

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

Alternatifbank A.Ş.

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



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

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

To the Board of Directors of Alternatifbank Anonim Şirketi

Introduction

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

Scope of Review

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



Conclusion

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

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited and as at and for the nine month period ended 30 September 2022 were reviewed by another auditor who expressed a qualified opinion and a qualified conclusion due to the reversal of free provision at an amount of TL 55,000 thousands provided by the 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 2022, and reversal of the related includes deferred tax assets amounting to TL 12,650 thousands allocated over provisions as at 31 December 2022, and due to the free provision at an amount of TL 330,152 thousands of which TL 55,000 thousands was provided in prior years and TL 275,152 thousands provided in the current period by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions as at 30 September 2022, and deferred tax assets amounting to 82,538 thousand TL allocated over these provisions as at 30 September 2022, which on 31 January 2023 and 31 October 2022, respectively.

Report on Other Legal and Regulatory Requirements

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Ebru Koçak, SMMM
Partner

31 October 2023
İstanbul, Turkey

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

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The consolidated financial report as of and for the nine-month period prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks” as regulated by the Parent Banking Regulation and Supervision Agency, comprises the following sections.

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

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

Subsidiaries:

1. Alternatif Yatırım Menkul Değerler A.Ş.
2. Alternatif Finansal Kiralama A.Ş.
3. Omurga Gayrimenkul ve Girişim Sermayesi Portföy Yönetimi A.Ş. İkinci Gayrimenkul Yatırım Fonu

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

Omer Hussain I H Al-Fardan	Hamdi İlkey Girgin	Ahmet Akın
Chairman of the Board of Directors	Acting CEO and Financial Control and Planning Executive Vice President	International and Legal Reporting Manager
Halil Sedat Ergür	Leonie Ruth Lethbridge	Antonio Francisco Gamez Munoz
Member of the Board of Directors and Chairman of the Board Audit and Compliance Committee	Member of the Board of Directors and Member of the Board Audit and Compliance Committee	Member of the Board of Directors and Member of the Board Audit and Compliance Committee

The authorised contact person for questions on this financial report:

Name-Surname/Title : Ahmet Akın / International and Legal Reporting Manager
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ALTERNATİFBANK A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

I. Explanations on the Establishment Date and Initial Status of the Parent Bank, and History Including the Changes in the Former Status

Alternatifbank A.Ş. (“the Parent Bank” or “the Parent Bank”), was established in Istanbul on 6 November 1991 and started Banking activities on February 1992. The Parent Bank’s ordinary shares started to be traded in Istanbul Stock Exchange on 3 July 1995. The Parent Bank is still a privately owned commercial bank status and provides banking services through 31 (31 December 2022: 33) branches.

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

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

As of 30 September 2023, 100% of the shares of the Parent Bank are owned by The Commercial Bank (P.S.Q.C). Shareholder’s structure of the Parent Bank is as follows:

Name/Commercial Name	30 September 2023		31 December 2022	
	Share Amount	Share Ratio	Share Amount	Share Ratio
The Commercial Bank (P.S.Q.C)	2,213,740	100%	2,213,740	100%
Total	2,213,740	100%	2,213,740	100%

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

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

GENERAL INFORMATION ABOUT THE GROUP (Continued)

III. Explanation on the Board of Directors, Members of the Audit Committee, President and Executive Vice Presidents, Changes in These Matters (if any) and Shares in the Parent Bank

Title	Name	Responsibility⁽¹⁾	Indirect Share Capital (%)
Chairman of the Board of Directors	Omer Hussain I H Al-Fardan	Chairman of the Board	-
Member of the Board of Directors	Joseph Abraham	Vice-Chairman of the Board of Directors, Chairman of the Executive Committee of the Board, Chairman of the Remuneration and Corporate Governance Committee of the Board, Alternate Member of the Board Credit Committee	-
	Mohd Ismail M Mandani Al-Emadi	Member of the Board of Directors, Chairman of the Board Risk Committee, and Member of the Board Credit Committee	-
	Rajbhushan Buddhiraju	Member of the Board of Directors, Member of the Executive Committee of the Board, Member of the Board Risk Committee and Member of the Board Credit Committee	-
	Halil Sedat Ergür	Member of the Board of Directors, Chairman of the Board Audit and Compliance Committee and Member of the Board Risk Committee	-
	Zafer Kurtul	Member of the Board of Directors, Chairman of the Board Credit Committee, Member of the Executive Committee of the Board, and Member of the Board Remuneration and Corporate Governance Committee	-
	Leonie Ruth Lethbridge	Member of the Board of Directors, Member of the Board Audit and Compliance Committee and Member of the Board Remuneration and Corporate Governance Committee	-
	Antonio Francisco Gamez Munoz	Member of the Board of Directors, Member of the Board Audit and Compliance Committee, Member of the Board Risk Committee, and Member of the Board Credit Committee	-
Member of the Board of Directors and CEO	Hamdi İlkay Girgin ^(*)	Member of the Board of Directors, Member of the Credit Committee, Member of the Executive Committee of the Board, CEO	-
Executive Vice Presidents	Didem Şahin Çakmak	Corporate Banking	-
	Burcu Yangaz	Commercial Banking	-
	Gökay Dede	Retail and Digital Banking	-
	Zafer Vatansever	Information Technologies and Operation	-
	Hale Ökmen Ataklı ^(**)	Human Resources	-
	Ayşe Akbulut	Credit Granting	-
	Hamdi İlkay Girgin	Financial Affairs and Planning	-
	Boğaç Levent Güven	Treasury and Financial Institutions	-
Head of Internal Audit	Ömer Faruk Gönener	Head of Internal Audit	-

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

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

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

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

GENERAL INFORMATION ABOUT THE GROUP (Continued)

IV. Information on the Parent Bank’s Qualified Shareholders

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

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

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

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

As of 30 September 2023, the Parent Bank has 31 branches (31 December 2022: 33 branches).

As of 30 September 2023, the Parent Bank has 815 employees (31 December 2022: 818 employees).

Parent Bank and its subsidiaries that are consolidated with the Parent Bank are called “Group” as a whole. As of 30 September 2023, The Group has 893 employees (31 December 2022: 894 employees).

VI. Differences Between the Communique on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation About the Institutions Subject to Line-by-Line Method or Proportional Consolidation and Institutions Which Are Deducted From Equity or Not Included in These Three Methods

None.

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

None.

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

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Reviewed Current Period 30 September 2023			Audited Prior Period 31 December 2022			
		Notes						
ASSETS	(Section Five)	TL	FC	Total	TL	FC	Total	
I. FINANCIAL ASSETS (NET)		7,092,278	15,090,462	22,182,740	4,011,493	10,349,927	14,361,420	
1.1 Cash and Cash Equivalents		3,437,233	11,164,170	14,601,403	1,744,538	8,101,447	9,845,985	
1.1.1 Cash and Balances with Central Bank	I-a	3,243,388	7,198,594	10,441,982	1,135,230	5,799,357	6,934,587	
1.1.2 Banks	I-d	195,707	3,965,576	4,161,283	10,202	2,302,090	2,312,292	
1.1.3 Money Market Placements		-	-	-	600,342	-	600,342	
1.1.4 Expected Credit Losses (-)		1,862	-	1,862	1,236	-	1,236	
1.2 Financial Assets at Fair Value Through Profit or Loss		49,128	17,657	66,785	36,493	22,900	59,393	
1.2.1 Government Debt Securities		14,472	17,657	32,129	11,132	22,900	34,032	
1.2.2 Equity Instruments		2,200	-	2,200	1,557	-	1,557	
1.2.3 Other Financial Assets		32,456	-	32,456	23,804	-	23,804	
Financial Assets at Fair Value Through Other								
1.3 Comprehensive Income	I-f	3,293,850	3,084,554	6,378,404	2,087,241	2,048,660	4,135,901	
1.3.1 Government Debt Securities		3,279,308	3,084,554	6,363,862	2,048,121	2,048,660	4,096,781	
1.3.2 Equity Instruments		14,542	-	14,542	14,542	-	14,542	
1.3.3 Other Financial Assets		-	-	-	24,578	-	24,578	
1.4 Derivative Financial Assets	I-c	312,067	824,081	1,136,148	143,221	176,920	320,141	
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		281,322	824,081	1,105,403	136,699	176,920	313,619	
1.4.2 Derivative Financial Assets at Fair Value Through Other		30,745	-	30,745	6,522	-	6,522	
FINANCIAL ASSETS MEASURED AT AMORTIZED								
II. COST (NET)		20,256,021	22,717,084	42,973,105	21,925,665	20,698,298	42,623,963	
2.1 Loans	I-g	17,777,868	13,935,573	31,713,441	19,185,114	14,453,377	33,638,491	
2.2 Lease Receivables	I-l	1,742,028	2,037,177	3,779,205	1,194,636	1,636,674	2,831,310	
2.3 Factoring Receivables		67,610	-	67,610	368,112	-	368,112	
2.4 Other Financial Assets Measured at Amortized Cost	I-h	1,495,391	7,554,488	9,049,879	1,861,908	5,145,707	7,007,615	
2.4.1 Government Debt Securities		1,393,220	7,554,488	8,947,708	1,501,888	5,145,707	6,647,595	
2.4.2 Other Financial Assets		102,171	-	102,171	360,020	-	360,020	
2.5 Expected Credit Losses (-)		826,876	810,154	1,637,030	684,105	537,460	1,221,565	
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	I-r	588,910	-	588,910	487,833	-	487,833	
3.1 Held for Sale Purpose		588,910	-	588,910	487,833	-	487,833	
3.2 Related to Discontinued Operations		-	-	-	-	-	-	
IV. EQUITY INVESTMENTS		17,338	-	17,338	-	-	-	
4.1 Investments in Associates (Net)	I-i	-	-	-	-	-	-	
4.1.1 Accounted Under Equity Method		-	-	-	-	-	-	
4.1.2 Unconsolidated Associates		-	-	-	-	-	-	
4.2 Subsidiaries (Net)	I-j	17,338	-	17,338	-	-	-	
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-	
4.2.2 Unconsolidated Non-Financial Subsidiaries		17,338	-	17,338	-	-	-	
4.3 Entities under Common Control (Joint Venture) (Net)	I-k	-	-	-	-	-	-	
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-	
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-	
V. TANGIBLE ASSETS (Net)	I-n	1,035,829	-	1,035,829	751,542	-	751,542	
VI. INTANGIBLE ASSETS (Net)	I-o	204,953	-	204,953	170,290	-	170,290	
6.1 Goodwill		21,151	-	21,151	33,151	-	33,151	
6.2 Other		183,802	-	183,802	137,139	-	137,139	
VII. INVESTMENT PROPERTY (Net)	I-p	-	-	-	-	-	-	
VIII. CURRENT TAX ASSET		-	-	-	-	-	-	
IX. DEFERRED TAX ASSET	I-q	474,962	-	474,962	161,003	-	161,003	
X. OTHER ASSETS	I-s	1,181,615	70,817	1,252,432	920,570	308,287	1,228,857	
TOTAL ASSETS		30,851,906	37,878,363	68,730,269	28,428,396	31,356,512	59,784,908	

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

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

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Reviewed Current Period 30 September 2023			Audited Prior Period 31 December 2022		
LIABILITIES	Notes (Section Five)	TL	FC	Total	TL	FC	Total
I. DEPOSITS	II-a	17,391,311	8,380,678	25,771,989	20,414,741	11,799,042	32,213,783
II. FUNDS BORROWED	II-c	1,329,317	18,267,128	19,596,445	865,999	11,787,554	12,653,553
III. MONEY MARKET BALANCES		1,901,843	4,686,128	6,587,971	74,593	2,750,516	2,825,109
IV. MARKETABLE SECURITIES ISSUED (Net)		104,037	-	104,037	593,912	-	593,912
4.1 Bills		104,037	-	104,037	593,912	-	593,912
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		141,037	319,085	460,122	195,302	208,467	403,769
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	II-b	141,037	319,085	460,122	89,469	208,467	297,936
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	II-f	-	-	-	105,833	-	105,833
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES	II-e	2,824	68	2,892	21,415	221	21,636
X. PROVISIONS	II-g	225,335	36,504	261,839	189,209	33,886	223,095
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reverse for Employee Benefits		33,134	-	33,134	31,719	-	31,719
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		192,201	36,504	228,705	157,490	33,886	191,376
XI. CURRENT TAX LIABILITY	II-h	495,888	-	495,888	244,709	-	244,709
XII. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	II-i	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	II-j	-	7,874,644	7,874,644	-	5,243,302	5,243,302
14.1 Loans		-	2,105,406	2,105,406	-	1,403,496	1,403,496
14.2 Other Debt Instruments		-	5,769,238	5,769,238	-	3,839,806	3,839,806
XV. OTHER LIABILITIES		1,232,147	511,279	1,743,426	793,430	530,476	1,323,906
XVI. SHAREHOLDERS' EQUITY	II-k	6,090,447	(259,431)	5,831,016	4,264,110	(225,976)	4,038,134
16.1 Paid-in Capital		2,213,740	-	2,213,740	2,213,740	-	2,213,740
16.2 Capital Reserves		54	-	54	497	-	497
16.2.1 Share Premium		54	-	54	54	-	54
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		-	-	-	443	-	443
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		641,093	-	641,093	307,768	-	307,768
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		61,631	(259,431)	(197,800)	228,954	(225,976)	2,978
16.5 Profit Reserves		1,562,908	-	1,562,908	660,261	-	660,261
16.5.1 Legal Reserves		123,335	-	123,335	69,291	-	69,291
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		1,439,573	-	1,439,573	590,970	-	590,970
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit Or Loss		1,610,999	-	1,610,999	852,871	-	852,871
16.6.1 Prior Years' Profit/Loss		(49,333)	-	(49,333)	(213,381)	-	(213,381)
16.6.2 Current Year Profit/Loss		1,660,332	-	1,660,332	1,066,252	-	1,066,252
16.7 Non-Controlling Interests	II-l	22	-	22	19	-	19
TOTAL LIABILITIES AND EQUITY		28,914,186	39,816,083	68,730,269	27,657,420	32,127,488	59,784,908

