

HAYAT FİNANS KATILIM BANKASI A.Ş.

**UNCONSOLIDATED FINANCIAL STATEMENTS
AND NOTES FOR THE PERIOD ENDED 30 SEPTEMBER 2024
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

***(CONVENIENCE TRANSLATION OF
UNCONSOLIDATED FINANCIAL STATEMENTS,
RELATED DISCLOSURES AND INDEPENDENT
AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)***



AUDITOR’S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the General Assembly of Hayat Finans Katılım Bankası A.Ş.;

Introduction

We have reviewed the unconsolidated balance sheet of Hayat Finans Katılım Bankası A.Ş. (“the Bank”) at 30 September 2024 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of 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 Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information does not present fairly in all material respects the financial position of Hayat Finans Katılım Bankası A.Ş. at 30 September 2024 and its financial performance and its cash flows for the nine-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2023 and as at and for the nine-month period ended 30 September 2023 were audited and reviewed by another independent audit firm that expressed an unqualified opinion results in the audit report dated 29 February 2024 and unqualified conclusion in the auditor's review report dated 15 November 2023.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Eight, is not consistent with the reviewed unconsolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 September 2024. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Didem Demer Kaya, SMMM
Independent Auditor

Istanbul, 7 November 2024

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**THE UNCONSOLIDATED FINANCIAL REPORT OF
HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**

Address of the Bank's Headquarters : Mahir İz Cad., No: 25, 34662 Altunizade Üsküdar / İstanbul
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The unconsolidated interim financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

- General Information About The Bank
- Unconsolidated Financial Statements of The Bank
- Explanations on Accounting Policies
- Information Related to Unconsolidated Financial Position and Risk Management
- Explanations and Notes Related to Unconsolidated Financial Statements
- Other Explanations and Notes
- Independent Auditor's Limited Review Report
- Interim activity report

The unconsolidated financial statements for the nine-month period and related disclosures and footnotes that are subject to independent review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in thousands of Turkish Lira.

Ahmet Yahya KİÇİLİ
Chairman of
Board of Directors

Osman AKYÜZ
Chairman of the Audit
Committee

Oğuz KAYHAN
Member of the Audit
Committee

Galip KARAGÖZ
General Manager

Özgür BİLGİLİ
Treasury and Financial Affairs
Deputy General Manager

Erkan AKGÜZEL
Budget, Reporting and
Financial Control
Assistant Manager

Contact information of the personnel in charge of the addressing of questions about this financial report:
Name-Surname/Title : Erkan AKGÜZEL Budget, Reporting and Financial Control Assistant Manager
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HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

SECTION ONE

GENERAL INFORMATION

1. History of the Bank including its incorporation date, initial legal status and amendments to legal status:

Hayat Finans Katılım Bankası A.Ş. ("The Bank"), with the BRSA decision numbered 10165 dated April 21, 2022, has obtained establishment permission to operate in accordance with the operating principles for digital banks in the BRSA's Regulation on the Operating Principles of Digital Banks and Service Model Banking by completing the company establishment procedures dated August 10, 2022, the Bank has completed registration its title as Hayat Finans Katılım Bankası A.Ş. The bank became the first digital participation bank to obtain an operating license in Türkiye with the BRSA decision dated March 23, 2023 and numbered 10543. Main field of operation is, in addition to the Bank's equity, to collect funds from domestic and foreign customers through "Current Accounts" and "Profit/ Loss Sharing Accounts" and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

The Bank has informed that it has actually started banking activities with the letter it has written to the BRSA dated August 7, 2023 and numbered DYZ-2023-GM-33/413.

2. Shareholding structure, shareholders jointly or individually having direct or indirect control over the management and supervision of the Bank and the disclosures on any related changes in the current period, if any, and information about the Group that the Bank belongs to

As of 30 September 2024, 50.00000% of the Bank's shares belong to Hayat Kimya Sanayi Anonim Şirketi, 29.99982% to Kastamonu Entegre Ağaç Sanayi Ticaret Anonim Şirketi, 20.00006% to Hayat Holding Anonim Şirketi and 0.00012% to other legal entities.

According to approval letter numbered E-43890421-101.01.04-131170 of the BRSA, the paid-in capital of Bank has been increased by TL 1,000,000 in cash from TL 1,500,000 to TL 2,500,000. After the capital increase, the partnership share of Hayat Holding Anonim Şirketi has become 20.00006% and the partnership share of Kastamonu Entegre Ağaç Sanayi Ticaret Anonim Şirketi has become 29.99982%.

