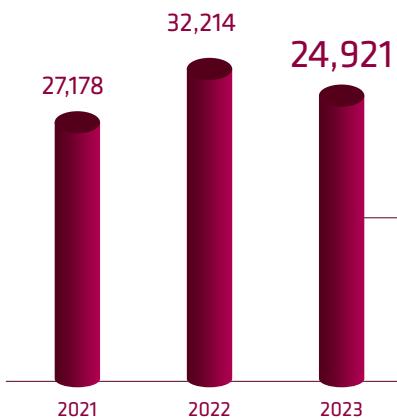
Alternatif Bank's equity increased by 50% in 2023 to reached TRY 6.1 billion.

Gross Operating Income**TRY 4.1** billion

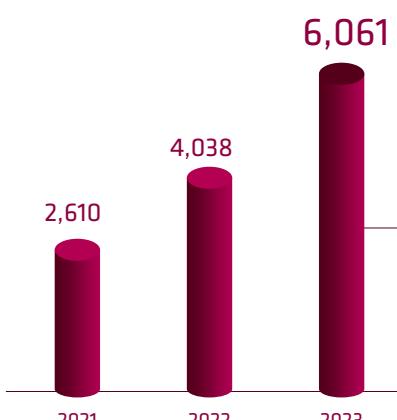
Alternatif Bank's gross operating income increased by 79% in 2023 to reach TRY 4.1 billion.

Total Deposits

(TRY million)

**Total Equity**

(TRY million)



With its successful performance in 2023, Alternatif Bank achieved a net profit of TRY 1.9 billion, despite challenging market conditions.

Milestones

Alternatif Bank was established in Istanbul on 6 November 1991.

1991

1991

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1992

Opening its first branch, the Bank commenced banking operations in February 1992.

1995

Alternatif Bank shares started trading on the Istanbul Stock Exchange (Borsa İstanbul) on 3 July 1995.

Alternatif Investment Trust, Türkiye's 3rd biggest investment trust, was established.

1996

Alternatif Bank started to be managed under the majority shareholding of Anadolu Group.

1997

The first ATM card, "AKart", was introduced.

Alternatif Menkul, which offers boutique investment banking services, was established.

Alternatif Lease was established to offer financial leasing services.

Alternatif Bank opened the "Tele Branch", a first in Türkiye.

The Commercial Bank became the controlling shareholder.

2013

1999

The Bank promoted the "Longest-Term Housing Loan", which was operated for the first time in Türkiye.

2000

The Bank launched the ad campaign "We Are Listening to You" which attracted great interest.

Alternatif Bank was awarded the ISO 9001 Quality Certification.

2001

Alternatif Bank launched its Internet Banking Branch.

2010

The Bank promoted the new "Happy Banking" concept with an ad campaign.

2012

The Bank introduced Alternatif Bank Bonus, a co-branding initiative with Bonus.

2013

Qatar's largest private bank, The Commercial Bank became the controlling shareholder by purchasing a majority interest in Alternatif Bank.

2014

The Bank successfully carried out the first Eurobond issue, which was the lowest-interest rate bond issue in the Turkish banking industry.

After the rebranding, the Bank decided to continue its operations as Alternatif Bank, under its official trade name.

2018

2015

Alternatif Bank was rated "Baa3" by Moody's for the first time, after proving its financial foundations in the financial markets.

Türkiye's first credit card, Diners Club, was re-introduced to customers by Alternatif Bank.

2016

At the Ege Branch and İstanbul-Kozyatağı Branch, Alternatif Bank initiated its new generation branch practices, one of the most important components of its focused banking vision.

The Commercial Bank, one of the major banks in the Gulf region and the first private bank in Qatar, became the 100% shareholder in Alternatif Bank after acquiring the remaining 25% shares from Anadolu Group.

2017

In a first for the Turkish banking sector, Alternatif Bank transformed the loan it obtained from The Commercial Bank into additional principal capital.

The Bank expedited its “Accessible Banking” applications for offering a rights-based service model that provides everybody access to banking services equally and easily.

2020

The importance attached to corporate governance principles was registered with a 9.28 corporate governance rating in 2021.

2021

The Bank brought the human touch to digital banking, elevating the customer experience to a new level.

2023

2018

Alternatif Bank moved to its new Head Office building in Vadistanbul, bringing all subsidiaries and employees under the same roof.

2019

Alternatif Bank gathered its tailor-made services provided to affluent banking customers with an advisory banking approach under the roof of “Private Banking”.

Alternatif Bank was the first private bank to issue TLREF Turkish Lira Overnight Reference Interest Rate indexed bonds.

2020

Alternatif Bank has received three different awards from IFC and EBRD within the scope of their Foreign Trade Programmes, the ‘Company of the Year’ gold award in the banking sector and the ‘Most Valuable Company’ bronze award in the Covid-19 Response category at the Stevie International Business Awards, one of the most prestigious awards of the business world, the LEED Gold Certificate, the world’s most well-known green building certificate, for its headquarters in Vadistanbul.

2021

Alternatif Bank received two Golden Stevie’s for its successful practices in the Human Resources area at the Stevie Awards in Great Employers 2021, which is one of the most prestigious awards in the business world.

Alternatif Bank’s emphasis on corporate governance principles was registered by SAHA Corporate Governance and Credit Rating Services with a Corporate Governance Rating of 9.28.

2022

Alternatif Bank received an award for its “Ecosystem Banking” project at “Big Data & Analytics” category in the IDC Türkiye Finance Technology Awards.

The Bank received an award with its “Digitalisation of Documents” project in the 2022 Banking Awards organised by the international finance publishing group, Retail Banker International at the “The Best Banking Sector COVID Initiative” category.

2023

Continuing its expertise in the field of foreign trade with innovative products, Alternatif Bank became one of the pioneering banks in Türkiye to introduce the Rediscount Credit product based on TCMB Swap Agreements into use in a short period of time.

Alternatif Bank, consecutively selected as “Türkiye’s Most Active User” for the 6th time under the ‘Foreign Trade Program’ by EBRD, was also rewarded with the “Green Transaction of the Year” award.

Continuing its growth in retail and digital banking, Alternatif Bank introduced a new dimension to customer experience with its Digital Branch application, operating under the motto of ‘Human-Centric Digital Banking’.

With over 5 years of activities in “Accessible Banking”, Alternatif Bank continues to make a difference in the industry by focusing on the social dimension of sustainability and financial inclusion principles.

The Bank received support from the Development Facility of the European Fund for Southeast Europe (EFSE DF) for its project “Accessible Banking Terms Glossary”, which is the first of its kind in Türkiye and in the banking sector.

2023 Highlights

Became one of the pioneer banks offering Rediscount Credits Based on SWAP Agreements

Making a difference with its “Advisory Banking” approach and innovative financing solutions in foreign trade, Alternatif Bank became one of the pioneering banks in Türkiye to introduce the Rediscount Credits Based on SWAP Agreements implemented by the Central Bank of the Republic of Türkiye in a short period. The Bank played an active role, particularly in financing imports from China, facilitating transactions with a total volume exceeding 210 million Chinese Yuan.

Alternatif Bank has been honoured for the sixth consecutive year with the title of “Türkiye’s Most Active User” within the scope of the ‘Foreign Trade Program’ conducted by the European Bank for Reconstruction and Development (EBRD). This recognition is a result of the Bank’s successful performance in financing foreign trade and the value it creates for its customers. Additionally, this year, the Bank also received the “Green Transaction of the Year” award given by EBRD to banks that facilitate the trade of green technologies and products in the countries where they operate.

**Alternatif Bank
Awarded by
EBRD for the
sixth consecutive
year**

Digitalisation rate in operational processes increased to 93.5%

Continuing its journey of digitalisation through transforming its information technology infrastructure, Alternatif Bank has successfully elevated the digitalisation rate in its operational processes to 93.5% over the past three years. Implementing technology-focused projects across all internal and external processes, especially in mobile and internet banking, the Bank has shifted a significant majority of its banking transactions to digital channels. Through technology investments centred on Robotic Process Automation (RPA) and recent digitalisation efforts, Alternatif Bank has enhanced efficiency both in the services provided to customers and at employee experience.

Viewing digitalisation as a complementary element to its total value proposition for customers, Alternatif Bank has continued its strides in this area without slowing down. Through initiatives such as Digital Loans via the mobile application, ongoing welcome interest on the VOV Account, Integration of Investment Services, and benefits like GastroClub, the Bank consistently enhances the customer experience. Reflecting its increased digital capabilities, in the year 2023, Alternatif Bank acquired 74% of its new customers through digital channels.

74% of new customer acquisition through digital channels

Addressing the major needs of the digital era, convenience and speed, and integrating them into its services, Alternatif Bank expanded its operations with the introduction of the 'Digital Branch' application in 2023, bringing a new dimension to customer experience. Embracing the motto of 'Human-Centric Digital Banking', the Bank blends digital banking services with a human touch. Through the Digital Branch, the Bank assigns a portfolio manager to every user with remote access, providing the opportunity for direct communication with the portfolio manager whenever users need assistance with banking products and services.

Bringing a new dimension to the customer experience by combining digital banking with a human touch

A Rights-Based Banking Approach: Accessible Banking

In 2023, Alternatif Bank expanded its efforts in Accessible Banking to create a rights-based and accessible banking experience for everyone. The Bank received support from the Development Facility of the European Fund for Southeast Europe (EFSE DF) for its "Accessible Banking Terms Glossary" project. Moreover, after the major earthquake disaster earlier in the year, in addition to financial support, through a collaboration with the Robotel Association, Alternatif Bank provided support for the children with lost limbs and their families through innovative and efficient solutions of Robotel. With the "Removing Barriers is Our Only Alternative" podcast series, the Bank addressed accessibility and inclusivity issues encountered. Alternatif Bank initiated the "Social Impact Measurement and Management System: Accessible Banking Example", a first-of-its-kind project in Türkiye on Accessible Banking, in collaboration with Koç University Social Impact Forum (KUSIF).

Alternatif Bank contributed to strengthening social awareness and consciousness for a more inclusive, accessible world. As part of these efforts, it positioned itself as the 'Accessibility Sponsor' for important conferences and summits, making the sessions more accessible by providing sign language interpretation. Moreover, in the cultural and artistic field and the Turkish cinema sector, the film "Atatürk 1881 – 1919," widely followed with great interest, was presented in sign language format to the appreciation of the hearing-impaired audience.

'Accessibility Sponsorships' for a more inclusive and accessible world

Key Appointments in senior management

In 2023, three significant appointments were made to the senior management team of the Bank. In October 2023, Ozan Kırmızı, who had led important transformation efforts in the field of retail banking, was appointed as the CEO of Alternatif Bank. Seçkin Mutlubaş was appointed as the Executive Vice President responsible for Restructuring and Legal Follow-up. Also, Bipe Tarakçı was appointed as Executive Vice President of Human Resources in January 2024.





WE SEE DIGITALISATION AS AN INTEGRAL PART OF THE EXPERIENCE WE OFFER, ADVANCING OUR BANKING SERVICES BY BLENDING TECHNOLOGY WITH A HUMAN TOUCH TO SIMPLIFY LIFE.

Retail and Digital Banking

With the innovations it implemented in 2023, Alternatif Bank, has elevated the customer experience to a new level by **merging digital banking with a human touch.**

Under the motto of “Human-Centric Digital Banking,” the Bank merged digital banking services with a human touch.

In August, the Bank introduced the “Digital Branch” application bringing a new dimension to the customer experience. With the **“Human-Centric Digital Banking” motto**, digital banking services were merged with a human touch and every user with remote access was assigned a portfolio manager by the Digital Branch. This allows users to engage in direct communication with a real banker whenever they need assistance with banking products and services.

The value propositions offered to customers were enriched through the Alternatif Bank Mobile application. Users can now view information about their assigned portfolio managers and initiate direct communication with them with just one click. With this new application, customers can easily reach their portfolio managers through the Alternatif Bank Mobile app, obtaining information about their investments, receiving recommendations for their financial needs, and obtaining solutions to any issues they may be facing.

Demand deposit accounts were transformed to VOV Accounts

As of November 9, 2023, with the transition to the VOV platform, Alternatif Bank customers began to experience continuous benefits. The renewed VOV Account has become an account that combines demand and time deposits, earning daily interest. VOV Account holders can withdraw and deposit their money at any time without waiting for maturity. Additionally, they can perform transactions such as EFT, FAST or wire transfers through digital channels for free.

- All demand deposit accounts at Alternatif Bank were **renamed as VOV Accounts** in 2023. **The VOV Account is a demand deposit account that earns daily interest.**

A real portfolio manager for each user

With the Digital Branch, each user is assigned a portfolio manager, providing the opportunity to engage in one-on-one communication with a real banker whenever they need assistance with banking products and services.

- The VOV Account accrues daily interest. The minimum balance required for interest accrual in the VOV Account is **TRY 5,000.**
- For interest accrual in foreign currency VOV Accounts, there must be a minimum balance of **USD/EUR 1,500**. For gold, a minimum **balance of 230 grams XAU** is required.
- The pre-transition balance of TRY VOV was **TRY 2.36 billion**, and the year-end balance for 2023 after the transition became **TRY 4.62 billion**.

Providing the opportunity to perform security procedures quickly through digital channels.

Alternatif Bank, aiming to offer an effortless customer experience by enhancing its digital channels for customer comfort, became one of the pioneering banks in 2023 by enabling the rapid execution of security procedures through digital integration. The Bank provided its customers with the ability to perform tasks such as obtaining passwords, unblocking SIM cards, and device identification within 3 minutes through digital channels, eliminating the need to visit a branch.

Processes such as “Password Unblock,” “Forgot My Password,” “SIM Card Unblock,” “Device Removal,” and “Initial Password Acquisition,” which previously required a branch visit and sometimes took up to 1 day for resolution, can now be easily and quickly completed by Alternatif Bank customers through the mobile application without wasting time.



Other Significant Developments in Digital Banking

VOV Account customers can enjoy unlimited welcome interest even after the welcome period by using any of the 11 banking products available. Customers can view the products they have earned in the Accounts > VOV Extra Interest Scheme menu.

VOV Extra Interest Scheme

Using a QR code through the Alternatif Bank Mobile application, customers can withdraw money from different bank ATMs.

QR Code Cash Withdrawal

Alternatif Bank customers can contribute to environmental conservation by choosing digital receipts through the Cards > Card Settings menu.

Digital Receipt Option

Alternatif Bank Mobile customers can benefit from GastroClub advantages worth approximately TRY 4,000 for free. These advantages provide discounts in various sectors such as selected restaurants, markets, dry cleaning, coffee shops and pet products.

GastroClub Integration

Alternatif Bank offered customers the opportunity to open an investment account using the mobile application. The number of opened investment accounts opened through digital channels since April increased by 433% compared to the period before April.

Investment Account Opening

With the completion of the Nesine integration in June, Alternatif Bank customers can make Nesine payments through Alternatif Bank Mobile and Internet Banking channels.

Nesine Integration

The total digital deposit balance increased by 145% in December 2023 compared with December 2022.

Total Digital Deposit Balance

The total VOV deposit balance increased by 53% from December 2022 to December 2023.

Total VOV Deposit Balance

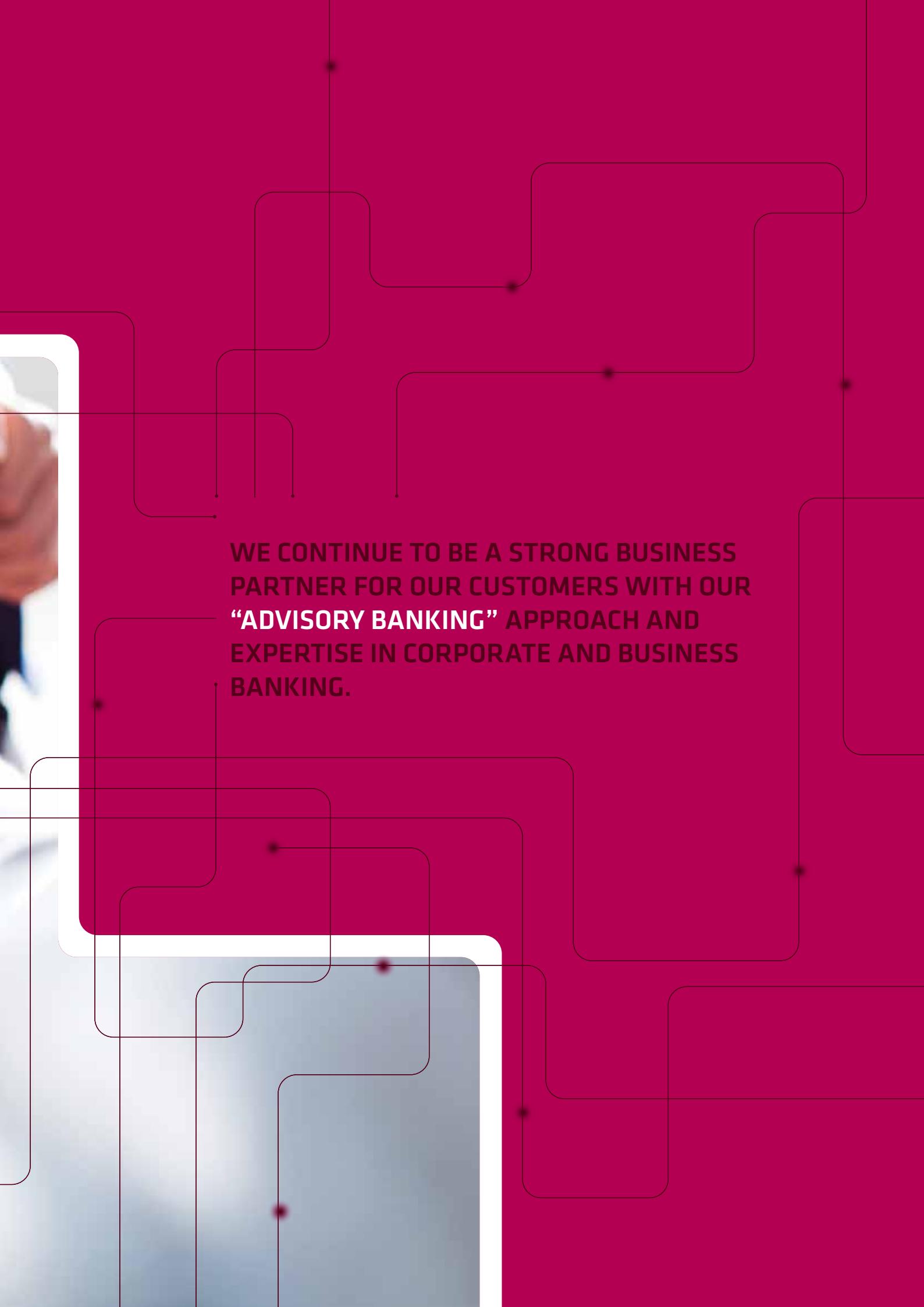
In 2023, 64% of VOV accounts opened were through mobile application.

VOV Account Share

Alternatif Bank customers started to win continuously through the VOV platform.







WE CONTINUE TO BE A STRONG BUSINESS
PARTNER FOR OUR CUSTOMERS WITH OUR
“ADVISORY BANKING” APPROACH AND
EXPERTISE IN CORPORATE AND BUSINESS
BANKING.

Corporate Banking

Alternatif Bank continued to focus on adapting to changing regulations in the market in 2023, with a concentration on efforts to increase **capital profitability** through interest and non-interest items.

Alternatif Bank Corporate Banking continued to implement its strategy of focusing on asset quality and pursuing a new customer acquisition and deepening strategy with existing customers in 2023. Through its ability to manage regulations effectively, the Corporate Banking division aligned its actions with the Bank's strategies, leading to increased profitability.

In addition to providing support to the Bank's income statement and balance sheet items, Corporate Banking also contributed to various activities within the scope of sustainability in 2023:

- Electric vehicle financing was initiated through Alternatif Lease through GES financing.
- The Bank joined the Climate Risk Subcommittee of the Turkish Banking Association (TBB).
- Active participation was taken in the development of the Sustainability Management System and Sustainability Strategy initiated by the Bank in collaboration with Escarus (TSKB Sustainability Consultancy Inc.).
- Close monitoring of sustainable finance initiatives by TBB and the Export Development Corporation Inc. (iGE) was carried out.

The concept of ecosystem banking

The understanding of ecosystem banking was strengthened by integrating existing customers into supplier and dealer payment systems, either independently or in collaboration with system providers. Products that serve to increase the number of customers and provide financial solutions, such

as TFS (Supplier Financing System) and DBS (Direct Debit System), retained their importance for the bank. Within the framework of financial solutions, the volume of letters of credit discounts, a product similar to TFS, reached TRY 2 billion in 2023. Support was provided to the subsidiary company in the context of private sector bond issuances, offering a new solution to companies in their quest for financing.

2024 targets

Corporate Banking, planning to resize its operations in 2024, aims to progress by focusing on acquiring new customers and profitable products creating an appropriate resource cost to maintain and strengthen its position in the competition at the level where market interest rates settle.

While deepening relationships with existing customers and attracting new ones, Corporate Banking has set "profitable growth" as its motto. It will continue to pursue gains from blue-chip companies, as well as from the public sector, financial institutions (FI), multinational corporations (MNC), without slowing down.

As Corporate Banking plans its activities for the year 2024, it will focus on generating high and sustainable income through cash and non-cash commissions from both existing and new customers. It will take a share of all treasury products, including commodity hedging, and concentrate on investment, insurance, foreign trade, and service revenues.

Corporate Banking, aware of its strength and responsibility in creating an ecosystem for all business lines and subsidiaries, will continue its efforts in this direction, taking into account the new customers and volume that cash management

Facilitation of foreign trade

The Bank continued to facilitate and provide advantages for firms which prefer trading in local currencies of Qatar, China, South Korea and BAE.



products will bring. Leveraging synergy with corporate banking units through cash management products, it will enhance synergy with individual and private banking business units by using a shareholder manager, and employee network. Additionally, it plans to continue collaborations with TCMB, Turkish Eximbank, İGE, Foreign Economic Relations Board (DEİK) to further customer acquisitions.