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

ALTERNATİFBANK A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023

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

II. OFF-BALANCE SHEET ITEMS	Notes (Section Five)	Reviewed Current Period 30 September 2023			Audited Prior Period 31 December 2022			
		TL	FC	Total	TL	FC	Total	
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)							
I	GUARANTEES AND WARRANTIES	III-a-3,i	11,083,604	12,460,141	23,543,745	7,709,751	9,532,732	17,242,483
1.1	Letters of Guarantee	III-a-2.ii	9,349,374	8,016,122	17,365,496	6,096,391	6,343,637	12,440,028
1.1.1	Guarantees Subject to State Tender Law		55,137	24,868	80,005	57,371	8,860	66,231
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		9,294,237	7,991,254	17,285,491	6,039,020	6,334,777	12,373,797
1.2	Bank Acceptances	III-a-2.i	7,452	132,403	139,855	2,000	444,065	446,065
1.2.1	Import Letter of Acceptance		7,452	122,031	129,483	2,000	429,896	431,896
1.2.2	Other Bank Acceptances		-	10,372	10,372	-	14,169	14,169
1.3	Letters of Credit	III-a-2.i	204,128	3,711,317	3,915,445	160,560	2,745,030	2,905,590
1.3.1	Documentary Letters of Credit		204,128	3,678,828	3,882,956	160,560	2,710,252	2,870,812
1.3.2	Other Letters of Credit		-	32,489	32,489	-	34,778	34,778
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	600,299	600,299	-	-	-
1.9	Other Warranties		1,522,650	-	1,522,650	1,450,800	-	1,450,800
II	COMMITMENTS		2,112,369	1,731,360	3,843,729	1,676,985	5,770,414	7,447,399
2.1	Irrevocable Commitments		1,936,688	1,490,402	3,427,090	1,415,763	5,681,715	7,097,478
2.1.1	Asset Purchase and Sales Commitments		798,665	1,490,402	2,289,067	182,293	5,681,715	5,864,008
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Commitments for Loan Limits	III-a-1	577,766	-	577,766	699,009	-	699,009
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		139,912	-	139,912	111,811	-	111,811
2.1.8	Tax and Fund Liabilities from Export Commitments		3,738	-	3,738	3,738	-	3,738
2.1.9	Commitments for Credit Card Limits		156,362	-	156,362	136,281	-	136,281
2.1.10	Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		260,245	-	260,245	282,631	-	282,631
2.2	Revocable Commitments		175,681	240,958	416,639	261,222	88,699	349,921
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		175,681	240,958	416,639	261,222	88,699	349,921
III	DERIVATIVE FINANCIAL INSTRUMENTS	III-b	25,009,236	31,217,745	56,226,981	18,865,636	36,438,944	55,330,580
3.1	Hedging Derivative Financial Instruments		1,150,000	-	1,150,000	4,950,000	206,259	5,156,259
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		1,150,000	-	1,150,000	4,950,000	206,259	5,156,259
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		23,859,236	31,217,745	55,076,981	13,915,636	36,232,685	50,148,321
3.2.1	Forward Foreign Currency Buy/Sell Transactions		7,183,483	7,183,188	14,366,671	2,064,686	2,845,485	4,910,171
3.2.1.1	Forward Foreign Currency Transactions-Buy		7,183,483	223,837	7,407,320	2,064,686	443,889	2,508,575
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	6,959,351	6,959,351	-	2,401,596	2,401,596
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		14,904,393	20,393,104	35,297,497	6,361,875	23,106,947	29,468,822
3.2.2.1	Foreign Currency Swap-Buy		55,080	11,956,611	12,011,691	686,213	11,297,178	11,983,391
3.2.2.2	Foreign Currency Swap-Sell		9,849,313	2,091,739	11,941,052	4,975,662	7,077,721	12,053,383
3.2.2.3	Interest Rate Swap-Buy		2,500,000	3,172,377	5,672,377	350,000	2,366,024	2,716,024
3.2.2.4	Interest Rate Swap-Sell		2,500,000	3,172,377	5,672,377	350,000	2,366,024	2,716,024
3.2.3	Foreign Currency, Interest rate and Securities Options		1,771,360	1,720,535	3,491,895	5,489,075	5,550,066	11,039,141
3.2.3.1	Foreign Currency Options-Buy		733,799	1,015,135	1,748,934	3,507,743	2,029,931	5,537,674
3.2.3.2	Foreign Currency Options-Sell		1,037,561	705,400	1,742,961	1,981,332	3,520,135	5,501,467
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	1,920,918	1,920,918	-	4,730,187	4,730,187
B	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		114,216,778	196,922,219	311,138,997	117,077,428	159,237,765	276,315,193
IV	ITEMS HELD IN CUSTODY		14,004,292	20,603,257	34,607,549	13,889,480	13,339,414	27,228,894
4.1	Customer Fund and Portfolio Balances		1,779,769	-	1,779,769	4,520,883	-	4,520,883
4.2	Investment Securities Held in Custody		138,825	1,543,032	1,681,857	192,305	1,005,332	1,197,637
4.3	Cheques Received for Collection		1,302,440	38,484	1,340,924	872,808	19,476	892,284
4.4	Commercial Notes Received for Collection		47,828	71,038	118,866	44,522	52,956	97,478
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		10,735,430	18,950,703	29,686,133	8,258,962	12,261,650	20,520,612
4.8	Custodians		-	-	-	-	-	-
V	PLEDGES RECEIVED		100,167,579	172,611,326	272,778,905	103,118,798	142,346,423	245,465,221
5.1	Marketable Securities		1,534,703	-	1,534,703	1,441,238	-	1,441,238
5.2	Guarantee Notes		55,476,517	72,247,814	127,724,331	51,961,369	55,378,988	107,340,357
5.3	Commodity		667,058	1,703,019	2,370,077	3,958,996	7,517,550	11,476,546
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		36,828,550	95,423,152	132,251,702	41,703,913	76,245,554	117,949,467
5.6	Other Pledged Items		5,660,751	3,237,341	8,898,092	4,053,282	3,204,331	7,257,613
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		44,907	3,707,636	3,752,543	69,150	3,551,928	3,621,078
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			152,421,987	242,331,465	394,753,452	145,329,800	210,979,855	356,309,655

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

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

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

III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS		Note (Section Five)	Reviewed Current Period 1 January - 30 September 2023	Reviewed Current Period 1 April - 30 September 2023	Reviewed Prior Period 1 January - 30 September 2022	Reviewed Prior Period 1 April - 30 September 2022
I.	INTEREST INCOME	IV-a	5,844,745	2,395,910	4,645,863	1,952,881
1.1	Interest on Loans		3,911,541	1,555,969	3,497,237	1,531,005
1.2	Interest Received from Reserve Deposits		4,623	3,382	17,976	2,746
1.3	Interest Received from Banks		108,532	56,071	38,154	26,063
1.4	Interest Received from Money Market Placements		68,928	34,134	37,172	25,448
1.5	Interest Received from Marketable Securities Portfolio		1,199,768	534,157	823,035	277,052
1.5.1	Fair Value Through Profit or Loss		2,305	6,227	11,989	3,623
1.5.2	Fair Value Through other Comprehensive Income		673,638	330,127	530,164	156,342
1.5.3	Measured at Amortized Cost		523,825	197,803	280,882	117,087
1.6	Finance Lease Income		476,495	181,373	225,944	87,837
1.7	Other Interest Income		74,858	30,824	6,345	2,730
II.	INTEREST EXPENSES (-)	IV-b	4,442,943	1,810,653	3,383,670	1,459,042
2.1	Interest on Deposits		2,477,275	972,162	2,209,046	989,768
2.2	Interest on Funds Borrowed		1,654,985	675,393	889,980	370,359
2.3	Interest on Money Market Borrowings		251,763	124,581	62,459	29,665
2.4	Interest on Securities Issued		13,665	2,233	112,042	47,943
2.5	Leasing Interest Expense		9,790	3,568	6,884	2,498
2.6	Other Interest Expense		35,465	32,716	103,259	18,809
III.	NET INTEREST INCOME (I - II)		1,401,802	585,257	1,262,193	493,839
IV.	NET FEES AND COMMISSIONS INCOME / EXPENSES		(135,669)	(18,341)	114,654	46,588
4.1	Fees and Commissions Received		416,723	158,683	238,150	96,505
4.1.1	Non-cash Loans		136,440	52,876	78,278	28,216
4.1.2	Other	IV-i	280,283	105,807	159,872	68,289
4.2	Fees and Commissions Paid (-)		552,392	177,024	123,496	49,917
4.2.1	Non-cash Loans		584	271	432	187
4.2.2	Other	IV-i	551,808	176,753	123,064	49,730
V.	DIVIDEND INCOME	IV-c	45	-	1,245	3
VI.	NET TRADING INCOME	IV-d	2,027,906	575,900	185,887	21,196
6.1	Securities Trading Gains / (Losses)		180,139	112,355	18,510	17,473
6.2	Derivative Financial Instruments Gains / Losses		2,052,149	574,855	1,637,983	546,077
6.3	Foreign Exchange Gains / Losses		(204,382)	(111,310)	(1,470,606)	(542,354)
VII.	OTHER OPERATING INCOME	IV-e	97,041	23,571	105,424	23,551
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		3,391,125	1,166,387	1,669,403	585,177
IX.	EXPECTED CREDIT LOSSES (-)	IV-f	315,627	(2,119)	77,584	45,807
X.	OTHER PROVISION EXPENSES (-)	IV-f	29,382	6,848	267,760	6,653
XI.	PERSONNEL EXPENSES (-)	IV-g	521,406	208,224	263,817	107,372
XII.	OTHER OPERATING EXPENSES (-)	IV-g	545,091	178,526	300,233	119,428
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		1,979,619	774,908	760,009	305,917
XIV.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT / (LOSS) ON EQUITY METHOD		-	-	-	-
XVI.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII.	TAXES (XIII+...+XVI)	IV-h	1,979,619	774,908	760,009	305,917
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	IV-h	(319,284)	(249,196)	(178,419)	(73,661)
18.1	Provision for Current Income Taxes		(417,626)	(351,094)	(275,576)	(100,237)
18.2	Deferred Tax Expense Effect (+)		-	-	-	-
18.3	Deferred Tax Income Effect (-)		98,342	101,898	97,157	26,576
XIX.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)	IV-i	1,660,335	525,712	581,590	232,256
XX.	INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income on Assets Held for Sale		-	-	-	-
20.2	Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-	-	-
20.3	Income on Other Discontinued Operations		-	-	-	-
XXI.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Loss from Assets Held for Sale		-	-	-	-
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-	-	-
21.3	Loss from Other Discontinued Operations		-	-	-	-
XXII.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Provision for Current Income Taxes		-	-	-	-
23.2	Deferred Tax Expense Effect (+)		-	-	-	-
23.3	Deferred Tax Income Effect (-)		-	-	-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)		1,660,335	525,712	581,590	232,256
25.1	Group's Profit / Loss	IV-i	1,660,332	525,711	581,588	232,255
25.2	Minority Shares (-)	IV-i	3	1	2	1
	Earning / Loss per share (Full TL)		0.75001	0.23748	0.26272	0.10492

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

ALTERNATİFBANK A.Ş.**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2023***(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated).***IV. PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Reviewed Current Period 1 January - 30 September 2023	Reviewed Prior Period 1 January - 30 September 2022
I. CURRENT PERIOD PROFIT/LOSS	1,660,335	581,590
II. OTHER COMPREHENSIVE INCOME	132,547	183,886
2.1 Not Reclassified Through Profit or Loss	333,325	282,564
2.1.1 Property and Equipment Revaluation Increase/Decrease	234,153	382,235
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(30,749)	(5,483)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	129,921	(94,188)
2.2 Reclassified Through Profit or Loss	(200,778)	(98,678)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(385,033)	33,873
2.2.3 Cash Flow Hedge Income/Loss	98,559	(170,161)
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit	85,696	37,610
III. TOTAL COMPREHENSIVE INCOME (I+II)	1,792,882	765,476

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

ALTERNATİFBANK A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2023

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

Prior Period 1 January - 30 September 2022	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss						Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss		Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except for Minority Shares	Minority shares	Total Shareholders' Equity
						1	2	3	4	5	6								
I. Prior Period End Balance		2,213,740	54	-	443	34,751	(9,832)	-	-	(135,831)	59,725	647,437	(277,098)	76,541	2,609,930	22	2,609,952		
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
III. Adjusted Beginning Balance (I+II)		2,213,740	54	-	443	34,751	(9,832)	-	-	(135,831)	59,725	647,437	(277,098)	76,541	2,609,930	22	2,609,952		
IV. Total Comprehensive Income		-	-	-	-	286,676	(4,112)	-	-	30,494	(129,172)	-	-	581,588	765,474	2	765,476		
V. Capital Increase by Cash	II-1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VI. Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VIII. Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
X. Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7)	(7)		
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	12,824	63,717	(76,541)	-	-	-		
11.1 Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	12,824	63,717	(76,541)	-	-	-		
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Period-End Balance (III+...+XVI+XVII+XVIII)		2,213,740	54	-	443	321,427	(13,944)	-	-	(105,337)	(69,447)	660,261	(213,381)	581,588	3,375,404	17	3,375,421		

1. Accumulated revaluation increase/decrease of fixed asset,
2. Accumulated remeasurement gain/loss of defined benefit pension plan,
3. Other (shares of investments valued by equity method in other comprehensive income not classified through profit or loss and other accumulated amounts of other comprehensive income items not reclassified through other profit or loss),
4. Foreign currency translation differences,
5. Accumulated revaluation and/or remeasurement gain/loss of the financial assets at fair value through other comprehensive income,
6. Other (cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income classified through profit or loss and other accumulated amounts of other comprehensive income items reclassified through other profit or loss)

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

ALTERNATİFBANK A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated).