3. Explanations regarding the chairman and the members of board of directors, audit committee members, general manager and assistant general managers and their shares in the bank

Name ^{2,3}	Title	Date of Assignment	Date of Audit Committee Assignments	Audit Committee End Date	Educational Degree	Ownership Percentage
Ahmet Yahya KİGİLİ	Chairman of the Board	15.08.2022	-	-	-	-
Mehmet Avni KİGİLİ	Deputy Chairman of the Board of Directors	15.08.2022	-	-	-	-
Murat ULUS	Executive Board Member	15.08.2022	-	-	Postgraduate	-
Osman AKYÜZ	Member of the Board of Directors and Chairman of the Audit Committee	15.08.2022	15.08.2022	-	Graduate	-
Oğuz KAYHAN	Member of the Board of Directors and Member of the Audit Committee	15.08.2022	15.08.2022	-	PhD	-
Soner CANKO	Member of the Board	15.08.2022	-	-	PhD	-
Melih Murat ERTEM	Member of the Board	01.12.2023	-	-	Postgraduate	-
Galip KARAGÖZ	Member of the Board of Directors and General Manager	01.12.2023	-	-	Postgraduate	-
Özgür BİLGİLİ ¹	Assistant General Manager for Treasury and Financial Affairs	22.05.2024	-	-	Postgraduate	-
Özer BARAN	Assistant General Manager for Credits and Operation	16.08.2022	-	-	Postgraduate	-
Çetin Yalçın GÜLEÇ	Assistant General Manager for Technology	16.08.2022	-	-	Postgraduate	-
Mehmet Necati ÖZDENİZ	Assistant General Manager of Retail Marketing	15.08.2023	-	-	Postgraduate	-

¹ Özgür BİLGİLİ was appointed to the Deputy General Manager of Treasury and Financial Affairs as of 22 May 2024, following the decision of the Board of Directors and the approval of BRSA.

² Mükremin Seçkin YENİEL, who was the Deputy General Manager of Corporate Banking, resigned from his position on 14 June 2024. Mehmet Necati ÖZDENİZ is acting as Deputy General Manager of Corporate Banking.

³ Melih Murat ERTEM resigned from his position as a member of the Board of Directors on 1 July 2024.

Share of the Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Assistants of the Bank in the Bank's capital

None (31 December 2023 - None).

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

4. Information on qualified shareholders

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Hayat Kimya Sanayi A.Ş.	1,250,000	50.00000%	1,250,000	-
Kastamonu Entegre Ağaç Sanayi Ticaret A.Ş.	749,996	29.99982%	749,996	-
Hayat Holding A.Ş.	500,001	20.00006%	500,001	-
Other	3	0.00012%	3	-
Total	2,500,000	100.00%	2,500,000	-

5. Explanations of the Bank's services and field of operations

The Bank's field of operations includes corporate and commercial banking, international banking services, and retail banking and credit card services. The Bank's core business is operating in accordance with the principles of interest-free banking as a digital participation bank by collecting funds through current and profit/loss sharing accounts and lending such funds to its customers.

As of 30 September 2024, the Bank is operating 382 (31 December 2023 – 256). Summary of some of the Bank's operations described in the Articles of Association are as follows:

- To collect funds through "Current Accounts" and "Profit/Loss Sharing Accounts" and special fund pools in line with the regulations,
- To allocate funds to the economy and provide all kinds of cash, non-cash loans within the principles of non-interest banking,
- To offer financial and operational leasing,
- To handle all kinds of deposits and payments, including travelers' checks, credit cards and other payment instruments, provide member business services, consulting, advisory,
- To purchase financial instruments on money and capital markets in cash or installments, sell and mediate the sale and trade on the stock exchange in accordance with legislation and principles of non-interest banking,
- To act as a representative, deputy or agent for corporations and enterprises (including insurance companies), to provide private pension intermediary services,
- Providing investment consultancy, wealth management and financial planning consultancy on management, technical and financial issues,
- Regarding banking activities by obtaining the necessary permits; To provide support services to its subsidiaries, other banks, financial institutions, financial technology companies and other companies,
- To buy and sell money market instruments spot or forward, and to act as an intermediary in their buying and selling,
- To carry out all kinds of foreign exchange transactions, to buy, sell, import and export gold, silver, other precious metals, precious stones and metals, to be a member of the precious metal and metal exchanges that have been established or to be established, and to trade in these exchanges,
- Domestic or foreign companies and organizations related to the purpose and scope of the business; to act as a representative, proxy and agency and to engage in all kinds of commission works,
- To provide social aid in accordance with the principles and principles of deposit and participation banking

The Bank's activities are not limited to the list above. If another activity is decided to be beneficial to the Bank, the activities must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities after whom it also needs to be approved by the Ministry of Trade since it constitutes an amendment of the Article of Association. Decisions that have been approved through all these channels will be included to the Article of Association.

6. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Bank and its subsidiaries:

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Unconsolidated Balance Sheet (Statement of Financial Position)
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- V. Unconsolidated Statement of Changes in Shareholders' Equity
- VI. Unconsolidated Statement of Cash Flows

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2024

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

1. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

	ASSETS	Notes Section V	Current Period 30.09.2024			Prior Period 31.12.2023		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		3,624,830	971,633	4,596,463	1,341,903	174,508	1,516,411
1.1.	Cash and Cash Equivalents		1,039,955	971,633	2,011,588	51,762	144,120	195,882
1.1.1.	Cash and Balances with Central Bank	(1.1.)	136,057	580,480	716,537	51,498	127,599	179,097
1.1.2.	Banks	(1.3.)	555	391,475	392,030	284	16,651	16,935
1.1.3.	Money Markets Placements		903,366	-	903,366	-	-	-
1.1.4.	Expected Credit Loss (-)		(23)	(322)	(345)	(20)	(130)	(150)
	Financial Assets at Fair Value Through Profit or Loss	(1.2.)	1,753,270	-	1,753,270	1,254,789	30,388	1,285,177
1.2.1.	Government Debt Securities		-	-	-	-	30,388	30,388
1.2.2.	Equity Instruments		-	-	-	-	-	-
1.2.3.	Other Financial Assets		1,753,270	-	1,753,270	1,254,789	-	1,254,789
	Financial Assets at Fair Value Through Other Comprehensive Income	(1.4.)	831,550	-	831,550	35,352	-	35,352
1.3.1.	Government Debt Securities		479,602	-	479,602	-	-	-
1.3.2.	Equity Instruments		15,590	-	15,590	-	-	-
1.3.3.	Other Financial Assets		336,358	-	336,358	35,352	-	35,352
1.4.	Derivative Financial Assets		55	-	55	-	-	-
1.4.1.	Derivative Financial Assets at Fair Value Through Profit or Loss	(1.2.)	55	-	55	-	-	-
1.4.2.	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(1.11.)	-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COSTS (Net)		3,871,713	1,524,186	5,395,899	686,459	474,658	1,161,117
2.1.	Loans	(1.5.)	3,903,137	1,462,799	5,365,936	686,798	416,552	1,103,350
2.2.	Leasing Receivables	(1.10.)	-	-	-	-	-	-
	Other Financial Assets Measured at Amortized Cost	(1.6.)	-	69,392	69,392	1,195	59,472	60,667
2.3.1.	Government Debt Securities		-	69,392	69,392	1,195	59,472	60,667
2.3.2.	Other Financial Assets		-	-	-	-	-	-
2.4.	Expected Credit Loss (-)		(31,424)	(8,005)	(39,429)	(1,534)	(1,366)	(2,900)
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS(NET)	(1.16.)	-	-	-	-	-	-
3.1.	Held For Sale		-	-	-	-	-	-
3.2.	Related to Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		20,000	-	20,000	-	-	-
4.1.	Investments in Associates (Net)	(1.7.)	-	-	-	-	-	-
4.1.1.	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2.	Unconsolidated Associates		-	-	-	-	-	-
4.2.	Investment in Subsidiaries (Net)	(1.8.)	20,000	-	20,000	-	-	-
4.2.1.	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2.	Unconsolidated Non-Financial Subsidiaries		20,000	-	20,000	-	-	-
4.3.	Investment in Joint Ventures (Net)	(1.9.)	-	-	-	-	-	-
4.3.1.	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2.	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	(1.12.)	96,055	-	96,055	68,785	-	68,785
VI.	INTANGIBLE ASSETS (Net)	(1.13.)	264,575	-	264,575	133,224	-	133,224
6.1.	Goodwill		-	-	-	-	-	-
6.2.	Other		264,575	-	264,575	133,224	-	133,224
VII.	INVESTMENT PROPERTIES (Net)	(1.14.)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSETS		9,870	-	9,870	980	-	980
IX.	DEFERRED TAX ASSETS	(1.15.)	329,417	-	329,417	52,487	-	52,487
X.	OTHER ASSETS	(1.17.)	132,215	46	132,261	43,489	-	43,489
	TOTAL ASSETS		8,348,675	2,495,865	10,844,540	2,327,327	649,166	2,976,493