FOREIGN TRADE FINANCING

Foreign trade financing continued to be among the priority focus points of Alternatif Bank in 2023.

Alternatif Bank, with its strong correspondent network and treasury products playing a critical role within the foreign trade ecosystem, continued its activities in 2023 by focusing on a business culture that emphasises fast, reliable operations and value creation. Through its "Advisory Banking" approach, Alternatif Bank contributed value to its customers and the sector.

Alternatif Bank became one of the leading banks offering SWAP-agreement-based rediscount credits

Sustaining its expertise in the field of foreign trade with innovative products, in 2023, Alternatif Bank implemented an application with countries such as Qatar, China, South Korea and the United Arab Emirates, where the Central Bank of the Republic of Türkiye (TCMB) had SWAP agreements. Through this practice, the Bank continued to provide significant ease and advantage to companies in these countries that prefer trading in local currencies.

Alternatif Bank worked on the SWAP Agreement-Based Rediscount Credit product introduced by TCMB and quickly became one of the pioneering banks to offer the product in Türkiye. Actively playing a role in financing imports, especially from China, the Bank facilitated transactions exceeding 210 million Chinese yuan. In this context, during the "Türkiye-China Business Conference" organised by the DEİK, Turkish

Industrialists and Businessmen Association (TÜSİAD), and China International Trade Promotion Council, the Bank had the opportunity to directly introduce the SWAP Agreement-Based Rediscount Credit product to relevant parties, with the Executive Vice President responsible for Corporate Banking as the spokesman. To contribute to the success achieved in this field and enhance product awareness, various interviews and news articles were conducted in national magazines and newspapers.

In 2023, through a protocol established between Alternatif Bank and İGE, the bank became part of the İGE Equity Guarantee Support Program, reinforcing its facilitative role in meeting the financing needs of SME exporters within the program. Additionally, the Bank continued to support exporters through intermediary activities within TCMB and Eximbank credit programs.

Beside these activities, efforts were made to ensure continuity in TCMB and Turkish Eximbank products within the scope of Alternatif Bank's focus areas in foreign trade. The Bank also worked on increasing its market share in export-import by maintaining Post Financing support for bank funding. The request for an increase in the daily utilisation limit for TCMB Rediscount Product, from TRY 5 million to TRY 30 million, was positively received, leading to increased support for financing exporters across all segments, both in numbers and volume.

In 2023, Alternatif Bank facilitated transactions worth USD 2 billion of the total import volume of Türkiye, which amounted to USD 360 billion. Additionally, the Bank assisted in transactions worth USD 1.3 billion of the total export volume of Türkiye, which reached USD 255 billion.

Alternatif Bank has received the EBRD award for six consecutive years

Alternatif Bank has been honoured with the "Türkiye's Most Active User" award for the sixth consecutive year in the "Foreign Trade Program" conducted by the European Bank for Reconstruction and Development (EBRD) since 2017. This recognition is a testament to the Bank's successful performance in financing foreign trade and the value it provides to its customers. Additionally, this year, Alternatif Bank also received the "Green Transaction of the Year" award from EBRD for facilitating the trade of green technology and products in the countries where they operate. These awards in the field of foreign trade reaffirm the Bank's expertise in international trade and its commitment to adding value to Türkiye and its customers.

In addition to financial support, Alternatif Bank continued to provide active services through its Foreign Trade Advisory Hotline (444 0 555 - 7) in 2023. The hotline offered information support on foreign trade to all companies, whether they were bank customers or not, addressing their immediate queries related to international trade.



Intermediation of import transactions of
USD 2 billion
and export transaction of
USD 1.3 billion

Business Banking

With a perspective of '**insightful, advisory, and responsible**' banking, Alternatif Bank embraces long-term partnerships with its customers and provides support to the real economy through a broad and diversified range of products.

Embracing a banking approach that is "insightful, advisory, and responsible" and fostering long-term partnerships with its customers, Alternatif Bank continued its services in a geography covering 90% of Türkiye's industrial and commercial cycle with a total of 20 Business Banking branches, strategically located where the population and industrialisation are most concentrated in the country. The Bank supported the real economy with a wide and diversified product range.

Within the framework of its "Ecosystem Banking Strategy" in Business Banking, the Bank continued to provide a comprehensive product portfolio to its customers, including supplier financing, insurance products, and commercial credit cards.

In 2023, Alternatif Bank Business Banking continued its strategy of controlled growth while also adopting a profitability-focused working method. The Bank is committed to enriching and deepening its product range for existing customers. It offers a variety of cash credit products, including foreign currency loans, instalment commercial loans, TLREF-indexed loans, and short-term financing solutions such as overnight, spot, and revolving loans. In addition to cash credit products, the Bank provided non-cash credit products, including trade finance, letters and e-letters of guarantee.

Taking steps to simplify customers' operational processes, Alternatif Bank Business Banking focuses on the development and increased use of applications such as E-Signature, Supplier Financing System, Bulk Payment System, aiming to enhance efficiency and convenience for its clients.

Ecosystem Banking Strategy

Alternatif Bank Business Banking has offered a wide range of products to its customers within the framework of the "Ecosystem Banking Strategy."

Highlights from the 2023 performance

Business Banking formulated its 2023 strategy focusing on deepening relationships with existing customers and increasing cross-selling. As of the end of December 2023, Business Banking had a working size of TRY 20.8 billion and an asset size of TRY 16.4 billion.

The net profit of Business Banking at the end of 2023 reached TRY 1 billion, showing a 20% growth compared to 2022.

Alternatif Bank Business Banking, known as a reliable solution partner for customers' investments, reached a total TRY deposit volume of TRY 2.4 billion by the end of 2023, comprising TRY 1.9 billion in time deposits and TRY 511 million in demand deposits. During the same period, the total foreign currency deposits reached a volume of USD 43 million, with USD 8 million in time deposits and USD 35 million in demand deposits.

The bank's total business deposits amounted to TRY 3.7 billion by the end of 2023.

Alternatif Bank Business Banking, which responds to the financial needs of its customers with an advisory bank approach, reached a loan volume of TRY 16.5 billion by the end of 2023. A 3% growth was achieved in total loans (cash + non-cash) compared to the end of 2022.



2024 Targets

In 2024, Business Banking will continue to uphold the principles of “insightful, advisory, and responsible” banking. The Bank will focus on increasing its market share in parallel with the goal of becoming a cash flow bank in Foreign Trade Finance.

CASH MANAGEMENT

Alternatif Bank, through the integration of Cash Management and system solutions, has enhanced the efficiency of companies' cash flow management. By providing operational convenience and speed in the collection and payment processes, the Bank has established new and sustainable customer relationships.

Participation in the payment and collection transaction network among companies of various sizes has contributed to synergy between Business and Corporate business units, and

new suppliers and dealer companies have been included in the ecosystem banking.

Operating with the strategy of “reducing customers’ operational costs and helping them gain a cost advantage by minimising collection risks,” Cash Management has continued to develop custom solutions for customers using information technology capabilities.

For the past two years, Alternatif Bank has been providing services in the financing of the real sector through its Supplier Financing product, offering both buyer and seller credits as well as hybrid solutions. By working with 15 corporate customers and nearly 400 suppliers, the Bank has become a significant player in supplier financing, creating a platform for collaboration. By emphasising collaboration with platforms in Supplier Financing processes, the Bank has provided customers with various options in their transactions.



e-signature application

With the e-signature application offered by Alternatif Bank, banking transactions can be easily conducted through digital platforms without the need for a physical signature.

Advantages of Supplier Financing

For the purchasing company:

- Providing flexibility by extending maturities
- Operational efficiency and time savings

For the supplier company:

- Opportunity to take loans at favourable interest rates
- Increase in sales volume

For both purchasing and supplier companies:

- Invoice tracking through Alternatif Bank Internet Branch or affiliated platforms
- Reporting provided by Alternatif Bank or affiliated platforms



Business Banking

In 2023, a **significant contribution** was made to the development of the Bank's non-interest income in 2023, and the share of insurance in gross commission income was increased.

INSURANCE

Established with an experienced team that has worked in the insurance sector at middle and senior levels for many years, Alternatif Bank Insurance Division continued its operations by maintaining a tailor-made advisory model, focusing on customer satisfaction and the concept of advisory insurance services. Customer satisfaction initiatives were supported in parallel with the exclusive insurance model, emphasising sustainability. In 2023, collaborations with insurance companies continued in compliance with insurance regulations. All efforts aimed to enhance both regulatory compliance and consumer satisfaction, and instructions and policies were designed to ensure the continuity of the process.

In 2022, the exclusive working period in life insurance and private pension plans (BES) areas was concluded, and a new life pension company was quickly structured with an operational model. Throughout 2023, improvements were made for the BES system integration and service cycle requirements.

Tailor-made solutions to customers with an advisory insurer approach

In 2023, integration activities continued for elementary insurance products to be offered to customers on bank's screens, in line with exclusive working principles. The Bank speeded up the projects to set up an insurance platform in line with digitalised industry and in accordance with regulations. Life insurance products were also added to the platform. With this platform, operational processes of the B2B service model were brought to perfection and services were provided to customers within the scope of a faster operational process. Continuous improvements ensured both employee and customer hygiene.

Digitalising Sector

Projects to establish an insurance platform with the digitalising sector and in compliance with regulations were accelerated.



Life insurance and PPS products were smoothly managed in all Alternatif Bank branches through sales representatives. As far as the non-life insurance efforts are concerned, the Department designed insurance transactions together with insurance companies based on insurance consultancy and risk engineering in accordance with the bancassurance working principles for corporate and business banking customers. These services were then carried out with expert insurance sales coaches.

Services tailor-made for Alternatif Bank customers

In line with the development of PPS in our country, the Bank supported the expansion of PPS to the group under 18 years of age and increased awareness among the awareness with the Retail and Private Banking business lines and significant progress was achieved in 2023.

Tailor-made service solutions were developed for Alternatif Bank customers in all fields including engineering insurance, logistics insurance, industrial risk insurance, responsibility insurance, health and travel insurance, auto-vehicle traffic insurance, receivables insurance and individual insurance.

In 2023, customer satisfaction was ensured by rapidly responding to damage claims by the Insurance Department and its life and non-life partners, which work 7/24. In addition, a significant contribution was made to the development of the Bank's non-interest income in 2023, and the share of insurance in gross commission income was increased.

Special solutions have been developed with risk engineering in order to minimise all risks related to the inherent risks of the Bank. Reduction of the Bank's costs has been a key goal in the purchase of such insurance policies.

For the sake of ensuring employee satisfaction, which the Department places great importance on, special comprehensive policies regarding health insurance were designed for Alternatif Bank employees and their dependents. At the same time, all employees were covered under life insurance.

Specific studies have been carried out in order to complement the risks and insurance collateral to support customers who are subject to credit risks within the framework of broadening insurance awareness with life and non-life products. In this context, customers and related bank units were kept informed and supported through relevant training programmes.

PPS for under 18

In parallel with the development of the Private Pension System (PPS) in our country, efforts to popularise PPS and increase awareness among the age group under 18 were supported by the Retail and Private Banking business segments. Significant progress was achieved during the year 2023.



Treasury Group

Alternatif Bank Treasury Group continued to provide the most suitable products and services to retail, business and corporate customers **with its specialised team in the field.**

Treasury Marketing Department

Serving retail, commercial, and corporate customers, the Treasury Marketing Department continued to perform spot foreign currency trading, and provide pricing options and stock market reports in order to minimise the exchange rate, interest rate and commodity risks that customers may face. In addition to these services, the department performed credit pricing, which include deposit and derivative products for branches and customers through business lines.

Asset and Liability Management and Economic Research Department

Asset and Liability Management Department was primarily engaged in liquidity management, interest risk management, and fund transfer pricing. As part of the liquidity management activities, the Department actively managed liquidity in all currencies in compliance with internal and legal limits.

Asset and Liability Management realised the fund transfer pricing (FTP), ensuring that the pricing of financial products correctly reflected market conditions, funding costs and financial risks. In addition, appropriate FTP arrangements were suggested for the strategic promotion of certain products when deemed necessary.

Within the scope of Economic Research Department, the Treasury Group, the Bank's Senior Management and

customers were regularly briefed through reports on economic developments, expectations and risks. Developments in the banking sector and the real sector were monitored and reported, presentations on the economic outlook were prepared for non-bank institutions and the Treasury Marketing Department was supported in these efforts. In addition, customer visits and reports were conducted as part of marketing activities of various business lines.

Trading Department

Comprised of three sub-units: Foreign Exchange, Interest and Derivatives, the Trading Department's competitive pricing continued to play a key role in 2023 in strengthening the Bank's position in capital markets and supporting Treasury Marketing through FX and FX derivatives transactions entered into with corporate and commercial customers. Effective pricing was offered to customers in accordance with their market expectations as part of options portfolio and risk parameter management efforts. The Department cooperated with other departments to develop various products, that meet the needs of corporate customers with a customer-oriented approach. The Trading department, engaged in various activities within the positions and risk limits determined by the Board of Directors of Alternatif Bank, with the aim of achieving profitability targets.

Research Reports

Customers were regularly informed with reports on economic outlook, market developments, expectations, and risks.



Private Banking Sales and Performance Management Department

Privileged service for the distinctive customer: Private Banking

Alternatif Bank continued to serve its customers with distinctive preferences with a banking model that aimed to make their lives better in all areas with an all-new banking experience. With this new model, the Bank carried on offering the Private Banking customers the most suitable products, services and advisory support in 2023 via rapid one-to-one interaction through portfolio managers who have expertise and experience.

Within the scope of services which respond to non-financial expectations as well as the financial needs of Private Banking customers were products and services that make customers feel privileged, such as tailor-made individual advisory services, diversified investment product alternatives, free-of-charge safety-deposit boxes, secure cash transfers, private driver and lodging at Zorlu Performance Arts Centre.

Within the scope of Private Banking, risks and needs of the customers are determined and solutions which aim to hedge risks and to increase revenues were offered. For customers who reside in foreign countries services were offered in English and Arabic in Türkiye. Through a representative in Qatar, the Bank provided solutions to customers for deposit and investment products as well as flexible payment plans in the long-term and Housing Credit for Residents of Foreign Countries which offers advantageous interest rates.

Private Banking Highlights

173%

Revenues per Customer

11.8%

Cost/Revenue Ratio

64%

TRY 3.8 billion

Securities

205%

TRY 760 million

Net Profit

A brand-new banking experience

Alternatif Bank continued to offer a unique banking experience to customers making distinctive choices within the scope of Private Banking activities.



Financial Institutions

In 2023, Alternative Bank continued its systematic efforts to strengthen relationships with correspondent banks and international organisations, as well as **to develop new partnerships**.

Within the framework of Alternatif Bank's core strategies in correspondent banking and foreign-sourced funding, the Financial Institutions division continued its activities in 2023. In line with the continuity approach in correspondent banking relationships, the division managed an extensive correspondent network while establishing new relationships to facilitate competitive overseas funding for customers engaged in foreign trade.

Financial Institutions Department carried on strengthening the ability of Alternatif Bank to access long-term funds thanks to bond issuances in international debt capital markets, subordinated loans, bilateral loans and funds raised from multilateral financial institutions.

Strengthening and diversifying relationships

In 2023, Alternatif Bank continued its systematic efforts to strengthen existing relationships and develop new ones with correspondent banks and supranational organisations.

With its advisory banking approach, the Bank took initiatives to enhance its visibility, vision, and strategy on international platforms in front of correspondent banks and international investors. High-level participation in international organisations and meetings was ensured for this purpose.

Maturity and lender diversification in foreign funding

One of the primary focus areas of the Financial Institutions division is obtaining "funding from international markets". As of the end of 2023, Alternatif Bank secured significant international funding, representing a substantial share in the Bank's balance sheet, reaching at level of USD 857 million.

Target of increasing foreign trade volume

Increasing the foreign trade transaction volume, which reached USD 411 million by the end of 2023, is among the key priorities of Alternatif Bank.

Alternatif Bank's borrowing strategy aims to execute effective balance sheet management and achieve improvements in funding costs through the diversity of instruments, maturities, and funding sources. The funds provided by the bank, with different maturities and profiles of financiers, are crucial and valuable elements in confirming the accuracy of this strategy and the trust placed in Alternatif Bank.

Alternatif Bank's borrowing strategy is to conduct an effective balance sheet management through diverse instruments, maturities and lenders and to improve funding costs. Funds provided by the Bank with different maturities and from different financier profiles demonstrate the success of the strategy and is a significant and valuable factor confirming the lenders' confidence in Alternatif Bank.

Developing relationships with multilateral institutions

Having established long-standing strong relations with multilateral organisations, Alternatif Bank continued to provide a significant contribution to the development and sustainable growth of the Turkish economy through long-term funds secured from the International Finance Corporation (IFC) and European Restructuring and Development Bank (EBRD). These funds include SME credits and thematic long-term funds to support strategic areas such as women entrepreneurs.

Going forward, developing relationships continuously with multilateral institutions and supporting the economy with new long-term funds to be obtained from these institutions will remain the Bank's key targets in the following periods.



Long-term correspondent relationships based on the reciprocity principle.

Alternatif Bank has a constantly growing and strengthening correspondent bank network since its establishment. Alternatif Bank continues to place a great deal of importance on optimising this effective and broad collaboration network in line with the needs and demands of its customers as well as the developments in global financial markets.

Intermediating in all of its customers' international transactions including foreign trade and payments, and providing innovative solutions with an advisory banking approach, the Bank also carried out efforts to increase the number and the volume of transactions within its existing network of correspondent banks in 2023.

Alternatif Bank establishes long-term and reciprocal relationships with the world's leading banks and financial institutions and prioritises the efficiency of its relations with its main correspondent banks. The positive and strong contribution of external funds, which is a significant portion of Alternatif Bank's liabilities, to the Bank's total funding sources in terms of maturities and price is an evident consequence of these efforts.

Diversifying foreign trade products

Foreign trade transactions are one of the important channels that contribute to Alternatif Bank's diversified products to its customers and to maintain wholesome relations with correspondent banks.

The Bank continued to support its foreign trade customers in 2023 through its existing correspondent network and wide product range. Pursuing a further increase in the foreign trade transaction volume, which was USD 3.2 billion as of the end of 2023, is one of the key priorities of the Bank.

Financial Institutions Department is in close cooperation with the Foreign Trade Finance and Foreign Trade Operations Department to diversify foreign trade products and respond

to customers' needs. Moreover, the Bank's coordination with the Treasury Group is also strong to conduct a more focused strategy in treasury transactions with the correspondent banks. The Department also undertakes an important role in taking appropriate steps in accordance with the Bank's targets to increase transaction volume and numbers.

Foreign trade transactions also facilitate the Bank's access to alternative funding sources. Other foreign trade related funds raised by Alternatif Bank in 2023 amounted to USD 411 million.

As an active user of Foreign Trade Guarantee Programmes of EBRD and IFC, Alternatif Bank was honoured by EBRD. The Bank received the "Most Active User in Türkiye" award within the scope of EBRD's 'Foreign Trade Programme' for the 6th consecutive year as a result of the successful performance and the value it creates for its customers. The Bank joined this programme in 2017.

Both foreign trade guarantee programmes are given prominence by Alternatif Bank in terms of access to new foreign trade customers, in initiation of relationships with new correspondent banks, generating additional capacity for the Bank's foreign trade limits and securing access to international funding sources at more competitive levels.

Another foreign resource provided by the Financial Institutions Department is "Taiwan Eximbank Foreign Trade Credit". This credit was successfully renewed in 2023 and extended to customers. The credit offers maturity and pricing advantages to user customers in imports of all types of consumer and investment products with Taiwan origin.

The Commercial Bank Alliance Banks Group

The Commercial Bank Alliance Banks Group consists of The Commercial Bank, Alternatif Bank, United Arab Bank, The Commercial Bank's 40% affiliate in United Arab Emirates and the National Bank of Oman, which is a 35% affiliate of the Commercial Bank, based in Oman. As the members of alliance group, the banks work interactively, focusing on achieving process improvement and maximum synergy.

Relations with the credit rating agencies

The ratings assigned by the credit rating agencies to Alternatif Bank have significant importance for the Financial Institutions Department in terms of access to international funding sources via international borrowing instruments, and the initiation and strengthening of correspondent bank relationships.

Alternatif Bank is currently rated by Fitch Ratings and Moody's. The Financial Institutions Department plays a key role in the coordination of annual due diligence meetings with these agencies, in addition to monitoring and information flow throughout the year.



USD 411 million

Funds from foreign trade

Operations

“With its competent team closely monitoring development opportunities, the Operations teams, a key part of the transformation, continued to be significant stakeholders in the Bank’s **digital transformation journey**.

Alternatif Bank’s Operations Directorate, consisting of Central Operations Department, Treasury Operations Department and Transaction and Digital Banking Operations Department carries out its operational activities with a focus on risk and sustainability. The Operations teams, being a crucial component of the transformation by closely tracking development opportunities with their competent team, also remain important contributors to the Bank’s digital transformation journey.

Within the Operations Directorate, the year 2023 was shaped by the positive outcomes of the efforts in the field of digitalisation and activities were structured within the framework of sustainability principles.

Digitalisation

- With the aim of advancing the customer experience, intense efforts and systematic improvements led to an increase in the volume of self-service transactions, achieving a 93.5% digitalisation rate in transactions conducted from customer accounts.
- Transactions within specified limits and operations, through approvals given by customers via mobile banking channels instead of wet-signed transaction receipts, were an inspiring development in the journey of digitalisation. This also facilitated cost savings in terms of physical receipts and materials.

93.5% digitalisation rate

By expanding the volume of self-service transactions, a 93.5% digitalisation rate was achieved in transactions carried out from customer accounts.



- Within the scope of self-service transaction banking, the daily ATM withdrawal limit for individual customers was increased from TRY 5,000 to TRY 10,000 TRY to meet their cash needs quickly and securely.
- In an effort to simplify the lives of customers and employees, approximately 12 processes/tasks within Operations, previously carried out through repetitive and manual processes, were efficiently transferred to a Robot Process Automation (RPA) system.
- A part of response letters traditionally sent physically to Execution Offices began to be sent via Registered Electronic Mail (KEP) following a development. To facilitate transaction requests from customers and improve transaction convenience, the legal infrastructure of transaction instructions sent to the bank via email attachment was made more compact, gaining general acceptance among customers.
- To meet customer transaction requests and enhance transaction convenience, the legal framework for transaction instructions sent to the Bank via email

attachment was streamlined. This application gained general acceptance among customers."