Current Period 1 January - 30 September 2023	Note (Section Five)	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except for Minority Shares	Minorit Shareholders' Equity	Total Shareholders' Equity
						1	2	3	4	5	6						
I.	Prior Period End Balance	2,213,740	54	-	443	321,427	(13,659)	-	-	59,576	(56,598)	660,261	(213,381)	1,066,252	4,038,115	19	4,038,134
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)	2,213,740	54	-	443	321,427	(13,659)	-	-	59,576	(56,598)	660,261	(213,381)	1,066,252	4,038,115	19	4,038,134
IV.	Total Comprehensive Income	-	-	-	-	354,849	(21,524)	-	-	(273,543)	72,765	-	-	1,660,332	1,792,879	3	1,792,882
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes	-	-	-	(443)	-	-	-	-	-	-	-	443	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	902,647	163,605	(1,066,252)	-	-	-
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	902,647	163,605	(1,066,252)	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (III+...+XVI+XVII+XVIII)	2,213,740	54	-	-	676,276	(35,183)	-	-	(213,967)	16,167	1,562,908	(49,333)	1,660,332	5,830,994	22	5,831,016

1. Accumulated revaluation increase/decrease of fixed asset,
2. Accumulated remeasurement gain/loss of defined benefit pension plan,
3. Other (shares of investments valued by equity method in other comprehensive income not classified through profit or loss and other accumulated amounts of other comprehensive income items not reclassified through other profit or loss),
4. Foreign currency translation differences,
5. Accumulated revaluation and/or remeasurement gain/loss of the financial assets at fair value through other comprehensive income,
6. Other (cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income classified through profit or loss and other accumulated amounts of other comprehensive income items reclassified through other profit or loss)

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

ALTERNATİFBANK A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 SEPTEMBER 2023
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Notes (Section Five)	Reviewed 1 January - 30 September 2023	Reviewed 1 January - 30 September 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit/(Loss) Before Changes in Operating Assets and Liabilities		(4,133,604)	(5,614,426)
1.1.1 Interest Received		4,866,902	3,782,415
1.1.2 Interest Paid		(3,513,406)	(3,092,814)
1.1.3 Dividend Received		45	1,245
1.1.4 Fees and Commissions Received		424,088	256,970
1.1.5 Other Income		2,880,431	2,070,563
1.1.6 Collections from Previously Written-off Loans and Other Receivables		384,885	216,807
1.1.7 Payments to Personnel and Service Suppliers		(625,188)	(282,768)
1.1.8 Taxes Paid		(122,830)	(201,798)
1.1.9 Other		(8,428,531)	(8,365,046)
1.2 Changes in Operating Assets and Liabilities		5,244,457	5,519,942
1.2.1 Net Increase/(Decrease) in Financial Assets at Fair Value Through Profit or Loss		(656,231)	(2,769)
1.2.2 Net Increase/(Decrease) in Due from Banks and Other Financial Institutions		28,656	(529,186)
1.2.3 Net Increase/(Decrease) in Loans		3,854,308	(6,157,626)
1.2.4 Net Increase/(Decrease) in Other Assets		(919,475)	(844,062)
1.2.5 Net Increase/(Decrease) in Bank Deposits		353,700	(816,967)
1.2.6 Net Increase/(Decrease) in Other Deposits		(4,421,202)	11,909,568
1.2.7 Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase/(Decrease) in Funds Borrowed		4,651,849	338,215
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		2,352,852	1,622,769
I. Net Cash Provided from Banking Operations		1,110,853	(94,484)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		771,598	954,860
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(65,998)	(13,440)
2.4 Disposals of Property and Equipment		74,925	45,893
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1,656,153)	(311,741)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		1,890,439	129,196
2.7 Purchase of Financial Assets Measured at Amortised Cost		(615,065)	(885,200)
2.8 Sale of Financial Assets Measured at Amortised Cost		1,143,450	1,990,152
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		(464,572)	84,018
3.1 Cash Obtained from Funds Borrowed and Securities Issued		91,156	817,815
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(530,000)	(714,930)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(25,728)	(18,867)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		3,385,382	3,374,573
V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)		4,803,261	4,318,967
VI. Cash and Cash Equivalents at Beginning of the Period		6,412,868	7,216,092
VII. Cash and Cash Equivalents at End of the Period		11,216,129	11,535,059

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. Basis of Presentation

As prescribed in the Article 37 of the Parent Banking Act No. 5411, the Parent Bank prepares its financial statements and underlying documents in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Parent Banking Regulation and Supervision Agency (“BRSA”) and Turkish Accounting Standards (“TAS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) except for BRSA regulations. TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

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

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

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

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

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

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

Additional paragraph for convenience translation to English:

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

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

A major portion of the Parent Bank’s funding has fixed interest rates; almost all TL placements consist of low-risk short-term transactions. Liquidity risk is monitored closely and the adequacies of available resources (which will be due within a certain period of fulfillment of obligations) are closely monitored. The maturity structure of placements is aimed to be in line with the maturities of resources of the country to the extent permitted by current conditions.

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

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. Consolidated Subsidiaries

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

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

Accounting policy of the subsidiaries when different from the parent bank, differences are harmonized in the financial statements according with the principle of importance. Subsidiaries financial statements are prepared as of 30 September 2023.

Consolidation principles for subsidiaries:

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

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

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

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

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

Title	Activity center (City/Country)	Activity	Ownership rates (%)	Indirect Ownership rates (%)
Alternatif Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	Investment Management	100.00	100.00
Alternatif Finansal Kiralama A.Ş.	İstanbul/Türkiye	Leasing	99.99	99.99
Omurga Gayrimenkul ve Girişim Sermayesi Portföy Yönetimi A.Ş. İkinci	İstanbul/Türkiye	Investment Fund	100.00	100.00

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. Interest Income and Expense

Interest income and expenses are recognized in the income statement by using the "Effective interest rate method". Net book value of the non-performing loans (Gross Book Value - Expected Credit Loss) are rediscounted through effective interest rate and recognized through the gross book value of the non-performing loan.

V. Fee and Comission Income and Expense

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

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

VI. Financial Assets

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

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

a. Financial Assets at Fair Value through Profit or Loss

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

b. Financial Assets at Fair Value through Other Comprehensive Income

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

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

Valuation of such assets is based on its fair value. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income reflected and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. Financial Assets (Continued)

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

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

c. Financial Assets Measured at Amortized Cost

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

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

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

d. Derivative Financial Assets

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

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

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

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

Changes in fair values of derivative transactions determined as hedge for fair value are recorded in profit or loss together with changes in hedging asset or liability. The difference in current values of derivative transactions fair value hedge is shown in "Trading gains/losses on derivative financial instruments" account. In the balance sheet, change in fair value of hedge asset or liability during the hedge accounting to be effective is shown with the related asset or liability. In case of inferring hedge accounting, corrections made to the value of hedge account using straight-line amortization method within the days to maturity are reflected to "Trading gains/losses on derivative financial instruments" account in income statement.

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. Financial Assets (Continued)

d. Derivative Financial Assets (Continued)

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

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

e. Loans

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

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

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

VII. Impairment of Financial Assets

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

As of 1 January 2018, the Group recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750.

In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

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

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

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Impairment of Financial Assets (Continued)

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

In the calculation of expected credit loss, the group includes the prospective macroeconomic information in to the credit risk parameters. In this context, economic models based on the relationship of credit risk parameters with macroeconomic variables are established based on multi-scenario, and the models mainly take into account the basic macroeconomic variables such as Gross Domestic Product (GDP) and Unemployment Rates. The efficiency and adequacy of the models used in the calculation of credit losses are reviewed at regular intervals. In the light of the said data, the Parent Bank has been revised the macroeconomic indicators for the future in the expected credit loss calculation.

Financial assets included in TFRS 9, is divided into three stages according to the change in loan quality after initial recognition and the expected credit loss is calculated according to the stage:

- Stage 1: For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.
- Stage 2: In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. For these assets, lifetime expected credit losses are recognized.
- Stage 3: Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

➤ Definition of Default:

Default means, when the borrower's payment obligations which against to the Group, delays more than 90 days from the date of payment in part or in full, or he is not pay.

➤ Considered as a significant increase in credit risk;

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. Offsetting Financial Instruments

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

IX. Sales and Repurchase Agreements and Securities Lending Transactions

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

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

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

X. Assets Held For Sale and Discontinued Operations

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

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

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

As of 30 September 2023 and 31 December 2022 The Group has no discontinued operations.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. Goodwill and Other Intangible Assets

Group has TL 21,151 goodwill in consolidated financial statements as of balance sheet date (31 December 2022: TL 33,151).

Goodwill is the amount that exceeds the cost of buying of fair value expressed as the amount of the group share in net identifiable assets of the Group's purchased subsidiaries. Annual impairment test is performed for goodwill every year and shown as deducting accumulated impairment from cost of goodwill. Provision for impairment on goodwill is not reversed.

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

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

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

XII. Property and Equipment

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

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

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

If properties and equipments' value, adjusted for inflation (until 31 December 2004) is higher than the current value, exceeding amount is being allocated for impairment and determined amounts are reflected in the financial statements. Expenditures for the repair and renewal of property and equipment are recognised as expense. There are no pledges, mortgages or other restrictions on the properties and equipments.

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

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

The Parent Bank has started to account properties under the tangible assets with their revalued amount instead of cost values in accordance with "TAS 16 Plant and Equipment" on 31 December 2018. As of 30 September 2023, the revaluation difference arising from the valuations made by the appraisal firms authorized by Capital Markets Board ("CMB") and BRSA is accounted in Investment Properties Revaluation Differences line under the Shareholders' Equity.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. Leasing Transactions

Financial leasing transactions as a lessee

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

Right of use assets:

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

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

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

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

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

The Lease Obligations:

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

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease. After the effective date of the lease, the Parent Bank measures the leasing liability as follows:

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

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

As of 30 September 2023, net right of use assets are amounting to TL 5,879 and net lease liabilities are amounting to TL 2,892, respectively (31 December 2022: net right of use assets TL 16,032, net lease liabilities TL 21,636).

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. Provisions, Contingent Asset and Liabilities

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

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

XV. Obligations Related To Employee Rights

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

XVI. Taxation

a. Corporate tax

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

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

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

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

A 75% portion of the capital (With the Law, No. 7061 Amendment of Certain Taxes and Laws and Other Acts promulgated in the Official Gazette, dated 5 December 2017, the exemption applied as 75% was decreased to 50% to be effective as of the promulgation of the Law for the mentioned sale of properties.) gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. Taxation (Continued)

a. Corporate tax (Continued)

Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

b. Deferred taxes

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

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

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

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

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

c. Transfer pricing

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

XVII. Additional Explanations on Borrowings

Debt instruments with different characteristics such as syndicated borrowings and post-financing obtained from foreign financial institutions, marketable securities issued in domestic and foreign markets and money market borrowings are major funding source of the Parent Bank. Mentioned borrowings are carried initially at acquisition cost and subsequently recognized at the discounted value calculated using by "Effective interest rate method".

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Share Certificates and Issuance of Share Certificates

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

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

XIX. Explanations on Avalized Drafts And Acceptances

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

XX. Explanations on Government Incentives

As of 30 September 2023, the Group has not investment allowance which has not used been.

XXI. Profit Reserves And Profit Distribution

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Under the Turkish Commercial Code (“TCC”) the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

In accordance with the decision of the Ordinary General Assembly dated 29 March 2022, The Parent Bank has decided to allocate 5% of the legal reserve over the net distributable profit and transfer the remaining amount, after the distribution of legal reserves, offset from prior year’s losses within the framework of the Articles of Association and the Turkish Commercial Code.

XXII. Earnings Per Share

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

	30 September 2023	30 September 2022
Group’s Profit/(Loss)	1,660,335	581,590
Weighted Average Number of Issued Ordinary Shares (Thousand) (*)	2,213,740	2,213,740
Earnings/(Losses) Per Share (Disclosed in full TL)	0.75001	0.26272

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

No bonus shares were issued in 2023 (31 December 2022: None).

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIII. Related Parties

For the purpose of these financial statements, shareholders, key management personnel and board members together with their families and companies controlled by/affiliated with them, and associated companies are considered and referred to as related parties in accordance with “Turkish Accounting Standard for Related Parties” (“TAS 24”).

The transactions with related parties are disclosed in detail in Note VII. of Section Five.

XXIV. Cash and Cash Equivalents

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

XXV. Changes in Accounting Policies of the Current Period

None.

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

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

XXVII. Explanations on Other Matters

None.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVIII. Operating Segments

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

- a) The Parent Bank provides basic banking services in corporate/commercial banking and treasury.
- b) Corporate banking services consists of automatic money transfers, current accounts, deposits, open loan transactions as well as option and other derivative instruments that are used for banking operations.
- c) Investment banking services consists of trading of financial instruments and fund management.
- d) The Parent Bank's one of the subsidiary Alternatif Yatırım A.Ş. provides capital market activities in accordance with Capital Market Law and relevant legislations. In accordance with the law and within the authorization and permits given, the Company operates in the company brokerage, portfolio management, margin trading, Short Selling and Lending and Borrowing of Securities, investment advisory, the securities exchange with buy-back sell-back commitment, intermediation for public offering , intermediation for the derivative instruments exchange.