- In accordance with regulations, efforts to send investment account statements to customers in a digital format instead of physical delivery contributed to environmental sustainability.
- In response to experiences gained in the banking sector during earthquakes centred in Kahramanmaraş affecting 11 provinces, two fully equipped mobile branches, including ATMs, were prepared to provide uninterrupted service to customers in case of a disaster, aiming to prevent possible customer grievances.

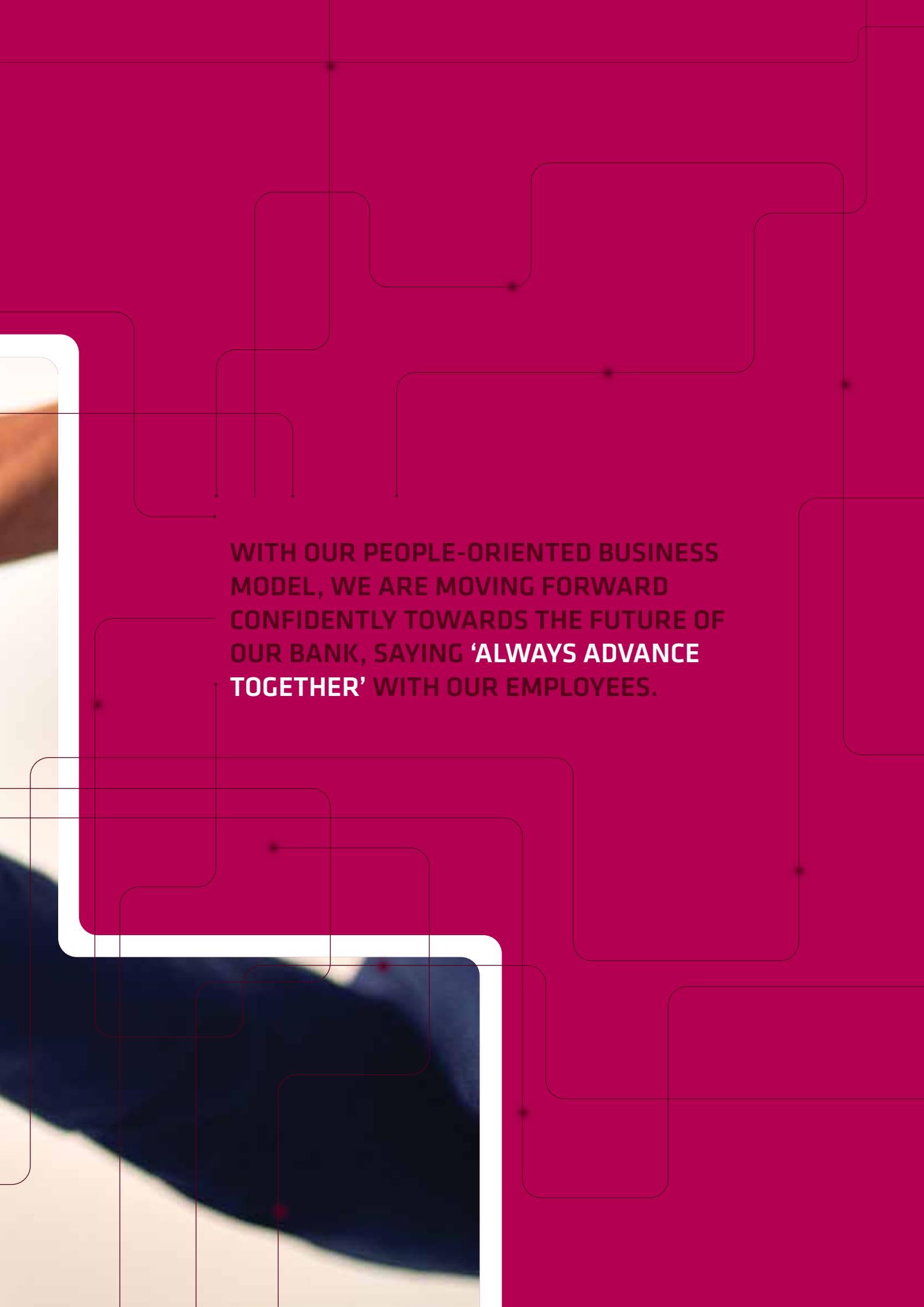
Ongoing efforts are focused on allowing customers to self-service certain foreign trade documents via internet banking and enabling the submission of foreign trade transaction request and documents to the Bank and abroad through these channels.

Robotic Process Automation

Approximately 12 processes/tasks within Operations, previously carried out through repetitive and manual processes, were efficiently transferred to a Robot Process Automation (RPA) system.







WITH OUR PEOPLE-ORIENTED BUSINESS MODEL, WE ARE MOVING FORWARD CONFIDENTLY TOWARDS THE FUTURE OF OUR BANK, SAYING '**ALWAYS ADVANCE TOGETHER**' WITH OUR EMPLOYEES.

Human Resources

Aligned with its goals, Alternatif Bank manages its operations with a strategic human resources management perspective, emphasising proximity to employees and a **continuous development principle**.

Talent Management

The objective of Alternatif Bank's Talent Management Department is to attract the most suitable candidates to the Bank by correctly analysing the needs of Bank's departments within the framework of its vision of human resources, as well as supporting the development of existing employees and advising them on their career paths.

Talent Management Department continued to be a strategic and value-added partner within the Bank in 2023, implementing solutions for the achievement of individual and corporate goals. Employees were closely listened to through Human Resources Business Partners assigned specifically to each department or branch.

In order to provide diverse career opportunities for employees, which is one of the main goals, in-house job openings were first announced within the Bank and employees suitable for those positions were given the opportunity to be transferred to different departments. **"Your Career Starts with You"** programme, which allows transfers between different field positions, continued in 2023 and 6 Alternatif Bank employees who completed the said programme were transferred from operations to sales positions.

While the employees are supported in their career paths, another priority of the Bank is to build the future of Alternatif Bank with leaders who develop within the Alternatif Bank school. Within the scope of the progress of this programme, 6 employees were promoted to be branch managers, 2 employees were promoted at Headquarter departments and 5 employees were promoted to be a manager at the group companies and continued to move up in their careers.

Leaders from their own field

While supporting employees in their career paths, another priority of the Bank is to build the future of Alternatif Bank with leaders who are trained in their own field.

Performance System

In addition to recruitment and career management, performance management system was also structured to raise Alternatif Bank employees' and the Bank's success bars and to support continuous development. The Bank's system does not only consist of the evaluation of the employees by the managers, but also allows the employees to make self-evaluations so that they can observe their own developments throughout the year. In 2023, the fully digitalised performance system allowed employees to complete both their competencies and target-based performance evaluations through a single platform.

The foundation of the system is feedback, and performances are measured both on the basis of targets and skills. Employees were observed during the year against specific and measurable targets set at the beginning of the year and evaluated in October. As of 2023, competency assessments were integrated into the performance system with concrete impact, assigning coefficients to directly influence performance results.

Feedback and feedforward are provided during the performance period and the focus is the employees' development areas. Results of competency and performance evaluations are effective in planning of trainings and career development.

Particularly through measured competencies, the strengths and development areas of each employee are identified, enabling the creation of personalised career and development plans accordingly.



Long-term Interns

Alternatif Bank continues paying attention to employing young talents and supporting their developments.

Following the strategy of acquiring young talents 3rd or 4th grade students at universities or graduate students and those graduated during the current year join the Bank as "**Long-term Interns**" for a minimum of 3-month period.

Long-term interns work to fulfil the requirements of the role they take at their positions. During this process, young talents get familiar with the banking sector and gain banking experience while they are still students. In addition to those, Alternatif Bank employees are being raised in the light of the Bank's values.

Long-term interns are given priority in hiring processes and young talents are being transferred to permanent positions. In 2022, 25 interns joined Alternatif Bank with permanent positions.

In 2023, recruitment of new graduates continued for branch and head office operational positions to bring them into the Bank.

Applications from candidates who wish to be part of Alternatif Bank organisation, which grows and develops with an expert and insightful banking approach, are received personally or through the career portals. Open positions are posted at Alternatif Bank career page at the corporate web site, YetenekYonetimiBirim@alternatifbank.com.tr group address, Kariyer.net, LinkedIn and Youthall.

Development Management

The main responsibility of Development Management is to design innovative development activities in line with the Bank's goals, future strategies, and corporate values, providing employees with knowledge and skills anticipating the competencies of the future.

In 2023, based on this responsibility, development programs were implemented to address the needs of employees' technical and competency development, including specialised training, leadership programs that create a shared management culture and strengthen managerial skills, and development programs introducing the banking sector and the Bank to Generation Z.

In 2023, parallel to the Bank's hybrid working model, trainings conducted in a mixed format, both online and in-person. The training plans took into account discussions with departments, survey results, and needs were identified through collective wisdom. Training programs were specifically designed and implemented in line with identified needs.

• Leader Development

Within the scope of creating a common and strong leadership culture strategy, managers and branch managers to be appointed in 2023 were also included in the **Leader Development Programme**. Leader Development Programme ran throughout the year and participants were supported with one-to-one coaching, follow-up meetings, project homework and feedback sessions to strengthen their leadership skills. In 2023, 19 managers participated the programme to be inspiring leaders.

25 interns

Number of interns as permanent staff who joined Alternatif Bank family.



Human Resources

Alternatif Bank has been the author of **innovative applications** to further improve the corporate culture it has created together with its employees.

• Mentorship

The Mentorship program, which supports learning from each other, continued in 2023. This program brings newly appointed leaders together with experienced leaders, facilitating adaptation to new roles through the sharing of experiences.

• Alternative for Your Future Development Program

In line with the strategy of attracting young talents and cultivating individuals within Alternatif Bank, the design of the "Alternative for your Future Development Program" was completed and launched in 2023. The program included technical training for banking and personal development sessions. The program was enriched with various training methods such as virtual classroom training, e-learning, books, articles, and videos. A total of 42 employees who served as long-term interns at the Bank participated in the program.

• Values Academy

A comprehensive training program was designed for the selected Values Ambassadors to ensure the living and internalisation of Alternatif Bank's corporate values within and outside the Bank. The Values Academy, which began in October, saw the participation of 17 values ambassadors.

• "Your Career Starts with You"

With "**Your Career Starts with You**" programme, employees continued their career journeys in 2023. The development programme was designed and implemented for employees

who were transferred from operations to sales positions to equip them with the tools they need for their new positions. 14 participated in this programme which includes technical and competency trainings.

• Internal Coaching Centre

While strengthening the coaching muscles of leaders, the Internal Coaching Centre provided coaching opportunities to an increasing number of employees each year by supporting their individual awareness. In 2023, 25 employees benefited from the Internal Coaching Centre.

• Development Catalogue

Development Catalogue which is updated annually based on needs and current trends included 70 different trainings for technical, skills, personal development and leadership in 2023. A total of 1,869 requests were received for the Development Catalogue from all bank employees and employees from group companies.

• Alternatif Talks

The Alternatif Talks conferences, bringing together expert speakers in their fields, continued in the year 2023. A special series of Alternatif Talks was organised exclusively due to the earthquake disaster on February 6, 2023. In order to enhance the psychological resilience of employees, sessions were held with Clinical Psychologist Beyhan Budak, communication with

Development Catalogue

Development Catalogue included 70 different trainings for technical, skills, personal development and leadership



children after the earthquake was addressed by Dr. Özgür Bolat, and awareness against earthquakes was promoted through a collaboration with AKUT.

In the last quarter of the year, a collaboration between the Robotel Association and the Bank was discussed, aiming to provide free access to custom-made, economical, and usable mechanical hands through 3D printers for individuals, especially children, experiencing congenital hand and finger deformity or loss due to trauma. The President of the Robotel Association, Serdar Okumuş, was brought together to discuss the goals of the association.

Additionally, a seminar was organised with Economist Mahfi Eğilmez to discuss current developments and future expectations in the global and national economy.

• GRADUS

The GRADUS program aims to help bank employees who aspire to join Master's, MBA or Executive MBA programs to specialise in their jobs by providing bank scholarships at leading universities in Türkiye. 3 Alternatif Bank employees attended the GRADUS programme in 2023.

In addition to technical and competency-based training, support was provided for employees to attend external online conferences, seminars, and summits to keep up with current practices. Their participation in international events was facilitated to ensure familiarity with global trends. Furthermore, participation in externally organised certificate programs was encouraged, deepening expertise in specific roles.

• DinamiKampüs

Online trainings specific for certain positions and legal requirements continued at the training platform DinamiKampus. Employees at branch sales positions were encouraged to receive certificated such as SPK, BES and SEGEM and they were supported with online trainings for their exams.

Training programmes were realised with the support of internal trainers in addition to advisors and academics specialised in their areas. In 2022, training days per employee was approximately 6 days (42 hours) at Alternatif Bank.

In the year 2024, focal points for development will include sales, credit, and risk training for branch employees, development programs for young talents, and specially designed training to deepen expertise in response to specific needs. Development programs for in-house trainers will also be emphasised to support continuous learning among employees.

Compensation and Benefits

Within the scope of **AlterFlex**, which fits the employee's new world, Alternatif Bank Headquarters employees were divided into three groups as remote, office and hybrid workers.

Moreover, Headquarters employees can arrange their working hours themselves. All employees at the Bank should be working at the office or online between 10:00-16:00, which are defined as core hours, but they are **flexible** to adjust their starting and ending times as well as their lunch breaks.

With the **AlternatifSummer** application, human resource was able to work from wherever they wanted for weeks during July and August.

Opportunity for **bridging** the official holidays with weekends was provided to support work-life balance of employees.

Alternatif Bank's compensation policy observes a fair, balanced and industry compatible approach and applies a Total Income System, where employees can be differentiated by their individual performances.

In 2023, more than one adjustment was made for compensation and benefits to protect Alternatif Bank employees' interests against high inflation. To encourage high performance, sales campaigns were organised during the year and successful employees were rewarded.

1,869 applications

1,869 applications were received for the Development Catalogue which is open to all employees of the Bank and its subsidiaries.

Human Resources

The benefits offered to employees are summarised below:

- 12 salary payments are made in a year (payments are made in gross).
- A bonus payment is made once a year, depending on the Bank's target realisation and individual employee performance.
- Lunch is provided with meal tickets.
- Shuttle service is provided to employees working at the Head Office.
- Life insurance coverage is provided for all employees.
- All employees receive telecommunication support monthly.
- Private health insurance is provided covering employees, as well as their spouses and children.
- Check-ups are provided for employees.
- Private Pension Plan with Company Contribution is provided for the employees who have completed 6-months of service.
- Annual paid leave policy is applied based on the following service periods:
 - From 1 year to 5 years: 15 business days
 - From 6 years to 15 years: 20 business days
 - 16 years or more: 26 business days
- Administrative vacation days are provided in addition to legal vacation days to support employees' family lives and to be on their side on their special days:
 - One day vacation on birthdays of employees
 - For those who have children in primary schools, half day vacations on the first and last days of school

Always Advance Together

The Employer Brand strategy was updated in 2023, with the aim of strengthening the bonds with employees and creating environments where these connections can be sustained.

- For those who have children at high schools, one day vacation for registration transactions to high school after High School Entrance Exam (LGS).
- Two-day vacation for Headquarters and branch employees who cannot be included in AlterFlex due to the nature of their jobs.

Organisation

The main objective of the Organisation Department is to manage the organisational structure in a synchronised and effective way with all of its functions. In line with this goal, the major responsibilities of Organisation Department include the production of concrete data through normative planning models supporting workforce planning, managing labour resource planning with the perspective of optimisation, setting out the duties and responsibilities of all components of the organisation in a clear and unambiguous manner.

In-house documents, being one of the most crucial sources of corporate memory, are published by the Organisation Department through the Digital Library platform on the Bank's portal. Necessary approvals from committees and relevant authorities are obtained before publication. Users have quick access to the required documents within the Digital Library through search features, as well as through the advanced search functionality on the main page of our Bank's portal.

Internal Communication and Corporate Culture

In 2023, the Employer Branding strategy of Alternatif Bank was updated with the aim of strengthening the bonds established with its employees and creating sustainable environments.

As Alternatif Bank employees became the strategic foundation of this journey, initiatives were implemented in 2023 to enhance the sense of belonging among the staff, summarised under the title "Birlikte Hep İleri" (Always Advance Together).



During 2023:

- Ongoing communication initiatives were supported and strengthened.
- Efforts were made to ensure that Bank employees expressed the sentiment "We can do anything as long as we are together."
- Activities were conducted to promote the adoption of Bank values by employees.
- Applications were developed to enhance the employee experience.
- Motivational activities, workshops, and webinars were organised to boost employee motivation. Following the devastating earthquake centred in Kahramanmaraş on February 6, 2023, affecting 11 provinces, quick action was taken under the leadership of the Bank's top management.



128 employees
active club members

A movement strategy was devised and implemented by the Internal Communication and Corporate Culture unit. Conscious emails were prepared to guide employees towards assistance, and informative and directive content was shared through the Bank's social media accounts. A rapid organisation categorised the aid collected across the Bank and sent it to the affected region from the Istanbul Headquarters. In addition to awareness content related to natural disasters, psychological support was provided to Alternatif Bank employees and their families in the region through an employee support application.

Within the structure of Alternatif Bank, **Social Clubs** have been launched. These clubs have been brought together under a single umbrella logo. Numerous events were organised by the basketball, sailing, cinema, football, travel, and photography clubs. The active membership of the clubs reached 128 by the end of the year.

Visual content for the **Alternative for Your Future** development project was prepared, and communication processes were carried out. In the first phase of the project, participants in the program worked at Alternatif Bank as Long-Term Interns.

Social Responsibility Projects

- In 2023, support was provided for the **Parıltı Association for Support to Visually Impaired Children** by running in both the Istanbul Marathon and the Half Marathon.
- The "**Let No School Be Without Books**" projects received support from all employees at specific intervals and donations were made to the relevant village schools.
- During Ramadan Eid, gifts sent on behalf of Alternatif Bank employees were delivered through the **KAÇUV Goodness Box**.
- In collaboration with the **YANINDAYIZ (We are on your Side) Foundation**, support was extended to the "**Yanındayız Karavansı**" project to meet the social and psychological needs of women in earthquake-affected areas.
- Support was provided to the **Women's Counselling and Solidarity** project of the SES Equality and Solidarity Association.

Values Week

Under the motto "**A Value Every Day with You**", Alternatif Bank employees came together during Values Week from

Human Resources

May 8 to May 12, 2023. Through the organised activities, the essence and vitality of Alternatif Bank's values were revitalised.

During the events, at Alternatif Talks Values Special Program, what values meant to employees was discussed and various workshops were conducted. In the mask workshop, both online and offline participants came together to incorporate values onto masks, which were then exhibited in the Headquarters building.

Simultaneously with the events, all digital screens, signatures, screen savers, and Zoom backgrounds were customised with values. Stickers via Instagram and WhatsApp were used for instant and continuous visibility of values.

In addition to digital visibility, common areas of the Headquarters building were adorned with values. The Values Week provided an opportunity to convey and instil Alternatif Bank's values to the employees through specially developed content. At the end of the week, applications for the Values Ambassadorship were accepted, marking the beginning of a live system that will continue throughout the year.

Following Values Week, selected Alternatif Bank employees among the 104 applications came together in enjoyable training sessions within the scope of the Values Academy. After the training, efforts will continue to reinforce and perpetuate the values for all Alternatif Bank employees.

Motivational Activities

In 2023, Alternatif Bank employees came together in various **motivational activities**. Summer cinema sessions were organised on the terrace of the Headquarters building, featuring offerings such as waffles, hot chocolate, and a vitamin bar. Non-governmental organisations (NGOs) were invited to these meetings, enhancing the social impact of the events.

Online and offline workshops were conducted with the Little Alternatif Bank members on April 23rd and October 29th.

The 100th anniversary of the Republic!

The year 2023 marked the 100th anniversary of the Republic. In October, the month of the Republic's centennial celebration, the communication and event strategy were intensified.

Communication through internal and external channels of the umbrella brand "**Alternative for Your Future**" informed Alternatif Bank employees about their additional benefits. This communication not only promoted awareness within the Bank but also supported recruitment activities by attracting potential candidates.

University Activities

As part of the Employer Branding strategy, in 2023, both universities were visited, and university students were hosted at the Bank. Within the scope of **university activities**, participation was ensured in 8 online and 1 offline campus event, reaching approximately 2,000 students. As part of "**A Day at Alternatif Bank**," students were hosted at the Headquarters building. During these events, information about both Alternatif Bank and careers in banking was shared with 30 students considering a career in banking.

Turkish Republic's 100th Anniversary Events

The year 2023 was significant for Alternatif Bank, just like the entire Türkiye, as it marked the 100th anniversary of the Republic! In October, the month of the Republic's centennial celebration, the communication and event strategy were intensified with a focus on the Republic. Throughout the relevant week, Know and Win competitions organised daily with Republic-themed topics, and winners among Alternatif Bank employees were presented with Nutuk (The Speech) as a gift. A question broadcast on social media, where Alternatif Bank employees shared their thoughts on the Republic,

#100.Yıl

Birlikte
Hep Heri

resulted in an Atatürk silhouette, becoming one of the most engaging contents on LinkedIn and Instagram platforms.

During the week, a gathering was held with Little Alternatif Bank members, and the 100th anniversary of the Republic was celebrated with an online/offline mosaic flag workshop. The week concluded with Alternatif Talks 100th Year Special, where attendees had the opportunity to listen to Fazıl Oral's presentation on "The Past, Present and Future of the Republic."

Recognition and Rewards

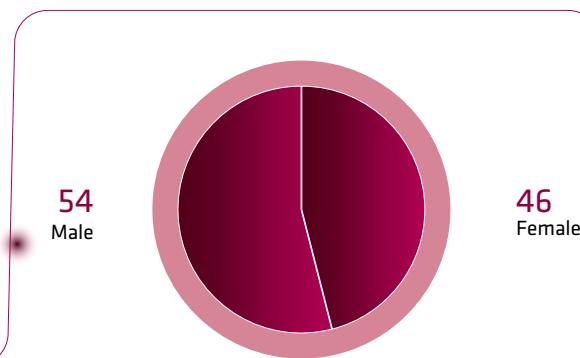
Alternatif Bank Human Resources Profile

As of 2023 year-end Alternatif Bank employee data is presented below:

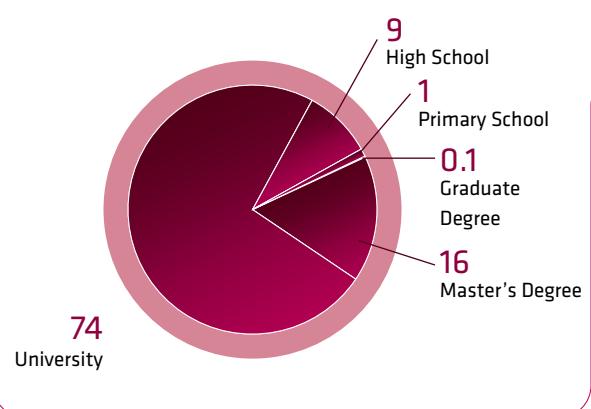
	2020	2021	2022	2023
Total Number of Employees				
Headquarters	512	498	470	484
Branches	348	331	250	218
Total	860	829	720	702
Gender				
Male employees	48%	48%	46%	46%
Female employees	52%	52%	54%	54%
Total	100%	100%	100%	100%
Average Age				
	39	39	39	39
Education Level				
Primary School	13	10	8	7
High School	66	56	57	63
University	661	629	536	516
Graduate degree	120	133	119	115
Doctorate	1	-	-	1
Number of Employees with a Second Language	347	246	224	251
Average Seniority				
	6.6	6.4	6	6

Figures exclude long-term interns, disabled employees and members of the Board of Directors.

Breakdown of Employees by Gender (%)



Breakdown of Employees by Education (%)







FOR OVER 30 YEARS, WE HAVE BEEN
STRENGTHENING OUR COMPETENCIES WITH
TECHNOLOGY, REINFORCING OUR PRESENCE
IN THE INDUSTRY'S COMPETITION WITH
THE SUPPORT OF STRONG CORPORATE
FOUNDATIONS AND SOLUTIONS THAT
REFLECT OUR INNOVATIVENESS **IN THE PATH**
TOWARDS DIGITALISATION.

Information Technologies

In 2023, Alternatif Bank continued its **digital transformation journey** with the vision of enhancing both employee and customer experiences and increasing quality and efficiency on digital banking platforms.

Alternatif Bank successfully executed several projects during this digital transformation:

Alternatif Investment Integration Project - Phase 2 (Mobile Integration): Through the Alternatif Bank mobile application, necessary documents for Alternatif Investment were **digitally obtained, enabling customer acquisition, fund transfers, account reviews, and automatic login functions.**

Sales Service Model - Digital Branch: The Bank implemented the **Digital Branch project**, allowing remotely acquired customers to continue a similar experience securely through a central infrastructure. Customers can instantly reach portfolio managers through the mobile channel with a single button and conduct product usage with digital document approvals.

AcerPro Integration Phase-2: A platform was created at Alternatif Bank to manage insurance transactions through a single channel, aiming to reduce integration costs with AcerPro instead of separate integrations with each insurance company.

This facilitates ease of use with new technology and dynamic interfaces.

VOV Platform: The VOV account product transformed all current accounts into automatic overnight term deposits. Through digital document approval, all current accounts were converted to VOV accounts for new customer acquisition processes (remote or physical). For existing VOV product customers, this process was automated.

Real-Time Event and Batch Campaign Management: The Bank implemented an infrastructure that allows customers to benefit from campaigns defined instantly based on their transactions, providing more personalised offers and advantages.

Mobile Approval for cash withdrawals and deposits at the branch: A system was launched for customers preferring to withdraw money from Alternatif Bank branches, allowing them to give their own approval and view the receipt through the mobile application at specified intervals. This project enhanced the security of customer cash withdrawal and deposit transactions and reduced paper waste.

Individual Loans Decision Support System Renewal: The Bank updated existing credit policies to meet current needs, creating a more effective credit decision support model by adding scoring and income models to the existing framework, supporting the "Ceiling Limit" project.

SWIFT Infrastructure Compatibility with ISO 20022:

Alternatif Bank adapted its Global Swift ISO 20022 infrastructure changes, successfully implementing data flow and logging in MX format, along with necessary application integrations (statements, treasury cash flow, transfer automation) coordinated with Swift.

IGE Services Phase 2: Documentation upload service for treasury support packages, payment plan revision, and credit account information update services were added.

Change Management

Processes designed with a customer experience-focus, end-to-end digital, and personalised service approach are being implemented.



Infrastructure projects successfully completed in 2023:

- ODM server and storage system renewal, taking the first step towards running live systems from ODM.
- ODM network systems were renewed, opening the way for further increases in ODM network connection speed.
- Microsoft Exchange mail system was upgraded from 2013 to 2019 version. Upgrade was performed before the end of the support period for the 2013 version.
- Updates were made to security systems Forcepoint, Proxy, DLP, Cisco ISE NAC and WAF.
- POS gateway devices nearing end-of-support were replaced.
- VPN remote connection system OTP infrastructure was renewed, introducing new features such as push OTP.

- External institution connections like Swift, SGK, EGM were moved to a new firewall device, ensuring complete isolation from other systems for enhanced security.

IT Portfolio Management in Numbers

Within the scope of IT portfolio and program management, support was provided to 14 main portfolios and 26 sub-portfolios. With the impact of the decreased personnel turnover rate in 2023, there was a 100% increase in the completion rates of requests. (According to October data, while 111 requests were completed in the same period in 2022, 222 requests were closed in the same period in 2023.) Despite the observed exchange rate increases in 2023, effective budget utilisation was maintained in both OPEX and CAPEX, staying true to the planning.

Data Governance

Data governance consists of processes, roles, policies, and standards that ensure the effective and efficient use of data necessary in the organisation's workflows to achieve the Bank's goals.

Established in January 2023, the Alternatif Bank Data Governance unit is responsible for enhancing data quality, determining data ownership, creating business data dictionaries, establishing and updating technical metadata classifications.

Robotics (AlterX)

Development and automation work for the two additional robots acquired in 2023 have been initiated. The vision of improving employee and customer experiences, reducing end-to-end product-service timelines, and enhancing quality and efficiency continued to guide the work.

Change and Process Management

Within the scope of process management, all banking processes were modelled and published, contributing to the corporate memory. Work on modelling supporting processes also continued. Additionally, improvements were made in various areas with a process management perspective, focusing on needs and providing support.

As part of change management, actively participating in leading projects with an innovative perspective aligned with the Bank's strategies, all change and transformation initiatives aimed at development and improvement were carried out.

Change Management

Processes designed with a customer experience-focus, end-to-end digital, and personalised service approach are being implemented.

100%

Increase in completed IT request rates



Information Security Management

Alternatif Bank continued its efforts to protect against reputation risks related to structures **that touch end-users**, in addition to addressing the increasing cybersecurity threats and information security risks.

Sustainable Security

In 2023, Alternatif Bank continued its efforts to protect against increasing cybersecurity threats and information security risks within the digitalised and globalised system, focusing on safeguarding structures that touch end-users and extending these efforts to its subsidiaries.

Within the scope of these efforts, a sustainable architectural framework was adopted. Monitoring and intervention processes were conducted through primary control activities, the number of which increases every day and compliance with necessary improvement and update processes was ensured through review activities.

Current technological developments and methods were embraced at all stages and layers of the Information Security lifecycle. Particularly, a high level of sensitivity was applied to the configuration of systems that support the vision of digitalisation and digital transformation.

As a result of the transformation programs carried out, the main objective was to develop and implement information security action plans within the framework of major and tactical plans against any current cyber threats related to the security of personal and corporate data, compliance, and reputation risks. This included conducting accurate risk management analyses in application development, change, and configuration processes and taking proactive and preventive measures through a layered control structure.

The Security Operations Centre (SOC), which enables centralised monitoring of complementary security systems and infrastructures and instant intervention in the event of alarm situations in systems, was further strengthened and developed in 2023. This was achieved by enhancing and updating the SOC's security monitoring structure with changing and evolving cyber risk perceptions.

End-to-End Cyber Threat Perception and Anti-Fraud Approach

Development of flexible penetration testing and security reviews supported by risk assessment studies continued to be pursued, taking into account changing working conditions and remote access requirements. The internal and external networks, server systems, endpoints, end-user devices,

State-of-the-art technology

Current technological developments and methods were embraced in all stages and layers of the Information Security lifecycle.



databases, internal and external applications, websites, new application integrations and existing application developments, covering all layers and systems that touch the Bank, were successfully monitored for internal/external anomalies.

Flexible penetration testing and security testing efforts included applications reaching customers through Alternatif Bank's digital channels, integrations, and other required products and services. Regulatory security tests were conducted in accordance with both the corporate risk perception and compliance with relevant regulations and rules.

Focusing on the human factor, the weakest link in the cybersecurity structure, and addressing social engineering attacks frequently employed by cyber threat actors, awareness measurement tests were conducted and activities to increase awareness were organised. In this context, informative sessions were held for internal/external stakeholders, providing updates on current developments and threats based on received cyber intelligence. Online and classroom training sessions were assigned to maintain awareness, contributing to preventive measures.

At Alternatif Bank, compliance with all relevant regulations, including the Information Systems Regulation, was closely monitored with high sensitivity. This approach and efforts were integrated into the anti-fraud monitoring structure, becoming an integral part of the integrated fraud prevention processes.

High Standards

Alternatif Bank, conducting its business processes within the framework of international standards, currently holds 7 standard certifications. In addition to increasing these standards, the Information Security Management department placed importance on continuing efforts in 2023 to ensure that the existing certifications are applicable and renewed within a sustainable framework.

- ISO 9001:2008 Quality Management System,
- ISO/IEC 27001:2013 Information Security Management System,
- ISO 10002 Customer Satisfaction Management System,
- TS ISO/IEC 20000-1 Information Technology Service Management System,
- ISO 22301 International Business Continuity Management,
- BS 10012 Data Protection Personal Information Management System
- BS 27701 Privacy Information Management System

Renewed certifications within a sustainable framework

Carrying out its business processes in line with international standards
Alternatif Bank has 7 valid standard certifications.



Corporate Communications

Alternatif Bank continued its communication activities **focusing on “people”** and emphasising the benefits created.

The Corporate Communications Department plays an important role in strengthening Alternatif Bank's brand awareness and conveying its corporate messages and activities throughout the year to its stakeholders and the public. All external communication activities of the Bank are organised and carried out by the Corporate Communications Department.

The department carries out various communication activities throughout the year in order to protect and enhance corporate reputation, and carries out activities under the main headings of brand communication, digital marketing and public relations, as well as advertising, web management, social media, sponsorship, events, press, sustainability and social responsibility.

The “Advisory and Responsible Banking” approach, which Alternatif Bank has adopted as its fundamental principles and based its business culture on, is also of great importance for Alternatif Bank's communication strategy. In this regard, the Corporate Communications Department adopts accurate and transparent communication in line with the Bank's vision, mission and values, focusing on “people”, and continues its efforts in line with Alternatif Bank's strategic priorities.

Media Relations

Adopting a holistic approach in its communication activities, the Corporate Communications Department shared Alternatif Bank's corporate statements as well as new products and services within the scope of the activities of different business lines with the national media through

press releases and announcements. With nearly 30 press releases and announcements published in 2023, the Corporate Communications Department contributed to increasing the Bank's visibility in print, digital and video media.

The Department carried out numerous studies in which the Bank conveyed its expertise, experience, knowledge and know-how to the public through special news edits and interviews with corporate spokespersons, including the General Manager and Assistant General Managers. In 2023, Alternatif Bank ranked first among banks of its scale in terms of communication activities with the number of news coverage obtained through these activities.

Conventional and Digital Advertising Activities

The Corporate Communications Department, which continued its advertising activities in 2023 with the goal of growth in retail and deposits, took part in print, digital and video media with various advertising activities, especially the VOV product.

The Corporate Communications Department adopted a holistic and performance-oriented working model on digital platforms in order to increase Alternatif Bank's awareness among the public and stakeholders, announce the projects implemented and promote products. Thanks to digital advertising efforts aimed at acquiring new customers, Alternatif Bank gained 74% of its new customers through digital channels in 2023. In addition, communication activities carried out on the basis of social responsibility differed from the standard communication model and were carried out more efficiently with a performance-oriented integrated perspective, and the data

Effective Media Visibility

Bank ranked first among banks of its scale in terms of communication activities in 2023 with the number of news coverage.



obtained in performance studies were successfully integrated into social responsibility activities.

Sub-band advertisements on TV on December 1-29 made a significant contribution to business results. With the impact of TV sub-band ads, time deposit volume continued to increase at the end of December and ended the year above TRY 4.5 billion.

Outdoor advertising was also carried out in shopping centres with important locations in İstanbul. The Bank's visibility was greatly enhanced with the advertisement activities in which GastroClub, VOV Cashback, people-oriented Digital Banking products and benefits were communicated.

Sponsorships

Sponsorship activities that are in line with Alternatif Bank's corporate identity and contribute to brand perception were managed by the Corporate Communications Department in 2023.



Atatürk 1881-1919

The movie was presented to the hearing impaired with a special screening sponsored by Alternatif Bank.

In 2023, the Bank continued its sponsorship of the Zorlu PSM private lounge, which was launched in 2019 to make customers feel privileged. With an event attendance rate of over 65%, the Bank received positive feedback from many customers, especially Private Banking and Commercial Banking customers.

Alternatif Bank was the silver sponsor of the 'Türkiye-China Business Conference' organised by DEİK, TÜSİAD and the China Council for the Promotion of International Trade (CCPIT). On the other hand, Alternatif Bank was among the sponsors of the Ayvalık Business Forum and Impact Summit'23 events organised by Fast Company magazine, one of the most important publications in Türkiye's economy and finance world.

In addition, the Bank sponsored C-Level events throughout the year and informed the participants about the Bank's agenda, discourse and priorities with the participation of corporate spokespersons. At the FinTech İstanbul B2B Connect Summit, which was one of the most important events of 2023 with the intense participation of the fintech e-commerce/e-export ecosystem, Gökay Dede, Executive Vice President of Retail and Digital Banking, made a presentation titled "Customer Insights on Digital Transformation in the Finance World". In addition, Gökay Dede, Executive Vice President of Retail and Digital Banking, participated in the panel titled "Human Touch in Banking" at Digital Talks Fall 23, which was held online, and shared the developments and innovations related to Alternatif Bank's new service model "Human Digital Banking".

Accessibility Sponsorships

Under the coordination of the Corporate Communications Department, Alternatif Bank continued its projects that contribute to strengthening social awareness and consciousness for a more and accessible world in all areas of life. The Bank took its sponsorships during the year one step further and took various initiatives to mobilise not only the banking sector but also other sectors. To this end, the Bank became the 'Accessibility Sponsor' of important conferences and summits, making the sessions more accessible through sign language translation.

In this context, the Bank became the Accessibility Sponsor of Brand Week İstanbul, the meeting platform of the marketing ecosystem in Türkiye, and XCO'23 - Experience Design and Management Summit organised by Marketing Türkiye. In addition, the movie Atatürk 1881-1919, which is followed with great interest in order to set an example in the field of culture and arts and in the Turkish cinema sector, was presented to the hearing impaired in a format translated into Turkish sign language under the sponsorship of Alternatif Bank. With these activities, the Bank paved the way for hearing-impaired individuals to follow such important events and culture and arts organisations and to participate more in social life.





WE MAINTAIN OUR BANKING SERVICES WITH A FOCUS ON “PEOPLE” AND A “RIGHTS-BASED” APPROACH. WE REFLECT OUR SUSTAINABILITY APPROACH AND VALUES TO OUR ACTIVITIES IN A WAY THAT INVOLVES ALL OUR STAKEHOLDERS.

Sustainability

Alternatif Bank, which continues its “Banking without Barriers” activities with a **“rights-based”** approach, aimed to pioneer a change in mindset in its sector in 2023.

Alternatif Bank continued to take important steps in 2023 in the project initiated to develop the Sustainability Management System and Sustainability Strategy.

With the Sustainability Committee established in 2020, Alternatif Bank aimed to carry out and report sustainability activities within the Bank individually within a target and coordination in 2023.

In order to carry out sustainability efforts in a more planned manner, to clarify and integrate medium and long-term sustainability goals into the Bank’s activities, and to make a more significant contribution to the UN Sustainable Development Goals, sustainability efforts continued with increasing momentum in 2023.

The Bank’s Sustainability efforts and actions were evaluated and approved in detail by the Sustainability Committee at the executive board level and the Remuneration and Corporate Governance Committee of the Board of Directors.

The Sustainability Committee identified the issues carried out at the Bank within this framework and those that it would be desirable to expand their scope, and defined them as priority areas for the Committee.

The Bank’s sustainability activities were organised under five working groups:

- Environmental and Social Management
- Qualified Education
- Ethical Banking

The Bank’s Gap Analysis and Action Plan was approved by the Sustainability Committee in August 2023 and the documentation process, the next step of the project, began.

- Sustainable Products and Services
- Diversity and Inclusiveness.

The operational monitoring and coordination of sustainability activities under these five working groups has been carried out by the Corporate Communications Department since 2021 by the Sustainability Committee established at the Executive level. While leading the Bank’s sustainability efforts, the Department is responsible for the functionality of the working groups and serves as the secretariat of the Sustainability Committee. The Corporate Communications Department is also responsible for the coordination and process management of shaping the Sustainability Strategy and increasing the Bank’s contribution to the Global Goals by integrating it into operations.

Since 2022, Alternatif Bank has been receiving consultancy services from Escarus (Industrial Development Bank of Türkiye Sustainability Consultancy Inc.), one of Türkiye’s leading consulting companies in this field, in order to manage its sustainability efforts more efficiently and at a strategic level. The project, which was initiated with Escarus with the participation of all relevant stakeholders to develop the Bank’s Sustainability Management System and Sustainability Strategy and to improve the Environmental Social Governance (ESG) structure, continued with increasing momentum in 2023.



In the project carried out with Escarus:

- Gap Analysis and Action Plan
- Review of Strategy and Management Structure
- System Documentation and
- Preparation of Training Documents

The Gap Analysis and Action Plan was approved by the Sustainability Committee in August 2023 and the documentation process, the next step of the project, was initiated. The policies and procedures prepared under the System Documentation step are evaluated under the coordination of the Corporate Communications Department, together with the relevant units within the Bank.

Policies in progress:

- Environmental Policy
- Equality, Diversity and Inclusion Policy
- Environmental and Social Risk Management Policy in Lending Processes
- Sustainability Policy

Procedures in progress:

- Management of Environmental Impacts of Activities
- Setting Goals and Targets
- Internal and External Communication of Sustainability Related Activities
- Sustainability Related Reporting
- Senior Management Review
- Documentation Control and Archiving

In 2024, when all steps are finalised, Alternatif Bank plans to implement the necessary infrastructure to more clearly monitor and report both the organisation's own impact in terms of ESG and the impact of the activities carried out as a result of the financing it provides.

**An inclusive and “rights-based” banking approach:
Accessible Banking**

For more than 30 years, Alternatif Bank has been conducting its activities with a “Insightful, Advisory and Responsible Banking” approach, prioritising the creation of permanent benefits for people and society in every step it takes. In 2023, the Bank continued its “Accessible Banking” efforts, which it initiated four years ago with a “Human-Centric” perspective in order to ensure that all the services it offers - including the most disadvantaged - are equally and easily accessible to everyone, with increasing momentum.

Believing in the importance of providing banking services in a way that is accessible to everyone, Alternatif Bank adopted a “rights-based” approach rather than an aid-based approach. With its Accessible Banking approach, Alternatif Bank aimed to be a pioneer in changing the mentality in its sector, not just an institution that implements rules or implements its own projects.

Accessible Banking

The Bank took important steps in 2023 within the scope of “Accessible Banking”, which has become increasingly synonymous with Alternatif Bank in the Turkish banking sector and is gaining more importance day by day.



ENGELSİZ Bankacılık

Sustainability

Alternatif Bank expanded its “**Accessible Banking Terms Glossary**” project, a first in Türkiye and the banking sector, by adding new terms in 2023.

Taking a 360-degree approach to Accessible Banking, the Bank continued to contribute both to the efforts to remove barriers in society and to a sustainable world by realising practices and projects that are much more inclusive than other accessible banking practices in the sector. Alternatif Bank has made a difference in the sector by focusing on the social dimension of sustainability and the principles of financial inclusion with its Accessible Banking activities for more than 4 years.

The Bank took important steps in 2023 within the scope of “Accessible Banking”, which has gradually become synonymous with Alternatif Bank in the Turkish banking sector and has become more and more important day by day. In addition, the Bank's efforts in the field of Accessible Banking attracted great interest and support during its meetings with international financial institutions in 2023.

Accessible Banking Terms Glossary Project

Alternatif Bank expanded its “Accessible Banking Terms Glossary” project, a first in Türkiye and the banking sector, which was launched in 2022 as part of its Accessible Banking efforts, by adding new terms in 2023. In the first phase of the project, the Bank produced special videos using sign language,

audio description and simplified text for nearly 30 basic terms. With the support of the Development Facility of the European Fund for Southeast Europe (EFSE DF), the Bank added 75 new terms to the dictionary, bringing the total number of terms to over 100. The Bank aims to further enrich the glossary project in the coming period and make it a glossary that serves financial inclusion and is open to everyone.

Cooperation with Robotel Association for Children with Limb Loss

After the 2023 earthquake disaster, in addition to its initial financial support, the Bank focused on more long-term and permanent projects. In this context, the Bank signed an important cooperation with the Robotel Association, which develops robot hands with personalised and simple mobility with 3D printers for children with congenital or acquired limb loss or deformity, and brought together dozens of children in need with Robotel's solutions. In addition, with the donation it made to the Robotel Association on behalf of its stakeholders and customers for the New Year, it ensured that more children in need will benefit from Robotel solutions in 2024.