According to the Law, the Company received an authority certificate from the Capital Market Board to create the company's portfolio, to managing and to make changes in the portfolio when it is necessary. Parent Bank's another subsidiary Alternatif Finansal Kiralama A.Ş., established in 1997 to operate in Turkey, within the framework of 3226 Financial Leasing Law, with following permission from Undersecretariat of Treasury. Company has been operating its activities within the framework of BRSA's 'Regulations on the Establishment and Procedures of the Financial Leasing, Factoring and Financing Company', published in the Official Gazette No. 28627 in 24 April 2013.
- e) Other operations consist of subsidiaries and joint ventures, tangible assets, intangible assets, deferred tax asset and equity amounts and other income/loss accounts associated with these accounts.
- f) The Group's software requirements, possible software updates and additional software requirements to compete with other firms are provided by the Parent Bank.
- g) According to the table provided, share of each Group's operating segment in the Balance sheet is as follows; corporate/retail banking 50%, investment banking 46% and other 4%.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVIII. Operating Segments (Continued)

Major balance sheet and income statement items according to operating segments

30 September 2023	Corporate / Retail Banking	Investment Banking	Other	Total Operations of the Group
Net Interest Income / (Expense)	284,472	1,117,330	-	1,401,802
Net Fees and Commissions Income and Other Operating Income	(86,020)	47,392	-	(38,628)
Trading Profit/Loss	2,287,185	(259,279)	-	2,027,906
Dividend Income	-	45	-	45
Impairment Provision for Loans and Other Receivables (-) ^(*)	(313,640)	(1,987)	(29,382)	(345,009)
Other Operating Expenses (-)	(959,562)	(106,935)	-	(1,066,497)
Profit Before Taxes	1,212,434	796,566	(29,382)	1,979,619
Tax Provision	-	-	-	(319,284)
Minority	-	-	3	3
Net Profit for the Period				1,660,335
30 September 2023				
Segment Assets	34,357,516	31,590,208	2,765,207	68,712,931
Investments in Associates and Subsidiaries	-	-	17,338	17,338
Total Assets	34,357,516	31,590,208	2,782,545	68,730,269
Segment Liabilities	28,978,860	24,050,039	9,870,354	62,899,253
Shareholders' Equity	-	-	5,831,016	5,831,016
Total Liabilities	28,978,860	24,050,039	15,701,370	68,730,269

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

30 September 2022	Corporate / Retail Banking	Investment Banking	Other	Total Operations of the Group
Net Interest Income / (Expense)	695,693	566,500	-	1,262,193
Net Fees and Commissions Income and Other Operating Income	200,730	19,348	-	220,078
Trading Profit/(Loss)	485,298	(299,411)	-	185,887
Dividend Income	-	1,245	-	1,245
Impairment Provision for Loans and Other Receivables (-) ^(*)	(68,136)	(9,448)	(267,760)	(345,344)
Other Operating Expenses (-)	(509,610)	(54,440)	-	(564,050)
Profit Before Taxes	803,975	223,794	(267,760)	760,009
Tax Provision	-	-	-	(178,419)
Minority Shares	-	-	2	2
Net Profit for the Period				581,590
31 December 2022				
Segment Assets	35,637,589	21,361,757	2,785,562	59,784,908
Investments in Associates and Subsidiaries	-	-	-	-
Total Assets	35,637,589	21,361,757	2,785,562	59,784,908
Segment Liabilities	34,398,553	13,846,905	7,501,316	55,746,774
Shareholders' Equity	-	-	4,038,134	4,038,134
Total Liabilities	34,398,553	13,846,905	11,539,450	59,784,908

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

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

I. Explanations on Shareholders’ Equity

The standard rate of the capital adequacy of the Group is 29.01% (31 December 2022: 22.39%). The standard rate of the capital adequacy of the Parent Bank is 30.68% (31 December 2022: 23.32%).

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

	30 September 2023	31 December 2022
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Parent Bank	2,213,740	2,213,740
Share issue premiums	54	54
Reserves	1,562,908	660,261
Gains recognized in equity as per TAS	1,039,033	685,603
Profit	1,660,710	1,066,630
Current Period Profit	1,660,332	1,066,252
Prior Period Profit	378	378
Minority Shares	22	19
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	6,476,467	4,626,307
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the 1 st clause of article 9.(i) of the Regulation on Bank Capital	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	69,909	285,623
Improvement costs for operating leasing (-)	24,297	19,025
Goodwill (net of related tax liability)	21,151	33,151
Other intangibles other than mortgage-servicing rights (net of related tax liability)	183,802	137,141
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Parent Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Parent Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Parent Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Parent Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Parent Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Parent Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-

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

I. Explanations on Shareholders' Equity (Continued)

a. Information on Shareholders' Equity (Continued)

Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital		
Total Deductions From Common Equity Tier I Capital	299,159	474,940
Total Common Equity Tier I Capital	6,177,308	4,151,367
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums		
Debt instruments and the related issuance premiums defined by the BRSA ^(***)	7,528,593	5,142,033
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)		
Third parties' share in the Tier II Capital		
Third parties' share in the Tier II Capital (Temporary Article 3)		
Additional Tier I Capital before Deductions	7,528,593	5,142,033
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Parent Bank in its own Additional Tier I Capital		
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.		
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Parent Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Parent Bank Owns more than 10% of the Issued Share Capital		
Other items to be defined by the BRSA (-)		
Transition from the Core Capital to Continue to deduce Components		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-)		
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)		
Total Deductions From Additional Tier I Capital		
Total Additional Tier I Capital	7,528,593	5,142,033
Total Tier I Capital (Tier I Capital=Common Equity Tier I Capital+Additional Tier I Capital)	13,705,901	9,293,400
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)		
Third parties' share in the Tier II Capital		
Third parties' share in the Tier II Capital (Temporary Article 3)		
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital) ^(*)	518,454	419,600
Tier II Capital Before Deductions	518,454	419,600
Deductions From Tier II Capital		
Direct and indirect investments of the Parent Bank on its own Tier II Capital (-)		
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation		
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Parent Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)		
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Consolidated Banks and Financial Institutions where the Parent Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)		
Other items to be defined by the BRSA (-)		
Total Deductions from Tier II Capital		
Total Tier II Capital	518,454	419,600
Total Capital (The sum of Tier I Capital and Tier II Capital)	14,224,355	9,713,000
Total Tier I Capital and Tier II Capital (Total Equity)	14,224,355	9,713,000

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

I. Explanations on Shareholders' Equity (Continued)

a. Information on Shareholders' Equity (Continued)

Loans granted against the articles 50 and 51 of the Parent Banking law	3,446	3,545
Net book values of movables and immovables exceeding the limit defined in the Article 57, clause 1 of the Parent Banking Law and the assets acquired against overdue receivables and held for sale but retained more than three years	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from sum of Tier I and Tier II (Capital) during the Transition Period	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Parent Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Parent Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Parent Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
TOTAL CAPITAL		
Total Capital (The sum of Tier I Capital and Tier II Capital)	14,220,909	9,709,455
Total risk weighted amounts (*)	49,021,248	43,358,827
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	11.43%	9.57%
Tier I Capital Adequacy Ratio (%)	26.15%	21.43%
Capital Adequacy Ratio (%)	27.22%	22.39%
BUFFERS		
Total Additional CET1 Capital Requirement Ratio (%)	2.50%	2.50%
Capital conservation buffer requirement (%)	2.50%	2.50%
Bank specific counter-cyclical buffer requirement (%)	0.00%	0.00%
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	8.10%	5.07%
Amounts below the Excess Limits as per the Deduction Principles		
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Parent Bank owns 10% or less of the issued share capital	-	-
Total of net long positions of the investments in Tier I capital of unconsolidated banks and financial institutions where the Parent Bank owns more than 10% or less of the issued share capital	-	-
Remaining Mortgage Servicing Rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	518,454	419,600
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	518,454	419,600
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

(*) According to the article of BRSA dated 31 January 2023 and numbered 10496, the foreign exchange buying rates announced by the CBRT as of 30 December 2022 were used in the calculation of the amount subject to credit risk.

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

I. Explanations on Shareholders' Equity (Continued)

b. Details on Subordinated Liabilities

Issuer	The Commercial Bank (P.S.Q.C.)
Unique identifier (eg CUSIP, ISIN)	-
Governing law(s) of the instrument	Regulation on Equity of Banks (Published in the Official Gazette Nr. 28756 dated 5 September 2013)
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on Unconsolidated/ consolidated / both unconsolidated and consolidated	Valid on Consolidated and Unconsolidated Basis
Instrument type	TIER-I Subordinated Loan
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	2,053,253
Par value of instrument (Million TRL)	2,053,253
Accounting classification	347
Original date of issuance	30.06.2015
Demand or time	Demand
Original maturity date	10 years + 1 day
	-Illegality, - After 5th year, -Taxation reason and
Issuer call subject to prior supervisory approval	-Depending on regulatory as a reason BRSA has the right to refund.
Optional call date, contingent call dates and redemption amount	-
Subsequent call dates, if applicable	-
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	9.85%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	Discretionary
Existence of step up or other incentive to redeem	-
Non-cumulative or cumulative	Non-cumulative
Convertible or non-convertible	
If convertible, conversion trigger	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger	When unsustainable situation is realized,value decrement is realized.
If write-down, full or partial	Partial or completely value decrement is should be realized.
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After claims, deposit holders, other creditors and instruments included in the calculation of supplementary capital
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	-

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

I. Explanations on Shareholders’ Equity (Continued)

b. Details on Subordinated Liabilities (Continued)

Issuer	Alternatifbank A.Ş.
Unique identifier (eg CUSIP, ISIN)	XS2327872524
Governing law(s) of the instrument	English Law / Turkish Law on Subordinate Law
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on Unconsolidated/ consolidated / both unconsolidated and consolidated	Valid on Consolidated and Unconsolidated Basis
Instrument type	Eurobond
Amount recognised in regulatory capital (Currency in million TRL, as of most recent reporting date)	5,475,340
Par value of instrument (Million TRL)	5,475,340
Accounting classification	347
Original date of issuance	31.03.2021
Demand or time	Demand
Original maturity date	-
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	After 5 th year
Subsequent call dates, if applicable	After 5 th year
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	First 5 year 10,50% Fixed, following 5 year MS+9,546% Fixed No interest will be charged for the value reduced after the value
Existence of a dividend stopper	decrement date
Fully discretionary, partially discretionary or mandatory	Discretionary
Existence of step up or other incentive to redeem	-
Non-cumulative or cumulative	Non-cumulative
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts int	-
Write-down feature	
If write-down, write-down trigger (s)	When unsustainable situation is realized,value decrement is realized and less than 5.125%
If write-down, full or partial	Partial or completely value decrement is should be realized.
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	When unsustainable situation is realized,value decrement is realized and higher than 5.125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before core capital, after all creditors
Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed	-

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

I. Explanations on Shareholders' Equity (Continued)

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

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

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

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

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

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

II. Explanations on Credit Risk

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

III. Explanations on Currency Risk

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

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

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

Rate used:	USD	EUR
30.09.2023	27.3767	29.0305
29.09.2023	27.3752	28.8083
28.09.2023	27.2640	28.7853
27.09.2023	27.2108	28.8183
26.09.2023	27.1751	28.9027

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

USD: TL 26.9630

EUR: TL 28.8224

As of 30 September 2023;

	USD	EUR
Rate Used:	TL 27.3767	TL 29.0305

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

III. Explanations on Currency Risk (Continued)

a. Information on currency risk of the Group

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

	EURO	USD	Other FC	Total
30 September 2023				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	1,713,315	5,279,419	205,860	7,198,594
Banks	378,627	3,335,459	251,490	3,965,576
Financial Assets at Fair Value Through Profit and Loss (*)	731	208,617	-	209,348
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	3,084,554	-	3,084,554
Loans (**)	8,411,184	6,923,910	-	15,335,094
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	-	7,554,488	-	7,554,488
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (***)	40,409	30,368	40	70,817
Total Assets	10,544,266	26,416,815	457,390	37,418,471
Liabilities				
Bank Deposits	290,351	50,993	9,784	351,128
Foreign Currency Deposits	2,653,705	4,637,248	738,597	8,029,550
Money Market Funds	-	4,686,128	-	4,686,128
Funds Borrowed From Other Financial Institutions	5,498,402	20,336,348	307,022	26,141,772
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	229,181	170,468	267	399,916
Derivative Financial Liabilities For Hedging Purposes	-	-	-	-
Other Liabilities (****)	19,798	(173,445)	369,718	216,071
Total Liabilities	8,691,437	29,707,740	1,425,388	39,824,565
Net Balance Sheet Position	1,852,829	(3,290,925)	(967,998)	(2,406,094)
Net Off Balance Sheet Position	(1,869,289)	4,566,829	743,465	3,441,005
Financial Derivative Assets	4,129,862	12,393,227	1,104,002	17,627,091
Financial Derivative Liabilities	5,999,151	7,826,398	360,537	14,186,086
Non-Cash Loans (*****)	5,518,051	6,295,181	646,909	12,460,141
31 December 2022				
Total Assets	9,287,148	21,647,790	560,162	31,495,100
Total Liabilities	4,894,484	26,437,953	586,584	31,919,021
Net Balance Sheet Position	4,392,664	(4,790,163)	(26,422)	(423,921)
Net Off balance Sheet Position	(4,551,038)	4,857,613	55,332	361,907
Financial Derivative Assets	4,710,894	13,227,675	352,688	18,291,257
Financial Derivative Liabilities	9,261,932	8,370,062	297,356	17,929,350
Non-Cash Loans	3,302,943	5,539,552	690,237	9,532,732

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

(**) FC indexed loans and accruals amounting to TL 172,498 (31 December 2022: TL 168,028) are included in loans.

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

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

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

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

IV. Explanations on Interest Rate Risk

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

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

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

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

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

30 September 2023	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	6,940,360	-	-	-	-	3,501,622	10,441,982
Banks (**)(****)	1,987,606	-	-	-	-	2,171,815	4,159,421
Financial Assets at Fair Value Through Profit and Loss	453,623	21,620	511,702	172,369	5,655	7,219	1,172,188
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (***)	1,293,819	1,591,316	3,509,472	-	-	14,542	6,409,149
Loans (****)	12,481,994	7,031,224	5,111,414	9,805,806	52,940	(558,317)	33,925,061
Financial Assets Measured at Amortised Cost (****)	5,766,676	688,182	2,439,280	-	155,741	(1,835)	9,048,044
Other Assets (*)	595,630	-	-	-	-	2,978,794	3,574,424
Total Assets	29,519,708	9,332,342	11,571,868	9,978,175	214,336	8,113,840	68,730,269
Liabilities							
Bank Deposits (**)	773,702	71,641	-	-	-	14,978	860,321
Other Deposits	15,408,082	5,047,181	921,759	-	-	3,534,646	24,911,668
Money Market Funds	5,524,988	1,062,983	-	-	-	-	6,587,971
Miscellaneous Payables	6,254	-	-	-	-	1,313,261	1,319,515
Marketable Securities Issued	-	530	103,507	-	-	-	104,037
Funds Borrowed From Other Financial Institutions	3,925,498	6,731,992	8,205,567	6,539,315	2,068,717	-	27,471,089
Other Liabilities and Shareholders' Equity (***)	340,263	5,576	33,207	106,028	6,199	6,984,395	7,475,668
Total Liabilities	25,978,787	12,919,903	9,264,040	6,645,343	2,074,916	11,847,280	68,730,269
Balance Sheet Long Position	3,540,921	-	2,307,828	3,332,832	-	-	9,181,581
Balance Sheet Short Position	-	(3,587,561)	-	-	(1,860,580)	(3,733,440)	(9,181,581)
Off-Balance Sheet Long Position	-	72,914	1,200,402	-	-	-	1,273,316
Off-Balance Sheet Short Position	(425,692)	-	-	-	-	-	(425,692)
Total Position	3,115,229	(3,514,647)	3,508,230	3,332,832	(1,860,580)	(3,733,440)	847,624

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

(**) Precious metal bank account is presented under "Other deposits".

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

(****) Expected loss provision for financial assets is presented non-interest bearing on the table. Amounted to TL 1,862 were deducted from non-interest banks, amounted to TL 1,835 were deducted from non-interest financial assets measured at amortised.

(*****) Receivables from leasing transactions are included. In addition, non-performing receivables are shown in the Non-interest bearing column after netting out with expected loss provisions.

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

IV. Explanations on Interest Rate Risk (Continued)

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

31 December 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	5,585,729	-	-	-	-	1,348,858	6,934,587
Banks (*)	485,919	-	-	-	-	1,825,137	2,311,056
Financial Assets at Fair Value Through Profit and Loss	192,187	21,554	35,342	111,683	10,689	1,557	373,012
Money Market Placements	600,342	-	-	-	-	-	600,342
Financial Assets at Fair Value Through Other Comprehensive Income	1,364,133	571,473	2,012,979	174,645	-	19,193	4,142,423
Loans and Receivables (*) (***)	17,906,256	6,056,362	4,877,966	5,968,935	1,243,112	(435,004)	35,617,627
Financial Assets Measured at Amortised Cost (*)	4	2,138,649	4,773,824	95,138	-	(1,279)	7,006,336
Other Assets (**)	155,472	-	-	-	-	2,644,053	2,799,525
Total Assets	26,290,042	8,788,038	11,700,111	6,350,401	1,253,801	5,402,515	59,784,908
Liabilities							
Bank Deposits (***)	491,552	-	-	-	-	18,873	510,425
Other Deposits	19,547,988	6,828,175	2,015,654	29,290	-	3,282,251	31,703,358
Money Market Funds	2,743,633	81,476	-	-	-	-	2,825,109
Miscellaneous Payables	8,318	-	-	-	-	996,916	1,005,234
Marketable Securities Issued	179,606	342,562	71,744	-	-	-	593,912
Funds Borrowed From Other Financial Institutions	1,118,373	3,743,827	7,785,222	3,845,930	1,403,503	-	17,896,855
Other Liabilities and Shareholders' Equity (***)	201,342	58,744	100,555	122,212	19,161	4,748,001	5,250,015
Total Liabilities	24,290,812	11,054,784	9,973,175	3,997,432	1,422,664	9,046,041	59,784,908
Balance Sheet Long Position	1,999,230	-	1,726,936	2,352,969	-	-	6,079,135
Balance Sheet Short Position	-	(2,266,746)	-	-	(168,863)	(3,643,526)	(6,079,135)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	(39,077)	(15,824)	(68,542)	-	-	-	(123,443)
Total Position	1,960,153	(2,282,570)	1,658,394	2,352,969	(168,863)	(3,643,526)	(123,443)

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

(**) Precious metal bank account is presented under "Other deposits".

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

(****) Expected loss provision for financial assets is presented non-interest bearing on the table. Amounted to TL 1,236 were deducted from non-interest banks, amounted to TL 1,279 were deducted from non-interest financial assets measured at amortised.

(*****) Receivables from leasing transactions are included. In addition, frozen receivables are shown in non-interest bearing column after netting out with expected loss provisions.

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

IV. Explanations on Interest Rate Risk (Continued)

b. Interest rate risk arising from banking accounts

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

c. Average interest rates applied to monetary financial instruments

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

30 September 2023 (*)	EURO	USD	OTHER FC	TL
	(%)	(%)	(%)	(%)
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	5.63	-	31.60
Financial Assets at Fair Value Through Profit and Loss	-	5.79	-	12.21
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	5.00	-	19.22
Loans and Receivables	8.12	9.75	-	31.20
Financial Assets Measured at Amortised Cost	-	-	-	-
Liabilities				
Bank Deposits	-	3.22	-	31.82
Other Deposits	1.33	2.21	-	28.71
Money Market Funds	-	7.75	-	31.50
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	32.00
Funds Borrowed From Other Financial Institutions	6.54	8.29	-	25.76

(*) Represents Parent Bank’s interest rates.

31 December 2022 (*)	EURO	USD	OTHER FC	TL
	(%)	(%)	(%)	(%)
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	4.68	-	-
Financial Assets at Fair Value Through Profit and Loss	-	3.11	-	10.68
Money Market Placements	-	-	-	10.33
Financial Assets Available-for-Sale	-	5.31	-	20.05
Loans	6.67	8.02	-	18.81
Held-to-Maturity Investments	-	4.86	-	21.05
Liabilities				
Bank Deposits	-	5.27	-	20.29
Other Deposits	0.59	2.46	-	19.47
Money Market Funds	-	5.22	-	9.00
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	21.01
Funds Borrowed From Other Financial Institutions	3.40	6.60	-	19.19

(*) Represents Parent Bank’s interest rates.

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

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

V. Explanation on share certificates

None.

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.e. Information on current liquidity risk mitigation techniques

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

1.f. Information on the use of stress testing

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

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

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

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

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

2. Liquidity Coverage Ratio

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

30 September 2023		Consideration Ratio Unapplied to Total Value (*)		Consideration Ratio Applied to Total Value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High Quality Liquid Assets			11,448,732	6,404,346
CASH OUTFLOWS					
2	Retail and Small Business Customers	15,877,786	5,698,731	1,377,360	569,873
3	Stable Deposits	4,208,380	-	210,419	-
4	Less Stable Deposit	11,669,406	5,698,731	1,166,941	569,873
5	Unsecured Wholesale Funding	12,387,327	6,172,615	8,584,818	3,990,516
6	Operational Deposits	-	-	-	-
7	Non-operational Deposits	8,195,838	4,064,272	4,539,054	1,986,262
8	Other Unsecured Fundings	4,191,489	2,108,343	4,045,764	2,004,254
9	Secured Funding			-	-
10	Other Cash Outflows	993,163	987,610	993,163	987,610
11	Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	993,163	987,610	993,163	987,610
12	Obligations related to structured financial products	-	-	-	-
13	Commitments related to debts to financial markets and other off-balance sheet obligations	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	149,926	142,473	7,496	7,123
15	Other irrevocable or conditionally revocable off-balance sheet obligations	23,751,933	12,651,743	3,656,290	1,342,451
16	TOTAL CASH OUTFLOWS			14,619,127	6,897,573
CASH INFLOWS					
17	Secured lending	823,398	-	-	-
18	Unsecured lending	13,990,454	7,689,391	10,915,567	6,269,028
19	Other cash inflows	472,990	457,888	472,990	457,888
20	TOTAL CASH INFLOWS	15,286,842	8,147,279	11,388,557	6,726,916
				Total Adjusted Values	
21	TOTAL HIGH QUALITY ASSETS STOCKS			11,448,732	6,404,346
22	TOTAL CAH OUTFLOWS			3,780,343	1,724,393
23	LIQUIDITY COVERAGE RATIO (%)			304.12%	371.33%

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

The lowest, highest and average Liquidity Coverage Ratios in last three months period of 2023 are given in the table below.

30 September 2023	Highest	Date	Lowest	Date	Average
TL+FC	323.2%	31.08.2023	278.6%	30.09.2023	304.1%
FC	383.7%	30.09.2023	359.8%	31.07.2023	371.3%

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

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

2. Liquidity Coverage Ratio (Continued)

31 December 2022	Consideration Ratio Unapplied to Total Value (*)		Consideration Ratio Applied to Total Value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1	High Quality Liquid Assets		11,036,317	7,239,454
CASH OUTFLOWS				
2	Retail and Small Business Customers	19,370,233	8,534,109	1,774,799
3	Stable Deposits	3,244,489	-	162,225
4	Less Stable Deposit	16,125,744	8,534,109	1,612,574
5	Unsecured Wholesale Funding	18,024,047	10,437,983	12,022,569
6	Operational Deposits	-	-	-
7	Non-operational Deposits	11,545,981	6,261,329	5,732,364
8	Other Unsecured Fundings	6,478,066	4,176,654	6,290,205
9	Secured Funding			
10	Other Cash Outflows	724,220	699,389	724,220
11	Derivative cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	724,220	699,389	724,220
12	Obligations related to structured financial products	-	-	-
13	Commitments related to debts to financial markets and other off-balance sheet obligations	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	420,721	419,527	21,036
15	Other irrevocable or conditionally revocable off-balance sheet obligations	16,952,453	9,356,432	2,492,300
16	TOTAL CASH OUTFLOWS		17,034,924	9,482,429
CASH INFLOWS				
17	Secured lending	952,841	-	-
18	Unsecured lending	13,443,970	8,583,669	11,055,580
19	Other cash inflows	335,898	344,550	335,898
20	TOTAL CASH INFLOWS	14,732,709	8,928,219	11,391,478
				Total Adjusted Values
21	TOTAL HIGH QUALITY ASSETS STOCKS		11,036,317	7,239,454
22	TOTAL CAH OUTFLOWS		5,676,248	2,370,607
23	LIQUIDITY COVERAGE RATIO (%)		200.36%	311.06%

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

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

31 December 2022	Highest	Date	Lowest	Date	Average
TL+FC	255.7%	31.10.2022	165.8%	30.11.2022	200.4%
FC	366.6%	31.12.2022	279.6%	30.11.2022	311.1%

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

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

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

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

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

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

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

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

Basically deposits, loans and subordinated loans as unsecured debt items have the most significant portion in Parent Bank's funding balances. As of 30 September 2023, the proportion of total liabilities to all deposits of the Parent Bank is 37% and borrowings constitutes 29% portion whereas subordinate debt is 11%. Secured borrowings such as repo transactions has lower portion (10%).

3.d Information about the outflows arising from derivative transactions and the possible completing collateral transactions

Cash outflows arising from derivative product balances are occurred when the derivative products liabilities are higher than the receivables. Cash outflows arising from derivative product balances are occurred when bank derivative product liabilities are higher than the derivative receivables. Net cash outflows declined in the periods when the cash inflows arising from derivative products are higher than the derivative liabilities. As of 30 September 2023, net derivative assets amounts to TL 81,434 (31 December 2022: TL 168,714). In addition, cash outflows balances are reported with calculation against the change of derivatives fair value. This calculation is performed by checking the output margin within last 24 months of the counterparty balance. The maximum value in the past 24 months is considered as cash outflow as of reporting date. In this context, according to calculations as of 30 September 2023, the liability balance is computed as TL 970,800 in case of a change in fair value of derivatives products (31 December 2022: TL 650,988).

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

As of 30 September 2023, approximately 67% of time deposit cap arised from retail banking. The remaining time deposits are constituted from legal entities. Another significant funding resource of borrowings generated from foreign banks (99%). As of 30 September 2023, 27% of the subordinated loans which are subject to capital adequacy calculations provided from The Commercial Bank (P.S.Q.C.).

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

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

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

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

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

Breakdown of assets and liabilities according to their outstanding maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Unclassified	Total
30 September 2023								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	3,501,594	6,940,388	-	-	-	-	-	10,441,982
Due From Banks ^(****)	1,932,265	2,229,018	-	-	-	-	(1,862)	4,159,421
Financial Assets at Fair Value Through Profit and Loss	2,200	502,796	12,429	473,843	175,171	5,749	-	1,172,188
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income ^(****)	5,019	97,040	51,211	7,651	4,660,393	1,573,293	14,542	6,409,149
Loans ^(*****)	-	10,015,192	8,280,085	5,038,920	9,045,576	2,103,603	(558,315)	33,925,061
Financial Assets Measured at Amortised Cost ^(****)	-	40,386	43,005	759,069	7,323,710	883,709	(1,835)	9,048,044
Other Assets ^(*) ^(****)	75	602,149	20,668	58,191	9,164	5,985	2,878,192	3,574,424
Total Assets	5,441,153	20,426,969	8,407,398	6,337,674	21,214,014	4,572,339	2,330,722	68,730,269
Liabilities								
Bank Deposits ^(***)	14,978	773,702	71,641	-	-	-	-	860,321
Other Deposits	3,534,678	15,408,075	5,047,156	921,759	-	-	-	24,911,668
Funds Borrowed From Other Financial Institutions ^(**)	-	2,301,257	3,274,589	12,968,920	1,079,406	7,846,917	-	27,471,089
Money Market Funds	-	5,016,639	1,571,332	-	-	-	-	6,587,971
Marketable Securities Issued	-	-	-	104,037	-	-	-	104,037
Miscellaneous Payables	-	45,960	-	-	-	-	1,273,555	1,319,515
Other Liabilities	5,327	1,155,373	5,566	33,211	114,461	6,199	6,155,531	7,475,668
Total Liabilities	3,554,983	24,701,006	9,970,284	14,027,927	1,193,867	7,853,116	7,429,086	68,730,269
Liquidity Gap	1,886,170	(4,274,037)	(1,562,886)	(7,690,253)	20,020,147	(3,280,777)	(5,098,364)	-
31 December 2022								
Total Assets	3,181,441	15,463,304	8,908,978	9,670,515	15,767,934	4,795,174	1,997,562	59,784,908
Total Liabilities	3,306,533	25,147,962	10,730,401	8,838,616	1,300,149	5,268,383	5,192,864	59,784,908
Liquidity Gap	(125,092)	(9,684,658)	(1,821,423)	831,899	14,467,785	(473,209)	(3,195,302)	-

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

(**) As explained in Section Three Footnote Number XXVI, primary subordinated loan amounting to TL 7,874,644 is shown in the column "Over 5 years" in "Funds borrowed from other financial institutions".