Support for Children Who Lost Limbs in the Earthquake

After the major earthquake disaster in early 2023, Alternatif Bank brought together dozens of children who suffered limb loss or deformation with Robotel Association's solutions.



“Removing Barriers: Our Only Alternative” Podcast Series

Alternatif Bank launched the podcast series titled “Engelleri Kaldırmak Tek Alternatif’ımız” (Removing Barriers: Our Only Alternative) in order to make the knowledge gained as a result of its Accessible Banking efforts permanent and make it accessible to everyone.

In the podcast series, experts from academia, business world and non-governmental organisations discussed many issues such as the difficulties faced by disabled individuals in access and inclusion, solution suggestions, and rights-based approach. In another first in Türkiye, the Bank also prepared video versions of the episodes in sign language to make the podcasts accessible to everyone, including the hearing impaired, and started publishing them on its YouTube channel.



Accessible Banking Terms Glossary with the support of EFSE, the project increased the number of terms to over 100.

Social Impact Measurement and Management System: The Case of Accessible Banking

In 2023, Alternatif Bank initiated the “Social Impact Measurement and Management System. The Case of Accessible Banking” project with Koç University Social Impact Forum (KUSIF), the first of its kind in Türkiye, in order to measure how its Accessible Banking activities to date have been received by the public: The Case of Accessible Banking” project. The Bank aims to share the outputs of the project with the public in 2024.

“Accessibility Sponsorships” for a more inclusive and accessible world

Paying attention to the accessibility of the events it organises with the awareness of ‘Financial Inclusion’, the Bank positioned itself as the ‘Accessibility Sponsor’ of important conferences and summits not only in the banking sector but also in different sectors in 2023, making the sessions in the events even more accessible with sign language translation.

The Bank became the Accessibility Sponsor of Brand Week İstanbul, the meeting platform of the marketing ecosystem in Türkiye, and XCO’23 - Experience Design and Management Summit organised by Marketing Türkiye. Alternatif Bank also presented the movie Atatürk 1881 - 1919, which is followed with great interest, in a format translated into Turkish sign language for the hearing impaired in order to set an example in the field of culture and arts and in the Turkish cinema sector. With these activities, the Bank paved the way for hearing-impaired individuals to follow such important events and culture and arts organisations and to participate more in social life.



Alternatif Bank's Subsidiaries



With its innovative approach and a product range shaped uniquely, Alternatif Lease solidified its exemplary position in the industry and achieved successful results in 2023, distinguishing itself through a high level of service quality.

Alternatif Lease demonstrated a growth parallel with the leasing industry and continued to serve specialised service to customers from each sector and each scale which contributes to the economy of the country.

Having set its priority target as providing a complete finance package to its customers with its main shareholder, Alternatif Bank, Alternatif Lease aims to sustain its existing concentration with the Bank's customers and to continue growing by building deeper and longer-term relations with mutual customers. In addition to large volume customers, Alternatif Lease believes that all customers, regardless of scale and volume deserves boutique service.

Throughout 2023, collaborative efforts were made in alignment with the requests of vendor companies with whom partnerships were established to finance the sales of customers. Advantageous leasing packages were prepared to assist vendor companies in boosting their sales. Alternatif Lease conducted boutique activities in customers' investment decisions by providing advisory services and financial support.

Alternatif Lease anticipates investment demand will be parallel in 2024 with 2023. In accordance with Alternatif Bank's "Insightful, Advisory and Responsible Banking" approach, Alternatif Lease will continue to provide boutique service and advisory services with its expert personnel. Accordingly, the Company aims to continue investing in technological infrastructure and increasing employees' competencies and service quality through onsite and external trainings in the future.



In accordance with Alternatif Bank's "Insightful, Advisory and Responsible Banking" principle, Alternatif Investment continued its operations in 2023 with the target of always being on the side of investors in capital market services with its advisory role.

Despite high volatility in 2023 with main themes of high inflation in Türkiye and decreasing liquidity in foreign markets, strong performance of Borsa İstanbul supported numerous new investors entering capital markets and resulted in increases in transaction volumes of intermediary firms.

Value-Adding Products for Investors

In 2023, Alternatif Investment introduced new products that add value to customers in the realm of stocks. New products such as Short-Term Stock Recommendations and Algorithm-Based Model Portfolio served as guiding tools for investors in the stock markets. Starting off as a company which provides financial advisory and intermediary services to qualified individual and corporate customers, Alternatif Investment took a holistic approach in responding to investors' all financial needs.

In addition to intermediary services, it provides customised investment planning suggestions and customised portfolio management services to qualified investors by taking into account their risk profiles, revenue targets, income-expense balances and asset sizes.

Alternatif Investment's Research Department played a pioneering role in the sector to provide algorithmic based stock model portfolio and short-term derivative transaction suggestions. Treasury and Investment Advisory Departments provide advisory services for the most appropriate investments for investors' needs by offering short, medium and long-term solutions with financial instruments such as fixed-income securities, investment fund, derivatives exchange, commodity, Eurobond and over-the-counter options.

Developing its competencies in corporate finance, Alternatif Investment improved its current capacity in company valuations, public offering consultancy and private sector bond issuances. The Company increased its market share by mediating financial bond issuances of financial institutions and real sector companies.

Focusing on sustainability of its success in 2024, Alternatif Investment aims to conduct its operations with an accent on customer satisfaction while continuing developing its staff and increasing its product range.

Management and Corporate Governance Practices

Board of Directors



Omar Hussain Alfardan
Chairman



Joseph Abraham
Vice-Chairman



Mohd Ismail M Mandani Al-Emadi
Board Member

Omar Hussain Alfardan is the President and CEO of Alfardan Group, one of the most successful privately owned business companies in Qatar and the region. He has acquired sharp business acumen under the tutelage of his father Hussain Ibrahim Alfardan, a distinguished businessperson and a leading authority in natural pearls. Through his visionary approach and strategic expansion into profitable business sectors in Qatar and the region, he has driven Alfardan Group onto a path of sustained growth and enormous success. Omar Alfardan holds prominent positions across several Alfardan subsidiaries that operate within the hospitality, properties, automotive, jewellery, exchange, investment, marine services and medical sectors. He serves as the Managing Director of The Commercial Bank and Advisory Board Member at Qatar Financial Centre Authority. He is currently the Vice Chairman of the Board of Directors and Chairman of the Board Governance and Remuneration Committee of the United Arab Bank. Additionally, he is a member of the Qatari Businessmen Association, and is a founding member of Qatar Hotels Association, under the Qatari Businessmen Association's umbrella. Mr Omar Alfardan also holds the position of Managing Director at Marsa Arabia. He is a fervent supporter of charitable and social programs and serves as a Board Member in Qatar Red Crescent Society, Member of the Board of Trustees of Hamad Bin Khalifa University, Founder and Board Member of Family Business Council Gulf and Vice Chairman of the Gulf Qatari Classic Cars Association. Mr Alfardan has served as a member of the Alternatif Bank Board of Directors since September 2014 and as Chairman of the Board of Directors since December 2016. He holds a Bachelor's Degree in Business Administration and a Master's Degree in Finance from Webster University in Geneva, Switzerland.

Mr. Abraham is the Group Chief Executive Officer of The Commercial Bank as well as Vice-Chairman of the Board of Directors of Alternatif Bank and a Board Director of both the United Arab Bank, UAE, and the National Bank of Oman, Sultanate of Oman. He has extensive banking experience across both developed and emerging markets. Before joining The Commercial Bank in June 2016, he was CEO of ANZ Indonesia (Australia and New Zealand Banking Group) based in Jakarta, a position he served in from 2008 to 2016. Mr. Abraham has an MBA from the Graduate School of Business, Stanford University, California and has worked in Indonesia, Singapore, Hong Kong, Ghana, UK and India in various country and regional banking roles with a successful track record covering general management, corporate banking, strategy, product management as well as acquisitions and integrations. Mr. Abraham was appointed as a Board Member of Alternatif Bank in April 2017.

Mr. Al-Emadi currently serves as a Board Member of both The Commercial Bank and National Bank of Oman, in the Sultanate of Oman. With over 30 years of experience in banking and financial services experience, he held several roles at The Commercial Bank from 1982 until 2007. He later became the Chief Executive Officer of Qatar Real Estate Investment Company until 2011 and served as its Director from 2003 to 2005. Additionally, Mr. Al-Emadi served as a Board Member for various companies, including Doha Securities Market in Qatar from 2000 to 2003, Qatar Shipping Co. from 2000 to 2006, and Mannai Corporation Co. (Qatar) from 2001 to 2004. He also serves as a Board Member and the Chair of the Board Risk Committee at Alternatif Bank since September 2014. Mr. Al-Emadi graduated from Holy Names College (USA) with a Bachelor of Arts degree in Business Administration and Economics.



Rajbhushan Buddhiraju
Board Member



Halil S. Ergür
Board Member



Zafer Kurtul
Board Member

Mr. Buddhiraju has been the EGM, Wholesale Banking of The Commercial Bank for the last six years and has extensive banking experience in various countries including the Middle East. Before this stint in The Commercial Bank, Mr. Buddhiraju worked at Dubai Islamic Bank in Dubai and in Arab National Bank in Saudi Arabia. Prior to that, he has worked in Citibank in several senior roles in India, Singapore, Hungary & Poland for 13+ years. Mr. Buddhiraju graduated from the Indian School of Mines in Petroleum Engineering and has an MBA from the Indian Institute of Management, Calcutta, India. He completed the Executive Program in Marketing Strategy for Senior Managers in Kellogg School of Management, Northwestern University, USA.

Mr Halil S. Ergür is an established banker having 40-year experience in the sector. He studied Mechanical Engineering at Middle East Technical University with high honours and completed his master degree at the same department in 1982. He then obtained his MBA from Academy of Economics and Trade Ankara and his postgraduate diploma in Production Management at University of Manchester. He received Fulbright and TUBITAK scholarships. He started his career at Citibank as Management Trainee in 1984 and was promoted as Senior Branch Operations Officer in his third year. After serving at Impexbank as a Board Member and Executive Vice President, he moved to Yapı Kredi Bank in 1991 as Group Manager in charge of Operations. Between 1995 and 2000 Ergür worked at Yapı Kredi Bank initially as Executive Vice President in charge of Operations, and then as Executive Vice President in charge of Commercial Banking and Credit Underwriting in the last year. Subsequently, he took the role of CEO at Koçbank between the years 2000 and 2003. After serving as a Managing Director at Koçbank between 2003 and 2006, Ergür returned to Yapı Kredi Bank in the capacity of Managing Director, where he worked between 2005 and 2007. He assumed Board Member roles in Bell Holding and Group 4 Securicor during the period 2007-2020. Ergür was appointed as a Board Member of Alternatif Bank in March 2020. He is fluent in English and German.

Mr. Kurtul received his undergraduate degree in Finance from Istanbul University, Faculty of Business Administration and obtained his MBA degree in Finance from the University of Wisconsin-Madison (USA). He held several executive roles at Citibank, BNP-Ak-Dresdner Bank and Societe Generale prior to his appointment as an EVP at Akbank in 1998. Between 2000 and 2009, Mr. Kurtul served as the CEO of Akbank and held the role of Board Vice Chairman until 2010. He then worked as the CEO and Board Member of Sabancı Holding until 2017. In the same period, he was the Board Chairman of various subsidiaries of Sabancı Holding. He was appointed as a Board Member of Alternatif Bank in 2017. Mr. Kurtul is a qualified Chartered Financial Analyst (CFA).

Board of Directors



Leonie Lethbridge
Board Member



Antonio Gamez Munoz
Board Member



Ozan Kirmizi
Board Member - CEO

Dr Lethbridge has extensive banking leadership experience across diverse markets, and spanning 40 years in general management, transformation, operations, risk and technology management. She is Executive General Manager and Chief Operating Officer of The Commercial Bank. Before joining The Commercial Bank in July 2017, she was CEO of ANZ Royal, a joint venture of Australia and New Zealand Banking Group in Cambodia, and in her fifteen years at the ANZ, had a number of senior roles including Regional Chief Operating Officer Asia; Chief Operating Officer Indonesia and Acting Head of Risk Asia Pacific. She has a successful track record in general management as well as acquisitions and integrations. Prior to her banking career, Dr Lethbridge was a management consultant, advising across sectors including Telecommunications, Banking and Finance, and Manufacturing. Her experience extends to several Board roles. Dr Lethbridge has a PhD from the Swinburne University of Technology, a Master of Applied Science (Innovation and service management) from RMIT University and a Bachelor of Applied Science (Hons) from the University of New South Wales. She joined Alternatif Bank as a Board Member in October 2018.

Antonio Gamez Munoz is a highly experienced senior executive and seasoned credit professional with 28 years of experience in risk management. He joined The Commercial Bank (Qatar) as the Chief Risk Officer in September 2021. Before that, he was the Head of Global Debt Finance Asia-Pacific in the group of Banco Santander based in Hong Kong from March 2021 to September 2021. Prior to that, he served as the Chief Risk Officer Asia-Pacific in Banco Santander based in Hong Kong from January 2018 to March 2021. Between February 2011 and January 2018, he worked as the Deputy Chief Risk Officer in Santander Poland. Before that, he held the position of the Chief Risk Officer in Banco Santander Private Banking from February 2008 to February 2011 and also he held the same title in Banco Santander International Private Banking from May 2004 to February 2008. He also held various other credit and risk positions within the Santander Group between August 1995 and May 2004. Mr. Gamez Munoz holds a Master's degree in Finance from Instituto de Estudios Bursatiles (Spain) and a Post-Degree in Risk Management from Instituto de Empresa (Spain). He obtained his undergraduate degree in Economics from Universidad de Navarra (Spain). He joined the Board of Directors of Alternatif Bank in September 2022.

Ozan Kirmizi obtained his undergraduate degree from Istanbul University Faculty of Business Administration, followed by his Master's degree in Finance and Accounting from Macquarie University. He recently completed the Executive Leadership Program at Stanford University. He joined ING Turkiye in 2006 where he held various executive positions in the digital and retail banking space and had been a driving force behind the implementation of numerous innovative digital services and applications. He served as the Retail Banking EVP at ING Turkiye and Chairman of ING Yatirim between the years 2020 and 2023. In November 2023, Ozan Kirmizi was appointed as the CEO and Board Member of Alternatif Bank. He also assumes the roles of Board Chairman of Alternatif Lease and Board Chairman of Alternatif Investment.

Board of Directors Meetings

Following table shows Board of Directors' meeting dates and members' attendance throughout 2023:

Meeting Date	Numbers of the Members Present
23.02.2023	9
06.06.2023	9
14.07.2023	8
03.10.2023	9
28.11.2023	9
14.12.2023	9

Areas of Responsibility of the Board of Directors and the Senior Management

Areas of Responsibility of the Board of Directors

Name	Position	Date of appointment	Academic Degree	Area of Responsibility	Banking or Business Management Experience (years)
Chairman and Members of Board of Directors					
Omar Hussain Alfardan	Chairman	16.09.2014	Webster University (Switzerland), Bachelor of Arts in Business Administration and Master of Arts in Finance	Chairman of Board of Directors	30
Joseph Abraham	Vice-Chairman	24.04.2017	University of Delhi (India), Bachelor of Arts in Economics; University of Bombay (India), Master of Management Studies; and Stanford University (USA), Master of Business Administration	Chairman of Executive Committee of the Board, Chairman of Board Remuneration and Governance Committee, and Alternate Member of Board Credit Committee	31
Mohd Ismail M Mandani Al-Emadi	Member	16.09.2014	Holy Names College (USA), Bachelor of Arts in Business Administration and Economics	Chairman of Board Risk Committee and Member of Board Credit Committee	41
Rajbhushan Buddhiraju	Member	07.04.2021	Indian School of Mines (India), Bachelor of Technology in Petroleum Engineering; and Indian Institute of Management Calcutta (India), Post-Graduate Diploma in Management	Member of Executive Committee of the Board, Member of Board Risk Committee, and Member of Board Credit Committee	25
Halil S. Ergür	Member	24.06.2020	Middle East Technical University, Bachelor of Science and Master of Science in Mechanical Engineering; Master of Business Administration, Academy of Economics and Trade Ankara; and Postgraduate Diploma in Production Management at University of Manchester	Chairman of Board Audit and Compliance Committee and Member of Board Risk Committee	39
Zafer Kurtul	Member	07.09.2017	Istanbul University, Bachelor of Arts in Finance; and Madison University (USA), Master of Science in Finance	Chairman of Board Credit Committee, Member of Executive Committee of the Board, and Member of Board Remuneration and Governance Committee	41
Leonie Lethbridge	Member	09.11.2018	The University of South Wales (Australia), Bachelor of Science in Textile Technology; Royal Melbourne Institute of Technology (Australia), Master of Applied Science in Innovation and Service Management; and Swinburne University of Technology (Australia), PhD in Philosophy	Member of Board Audit and Compliance Committee and Member of Board Remuneration and Governance Committee	39
Antonio Gamez Munoz	Member	23.09.2022	Universidad de Navarra (Spain), Undergraduate degree in Economics; Instituto de Estudios Bursátiles (Spain), Master degree in Finance; and Instituto de Empresa (Spain), Post-Degree in Risk Management	Member of Board Audit and Compliance Committee, Member of Board Risk Committee and Alternate Member of Board Credit Committee	28
Ozan Kirmizi	CEO and Member	07.11.2023	Istanbul University, Undergraduate Degree in Business Administration and Macquarie University, Master's Degree in Finance and Accounting	Member of Board Credit Committee and Member of Executive Committee of the Board	17

Areas of Responsibility of the Board of Directors and the Senior Management

Areas of Responsibility of the Senior Management

Name	Title	Date of Appointment	Academic Degree	Area of Responsibility	Banking or Business Management Experience (years)
Ozan Kırmızı ⁽¹⁾	CEO and Board Member	07.11.2023	Istanbul University, Undergraduate Degree in Business Administration and Macquarie University, Master's Degree in Finance and Accounting	CEO	17
Ayşe Akbulut	EVP	17.03.2022	Boğaziçi University, Department of Philosophy	Credit Underwriting	17
Bike Tarakçı ⁽²⁾	EVP	02.01.2024	Boğaziçi University, Guidance and Psychological Counseling / Middle East Technical University, Industrial and Organisational Psychology (Master's)	Human Resources	18
Burcu Yangaz	EVP	11.10.2022	Boğaziçi University, Industrial Engineering / Istanbul University the Faculty Engineering Business Administration and Organisation (Master's)	Business Banking	23
Didem Şahin Çakmak	EVP	11.10.2022	Gazi University, Economics - Department of International Relations, Gazi University, Economics (Master's) Economics at Gazi University	Corporate Banking	16
Gökay Dede	EVP	25.12.2020	Istanbul Technical University, Mathematical Engineering	Retail & Digital Banking	25
Hamdi İlkay Girgin	EVP	02.01.2020	Middle East Technical University, Economics / Imperial College London (MBA)	Financial Affairs and Planning	22
Levent Güven	EVP	08.02.2017	Istanbul Technical University, Business Administration	Treasury & Financial Institutions	27
Seçkin Mutlubaş ⁽³⁾	EVP	31.08.2023	Istanbul University Department of Economics in English / Istanbul University, Banking (Master's)	Restructuring and Legal Follow-up	17
Zafer Vatansever	EVP	01.10.2022	Istanbul Technical University, Department of Management Engineering	Information Technologies & Operations	23
Ömer Faruk Gönener	Chief Audit Executive	02.11.2018	Istanbul University, Department of International Relations / Koç University, Department of Graduate School of Business, Executive Management (Master's)	Internal Audit	21
Egemen Baykan	Head	01.08.2018	Middle East Technical University, Faculty of Science and Literature, Humboldt University, Econometrics (MBA)	Risk Management	20
Engin Turan	Head	19.02.2018	Middle East Technical University, Department of Political Science and Public Administration	Internal Control and Compliance, Consumer Relations Coordination Office	20
Bahadir Çakmak	Head	01.02.2017	Boğaziçi University, Translation-Interpreting Department	Corporate Affairs	16

⁽¹⁾ As per the Board resolution dated 23 October 2023, Ozan Kırmızı was appointed as the CEO and Board Member with effect from 07 November 2023 following the completion of regulatory approvals.

⁽²⁾ Hale Ökmen Ataklı resigned from her position as EVP of Human Resources as of 6 October 2023, and Bike Tarakçı started to work in her lieu as of 2 January 2024 as per Board resolution dated 18 December 2023 upon the completion of official approvals.

⁽³⁾ As per Board resolution dated 17 August 2023, Seçkin Mutlubaş was appointed as the EVP of Restructuring and Legal Follow-up.

İlker Biçakçı, who worked as the Legal Counsel since July 2019, resigned from his position as of 9 February 2024.

Terms of Office and Professional Experience of External Auditors

At the Bank's 2022 Annual General Meeting held on 29 March 2023, it was decided to designate KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the Independent Auditor pursuant to the Banking Law, Capital Markets Board legislation and the Turkish Commercial Code. The said company conducts the independent external audit of the Bank.

Committees Under the Board of Directors

Alternatif Bank has always treated its adherence to Corporate Governance Principles with high priority. The Bank is in full conformity with the Corporate Governance Principles as specified under the Banking Law and Turkish Commercial Code and implements these principles with utmost care. Although Alternatif Bank is not subject to the Capital Markets Board's Corporate Governance Principles as a non-listed entity, it still gives regard to these non-mandatory principles in order to improve its corporate governance practices. In addition, the Bank closely monitors potential incidents that may cause conflict of interest as per the applicable corporate governance legislation.

In order to carry out its duties and responsibilities effectively and transparently as prescribed under the applicable legislation, our Board of Directors has established Credit Committee, Audit and Compliance Committee, Executive Committee, Remuneration and Governance Committee and Risk Committee. Board of Directors provides necessary resources and support in order to enable the committees to perform their responsibilities efficiently. Corporate Affairs Office which reports directly to the Board of Directors is in charge of setting committee meeting agendas, making meeting invitations, coordinating communication among committee members, keeping meeting resolutions and minutes, following up action points and carrying out other secretarial tasks. Board Committees hold frequent meetings as specified in their committee charter document and regularly report to the Board their activities. Following section presents information on Board Committees' objectives, compositions, working principles, activities, meeting dates and meeting participation.