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

(****) Expected loss provision for financial assets is presented non-interest bearing on the table. Amounted to TL 1,862 were deducted from non-interest banks, amounted to TL 1,835 were deducted from non-interest financial assets measured at amortised cost.

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

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

VII. Explanations on Leverage Ratio

Contractual maturity analysis of the Group’s derivative instruments:

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

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

		30 September 2023(*)	31 December 2022(*)
1	Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards	67,274,333	61,986,972
2	The difference between total assets prepared in accordance with Turkish Accounting Standards (*) and total assets in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements”	-	-
3	The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	712,080	630,296
4	The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	-	-
5	The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	(5,136,260)	(7,211,403)
6	Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	33,826,722	34,786,872
7	Total risk amount	96,676,875	90,192,737

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

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

VII. Explanations on Leverage Ratio (Continued)

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

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

The Group's leverage ratio is 12.77% calculated in compliance with "Regulation on Measurement and Evaluation of Leverage Levels of Banks" which was not consolidated. (31 December 2022: 10.06%). Increase in the leverage ratio is mainly due to the decrease in total risk. Regulation has been arrived at a decision of the minimum leverage ratio of 3%.

		30 September 2023 (*)	31 December 2022(*)
	Assets in Balance Sheet		
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	67,274,333	61,986,972
2	Assets deducted in determining Tier 1 capital	(230,053)	(180,298)
3	Total on-balance sheet risks (sum of lines 1 and 2) Derivative financial instruments and credit derivatives	67,044,280	61,806,674
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative financial instruments and credit derivatives	1,123,221	392,209
5	Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	712,080	630,296
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5) Securities or commodity financing transactions (SCFT)	1,835,301	1,022,505
	Securities or commodity financing transactions		
7	Risks from SCFT assets of off-balance sheet	-	-
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8) Other off-balance sheet transactions	-	-
	off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	32,933,554	34,574,961
11	(Adjustments for conversion to credit equivalent amounts)	(5,136,260)	(7,211,403)
12	Total risks of off-balance sheet items (sum of lines 10 and 11) Capital and total risks	27,797,294	27,363,558
	Capital and Total Risk		
13	Tier 1 capital	13,366,205	9,073,825
14	Total risks (sum of lines 3, 6, 9 and 12) Leverage ratio	96,676,875	90,192,737
	Leverage ratio		
15	Leverage ratio (%)	13.83%	10.06%

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

VIII. Fair values of financial assets and liabilities

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

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

None (31 December 2022: None).

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

X. Explanations on the Risk Management

a. Risk Management and General Information on Risk Weighted Amount

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

- RWA flow statements of credit risk exposures under Internal Rating Based (IRB)
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an Internal Model Approach (IMA)

1. The Parent Bank's risk management approach

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

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

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

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

Risk Appetite monitoring activities are reported to the Board Risk Committee and Audit Committee. In case of any Risk Appetite threshold breach occurs, it is ensured that the risk management treatment and business controls are implemented to bring the exposure levels for each metric back within an acceptable range as approved by the BOD. Issues related to Bank's work programs and business objectives are discussed in the Board Risk Committee, and necessary acknowledgment, monitoring and approval processes are performed herein.

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

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

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

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

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

X. Explanations on the Risk Management (Continued)

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

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

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

1. Protection Level (Risk-taking departments): All business units of the Parent Bank which are directly responsible from controlling and reducing to minimum levels the risks resulting from the activities conducted by each one of the units as per the Parent Bank standards and policies.
2. Protection Level (Risk Management): Risk Management Department which is responsible from developing risk management methodologies, instruments and guidances to be used in managing risks and the principal responsible of presenting such documents to the usage of related people. Risk Management Department is supported by specialized departments in terms of risk management such as Internal Control, Compliance, Legal, Human Resources, Information Technologies, and Financial Control. Furthermore, risk watching does also belong to this protection level in addition to provide assistance to determine the risk reducing actions.
3. Protection Level (Internal Audit), Responsibility of assessment for effectiveness and compliance of risk management framework and application of it in the whole organization belongs to Internal Audit.

2. Overview of Risk Weighted Amount

	Risk Weighted Amount		Minimum capital requirement
	30 September 2023	31 December 2022	30 September 2023
1 Credit risk (excluding counterparty credit risk) (CCR)	42,565,375	39,096,771	3,405,230
2 Standardised approach (SA)	42,565,375	39,096,771	3,405,230
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	1,982,969	1,282,324	158,638
5 Standardised approach for counterparty credit risk (SA-CCR)	1,982,969	1,282,324	158,638
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the Parent Banking account	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	2,002,888	1,452,388	160,231
17 Standardised approach (SA)	2,002,888	1,452,388	160,231
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	2,470,016	1,527,344	197,601
20 Basic Indicator Approach	2,470,016	1,527,344	197,601
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	49,021,248	43,358,827	3,921,700

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

X. Explanations on the Risk Management (Continued)

b. Explanations on linkages between financial statements and risk amounts

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

c. Explanations on credit risk

1. Credit Quality of Assets

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

1. Changes In Stock of Defaulted Loans And Debt Securities

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

3. Credit Risk Mitigation Techniques

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

4. Consolidated Credit Risk Exposure and Credit Risk Mitigation Techniques

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

5. Consolidated Exposures by Asset Classes and Risk Weights

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

d. Explanations on counterparty credit risk

1. Consolidated Counterparty Credit Risk (CCR) Approach Analysis

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

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

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

3. CCR Exposures by Risk Class and Risk Weights

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

4. Collaterals for Consolidated CCR

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

5. Credit Derivatives

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

6. Central counterparty risks (CCR):

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

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

X. Explanations on the Risk Management (Continued)

e. Explanations on market risk

1. Consolidated Market Risk -Standard Approach

		RWA (current period)	RWA (prior period)
	Outright products		
1	Interest rate risk (general and specific)	279,000	62,438
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	1,584,625	1,322,625
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	139,263	67,325
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	2,002,888	1,452,388

f. Explanations on operational risk

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

g. Explanations on banking book interest rate risk

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

h. Explanations on -credit risk mitigation techniques

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

i. Explanations on risk management objectives and policies

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

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

XI. Explanation on Hedge Accounting

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

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

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

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

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

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

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

	30 September 2023			31 December 2022		
	Principal Amount (*)	Asset	Liability	Principal Amount (*)	Asset	Liability
Derivative financial instruments						
Interest rate swaps	1,150,000	30,745	-	5,156,259	6,522	105,833
Total	1,150,000	30,745	-	5,156,259	6,522	105,833

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

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

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SECTION FIVE

EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes on Assets

a. Information on Cash and Balances with the Central Bank of Republic of Turkey (“CBRT”)

1. Information on cash and the account of the CBRT

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Cash/Foreign Currency	42,241	397,650	30,909	240,368
CBRT	3,201,147	6,799,427	1,103,621	5,556,128
Other	-	1,517	700	2,861
Total	3,243,388	7,198,594	1,135,230	5,799,357

2. Information on the account of the CBRT

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

(*) The reserve requirement hold as average has been classified under “Central Bank Demand Unrestricted Account” pursuant to the correspondence with BRSA as of 3 January 2008.

3. Information on reserve requirements

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

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

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

As of 30 September 2023, the Parent Bank have no financial assets at fair value through profit/loss subject to repo transactions (31 December 2022: None) and have no financial assets at fair value through profit and loss given as collateral/blocked amount (31 December 2022: None).

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

c. Positive differences related to derivative financial assets

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

(*) Hedging derivative financial assets are excluded

d. Information on banks

1. Information on banks

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Banks				
Domestic	195,707	1,771,032	10,202	1,308,792
Foreign	-	2,194,544	-	993,298
Total	195,707	3,965,576	10,202	2,302,090

2. Information on foreign banks:

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

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

As of 30 September 2023, there are no financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2022: None) and subject to repurchase agreements (31 December 2022: None). As of 30 September 2023, there are no financial assets at fair value through other comprehensive income those subject to repurchase agreements (31 December 2022: None). As of 30 September 2023, the share certificates amounted to TL 14,542 (31 December 2022: TL 14,542).

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

	30 September 2023	31 December 2022
Debt Securities	6,833,694	4,402,753
Quoted on Stock Exchange	6,833,694	4,378,099
Not Quoted	-	24,654
Share Certificates	14,542	14,542
Quoted on Stock Exchange	1	1
Not Quoted	14,541	14,541
Impairment Provision (-)	469,832	281,394
Total	6,378,404	4,135,901

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans

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

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

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

Current Period	Cash Loans (*)	Standard Loans	Loans Under Close Monitoring		
			Loans Not Subject to restructuring	Restructured Loans	
				Amendments on Conditions of Contract	Refinancing
Non-Specialized Loans	25,066,139	3,784,711	2,007,559	-	
Corporate Loans	-	-	-	-	
Export Loans	6,962,325	3,298	-	-	
Import Loans	-	-	-	-	
Loans Given to Financial Sector	3,112,896	-	-	-	
Consumer Loans	272,927	2,363	110	-	
Credit Cards	63,368	3,942	-	-	
Other	14,654,623	3,775,108	2,007,449	-	
Specialized Loans	-	-	-	-	
Other Receivables	-	-	-	-	
Total	25,066,139	3,784,711	2,007,559	-	

(*) Standard and closely monitored leasing receivables amounting to TL 3,441,984 and TL 182,984 are not included.

Prior Period	Cash Loans (*)	Standard Loans	Loans Under Close Monitoring		
			Loans Not Subject to restructuring	Restructured Loans	
				Amendments on Conditions of Contract	Refinancing
Non-Specialized Loans	29,135,740	2,250,190	1,976,786	-	
Corporate Loans	-	-	-	-	
Export Loans	112,981	4,072	-	-	
Import Loans	-	-	-	-	
Loans Given to Financial Sector	4,256,882	-	-	-	
Consumer Loans	241,845	3,719	283	-	
Credit Cards	69,019	1,655	-	-	
Other	24,455,013	2,240,744	1,976,503	-	
Specialized Loans	-	-	-	-	
Other Receivables	-	-	-	-	
Total	29,135,740	2,250,190	1,976,786	-	

(*) Standard and closely monitored leasing receivables amounting to TL 2,534,266 and TL 155,648 are not included.

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans (Continued)

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

Current Period (*)

	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	56,691	-
Significant Increase in Credit Risk	-	816,395

(*) Expected loss provision amounting to TL 1,835 calculated for financial assets measured at amortized cost is not included.

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

Prior Period (*)

	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	117,796	-
Significant Increase in Credit Risk	-	446,629

(*) Expected loss provision amounting to TL 1,279 calculated for financial assets measured at amortized cost is not included.

3. Loans according to their maturity structure

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

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans (Continued)

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

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

(*) TL 1,184 of the credit deposit account consists of loans extended to personnel.

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans (Continued)

5. Information on commercial installment loans and corporate credit cards

	Short-term	Medium and long-term	Total
Commercial Loans With Installments-TL	57,936	1,512,660	1,570,596
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	57,936	1,512,660	1,570,596
Other	-	-	-
Commercial Loans With Installment-FC Indexed	-	40,124	40,124
Real Estate Loans	-	40,124	40,124
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Loans With Installment-FC	-	2,557,444	2,557,444
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	2,557,444	2,557,444
Other	-	-	-
Corporate Credit Cards-TL	44,360	67	44,427
With Installment	5,292	67	5,359
Without Installment	39,068	-	39,068
Corporate Credit Cards-FC	414	-	414
With Installment	-	-	-
Without Installment	414	-	414
Overdraft Accounts – TL(Corporate)	159,885	-	159,885
Overdraft Accounts – FC (Corporate)	-	-	-
Total	262,595	4,110,295	4,372,890

6. Loans according to types of borrowers

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

7. Distribution of domestic and foreign loans

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

	30 September 2023	31 December 2022
Domestic Loans	30,856,742	33,353,816
Foreign Loans	1,667	8,900
Total	30,858,409	33,362,716

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans (Continued)

8. Loans given to investments in associates and subsidiaries

As of 30 September 2023, there are no loans granted to associates and subsidiaries amount (31 December 2022: None).

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

	30 September 2023	31 December 2022
Loans with Limited Collectability	301,665	148,623
Loans with Doubtful Collectability	20,836	41,506
Uncollectible Loans	440,296	465,732
Total	762,797	655,861

10. Information on non-performing loans (Net)

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

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
31 December 2022	166,282	80,985	538,016
Addition (+)	766,921	5,673	48,489
Transfers from Other Categories of Non-performing Loans (+)	-	82,849	83,899
Transfers to Other Categories of Non-performing Loans (-)	(82,849)	(83,899)	-
Collections (-)	(166,804)	(206)	(217,875)
Write-offs (-)	(134,862)	-	(9,740)
Sold Portfolio	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
30 September 2023 (*)	548,688	85,402	442,789
Specific Provision (-)	301,665	20,836	440,296
Net Balance on Balance Sheet	247,023	64,566	2,493

(*) Financial lease receivables amounting to TL 154,237 are included.

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans (Continued)

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

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

The Group has no non-performing loans denominated in foreign currency loans as at the balance sheet date (31 December 2022: None).

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
30 September 2023 (Net)	247,023	64,566	2,493
Loans to Real Persons and Legal Entities (Gross)	548,688	85,402	442,789
Specific Provision Amount (-)	301,665	20,836	440,296
Loans to Real Persons and Legal Entities (Net)	247,023	64,566	2,493
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2022 (Net)	17,659	39,479	72,284
Loans to Real Persons and Legal Entities (Gross)	166,282	80,985	538,016
Specific Provision Amount (-)	148,623	41,506	465,732
Loans to Real Persons and Legal Entities (Net)	17,659	39,479	72,284
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	-	-	-
Interest accruals and valuation differences	-	-	81,221
Provision (-)	-	-	(81,221)
Prior Period (Net)	-	-	-
Interest accruals and valuation differences	-	-	106,812
Provision (-)	-	-	(106,812)

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

g. Explanations on loans (Continued)

11. Explanation on liquidation policy for uncollectible loan and receivable

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

12. Explanations on write-off policy

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

h. Information on financial assets measured at amortised cost

1. Information on financial assets subject to repurchase agreements and those given as collateral/blocked

(i) Financial assets measured at amortised cost

As of 30 September 2023 there are financial assets measured at amortised cost given as collateral amounting to TL 9,049,879 (31 December 2022: TL 7,007,615).

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

2. Information on debt securities measured at amortised cost

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

3. Information on financial assets measured at amortised cost

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

5. Movement of financial assets measured at amortised cost

	30 September 2023	31 December 2022
Balance at the Beginning of the Period	7,007,615	5,978,142
Foreign Currency Differences on Monetary Assets	2,570,649	1,417,522
Purchases	615,065	1,936,863
Disposals Through Sales and Redemptions(*)	(1,143,450)	(2,324,912)
Impairment Provision (-)	-	-
Balance at the End of the Period	9,049,879	7,007,615

(*) Includes nondecisive financial asset sales.

i. Information on investments in associates (Net)

Group has no associates as of 30 September 2023 (31 December 2022: None).

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

j. Information on subsidiaries (Net)

1. Information on shareholders' equity of the significant subsidiaries

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

2. Information on unconsolidated subsidiaries

There is no unconsolidated subsidiary (31 December 2022: None).

3. Information on consolidated subsidiaries

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

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

No	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (**)	Fair Value
1(*)	603,426	91,361	7,413	15,627	722	16,755	10,170	-
2(*)	4,793,518	416,152	97,666	486,757	-	32,453	20,694	-

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

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

Information about equity component of the consolidated subsidiaries:

	Alternatif Finansal Kiralama A.Ş.	Alternatif Yatırım Menkul Değerler A.Ş.
TIER I Capital	381,798	91,435
Paid-in Capital	200,000	67,000
Capital Reserves	153,435	10,735
Current and Prior Period Net Profit	30,674	16,754
Current and Prior Period Net (Loss)	-	(1,387)
Intangible Assets (-)	2,311	1,667
TIER II Capital	-	-
Deduction from Capital	-	-
Net Usable Capital	381,798	91,435

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

j. Information on subsidiaries (Net) (Continued)

4. The movement of the subsidiaries

	30 September 2023	31 December 2022
Balance at the beginning of the period	325,580	225,580
Movements during the period	32,338	100,000
Purchases (*)(**)	32,338	100,000
Transfers	-	-
Bonus Shares Obtained	-	-
Share in Current Year Income	-	-
Sales	-	-
Revaluation (Decrease) / Increase	-	-
Provision for Impairment	-	-
Balance at the End of the Period	357,918	325,580
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

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

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

(***) 17,338 TL based on the receivables of a loan customer on 13 September 2023. Amount of shares were taken over and the date was 10 October 2023 has been transferred as of.

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

Subsidiaries	30 September 2023	31 December 2022
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	292,165	292,165
Finance Companies	-	-
Other Financial Subsidiaries	48,415	33,415

6. Quoted subsidiaries

None (31 December 2022: None).

k. Information on joint ventures

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

l. Information on finance lease receivables (Net)

Finance lease receivable of the Group is amounting to TL 3,779,205 (31 December 2022: TL 2,831,310).

m. Information on hedging derivative financial assets

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	30,745	-	6,522	-
Net Investment Hedge in a foreign operation	-	-	-	-
Total	30,745	-	6,522	-

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes on Assets (Continued)

n. Tangible assets

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

o. Intangible assets

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

p. Information on investment property

There is no investment property as of 30 September 2023 (31 December 2022: None).

q. Explanations about deferred tax asset

As of 30 September 2023, the Group has deferred tax asset amounting to TL 474,962 (31 December 2022: TL 161,003 deferred tax asset) in the financial statements.

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

	30 September 2023		31 December 2022	
	Tax Base	Deferred Tax Amount	Tax Base	Deferred Tax Amount
Deferred Tax Asset / (Liability)				
Tangible Assets Base Differences	549,293	165,179	(294,045)	(73,511)
Provisions	1,452,174	435,860	901,858	225,646
Valuation of Financial Assets	(569,477)	(168,927)	(233,689)	(58,420)
Commission Deferral	23,997	7,199	18,100	4,525
Financial Losses (*)	113,459	34,038	137,103	34,276
Other	11,640	1,613	113,732	28,487
Net Deferred Tax Assets		474,962		161,003

(*) Includes tax assets calculated from financial losses. Deferred tax asset calculated from movable losses is calculated from financial losses for financial year of 2022. Since the subsidiary included in consolidation, plans to generate sufficient taxable income to offset these amounts in the future, a total of TL 34,038 has been reflected in its deferred tax assets. (31 December 2022: Deferred tax asset calculated from movable losses is calculated from financial losses for financial year of 2022. Since the Bank plans to generate sufficient taxable income to offset these amounts in the future, a total of TL 34,276 has been reflected in its deferred tax assets).

	1 January -30 September 2023	1 January -30 September 2022
1 January Net Deferred Tax Asset/(Liability)	161,003	192,767
Deferred Tax (Expense)/Income	98,342	97,157
Deferred tax recognized in other comprehensive income	215,617	(56,578)
30 September Net Deferred Tax Asset/(Liability)	474,962	233,346

r. Movement of assets held for resale and discontinued operations

	30 September 2023	31 December 2022
Beginning of the period	487,833	594,827
Disposals (-)	(43,727)	(155,334)
Additions	144,804	48,340
Current period depreciation (-)	-	-
Impairment provision addition/ return (-)	-	-
End of the Period	588,910	487,833

s. Information on other assets

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

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities

a. Information on deposits

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

(i) 30 September 2023:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposits	Total
Saving Deposits	322,424	-	3,200,662	7,189,464	135,017	4,242	120,237	-	10,972,046
Foreign Currency Deposits	2,377,278	-	1,489,119	3,387,445	42,494	55,107	59,633	-	7,411,076
Residents in Turkey	2,256,383	-	1,481,105	3,258,180	42,494	54,704	29,189	-	7,122,055
Residents Abroad	120,895	-	8,014	129,265	-	403	30,444	-	289,021
Public Sector Deposits	8,081	-	-	-	-	-	-	-	8,081
Commercial Deposits	548,663	-	654,806	3,191,714	1,133,828	113	325,666	-	5,854,790
Other Institutions Deposits	6,527	-	11,576	31,260	-	-	-	-	49,363
Precious Metal Deposits	271,704	-	59,288	248,282	17,434	1,885	17,719	-	616,312
Bank Deposits	14,977	-	630,447	214,897	-	-	-	-	860,321
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	220	-	490,305	-	-	-	-	-	490,525
Foreign Banks	14,757	-	140,142	214,897	-	-	-	-	369,796
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3,549,654	-	6,045,898	14,263,062	1,328,773	61,347	523,255	-	25,771,989

(ii) 31 December 2022:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accumulated Deposits	Total
Saving Deposits	312,374	-	3,099,840	7,237,148	256,015	60,629	254,377	-	11,220,383
Foreign Currency Deposits	2,078,583	-	1,743,035	6,446,810	136,672	88,801	511,046	-	11,004,947
Residents in Turkey	1,994,543	-	1,729,902	6,012,714	136,387	80,641	71,204	-	10,025,391
Residents Abroad	84,040	-	13,133	434,096	285	8,160	439,842	-	979,556
Public Sector Deposits	3,929	-	-	-	-	-	-	-	3,929
Commercial Deposits	719,063	-	1,777,385	4,338,276	801,370	244,695	1,119,204	-	8,999,993
Other Institutions Deposits	2,185	-	2,021	29,630	139	358	-	-	34,333
Precious Metal Deposits	166,117	-	42,250	164,984	29,961	2,438	34,023	-	439,773
Bank Deposits	18,873	-	311,376	180,176	-	-	-	-	510,425
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	146	-	-	-	-	-	-	-	146
Foreign Banks	18,727	-	311,376	180,176	-	-	-	-	510,279
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3,301,124	-	6,975,907	18,397,024	1,224,157	396,921	1,918,650	-	32,213,783

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

a. Information on deposits (Continued)

2. Information on saving deposits insurance

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

	Under the Guarantee of Deposit Insurance		Exceeding Limit of the Deposit Insurance	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Saving Deposits				
Saving Deposits	3,109,789	2,369,113	6,693,324	8,852,560
Foreign Currency Savings Deposit	1,085,397	638,436	4,703,084	5,595,907
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-
Off-shore Banking Regions’ Deposits Under Foreign Authorities’ Insurance	-	-	-	-

3. The explanation of if the centrally located bank's savings deposits held at its branch in Turkey and the special current accounts of individuals that are not subject to commercial transactions are covered by insurance in the country where the headquarters is located, this should be disclosed

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

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

	30 September 2023	31 December 2022
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	-	-
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	56,041	19,486
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 “TCL” Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-

b. Table of negative differences for trading derivative financial liabilities

1. Information on derivative financial liabilities

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

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

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

c. Information on banks and other financial institutions

1. General information on banks and other financial institutions

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
The CBRT Borrowings	-	112,130	-	316,619
From Domestic Banks and Institutions	1,326,289	1,489,362	861,296	1,344,503
From Foreign Banks, Institutions and Funds	3,028	16,665,636	4,703	10,126,432
Total	1,329,317	18,267,128	865,999	11,787,554

2. Information on maturity profile of borrowings

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Short-term	1,279,317	2,736,208	865,999	1,915,482
Medium and Long-term	50,000	15,530,920	-	9,872,072
Total	1,329,317	18,267,128	865,999	11,787,554

3. Disclosures for concentration areas of bank’s liabilities

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

d. Information on other foreign liabilities

Other foreign liabilities amounting to TL 424,354 are included in “Other Liabilities” (31 December 2022: TL 318,664) and do not exceed 10% of the total balance sheet.

e. Information on financial lease agreements

i) Explanations on liabilities arising from financial leasing transactions:

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

f. Information on hedging derivative financial liabilities

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges (*)	-	-	105,833	-
Foreign Currency Investment Hedges	-	-	-	-
Total	-	-	105,833	-

(*) Explained in Section Four Footnote Number XI.

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

g. Information on provisions

1. Provisions for employee benefits

In accordance with Turkish Labor Law, the reserve for employment termination benefits is calculated as the present value of the probable future obligation in case of the retirement of employees. TAS 19 necessitates actuarial validation methods to calculate the liabilities of enterprises.

As of 30 September 2023, in accordance with the revised TAS 19 Standard, Actuarial loss has recognized under the equity, amount of after deferred tax TL 21,524 (30 September 2022: TL 4,112 profit).

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

	30 September 2023	31 December 2022
Discount Rate (%)	1.93	4.09
Possible Retirement Rate (%)	86.67	83.33

The principal actuarial assumption is that the maximum liability will increase in line with inflation.

As of 30 September 2023, The Group has provision for employee termination benefits amount of 22,026 (31 December 2022: TL 23,341), provision of unused vacation amount of TL 11,108 (31 December 2022: TL 8,378).

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

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

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

	30 September 2023	31 December 2022
Provisions for Unindemnified Non-cash Loan	109,192	90,873
Bonus Provision	54,983	57,003
Provision for Litigation and Claims	61,266	38,576
Other	3,264	4,924
Total	228,705	191,376

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

h. Explanations on Tax Liabilities

1. Information on current tax liability

As of 30 September 2023, the current tax liability is TL 412,316 (31 December 2022: TL 158,997).

(i) Information on taxes payable

	30 September 2023	31 December 2022
Corporate Tax Payable	412,316	158,997
Tax on Securities Income	15,800	18,700
Banking Insurance Transaction Tax (BITT)	23,642	28,396
Tax on Real Estate	647	474
Value Added Tax Payable	1,814	3,932
Other	12,577	12,815
Total	466,796	223,314

(ii) Information on premium payables

	30 September 2023	31 December 2022
Social Security Premiums - Employee	9,644	5,847
Social Security Premiums - Employer	11,766	13,543
Bank Pension Fund Premiums - Employee	-	-
Bank Pension Fund Premiums - Employer	-	-
Pension Fund Deposit and Provisions - Employee	-	-
Pension Fund Deposit and Provisions - Employer	-	-
Unemployment Insurance - Employee	858	514
Unemployment Insurance - Employer	1,401	845
Other	5,423	646
Total	29,092	21,395

2. Deferred tax liability

None (31 December 2022: None).

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

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

j. Subordinated debts

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

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

k. Information on shareholders' equity

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

	30 September 2023	31 December 2022
Common Stock (*)	2,213,740	2,213,740
Preferred Stock	-	-

(*) It refers to the nominal capital.

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling (As of nominal; non-adjusted amounts according to inflation):

The Parent Bank applies registered share capital system. The Parent Bank's registered capital is TL 4,000,000,000 (Four billion Turkish Liras) and all are divided into 4.000.000.000 shares in the name of the holder with a nominal value of TL 1,00 (one Turkish Lira).

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

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

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

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

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

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

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes on Liabilities (Continued)

k. Information on shareholders' equity (Continued)

8. Information on marketable securities valuation reserve

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	45,465	(259,431)	285,553	(225,976)
Foreign Currency Difference	-	-	-	-
Total	45,465	(259,431)	285,553	(225,976)

9. Information on other capital reserves

None.

l. Information on minority interests

	30 September 2023	31 December 2022
Balance at the Beginning of the Period	19	22
Current Year Income	3	4
Dividends Paid	-	-
Purchase from Minority Interests	-	-
Other	-	(7)
Balance at the End of the Period	22	19

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes on Off-Balance Sheet Accounts

a. Information on off balance sheet commitments

1. The amount and type of irrevocable commitments

According to Direct Debiting System, there is TL 577,766 irrevocable loan commitments as of 30 September 2023 (31 December 2022: TL: 699,009).

2. Type and amount of probable losses and obligations arising from off-balance sheet items

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in “Off-Balance Sheet Commitments”.