Board Credit Committee

The Bank's Board Credit Committee is responsible for handling matters related to credit facilities within the limits provided in accordance with the applicable legislation. The Committee reviews, discusses, and decides on those credit proposals that are submitted for its approval by the Management. Unanimous decisions on credit proposals that fall within the delegated credit approval authority of the Board Credit Committee are executed with immediate effect. On the other hand, decisions that are taken by majority of votes are executed after the Board of Directors' approval on the matter, regardless of the fact that the concerned credit proposal falls within the delegated credit approval authority of the Board Credit Committee. The Committee consists of the following Board Members:

Board Member Name, Role within the Committee

Zafer Kurtul, Chairman
Mohd Ismail M Mandani Al-Emadi, Member
Rajbhushan Buddhiraju, Member
Ozan Kırmızı, CEO and Member
Joseph Abraham, Alternate Member
Antonio Gamez Munoz, Alternate Member

The Committee's role, responsibilities, composition, membership requirements and other relevant information are documented in the Risk Charter as well as relevant section of the Board Committees Charter.

Activities and decisions of the Board Credit Committee are subject to the supervision of Board of Directors. Therefore, each Board Member is entitled to request any kind of information from the Board Credit Committee with respect to its activities and to perform any and all controls for this purpose.

Board Credit Committee convened a total of 14 times with the attendance of all members on the below dates during the course of 2023:

Meeting Date	Number of Members Present
17.01.2023	4
26.01.2023	4
16.02.2023	4
07.03.2023	4
22.03.2023	4
10.04.2023	4
09.05.2023	4
14.06.2023	4
13.07.2023	4
24.08.2023	4
11.09.2023	4
18.10.2023	4
08.11.2023	4
05.12.2023	4

Board Audit and Compliance Committee

Board Audit and Compliance Committee assumes the duty and responsibility, on behalf of the Board of Directors, to supervise the efficiency and adequacy of the Bank's internal systems, the functioning of these systems and of accounting and reporting systems in accordance with the Banking Law and applicable regulations, and the integrity of the information that is generated, to identify compliance, anti-money laundering and combating the financing of terrorism (AML/CFT) requirements

and criteria, to carry out necessary preliminary assessment for the selection of independent audit firms and rating, valuation and support service firms by the Board of Directors, to monitor regularly the activities of these firms selected and contracted by the Board of Directors, and to ensure that internal audit activities of the subsidiaries that are subject to consolidation as per the regulations under the Banking Law are carried out in a coordinated manner on consolidated basis.

The Committee was established pursuant to Article 24 of the Banking Law No. 5411 and is composed of the following Board Members:

Board Member Name, Role within the Committee

Halil S. Ergür, Chairman

Leonie Lethbridge, Member

Antonio Gamez Munoz, Member

As per Board resolution No. 54 dated 01.07.2020, Board Member Halil S. Ergür was appointed as the Internal Systems Responsible and he is in charge of coordinating and overseeing the activities of departments that operate under the Internal Systems structure (i.e. Internal Audit Department and Internal Control and Compliance Department).

In line with the respective legislation, Committee Members do not assume any executive function within the Bank and the Committee's role, responsibilities, composition, membership requirements and other information are documented in the relevant section of the Board Committees Charter.

Board Audit and Compliance Committee convened a total of 8 times on the below dates during the course of 2023:

Meeting Date	Number of Members Present
18.01.2023	3
21.02.2023	3
17.04.2023	3
11.05.2023	2
19.07.2023	2
13.09.2023	3
19.10.2023	3
25.10.2023	3

Executive Committee of the Board

Established under article 366 of the Turkish Commercial Code, the Executive Committee of the Board is authorised - outside of the powers and operations falling within the authority of the Board of Directors - to deal with matters related to overall strategy of the Bank, plans, budgets, goals, policies, to give recommendations to the Board on procedures and systems and to review the performance of the Bank in accordance with legal provisions and the Bank's Articles of Association.

The Committee is composed of the following Board Members:

Board Member Name, Role within the Committee

Joseph Abraham, Chairman

Rajbhushan Buddhiraju, Member

Zafer Kurtul, Member

Ozan Kirmizi, CEO and Member

The Committee operates in accordance with the principles set out in the relevant section of the Board Committees Charter.

Executive Committee of the Board met a total of 4 times with the attendance of all members on the below dates during the course of 2023:

Meeting Date	Number of Members Present
16.02.2023	4
05.06.2023	4
16.11.2023	4
12.12.2023	4

Board Remuneration and Governance Committee

The committee is established in accordance with the 6th principle of the Regulation on Corporate Governance Principles of Banks published by the BRSA in the Official Gazette No. 26333 of 01 November 2006 and as per the 12th paragraph of the Guidelines on Remuneration Policies and Practices of Banks adopted with the BRSA Resolution No. 6827 of 31 March 2016. This committee is responsible for evaluating the compensation and remuneration of the Members of Board of Directors, management and staff in a way considering Bank's long-term interests, in addition to setting key performance indicators in line with the Bank's long-term strategic objectives and relevant policies.

The committee also assumes responsibility for monitoring Bank's compliance with the corporate governance principles, conducting improvement works and making recommendations to the Board of Directors in this respect as defined by BRSA Corporate Governance Principles.

Committees Under the Board of Directors

The Committee comprises following Board Members:

Board Member Name, Role within the Committee

Joseph Abraham, Chairman

Zafer Kurtul, Member

Leonie Lethbridge, Member

The Committee's role, responsibilities, composition, membership requirements and other information are documented in the relevant section of the Board Committees Charter.

Board Remuneration and Governance Committee met a total of 2 times on the below dates during the course of 2023:

Meeting Date	Number of Members Present
16.01.2023	3
13.07.2023	2

Board Risk Committee

The Board Risk Committee assumes responsibility for early detection of risks causing any threat to the existence, development and survival of the Bank, for implementation of necessary measures in order to prevent risks detected and for preparation of policies and strategies that the Bank will adopt with regard to risk management as per Article 366 of the Turkish Commercial Code No. 6102 which came into effect on 01.07.2012. The composition of the Committee is as follows:

Board Member Name, Role within the Committee

Mohd Ismail M Mandani Al-Emadi, Chairman

Rajbhushan Buddhiraju, Member

Halil S. Ergür, Member

Antonio Gamez Munoz, Member

The Committee operates in accordance with the Board Committees Charter and Risk Charter. The Committee is the common communication platform of the Bank's Internal Systems Units and executive functions in order to facilitate assessment of the risks that the Bank is exposed to and elicits

recommendations on the measures and the methods to be followed in response. Committee meetings are held at regular intervals and monitor the Bank's risk appetite, risk profile and tolerance levels established for the consolidated group as prescribed by the Bank's Risk Policy and the decisions made by the Board of Directors and ensure the implementation and supervision of the prescribed measures by the sub-committees and the relevant departments.

The Committee's role, responsibilities, composition, membership requirements and other relevant information are documented in the Risk Charter and Board Committees Charter.

The Board Risk Committee met a total of 5 times on the below dates during the course of 2023:

Meeting Date	Number of Members Present
08.03.2023	3
21.03.2023	4
24.05.2023	4
13.07.2023	4
21.09.2023	4

Information on Risk Management Policies Implemented According to Risk Types

Alternatif Bank Risk Management Department aims to identify measure, analyse, and monitor the financial and non-financial risks that the Bank is or may be exposed to, in accordance with applicable laws, rules and regulations.

Activities performed on a daily, weekly, monthly, quarterly and annual basis, depending on the nature of the issue at hand, are presented to the Bank's Senior Management.

Credit Risk

Credit risk is defined as the potential loss arising from any borrower's inability to meet, in part or in whole, its contractual obligations to the Bank. Due to the large share it takes from the balance sheet, credit risk is of the highest concern for the Bank and it is vital to manage it appropriately. Therefore, credit underwriting policies were set up to ensure the independence and integrity of risk assessment practices. Customer selection criteria and creditworthiness evaluation, income generation and repayment capability and resources, the credit structure of contract provisions and their compatibility with customer needs, collateralisation principles, and comprehensive and healthy documentation are the core elements of credit underwriting policies. Another purpose of these policies and procedures is to ensure that all personnel who are involved in the decision-making process share the same views on similar matters and take similar actions. Another major element of credit underwriting policies is the monitoring process that needs to be administered to ensure unproblematic repayment of the loan to the Bank once the lending relationship begins. The Bank's risk exposure, either on- or off-balance sheet, is monitored and managed both individually and on a portfolio basis. Within this scope, the NPL management system monitors the loan portfolio in a systematic fashion. Alternatif Bank's potentially non-performing customers are identified in advance and necessary actions are taken. In addition, the development of NPLs is monitored closely and reported on a regular basis. In order to maintain the structure and quality of its loan portfolio at the desired level, the Bank regularly analyses the distribution of this portfolio in terms of sector, collateral, loan size and rating.

The Bank also conducts scenario analyses and stress tests at regular intervals. Customer selection and monitoring of their credibility are performed by expert credit teams employing internal rating systems. The rating systems are constantly reviewed and monitored for their performance independently by the Risk Management Department. The Bank undertakes constant improvement efforts for the rating systems and takes on the development and validation of more successful statistical models for arising requirements in order to achieve compliance with Basel criteria, base customer assessments on more objective criteria and thus improve the Bank's risk measurement capability. As part of these studies, the Bank now employs this system in the evaluation of commercial and corporate customers with Moody's rating system.

Market Risk

Market risk refers to the risk of loss that may occur in the value of positions in trading accounts due to movements in interest rates, share prices and exchange rates. The Bank calculates the legal capital requirements for market risk by using the standard method, in accordance with the Banking Regulation and Supervision of Agency (BRSA) regulations. Moreover, market risks associated with trading accounts are quantified and monitored on a daily basis through the Value at Risk (VaR) method. The VaR calculations that use the historical simulation method for the last 252 business days form the basis of the Bank's risk-based trading limits. In addition, the Bank monitors its trading portfolio for losses under extraordinary conditions using Stress VaR, forecasts potential losses under extreme market movements, and tries to manage these potential losses. The trading portfolio risks, which are quantified and reported to the Bank's Management on a daily basis, are also assessed periodically at the ALCO and the Management Risk Committee meetings.

The validity of the VaR model is monitored through back testing. In this methodology, the daily VaR, which is calculated by the VaR model, is compared both with the theoretical losses or gains and also with the actual losses or gains the next business day based on the existing portfolio, and deviations, if any, are monitored.

Information on Risk Management Policies Implemented According to Risk Types

Structural Interest Rate Risk

Structural interest rate risks are those risks that the Bank is exposed to through products such as credits, securities and deposits, which bear interest sensitivity despite being monitored in non-trading accounts. The Bank aims to keep changes in the economic value of equity within its limits, in the event that the Bank is subject to standard interest rate shocks determined by the BRSA as well as internal interest rate shocks. In addition to the change in the Bank's net economic value, Alternatif Bank also monitors the earnings at risk (EaR) level due to interest rate fluctuations and ensures that the changes in the income that will be generated by the balance sheet remain within certain limits. Duration/gap reports are produced by placing those financial products that are monitored in non-trading accounts into the cash flow statements on a currency basis. According to the corresponding periods or durations. The structural interest rate risk arising from maturity mismatch is measured by applying standard interest rate shocks to the gaps on a maturity tranche basis and the risk is continuously monitored for compliance with determined limits. The interest sensitivity of the balance sheet is measured regularly by the Risk Management Department and evaluated in Asset Liability Committee meetings. When required, interest rate risk is hedged or limited with derivatives transactions. The Asset Liability Committee takes necessary actions to maintain the Bank's net economic value and create a stable income structure. The balance sheet's interest rate risk level and the actions taken by the ALCO are also reported periodically to the Management Risk Committee.

Liquidity Risk

The purpose of liquidity risk management is to ensure that necessary precautions are taken in a timely and appropriate manner to address possible liquidity crises associated with cash-flow mismatches caused by market conditions and/or the Bank's balance sheet structure. It is founded on the premise that the Bank's cash holdings and available borrowing resources are adequate to cover, in a timely manner and at pre-determined levels, deposits and other liabilities that create a need for liquidity. The Bank monitors its liquidity position in each currency separately, as well as in terms of total liquidity.

In the framework of liquidity risk management, it is aimed at maximising the Bank's profit compared to its existing liquidity risks. Cash flow and liquidity on the Bank's balance sheet are tracked on the basis of regulatory thresholds as well as internally-defined parameters; they are tested under various stress scenarios and the results are reported to the related Committees and the Senior Management.

Operational Risk

Operational risk is defined as the possibility of a direct or indirect loss the Bank is exposed to, which is caused by people, processes, systems or external factors. The Risk Management Department is responsible for defining, measuring and following up on operational risks, as well as coordinating respective managerial initiatives. All related units, particularly the Internal Control and Board of Internal Auditors contribute to the efforts aimed at determining and eliminating the operational risks that arise during the Bank's operations. Risks are identified via the Risk Control Self-Assessment study and controls are conducted to counter these risks.

The compliance of all activities with applicable regulations and with the Bank's procedures and policies is closely monitored closely. The most important elements of the operational risk management framework are based on designing all processes across the Bank in a way that minimises operational risks; establishing an effective internal control organisation that encompasses systemic control structures; and creating and executing a tiered and transparent resolution, monitoring and management process for operational risk events.

Records of events leading to monetary losses are stored in a database established to follow up on operational risks. Operational events that frequently occur or lead to significant losses are evaluated by the Risk Committee, and making in-depth analysis upon which necessary action plans are produced and the efficiency of control and audit is enhanced so as to manage these events.

Business Continuity Management

On February 6, 2023, the earthquake disaster that occurred in the Pazarcık and Elbistan districts of Kahramanmaraş, causing devastating effects in 10 cities, and the COVID-19 pandemic that affected the entire world between 2020 and 2022 once again highlighted the importance of bank-wide business continuity management. In this context, while the Bank put employee health and customer needs first, Business Continuity Committee coordinated regular meetings to sustain uninterrupted customer service. Business Continuity Management aims to manage the risks that threaten the continuity of the Bank's critical processes, and to ensure the recovery of these processes in targeted periods.

Policies under the scope of Business Continuity are reviewed annually. The Bank's Disaster Centre tests are conducted every year with the participation of the relevant units, and the results and actions are shared with Senior Management and the Board of Director.

Information Security Monitoring

Adopting a proactive approach to managing and taking preventive measures against Cyber Risk which is one of the most significant risks threatening the global finance markets is critical for banks to manage the potential losses in this context. Information security monitoring activities at Alternatif Bank are conducted in regards to the requirements of secondary defense mechanisms by advance identification and monitoring of risks in accordance with the international standards. Executive management and the board of directors are informed of the realisation of risk indicators which are regularly monitored.

Sustainability and Climate Risk

Climate-based financial risks are analysed in detail at our Bank. These analyses are basically grouped as funding and credit placement areas. On the funding side, Eurobond and Syndication borrowings are realised taking sustainability themes into consideration and in this framework, various key performance indicators are being monitored. Key performance indicators are effective at the cost of those borrowings.

At the assessment of credit placement extensions, there is social and environmental risk management system. Accordingly, for firms having the characteristics of SMEs, there is a matrix integrated in the Bank's credit extension system and firms are being assessed in terms of social and environmental risks using this matrix.

Additionally, with the Sustainability Committee established within the Bank, short and medium-term actions of the Bank in terms of sustainability are being identified. The Bank aims to organise these plans with a target and in coordination. The Bank gets consultancy services with the purpose of developing its sustainability strategy and ESG (Environmental social governance) framework. When this project is completed, the Bank plans to implement the environmental impact in terms of financing volume of the Bank and the volume of its financing it mediates in numeric terms. The Sustainability Committee which was established at the executive management level reports to Board of Directors Remuneration and Corporate Governance Committee at the Board level.

Risk Management Activities and Developments

In addition to its strategy and growth targets, Alternatif Bank has adopted the primary goal of building a sound capital structure and a sustainable growth trajectory based on a world-class risk management culture. In accordance with the Bank's strategies:

- Internal policies and procedures based on the Bank's strategy continued to be effectively implemented in 2023 with the aim of pursuing advanced risk management practices.

- New investments were made in measurement and evaluation systems, a major component of effective risk management, which enhanced the Bank's risk management capability. These efforts are expected to continue at an accelerated pace in 2024.
- Risk-adjusted return and effective capital allocation were raised to a more prominent role at the core of the Bank.
- Efforts were finalised to switch to a risk or return-based performance process. Implementations are put into practice across the entire Bank.
- The Bank sees Human Resources as one of the most significant factors in realising its strategy and attaining its sustainable growth goal. To expand the "risk culture to international standards" across the Bank, analytical teams were included in Risk Management team and their effectiveness increased in risk management processes.
- Oversight of the Senior Management is a key element of an effective risk management framework. Increasing the influence of the Board of Directors and Management-level committees made a major contribution to ensuring the integrity of the risk management process.

Information on the Activities and Reports of the Board of Directors Risk Committee

Board Risk Committee is responsible for the risk management of the entire Bank, including credit, market, operational, regulatory and reputational risks.

The Committee's responsibilities include assessing the risk management strategies and policies; setting limits for main risk elements the Bank faces; monitoring the breaches of limits; overseeing the risk identification, definition, measurement, Evaluation, and management processes; ensuring the accuracy of risk measurement methods and results through supervision; taking the necessary steps to create an effective internal control mechanism that encompasses risk management, information systems, and processes in an attempt to minimise the risks that can also have adverse effects on the Bank's shareholders and stakeholders; and internalising the risk culture. The Committee regularly reports its activities as well as its assessments and recommendations regarding the Bank's overall risk appetite and profile to the Board of Directors.

Senior Management



Ozan Kırmızı
Board Member and CEO



Ayşe Akbulut
Executive Vice President, (Credit Underwriting)



Bike Tarakçı
Executive Vice President (Human Resources)

Ozan Kırmızı obtained his undergraduate degree from İstanbul University Faculty of Business Administration, followed by his Master's degree in Finance and Accounting from Macquarie University. He recently completed the Executive Leadership Program at Stanford University. He joined ING Türkiye in 2006 where he held various executive positions in the digital and retail banking space and had been a driving force behind the implementation of numerous innovative digital services and applications. He served as the Retail Banking EVP at ING Türkiye and Chairman of ING Yatırım between the years 2020 and 2023. In November 2023, Ozan Kırmızı was appointed as the CEO and Board Member of Alternatif Bank. He also assumes the roles of Board Chairman of Alternatif Lease and Board Chairman of Alternatif Investment.

Ayşe Akbulut was graduated from Boğaziçi University, Department of Philosophy in 2006. Between 2006 and 2013, she had responsibility in different positions in the Corporate Credits Underwriting Department of Türk Ekonomi Bank. Akbulut, who worked as a Credit Underwriting Manager at Royal Bank of Scotland Türkiye Office between 2013-2015, worked as a manager in the Corporate Loans, Guarantee, Leasing and Project Finance Departments at Türkiye Finans Katılım Bank between 2017-2018. Akbulut, who started to work as Corporate and Commercial Loans Manager at Alternatif Bank in August 2018, had worked as Corporate and Commercial Loans Director from January 2021 till she was appointed as Assistant General Manager of the Credit Underwriting Group in March 2022 and she is also a member of the Board of Directors of Alternatif Lease and Alternatif Investment.

Bike Tarakçı, with over 18 years of combined experience in the industrial and banking sectors within the field of human resources, graduated from Boğaziçi University in Guidance and Psychological Counseling, subsequently completing her master's degree in Industrial and Organisational Psychology at Middle East Technical University. Beginning her career journey in 2005 at Eczacıbaşı Yapı Group, Tarakçı held diverse roles in human resources at KordSA Global between 2008 and 2011. Transitioning to the banking sector in 2012 with HSBC, she assumed responsibilities encompassing compensation, benefits, and served as a human resources business partner. Joining Standard Chartered Turkey in 2019 as the Human Resources Director, Tarakçı took charge of managing the human resources agenda. She was appointed as Executive Vice President of the Human Resources at Alternatif Bank on 2 January 2024. As a certified coach as of 2021, she is voluntarily providing coaching and mentoring to young professionals.



Burcu Yangaz
Executive Vice President (Business Banking)



Didem Şahin Çakmak
Executive Vice President (Corporate Banking)



Gökay Dede
Executive Vice President (Retail and Digital Banking)

Burcu Yangaz graduated from Boğaziçi University, Faculty of Engineering, Department of Industrial Engineering in 2000 and completed her master's degree at Istanbul University, Faculty of Business Administration, Department of Business Management and Organisation in 2003. She started her career as a Management Trainee at Kibar Holding in 2000 and after holding various positions at Garanti BBVA Leasing between 2002-2005, she worked as a Sales Manager at Citilease Finansal Kiralama A.Ş. during 2005-2008. She worked as MME Segment Senior Manager at Citibank between 2008-2012 and as Corporate Banking Group Manager at Odeabank between 2012-2017. Yangaz joined Alternatif Bank in April 2017 as Corporate Branch Manager, and was appointed Executive Vice President in charge of Business Banking Group at Alternatif Bank as of 29 September 2022. Burcu Yangaz is also a member of the Board of Directors of Alternatif Lease and Alternatif Investment.

Didem Şahin Çakmak graduated from Gazi University, Economics in 2005 and Department of International Relations in 2006 as double major. She completed her master degree in Economics at Gazi University in 2010. She started her career at Şekerbank in 2007 as Management Trainee; She worked as a Loan Evaluation Associate & Supervisor at Garanti Bank between 2007-2014 and continued her career as Customer Relationship Manager until 2015. Joining Alternatif Bank in July 2015, Çakmak served as Manager at Commercial Loan Department, Head of Corporate and FI Underwriting, Corporate Branch Manager. As of September 2022, Çakmak has been appointed as Executive Vice President responsible for Corporate Banking. She is also a member of the Board of Directors of Alternatif Investment. Çakmak, who has the International Co-Active Coaching certificate, provides Internal Coaching to the bank employees.