(i). Non-cash loans including guarantees, the Parent Bank avalized and acceptance loans, collaterals that are accepted as financial guarantees and other letters of credit

	30 September 2023	31 December 2022
Letter of Credits	3,915,445	2,905,590
Bank Acceptance Loans	139,855	446,065
Guarantees and Collaterals	600,299	-
Total	4,655,599	3,351,655

(ii). Guarantees, sureties and other similar guarantees

	30 September 2023	31 December 2022
Definite Letter of Guarantees	15,334,237	10,813,742
Advance Letter of Guarantees	1,136,865	1,145,255
Temporary Letter of Guarantee	544,556	214,713
Letter of Guarantees Given to Customs	349,838	266,318
Total	17,365,496	12,440,028

3. Non-cash loans

(i). Total amount of non-cash loans

	30 September 2023	31 December 2022
Non-Cash Loans against Cash Risks	8,360,130	4,913,204
With Original Maturity of 1 Year or Less	1,633,044	1,602,155
With Original Maturity of More Than 1 Year	6,727,086	3,311,049
Other Non-Cash Loans	15,183,615	12,329,279
Total	23,543,745	17,242,483

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

a. Information on off balance sheet commitments(Continued)

3. Non-cash loans (Continued)

(ii). Other information on non-cash loans

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

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

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

b. Information on derivative financial instruments

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

c. Explanations on credit derivatives and risk exposures on credit derivatives

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

d. Explanations on contingent liabilities and assets

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

e. Explanations on services rendered on behalf of third parties

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

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes on Income Statement

a. Information on interest income

1. Information on interest income on loans

	30 September 2023		30 September 2022	
	TL	FC	TL	FC
Short-term Loans	2,528,417	731,934	2,311,960	337,579
Medium/Long-term Loans	418,309	166,487	545,344	262,481
Interest on Loans Under Follow-up	66,394	-	39,873	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total (*)	3,013,120	898,421	2,897,177	600,060

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

2. Information on interest income on banks

	30 September 2023		30 September 2022	
	TL	FC	TL	FC
From the CBRT (*)	2,789	4,623	18,196	-
From Domestic Banks	4,766	22,895	6,631	9,823
From Foreign Banks	8,911	69,171	2,210	19,270
Headquarters and Branches Abroad	-	-	-	-
Total	16,466	96,689	27,037	29,093

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

3. Information on interest income on marketable securities

	30 September 2023		30 September 2022	
	TL	FC	TL	FC
From Financial Assets At Fair Value Through Other Comprehensive Income	548,922	124,716	443,465	86,699
From Financial Assets Measured at Amortised Cost at Fair Value Through Profit or Loss	283,511	240,314	21,286	259,596
From Financial Assets at Fair Value Through Profit or Loss	867	1,438	11,483	506
Total	833,300	366,468	476,234	346,801

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

None (30 September 2022: None).

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes on Income Statement (Continued)

b. Information on interest expense

1. Information on interest expense on borrowings

	30 September 2023		30 September 2022	
	TL	FC	TL	FC
Banks	168,471	1,042,304	176,277	478,040
CBRT	535	-	42,857	-
Domestic Banks	167,602	- 54,516	133,109	607
Foreign Banks	334	1,096,820	311	477,433
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	444,210	-	235,663
Total (*)	168,471	1,486,514	176,277	713,703

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

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

None (30 September 2022: None).

3. Information on interest expense to marketable securities issued

	30 September 2023	30 September 2022
Interest Expense to Marketable Securities Issued	13,665	112,042

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes on Income Statement (Continued)

b. Information on interest expense (Continued)

4. Information on interest rate and maturity structure of deposits

30 September 2023	Demand Deposit	Time Deposit					Accumulated Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
Turkish Lira								
Bank Deposits	-	35,109	-	-	-	-	-	35,109
Savings Deposits	-	487,786	895,976	27,618	-	21,736	-	1,433,116
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	216,526	496,469	88,234	-	90,076	-	891,305
Other Deposits	-	11,645	6,097	6	19	3	-	17,770
Deposit with 7 days notification	-	-	-	-	-	-	-	-
Total	-	751,066	1,398,542	115,858	19	111,815	-	2,377,300
Foreign Currency								
Foreign Currency Account	-	10,934	64,167	878	1,216	8,162	-	85,357
Bank Deposits	-	13,240	-	-	-	-	-	13,240
Deposit with 7 days notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	87	983	80	8	220	-	1,378
Total	-	24,261	65,150	958	1,224	8,382	-	99,975
Grand Total	-	775,327	1,463,692	116,816	1,243	120,197	-	2,477,275

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

5. Given interest amount on repurchase agreement

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

6. Informations on leasing expense

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

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes on Income Statement (Continued)

b. Information on interest expense (Continued)

7. Information on given interest for factoring transaction

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

c. Information on dividend income

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

c. Information on trading income/loss (Net)

	30 September 2023	30 September 2022
Income	139,382,923	94,613,678
Income from Capital Market Transactions	181,119	27,846
Derivative Financial Transactions	4,427,220	3,177,487
Foreign Exchange Gains	134,774,584	91,408,345
Loss (-)	137,355,017	94,427,791
Loss from Capital Market Transactions	980	9,336
Derivative Financial Transactions	2,375,071	1,539,504
Foreign Exchange Loss	134,978,966	92,878,951
Net Income/(Loss)	2,027,906	185,887

e. Explanations about other operating income

For the period ended 30 September 2023, other operating income includes income from assets to be disposed, adjustment to previous years’ expenses and income from other operations. The amount of the banks other operating income in the current period is TL 97,041 (30 September 2022: TL 105,424).

f. Expected Provision Losses and Other Provision Losses

	30 September 2023	30 September 2022
Expected Credit Loss (*)	315,627	77,584
12 month expected credit loss (stage 1)	(74,332)	(29,770)
Significant increase in credit risk (stage 2)	118,311	(86,399)
Non-performing loans (stage 3)	271,648	193,753
Marketable Securities Impairment Expense	3,566	5,774
Financial Assets at Fair Value Through Profit or Loss	3,566	5,894
Financial Assets at Fair Value Through Other Comprehensive Income	-	(120)
Investments in Associates, Subsidiaries and Joint Ventures Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (**)	25,816	261,986
Total	345,009	345,344

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

(**) As of 30 September 2023, there is no free provision for possible risks (30 September 2022: 249,909 TL).

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes on Income Statement (Continued)

g. Information related to personnel expenses and other operating expenses

	30 September 2023	30 September 2022
Personnel Expenses	511,896	259,086
Reserve For Employee Termination Benefits	6,396	1,333
Unused Vacation	3,114	3,398
Bank Welfare Fund Provision For Asset Deficits	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	38,949	33,612
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	12,000	13,496
Amortisation Expenses of Intangible Assets	51,445	17,853
Impairment Expenses of Equity Participations Accounted for under Equity Method	-	-
Impairment Expenses of Assets Held For Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses of Tangible Assets Held for Sale	-	-
Other Operating Expenses	359,101	162,928
Operational Lease Expenses	2,499	1,326
Maintenance Expenses	6,627	4,358
Advertising Expenses	20,030	9,983
Other Expenses	329,945	147,261
Loss on Sales of Assets	4,516	2,906
Other (*)	79,080	69,438
Total	1,066,497	564,050

(*) Other operating charges is TL 13,378 except premium of SDIF and tax amounting to TL 65,702 (30 September 2022: Other operating charges is TL 24,828 except premium of SDIF and tax amounting to TL 44,610).

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

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

i. Provision for taxes on income from continuing operations

As of 30 September 2023, the Parent Bank has TL 417,626 tax expense (30 September 2022: 275,576), and deferred tax income amounting to TL 98,342 (30 September 2022: TL 97,157 deferred tax income).

j. Net operating profit/loss after taxes including net profit/loss from discontinued operations

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

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes on Income Statement (Continued)

k. Information on net income/loss for the period

- 1) Interest income from ordinary banking transactions is TL 35,844,745 (30 September 2022: TL 4,645,863), interest expense is TL 4,442,943 (30 September 2022: TL 3,383,670).
- 2) Information on any change in the accounting estimates has no profit/loss effect on current period or consequent periods.

l. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

Fees and Commissions Received - Other	30 September 2023	30 September 2022
Credit Card Pos Commissions	48,200	55,726
Banking Service Income	1,119	50,826
Insurance Commissions	136,559	20,553
Credit Early Termination Compensation	1,310	1,294
Account Management Fee Commission	2,648	1,701
Transfer Commissions	599	585
Brokerage Commissions	14,232	8,223
Expertise Commissions	1,511	1,270
Export Letters of Credit Commissions	32,667	118
Other	41,438	19,576
Total	280,283	159,872
Fees and Commissions Paid - Other	30 September 2023	30 September 2022
Clearing Commissions	21,449	20,655
Debit Card Fees and Commissions	47,239	51,479
Commissions Granted to Correspondent Banks	4,917	3,891
Fees and Commissions on Foreign Currency Transactions	51	51
Transfer Commissions	1,978	1,482
Commissions for Effective and Future	4,463	1,526
CBRT Interbank Money Market	876	658
Other (*)	470,835	43,322
Total	551,808	123,064

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

	30 September 2023	30 September 2022
Minority Shares (-)	3	2

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations and Notes on Changes in Shareholders’ Equity

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

VI. Explanations and Notes on Statement of Cash Flows

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

VII. Explanations and Notes on the Parent Bank’s Risk Group

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

30 September 2023

	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Parent Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Group’s Risk Group (*)(**)						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	292	1,012,705	4,222
Balance at the End of the Period	-	-	-	12,234	812	1,535
Interest and Commission Income Received	-	-	-	512	17,568	37

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

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

31 December 2022

	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Parent Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Group’s Risk Group (*)(**)						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	12,942	851,470	2,932
Balance at the End of the Period	-	-	-	292	1,012,705	4,222
Interest and Commission Income Received (***)	-	-	8	525	27,118	693

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

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

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

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

Group's Risk Group (*)	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Parent Bank		Other real and legal persons that have been included in the risk group	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Deposit						
Beginning of the Period (**)	-	-	-	-	68,723	36,662
End of the Period (**)	-	-	-	-	146,943	68,723
Interest Expense on Deposits (***)	-	-	-	-	4	7

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

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

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

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

Group's Risk Group (*)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Parent Bank		Other real and legal persons that have been included in the risk group	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Transactions for Trading Purposes						
Beginning of the Period (**)	-	-	-	-	-	-
End of the Period (**)	-	-	-	-	-	-
Total Profit/Loss (***)	-	-	11,303	(78)	-	-
Transactions for Hedging Purposes						
Beginning of the Period (**)	-	-	-	-	-	-
End of the Period (**)	-	-	-	-	-	-
Total Profit/Loss (***)	-	-	-	-	-	-

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

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

(***) Represents 30 September 2022 balances.

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

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

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

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

	Total Risk Group	Share in Financial Statements (%)
Deposit	146,943	0.57
Non-cash Loans	13,769	0.06
Loans	812	0.00
Subordinated Loans	2,105,406	26.74

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

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EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

3. Equity accounted transactions:

None.

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

As of 30 September 2023, there is no financial leasing agreement between the Parent Bank and Alternatif Finansal Kiralama A.Ş. The Parent Bank also has cost sharing agreements with Alternatif Finansal Kiralama A.Ş. and Alternatif Yatırım Menkul Değerler A.Ş.

The Parent Bank allocate cash and non-cash loans to risk group of the Parent Bank in limit of Bank Law and that amount is 0.03% of total cash and non-cash loan amount (31 December 2022: 2.00%).

5. Information on Other Liabilities

None.

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

Benefits provided to the Group’s key management amount to TL 66,633 as of 30 September 2023 (30 September 2022: TL 29,024).

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

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

IX. Explanations and Notes on Subsequent Events

None.

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

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. Other Explanations Related To The Parent Bank’s Operations

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

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

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

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SECTION SEVEN

EXPLANATIONS ON AUDITORS’ LIMITED REPORT

I. Explanations on Independent Auditors’ Report

Group’s consolidated financial statements and footnotes to be disclosed to public as of 30 September 2023 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.and the independent auditor’s review report dated 31 October 2023 has been presented at the beginning of this report.

II. Explanations and Footnotes Prepared by Independent Auditor

None.

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SECTION EIGHT

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

Abstract Financial Information about the Term Activity Results

The consolidated financial statements with explanations related to these and financial data compatible to footnotes that prepared according to Financial Tables that will be Announced to Public by Banks with Explanations Related to these and Footnotes Communique which has been regulated by Council of Bank Audit and Regulation regarding to the Parent Bank's 1 January - 30 September 2023 activity period is below.

	30 September 2023	31 December 2022	30 September 2022
Loans(net)	33,923,226	35,616,348	36,934,333
Securities	15,495,068	11,202,909	9,943,467
Total Assets	25,771,989	32,213,783	36,942,551
Deposits	68,730,269	59,784,908	65,919,165
Equity	5,831,016	4,038,134	3,375,421
Profit / (Loss) Before Taxes	1,979,619	1,402,863	760,009
Profit / (Loss)	1,660,335	1,066,256	581,590

Message from the Chairman

Dear Stakeholders,

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

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

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

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

Yours faithfully,

Omar Hussain Alfardan
Board Chairman

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

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

Message from the CEO

Dear stakeholders,

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

When we look at our consolidated figures for the third quarter of the year, our total assets reached 69 billion Turkish Lira, marking a 15% increase. During this period, Alternatif Bank's support to the national economy, through both cash (including financial lease receivables) and non-cash loans, exceeded 57 billion Turkish Lira. We also managed to bring our deposit volume to 26 billion Turkish Lira, maintaining our commitment to asset quality through balance sheet optimization. As our balance sheet witnessed growth, our bank's equity also increased by 44%, reaching 5.8 billion Turkish Lira, and our capital adequacy ratio stood at 29.01%. With our strong performance at the end of the third quarter of the year, our consolidated net profit amounted to 1.66 billion Turkish Lira.

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

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

Dear Stakeholders,

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

King regards,

Hamdi İlkay Girgin,
Acting CEO