Gökay Dede graduated from İstanbul Technical University with a Bachelor's degree in Mathematical Engineering and has accumulated over twenty years of experience primarily in the financial sector. Specialising in digital banking, transformation, business development, marketing, sales, and innovation, Dede commenced his career at Interbank in 1998 as part of the Bank's Management Trainee programme until 2000. He then transitioned to Doğuş Holding from 2000 to 2001, where he played a role in a digital bank project. In 2001, Dede assumed responsibility for Digital Banking Marketing and Business Development at Garanti Bank. He served as Retail Sales and Digital Channels Director at Eureko Sigorta from 2008 to 2009. Between 2009 and 2015, Dede held the position of Direct Banking Senior Vice President at Akbank, before managing his advisory firm from 2016 to 2018. Subsequently, in 2018, he joined Starcom Publicis as the Managing Director of the P&G team. Later, he served as Marketing, Product, and Ad Business Director at Hopi, the loyalty company of Boyner Group. Dede became part of the Alternatif Bank family as Retail and Digital Banking Executive Vice President in December 2020.

Senior Management



Hamdi İlkay Girgin
Executive Vice President (Financial Affairs and Planning)



Levent Güven
Executive Vice President (Treasury and Financial Institutions)



Seçkin Mutlubaş
Executive Vice President (Restructuring and Legal Follow-up)

Following his graduation from Middle East Technical University in 2000, Economics, Hamdi Girgin earned his master's degree in MBA from Imperial College London in 2009. Girgin was serving as Assistant Sworn Bank Auditor at Banking Regulation and Supervision Agency between 2001-2004 and Sworn Bank Auditor at the same institution between 2004-2010. He joined Alternatif Bank in December 2010 and worked as Legislation and Compliance Manager until 2020. As of 2 January 2020, Girgin was appointed as Executive Vice President of Financial Affairs and Planning. He also serves as Board Member of Alternatif Investment and Alternatif Lease.

Levent Güven graduated from Istanbul Technical University, Management Engineering. He served as Treasury Dealer at Turkish Bank between 1996-1997, Treasury Dealer at Ulusal Bank between 1997-1998, Chief Dealer at Ottoman Bank between 1998-2001, and as Treasury Manager and Director at TEB between 2002-2017. He joined Alternatif Bank in January 2017 as Group Manager at Treasury. As of 8 February 2017, Güven was appointed Executive Vice President of Treasury. He also serves as Board Member of Alternatif Investment since March 2017. As of September 2019, Güven was appointed Executive Vice President of Treasury and Financial Institutions.

Seçkin Mutlubaş graduated from İstanbul University Department of Economics in English in 2006 and completed his Master's degree in Banking at the same university in 2009. Between 2006-2010, he worked in the Credit Underwriting Department of the Türk Ekonomi Bankası, and between 2010-2012, in the Credit Risk Department at HSBC. Between 2012-2022, after taking part in various positions at Odeabank, he lastly served as the Senior Manager of Early Warning and Close Monitoring of SME Loans. Mutlubaş, having joined Alternatif Bank family in July 2022 and assumed the position of Loan Restructuring and Legal Follow-up Head, has been appointed as Restructuring and Legal Follow-up EVP as of August 2023.



Zafer Vatansever
Executive Vice President (IT and Operations)



Ömer Faruk Gönener
Head of Internal Audit (Internal Audit)



Egemen Baykan
Head of Risk Management

Zafer Vatansever graduated from Istanbul Technical University, Department of Management Engineering in 1999. He started his career at Toprakbank in 1999 as a Relationship Manager Corporate Banking; he worked as a Senior Business Solution Manager at TEB between 2003-2012. Between 2012-2014, he worked as the Commercial Corporate Credits Department Head at Intertech Information Technology and Marketing Inc. He worked as a Senior IT Leader (Channels, Customer, Payments) at TEB between 2014-2019. He continued his duty as Head of Operations at Aktif Bank between 2019-2021. Vatansever, who has more than 20 years of experience in banking, joined the Alternatif Bank family as of July 2021. Working as the Director of Application Development and Software Architecture Department until September 2022, Vatansever has been appointed as Executive Vice President in charge of Information Technologies and Operations on 29 September 2022.

Ömer Faruk Gönener completed his education at Private German High School in 1998 and he graduated from Istanbul University, Department of International Relations in 2002. In 2023, Gönener earned a master's degree at Koç University, Department of Graduate School of Business, Executive Management. He served as Auditor, Senior Auditor and Chief Auditor at Akbank between 2003-2015, and as Sabancı Center Management Director at Sabancı Holding between 2015-2018. He joined Alternatif Bank in June 2018 as Suppliers and Cost Management Department Manager. As of 2 November 2018, Gönener was appointed Head of Internal Audit.

Egemen Baykan graduated from Middle East Technical University, Department of Statistics in 1999, and in 2002, he completed his Master's degree in Econometrics from the Department of Economics and Business Administration at Humboldt University in Berlin, Germany. Baykan, who has domestic and international banking experience, worked in the MIS department of Finansbank in 2004-2005. Between 2005-2007, he worked as a consultant at LFS Financial Systems in Azerbaijan; between 2007-2012, he worked in Romania. He worked as a manager in the field of risk management and analytics at Credit Europe Bank. He joined Alternatif Bank Family in December 2012 as Risk Management Assistant Manager. In January 2015, Baykan was appointed as Capital and Portfolio Department Manager and in August 2018 as Risk Management Group Manager. As of January 2019 he has started to serve as Head of Risk Management.

Senior Management



Engin Turan
Head of Internal Control and Compliance,
Consumer Relations Coordination Officer



Bahadır Çakmak
Head of Corporate Affairs

Engin Turan graduated from Middle East Technical University, Department of Political Science and Public Administration in 2003. After holding various positions at Yapı Kredi Bankası A.Ş. Internal Audit Department between 2003 and 2010, Turan worked as the Assistant Manager of Internal Control and Compliance at Alternatif Lease between 2010 and 2011. He worked as the Vice President of the Board of Internal Auditors at Alternatif Bank between 2011 and 2018, as the Manager of Internal Control between 2018 and 2020, and as the Compliance Officer and Head of Internal Control and Compliance at MASAK since March 2020. Since March 2020, he has been the BRSA Consumer Relations Coordination Officer and since May 2021, he has been the MASAK Compliance Officer of Alternatif Bank A.Ş. Financial Group. Since 2021, Turan has been a member of the Board of Directors of the Internal Audit Institute of Turkey (TIDE) and holds the Certified Fraud Examiner (CFE) and Certification in Risk Management Assurance (CRMA) certificates.

Having graduated from the Translation&Interpreting Department of Boğaziçi University in 2007, Bahadır Çakmak is currently studying an LL.M degree in the field of corporate governance at the University of Law, the UK. He began his professional career at PwC Türkiye's Marketing Department in 2007. After working for DLA Piper law firm between 2014-2015, he started to work at Alternatif Bank Corporate Affairs Office in May 2015. He was appointed to the Manager role in February 2017 at the same department. Çakmak served as a Corporate Governance Consultant for United Arab Bank, the UAE, for some time during 2022 as part of a temporary secondment. He was promoted as the Head of Corporate Affairs at Alternatif Bank as of October 2022.

Internal Control and Compliance

Alternatif Bank Internal Control and Compliance Department conducts its operations reporting to the Board of Directors Audit and Compliance Committee. The Department aims to provide for the execution of the Bank's operations in accordance with regulations and Bank's internal systems, taking precautions to reduce risk and providing the reliability and integrity of accounting, financial reporting and information systems.

The department consists of the Internal Control Department, Subsidiaries Coordination Department, Compliance Department and IT Control and Data Analytics Unit.

Activities of the Internal Control Department

The Internal Control Department, in coordination with the senior managers of related units, designs the internal control system, internal control activities, and how they will be performed, taking into consideration the qualities of all of the operations of the Bank. Internal control activities include the oversight of operational transactions regarding the performance of activities, the oversight of communication channels, information systems and the financial reporting system, and compliance controls.

Additionally, verification of all current and future activities of the Bank, new transactions and products to be in compliance with the legislation, the Bank's internal policies and guidelines is within the scope of the controls of the Internal Control Department.

Under the Internal Control Department, Process Control Unit, Central Control Unit, Branch Network Control Unit are organised. Through these units, the Internal Control Department conducts periodic and spot, centralised and on-site supervision, examination and control activities with a risk-focused perspective, employing sampling methodology in accordance with the annual plan so as to cover the activities of the Bank's all branches, Head Office departments and consolidated subsidiaries. SQL scenario results are effectively used at these controls.

The outcomes from the control activities are reported to the managers of related units of Alternatif Bank, the CEO and relevant senior management, and the members of the Audit and Compliance Committee under the Board of Directors. These reports and the process provide an opportunity to develop and modify various control systems by making periodic evaluations, and to taking relevant measures.

As of 2023 year-end, operating with a team of 7 employees, the Centre completed all controls that were planned to be conducted in the form of remote supervisions at the Head Office Departments and branches at the predetermined frequency and using predetermined methods; an additional 14

branches were subject to control activities.

During the year, monitoring of processes, updating and testing activities were realised within the scope of Management Declaration operations under Banking Regulation and Supervision of Agency (BRSA) regulation. In this context, 7 main banking processes were included in the scope of control.

Activities of the Subsidiaries Coordination Department

Internal Control and Compliance Department conducts monitoring and advisory activities at all stages of subsidiaries' internal control and compliance activities from planning to reporting, development of control methods, establishing implementation principles and at communication with external and regulatory institutions.

Established in 2022 the Subsidiaries Coordination Department carries out the coordination of activities to define business processes, information systems internal controls and compliance framework of the Bank's subsidiaries, Alternatif Leasing and Alternatif Investment, in coordination with the Bank and at least at the same standards as the Bank and to manage risks related with production of consolidated financial data effectively and efficiently.

Employees of the internal control and compliance department at the subsidiaries report to Audit, Compliance and Risk Committee of the Board of Directors of the subsidiaries in administrative terms but perform their duties operationally under Subsidiaries Coordination Department Manager.

In this respect, quarterly reports of internal control and compliance activities performed for subsidiaries are reviewed and the results of the reports are presented to senior management through Audit, Compliance and Risk Committee of the related subsidiary.

Activities of IT Control and Data Analytics Department

IT Control and Data Analytics Department provides for more effective and efficient processes for new risks and security requirements which will result from the increased data extent expected to emerge due to the Bank's digitalisation strategies. The activities are conducted by 3 employees.

IT Control function performs compliance controls of the Bank's and its outsourced service providers' Information Systems management activities, processes supporting these activities and established Information Systems controls with the regulations, the Bank's policies, procedures and internationally accepted standards.

Internal Control and Compliance

Data Analytics function develops scenarios to prepare reports on the effective performance of internal control and compliance activities by using special software such as SQL to pull out large volumes of data on the database and analyse them independently from Information Technologies.

Activities of Compliance Department

Compliance Department conducts activities to establish a compliance risk culture within the Bank, measurement, assessment and reporting of risks to provide effective management of risks. Corporate Compliance, Enforcements, Customer Acceptance and Customer Monitoring Departments and Legal Compliance Department provides support for the execution of Bank's applications in compliance with regulations and which monitors the regulations are positioned under the Compliance Department. The Compliance Department carries out its activities with 10 employees.

The Bank's compliance risks are assessed via the Compliance Risk Committee, thus risks are monitored and managed more effectively. Compliance Department also presents periodic reports to Audit and Compliance Committee of the Board of Directors regarding risk management activities.

Main functions of the Compliance Department are as follows:

Supporting effective management of compliance risks by acting as an advisor to top management and all employees in all areas related to compliance risks including programmes to fight against financial and economic crimes.

Measurement, control and monitoring of compliance risks.

Taking precautions for compliance of the Bank's operations realised or planned, products and processes with regulations and The Commercial Bank of Qatar's standards and policies. In this context, the unit participates in self-assessment activities.

Conducting activities to increase awareness of Bank employees of compliance policies and compliance risks and delivering training within the scope of annual training programmes.

Monitoring the regulations to prevent laundering of crime revenues and financing of terror and providing coordination of relations with the regulatory agency.

The Compliance Department follows regulations from the Official Gazette and related organisations' web sites on a daily basis. Revised regulations are interpreted and announced to relevant departments within the Bank. Also questions from Headquarters units and branches are answered within the scope of advisory services provided.

Letters received by Alternatif Bank are monitored and distributed to relevant departments by the Compliance Department. Moreover, providing for the compliance of the Bank's activities being performed and planned to be performed, compliance of new products and services with the legislation, the Bank's internal policies and procedures, organising meetings for regulatory changes and defining the responsible parties to monitor the compliance of the Bank are within the responsibility area of the department.

Internal Audit

The Internal Audit Department, reporting directly to the Board of Directors, audits the activities of Alternatif Bank and its subsidiaries for compliance with the Bank's policies and instructions as well as laws and regulations in accordance with international standards, and assesses the efficacy and adequacy of the business processes from a risk-oriented perspective.

The Internal Audit Department performs its activities in compliance with international auditing standards. The Internal Audit Department was subjected to a new Quality Review by the independent auditing firm in 2020, which affirmed that the Board continues to execute its tasks in accordance with international auditing standards.

The Internal Audit Department which consists of 17 people including auditing and management teams, also carries out inquiries and investigations in addition to the aforementioned functions. Audit reports that are drafted following the

inspections are classified according to significance and priority and reported to the Audit and Compliance Committee of the Board of Directors, Senior Management, and related units. The action plans formulated in response to the identified issues are monitored by the Internal Audit and Compliance Department. The Board of Directors closely monitors the work of the Internal Audit Department in addition to the periodic activity reports presented through the Audit Committee.

During the 2023 operating year, the Internal Audit Department audited the operations and lending processes, audit efficiency and service quality of 15 branches and 8 processes in banking and subsidiaries audit, and 9 main processes in Information Technologies audit.

Summary Board of Directors Report Submitted to the Annual General Meeting

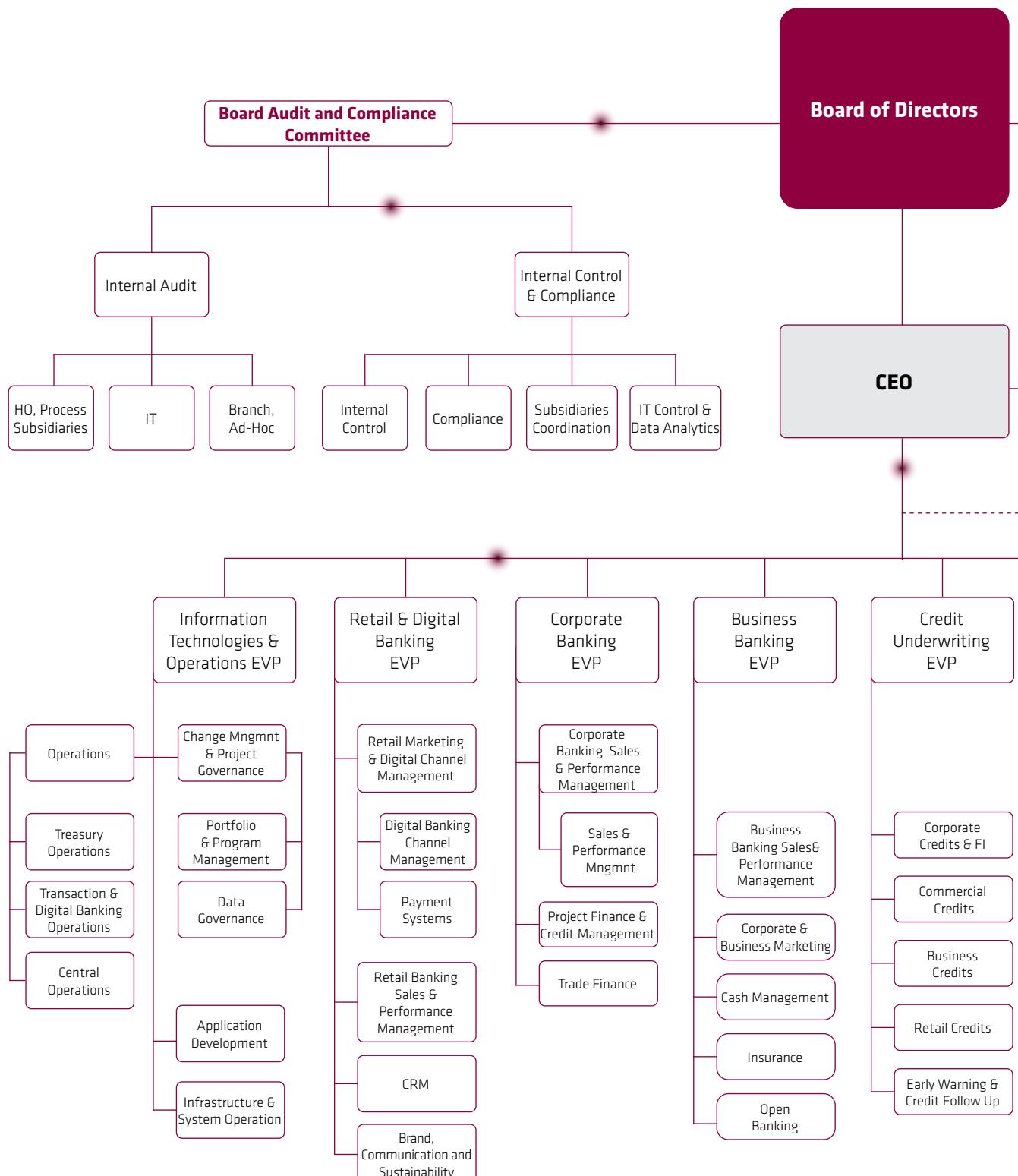
Distinguished Shareholders,

We respectfully greet our shareholders, their proxies and our guests who have honoured the 2023 Annual General Meeting, in which the Bank's financial statements for 2023 are presented for your perusal and approval. We hereby represent that we have reviewed the Bank's 2023 Annual Report and declare that it does not contain any misrepresentations and/or omissions in material aspects which might be misleading, and that it presents a fair and accurate view of the Bank's financial standing, including the material risks and uncertainties it is exposed to.

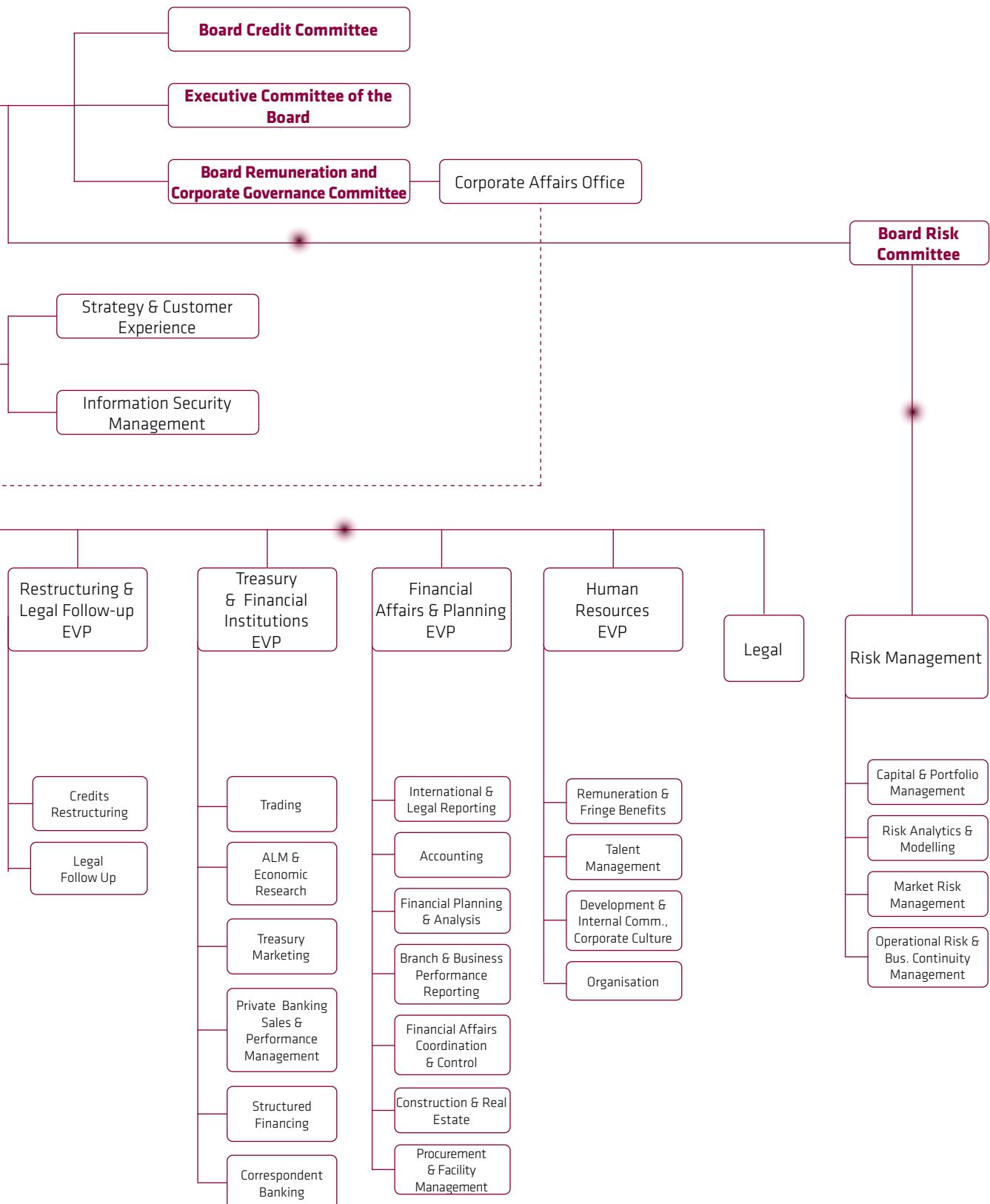
As of 31 December 2023, the Bank's results on an unconsolidated basis were as follows:

- Total assets increased 13.20% to TRY 65,027 million,
- Total loans decreased 6.6% to TRY 31,382 million,
- Total securities increased 48.8% to TRY 16,616 million,
- Total deposits decreased by 22.7% to TRY 25,048 million,
- Shareholders' equity increased 50.4% to TRY 5,863 million,
- Net profit totalled TRY 1,885 million, and
- Capital adequacy ratio was 30.88%.

Organisation Chart



Updated as per the Board of Directors Resolution nr. 100 dated 16 November 2022.



Explanations and Notes About the Bank's Risk Group

(TRY thousand)						
Bank's Risk Group^(*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Beginning Balance	693,553	284	-	292	1,012,705	4,222
Ending Balance	1,249,882	256	-	3,742	771	1,607
Interest and Commission Income	166,468	-	18	646	17,580	54
Bank's Risk Group^(*)	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Real and Legal Persons in the Risk Group	
Deposits	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Beginning Balance	198,031	506,915	-	-	68,723	36,662
Ending Balance	126,805	198,031	-	-	90,557	68,723
Interest Expense on Deposits	10,517	5,089	-	-	2	7

^(*) As defined in Article 49 Clause 2 of the Banking Law no. 5411.

Dividend Policy

Principles regarding Alternatif Bank's profit distribution are formulated in Article 66 of the Bank's Articles of Association.

Accordingly; net profit is the remaining amount after deducting all types of expenses, provisions and taxes from the revenue obtained by the Bank within an accounting period.

In accordance with Article 519 of the Turkish Commercial Code, 5% of the General Legal Reserve Funds will be set aside from the amount that will be calculated by deducting the previous years' losses from this profit.

The Annual General Meeting will take the decision to make profit distributions to the shareholders from the remaining

amount at a ratio and amount that will be determined in accordance with the relevant legislation.

Annual General Meeting is entitled to partially or completely set aside the remaining amount as Free Reserve Funds or to distribute it as a dividend to the shareholders. Turkish Commercial Code provisions on Reserve Funds shall be reserved. As per the provisions of the Law; unless the reserve funds, which must be set aside, are set aside, and unless the dividend, which is determined in the Articles of Association for the shareholders, is set aside; the Annual General Meeting cannot take a decision to set aside other reserve funds or to transfer the profit to the next year.

Summary Board of Directors Report Information on Donations Made in 2023 and on Expenses Incurred in the Scope of Corporate Social Responsibility Projects

In 2023, Alternatif Bank donated TRY 39,624,023 to the following social aid organisations:

- AFAD
- Şanlıurfa Spinal Cord Paralytics Association
- Various social aid organisations related with earthquakes with Kahramanmaraş epicentre

Remuneration Paid to the Board of Directors and Senior Management

At the Bank's 2022 Annual General Meeting held on 29 March 2023, decision was taken with respect to Board Members' remuneration. The 2022 Annual General Meeting minutes are posted on the Bank's corporate website. Financial benefits provided by the Bank to the senior management during 2023, including sitting fees, salaries, bonuses and dividends as well as allowances and travel, accommodation and representation expenses reimbursed; and other cash and non-cash benefits such as insurance and other benefits amounted to TRY 83,141 thousand.

Managers of Internal Systems

Name	Duty	Date of Appointment	Academic Degree	Area of Responsibility	Banking or Business Management Experience (years)
Ömer Faruk Gönener	Chief Audit Executive	02.11.2018	Istanbul University, Department of International Relations, Koç University, Graduate School of Business Administration, Executive Business Administration (Master's)	Internal Audit	21
Egemen Baykan	Head of Risk Management	01.08.2018	Middle East Technical University, Statistics, Humboldt University, Econometrics (Master's)	Risk Management	20
Engin Turan	Head of Internal Control and Compliance, Consumer Relations Coordination Officer	23.03.2020	Middle East Technical University Department of Political Science and Public Administration	Internal Control and Compliance	20

Affiliation Report

Pursuant to Article 199 and the subsequent articles of Turkish Commercial Code No. 6102, the Bank's Board of Directors has made the following statement in its affiliation report issued in relation to the controlling company and subsidiaries thereof. It has been observed that, to the circumstances and events known to us, in all transactions carried out with the controlling company and the subsidiaries of the controlling company in the operating period between 01 January 2023 and 31 December 2023, there were no transactions performed to the benefit of the controlling company or a subsidiary thereof at the instruction of the former, nor were there any actions taken or avoided to inure to the benefit of the controlling company or a subsidiary thereof in the 2023 operating period. Therefore, we hereby represent that our Company did not sustain any losses requiring indemnification by virtue of the transactions carried out in relation to the 2023 operating year, that to the disproportionate benefits were derived, and that there were no benefits or losses requiring equalisation with the controlling shareholder and subsidiaries.

Outsourced Services Pursuant to the Regulation on Banks' Procurement of Support Services

Company Name	Description of Service	Service Field
Acerpro Bilişim Teknolojileri A.Ş.	Meeting the development, maintenance and support services needs of the digital platform that will enable the centralised management of insurance transactions	Information Technologies and Operations
Active Bilgisayar Hizmetleri Ticaret Ltd. Şti.	Support and maintenance services of NOVA Securities software, NOVA-VIOB Futures and Options Exchange programme.	Treasury Operations Information Technologies and Operations
AGT Hızlı Kurye Hizmetleri A.Ş	Commodity transportation service	Digital Banking
Barikat BT Bilişim Ticaret A.Ş	24/7 monitoring and maintenance service for the Security Operation Centre (SOC)	Information Technologies and Operations
Bilin Yazılım ve Bilişim Danışmanlığı A.Ş.	Meeting the need for all kinds of new development, maintenance and support activities related to the portal (DinamIK) where the Bank manages human resources practices (payroll, personnel, performance management, legal transactions, etc.)	Human Resources
BIS Çözüm Bilgisayar ve Entegrasyon Tic. A.Ş.	Maintenance of modules developed for EFT and FAST transactions, additional development that may be needed on these modules and software development services within the scope of other needs	Treasury Operations Information Technologies and Operations
CMC İletişim ve Çağrı Merkezi Hizm. A.Ş.	Call centre service	Digital Banking
Collectürk Alacak Yönetimi ve Danışmanlık A.Ş	Providing call services to individual customers whose receivables are overdue for 30 days or more and directing them to collection	Loan Restructuring and Legal Followup
Desmer Güvenlik Hizmetleri Ticaret A.Ş.	Money transfer (CIT) service.	Central Operations
Dip Bilgisayar Yazılım Tic. Ltd. Şti.	Outsourced employment The company will provide analysts and developers as resources for process analysis, relevant developments, and technical support services for the existing digital banking, core banking, data warehouse, and payment systems infrastructure within the scope of the services it offers to the Bank.	Information Technologies and Operations
E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş.	Personalisation and delivery services for raw cards (Master, Visa, TROY, Diners) to be ordered by the Bank	Central Operations Card Operations
Faturalab Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	Faturalab Platform membership and maintenance service	Cash Management
Figo Ticari Bilgi ve Uygulama Platformu A.Ş.	Figopara platform membership service	Cash Management
Fineksus Bilişim Çözümleri Ticaret A.Ş	Maintenance, development, usage support of the SWIFT interface, outsource personnel support of the software where SWIFT transactions and reconciliations are made, software and maintenance of the Utility Payment programme, which sends and uploads incoming and outgoing files to Cash Management, software and maintenance service of Paygate Analyzer, Inspector, Search applications used by Compliance Department in suspicious transaction and blacklist scenarios.	Information Technologies and Operations Compliance
Finpay Yazılım (Paygate Yazılım Ltd. Şti.)	Outsourcing or turnkey project service	Information Technologies and Operations

Outsourced Services Pursuant to the Regulation on Banks' Procurement of Support Services

Company Name	Description of Service	Service Field
Güzel Sanatlar Çek Basım Ltd. Şti.	Checkbook and hologram printed letter of guarantee printing services	Central Operations
Hobim Arşivleme ve Basım Hizmetleri A.Ş.	All kinds of statement printing, enveloping and delivery services to the Turkish Post Office (PTT)	Transaction and Digital Banking
Innovance Bilgi Teknolojileri A.Ş.	Outsourcing or turnkey project service	Information Technologies and Operations
Integral Development Corp.	Service of providing currency quotes for legal customers.	Treasury and Financial Institutions
Iron Mountain Arşivleme Hizmetleri A.Ş.	Physical archive services.	Central Operations
Key Yazılım Çözümleri A.Ş.	Invex - B Real Estate Appraisal and Appraisal Software usage and maintenance service	Real Estate Sales and Appraisal
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	Outsourcing of pool resource procurement for all kinds of software support	Information Technologies and Operations
Kurulum Bilişim Hizmetleri Ticaret Limited Şirketi	Outsourcing employment	Information Technologies and Operations
Link Tera Bilgi Teknolojileri A.Ş	Software development support and outsourcing of pool resource procurement in the areas of Customer Onboarding and Treasury Front Office Application.	Information Technologies and Operations
Logper Bilişim Sistemleri Danışmanlık San. ve Tic. Ltd. Şti.	A platform and consultancy service where efficient evaluations in intelligence, risk monitoring, collection, and portfolio management processes, along with rational risk measurement and analyses are conducted and existing risks can be mitigated.	Information Technologies and Operations
Maro Uluslararası Bilgi Teknolojileri Danış. Geliştirme, Destek Hiz. San. ve Tic. A.Ş.	Hiring employees to perform analysis, design, development and testing processes using the information systems application development environment.	Information Technologies and Operations
Metasis Teknoloji Ticaret Limited Şirketi	Outsourcing or turnkey project service	Information Technologies and Operations
Mirsis Bilgi Teknolojileri A.Ş.	Experienced and specialised outsourcing and software development service procurement.	Information Technologies and Operations
Netaş Bilişim Teknolojileri A.Ş.	Outsourcing or turnkey project service	Information Technologies and Operations
Payten Teknoloji A.Ş.	Payment of electronic commerce transactions to workplaces to be determined by the Bank, using Asseco's Nestpay Secure Payment System and 3D Secure MPI System (Virtual POS service)	Transaction and Digital Banking
Risk Yazılım Teknolojileri Danışmanlık Eğitim Tic. Ltd. Şti.	By using the Counterparty Credit Risk Module, the following transactions subject to market risk are carried out: MTM calculations and controls, Integrating the Standard Approach Method, Making initial margin calculations, Integration of the Internal Model Method.	Market Risk
TCM Bilişim ve Danışmanlık Hizmetleri A.Ş.	Design and development support in mixed flows such as an in-house document management system that can develop applications over SharePoint	Information Technologies and Operations

Company Name	Description of Service	Service Field
TEMP Danışmanlık Kuryecilik Sağlık Hizmetleri ve Enerji San. Tic. Ltd. Şti.	Follow-up of administrative works such as the flow of documents and mail between the Head Office and branches or between branches of our Bank, filing, archiving, tracking of receipt and declaration flow, temporary or permanent employment of personnel in the Bank for the follow-up of notary works and transactions in the enforcement office	Human Resources/ Compensation and Fringe Benefits
Tepe Savunma ve Güvenlik Sis. San. A.Ş.	Physical Security (Security Officers) service	Procurement and Service Management
TMOB Bilişim Yazılım Teknoloji Sistemleri A.Ş.	Outsourcing for the renewal of the Retail Mobile Banking application	Information Technologies and Operations
Turkcell-Superonline İletişim Hizmetleri A.Ş.	Hosting service for our bank's data centres (Main and Emergency Centre)	Information Technologies and Operations
Türkiye Halk Bankası A.Ş.	Acceptance of our bank's consumer loans and credit card payments through Halkbank's branch network or distribution channels (electronic collection) owned by Halkbank such as internet banking, ATM, telephone banking	Information Technologies and Operations
Vega Bilgisayar Hizmetleri Limited Şirketi	Meeting the service need for the automation of legal reports (Automating a total of 85 reports in 4 phases within the scope of the project).	International and Legal Reporting Information Technologies and Operations
Veri Bilgi Merkezi Bilişim Hizmetleri A.Ş. (VBM)	Employment of analysts and software developers who will provide process analysis, relevant developments and technical support services for digital banking, core banking, data warehouse and payment systems infrastructure.	Information Technologies and Operations
Veri Entegrasyon Çözümleri Ltd. Şti. (Ereteam)	Purchasing the services related to the end-to-end integration of the data generated in the source systems to the business intelligence systems, as reported by Alternatif Bank within the scope of the EDWH project, and the establishment of the architectural structure related to the environments to be created for this purpose and the technologies to be used	Information Technologies and Operations
Veripark Yazılım A.Ş.	Infrastructure developments, Internet Banking, mobile banking and software developments related to our corporate field application, providing external staff for operational CRM Transformation service and software support	Information Technologies and Operations
Wechip Ödeme Teknolojileri Ticaret Limited Şirketi	Consultancy services on resource rental and card payment systems, if needed, in order to meet the need for experienced analysts and software developers.	Information Technologies and Operations
Worldline Ödeme Sistem Çözümleri A.Ş. (formerly Ingenico Ödeme Sistem Çözümleri A.Ş.)	POS terminals, EFT - POS (Next Generation Payment Service Recording Devices) devices usage and maintenance service	Information Technologies and Operations

Independent Auditor's Report on the Annual Report of the Board of Directors



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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Alternatifbank Anonim Şirketi

Qualified Opinion

We have audited the annual report of Alternatif Anonim Şirketi (the "Bank") for the period between 1 January 2023 and 31 December 2023, since we have audited the complete set consolidated and unconsolidated financial statements for this period.

In our opinion, except for the effects of the matter described in the Basis For Qualified Opinion section of our report, the consolidated and unconsolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent, in all material respects, with the audited complete set of consolidated and unconsolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Qualified Opinion

As described in the Basis For Qualified Opinion section of Independent Auditor's Report on the complete set of audited consolidated and unconsolidated financial statements of the Bank for the period between 1 January 2023 and 31 December 2023 dated 5 February 2024;

The Group started to account its head office building at revalued amount instead of cost amount under the Turkish Accounting Standards 16 Property, Plant and Equipment as of 31 December 2018. The revaluation surplus in respect of the evaluation performed by valuation companies authorized by the Capital Markets Board ("CMB") and the Banking Regulation and Supervision Agency ("BRS") is accounted under equity as accumulated revaluation increase/decrease of fixed assets. The Group management performed the revaluation of this asset based on its revalued amount as of 27 December 2022, and adjusted the carrying amount of this asset in its consolidated financial statements as of January 2023. As of 31 December 2023, no revaluation has been performed by Group management for this asset. If a revaluation had been performed for this asset as of 31 December 2023, property, plant and equipment (net) and other comprehensive income or expenses not to be reclassified to profit or loss within equity would have increased by TL 666,387 thousands and TL 466,471 thousands respectively, while deferred tax asset would have decreased by TL 199,916 thousands in the consolidated financial statements in the accompanying consolidated financial statements.

The purpose and scope of the "General Communiqué of Tax Procedure Law No. 555" of Republic of Türkiye Ministry of Treasury and Finance published in the Official Gazette dated 30 December 2023 and numbered 32414 is to determine the principles and procedures regarding to inflation adjustments to be recognised in accordance with Article 298 of Law No. 213 and provisional Article 33 in 2023 and following accounting periods based on the fulfilment of the conditions for adjustments. As of 31 December 2023, had this regulation been applied, and if the deferred tax asset had been calculated based on temporary differences after inflation adjustments to financial statements for the tax purposes, deferred tax assets and period net profit would have been increased by TL 107,399 thousands, deferred tax expenses would have been decreased by TL 107,399 thousands in the accompanying consolidated financial statements.

We conducted our audit in accordance with "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by Banking Regulation and Supervision Agency ("BRS" Auditing Regulation") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The annual report of the Group as at and for the year ended 31 December 2022, were audited by another auditor who expressed a qualified opinion due to the reversal of general provision at an amount of TL 55,000 thousands provided by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions 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. Consequently, a qualified audit opinion was issued on these consolidated financial statements on 13 March 2023.

Auditor's Opinion on Complete Set of Consolidated and Unconsolidated Financial Statements

We have expressed an qualified opinion on the complete set of consolidated and unconsolidated financial statements of the Bank for the period between 1 January 2023 and 31 December 2023 on 5 February 2024.

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank ("Regulation") published in the Official Gazette dated 1 November 2006 and Numbered 26333, the Bank's management is responsible for the following regarding the annual report:

- a) The Bank's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b) The Bank's management prepares its annual report in such a way that it reflects the operations of the year and the consolidated and unconsolidated financial position of the Bank accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Bank's consolidated and unconsolidated financial statements. The annual report shall also clearly indicates the details about the Bank's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- c) The annual report also includes the matters below:
 - Significant events occurred in the Company after the reporting period,
 - The Bank's research and development activities.
 - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Independent Auditor's Report on the Annual Report of the Board of Directors

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the consolidated and unconsolidated financial information included in the annual report in accordance with the TCC and the Regulation, and analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent with the audited consolidated and unconsolidated financial statements of the Bank and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA. Those standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated and unconsolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited consolidated and unconsolidated financial statements regarding the position of the Bank are consistent with the consolidated and unconsolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ebru Koçak, SMMM
Partner

12 March 2024
İstanbul, Türkiye

Statement of Responsibility for 2023

Pursuant to Article 9 of the Communiqué on Principles of Financial Reporting in Capital Markets (No: II-14.1) issued by the Capital Markets Board of Türkiye

Markets Board of Türkiye

We have reviewed the year-end Annual Report of Alternatifbank A.Ş. for the period 1 January 2023 and 31 December 2023. Accordingly, within the frame of our roles and responsibilities at the Bank and the information we have, we hereby declare that:

the year-end Annual Report does not contain any misrepresentations in relation to material matters or any omissions that might be misleading as of the date of the representation,

the year-end Annual Report provides a true and fair view of the development and performance of the business, and the Bank's financial position, together with the major risks and uncertainties that it is faced with.



Halil Sedat Ergür

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



Leonie Lethbridge

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



Antonio Gamez Munoz

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



Ozan Kirmizi

CEO



Hamdi İlkkay Girgin

Executive Vice President
Financial Affairs and Planning

If an Extraordinary General Meeting Was Held during the Year, Information on the Meeting Date, Resolutions And Other Actions Taken in This Respect

No Extraordinary General Meeting was held in 2023.

Financial Information

Financial Position, Profitability and Solvency

Alternatif Bank booked a profit before tax of TRY 2,388 million, while total assets of the Bank went up 13.2% to TRY 65,027 million.

Assets Performance

The expansion in the Bank's assets in 2023 was driven mainly by loans which grew 48.8% year-on-year and reached TRY 16,616 million. At end-2023, the Bank set aside provisions at a rate of 92.1% for non-performing loans.

Liabilities Performance

The Bank's primary funding source, deposits declined 22.7% year-on-year, bringing their share on total liabilities down to 38.5%.

Shareholders' equity was recorded as TRY 5,863 million. The Bank's capital adequacy ratio in 2023 was 30.88%.

Profitability

Interest income from loans amounted to TRY 6,170 million, while interest expenses paid on deposits were TRY 3,955 million. The Bank recorded net interest income of TRY 1,890 million, net fees and commissions expenses of TRY 149 million, and gross operating income of TRY 3,907 million.

The Bank booked a net profit of TRY 1,885 million for 2023.

Evaluation of the Bank's Capital Strength and Board of Directors' Assessments

As of year-end 2023, the Bank's capital adequacy standard ratio on an unconsolidated basis was 30.88%, which is above the minimum regulatory requirements. As a result, the Bank does not have any issues with respect to capital sufficiency, and the Bank's assets are at a level to cover its liabilities.

Assessment of 2023 Financial Results

Our Bank achieved a growth rate above the budget targets set for 2022 as its total assets grew by 13% and reached TRY 65 billion.

Optimisation policies in loans, constituting 48% of the total assets, have led to a 7% contraction, while there has been a significant 49% growth in securities, another crucial component of assets. On the liabilities side, due to the optimisation policy in deposits, the primary source of funding has experienced a 23% reduction, reaching a total deposit size of TRY 25 billion.

As the result of growth and business volume created during the year, the Bank's net income was realised more than the budget and reached TRY 1,885 million for 2023.

Information on Special and Public Audits during the Fiscal Year

In 2023, no special audit requests were received from shareholders. In this context, the Bank did not undergo any special audits in 2023. Within the scope of public audits, examinations were carried and are currently continued to be carried out by the Banking Regulation and Supervision Agency.

Administrative or Judicial Sanctions Imposed on the Bank and the Members of the Board of Directors Due to Actions in Violation of Applicable Laws

There is not any administrative or judicial sanction imposed against the Bank or its Board Members due to actions in breach of the applicable laws. In 2023, a penalty of TRY 5,851,361 was paid by the Bank within the framework of the Banking Law No. 5411.

Lawsuits Filed against the Bank with a Potential Impact on the Bank's Financial Standing and Operations, and Their Possible Outcomes

In accordance with the precautionary principle, TRY 62 million has been set aside as provisions for lawsuits initiated against the Bank.

Credit Ratings Assigned to Alternatif Bank and Related Explanations

Fitch Ratings: September 2023

Foreign Currency	
Long Term	B-
Short Term	B
Turkish Lira	
Long Term	B
Short Term	B
National Note	AA (tur)
Support Note	b-
Financial Capacity Note	b-
Outlook	Stable

Moody's: September 2023

Foreign Currency	
Long Term	B2
Short Term	NP
Turkish Lira	
Long Term	B1
Short Term	NP
Long Term National Note	Aa1.tr
Short Term National Note	TR-1
Outlook	Stable

Financial Highlights and Key Ratios for the Five-Year Period

Consolidated (TRY million)

Year	Assets	Loans	Deposits	Shareholders' Equity ^(*)	Paid-in Capital	Net Profit for the Period ^(*)
31.12.2023	68,136	34,063	24,921	6,062	2,214	1,936
31.12.2022	59,785	35,616	32,214	4,038	2,214	1,066
31.12.2021	50,496	27,824	27,178	2,610	2,214	77
31.12.2020	36,822	23,486	18,303	2,424	2,038	122
31.12.2019	30,088	18,693	15,979	1,958	1,731	91

^(*) The 2019 figures above include readjustments effects.

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