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

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 30 SEPTEMBER 2024

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

1. BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

	Notes Section V	Current Period 30.09.2024			Prior Period 31.12.2023		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(2.1.)	5,870,919	2,422,429	8,293,348	743,168	545,710	1,288,878
II. FUNDS BORROWED	(2.3.)	-	-	-	-	-	-
III. MONEY MARKETS		-	-	-	-	-	-
IV. SECURITIES ISSUED (Net)	(2.4)	-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES		1	-	1	-	-	-
6.1. Derivative Financial Liabilities at Fair Value Through Profit or Loss	(2.2)	1	-	1	-	-	-
6.2. Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(2.7.)	-	-	-	-	-	-
VII. LEASE PAYABLES	(2.6.)	23,371	-	23,371	3,703	-	3,703
VIII. PROVISIONS	(2.8.)	19,797	10,497	30,294	6,717	791	7,508
8.1. Restructuring Provision		-	-	-	-	-	-
8.2. Reserves For Employee Benefits		11,731	-	11,731	6,289	-	6,289
8.3. Insurance For Technical Provision (Net)		-	-	-	-	-	-
8.4. Other Provisions		8,066	10,497	18,563	428	791	1,219
IX. CURRENT TAX LIABILITIES	(2.9.)	56,054	-	56,054	22,191	-	22,191
X. DEFERRED TAX LIABILITIES	(1.15.)	-	-	-	-	-	-
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(2.10.)	-	-	-	-	-	-
11.1. Held For Sale		-	-	-	-	-	-
11.2. Related to Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED DEBT INSTRUMENTS	(2.11.)	-	-	-	-	-	-
12.1. Loans		-	-	-	-	-	-
12.2. Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(2.5)	188,631	1,025	189,656	62,973	-	62,973
XIV. SHAREHOLDERS' EQUITY	(2.12.)	2,251,816	-	2,251,816	1,591,240	-	1,591,240
14.1. Paid-in Capital		2,500,000	-	2,500,000	1,500,000	-	1,500,000
14.2. Capital Reserves		-	-	-	-	-	-
14.2.1. Share Premiums		-	-	-	-	-	-
14.2.2. Share Cancellation Profits		-	-	-	-	-	-
14.2.3. Other Capital Reserves		-	-	-	-	-	-
14.3. Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		-	-	-	-	-	-
14.4. Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		3,472	-	3,472	(11)	-	(11)
14.5. Profit Reserves		91,251	-	91,251	29,076	-	29,076
14.5.1. Legal Reserves		4,563	-	4,563	1,454	-	1,454
14.5.2. Statutory Reserves		-	-	-	-	-	-
14.5.3. Extraordinary Reserves		86,688	-	86,688	27,622	-	27,622
14.5.4. Other Profit Reserves		-	-	-	-	-	-
14.6. Profit or Loss		(342,907)	-	(342,907)	62,175	-	62,175
14.6.1. Prior Years' Profits or Losses		-	-	-	-	-	-
14.6.2. Current Period Net Profit or Loss		(342,907)	-	(342,907)	62,175	-	62,175
TOTAL LIABILITIES AND EQUITY		8,410,589	2,433,951	10,844,540	2,429,992	546,501	2,976,493

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

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 30 SEPTEMBER 2024

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

2. STATEMENT OF OFF-BALANCE SHEET ITEMS

	Notes Section V	Current Period 30.09.2024			Prior Period 31.12.2023			
		TL	FC	Total	TL	FC	Total	
A.	COMMITMENTS AND CONTINGENCIES (I+II+III)	231,883	546,189	778,072	5,400	-	5,400	
I.	GUARANTEES AND WARRANTIES	(3.1.)	148,240	529,088	677,328	5,400	5,400	
1.1.	Letters of Guarantee		148,240	529,088	677,328	5,400	5,400	
1.1.1.	Guarantees Subject to State Tender Law		-	-	-	-	-	
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	
1.1.3.	Other Letters of Guarantee		148,240	529,088	677,328	5,400	5,400	
1.2.	Bank Loans		-	-	-	-	-	
1.2.1.	Import Letter of Acceptances		-	-	-	-	-	
1.2.2.	Other Bank Acceptances		-	-	-	-	-	
1.3.	Letters of Credit		-	-	-	-	-	
1.3.1.	Documentary Letters of Credit		-	-	-	-	-	
1.3.2.	Other Letters of Credit		-	-	-	-	-	
1.4.	Guaranteed Refinancing		-	-	-	-	-	
1.5.	Endorsements		-	-	-	-	-	
1.5.1.	Endorsements to the Central Bank of Türkiye		-	-	-	-	-	
1.5.2.	Other Endorsements		-	-	-	-	-	
1.6.	Other Guarantees		-	-	-	-	-	
1.7.	Other Warrantees		-	-	-	-	-	
II.	COMMITMENTS		83,643	17,101	100,744	-	-	
2.1.	Irrevocable Commitments		83,643	17,101	100,744	-	-	
2.1.1.	Forward Asset Purchase and Sales Commitments		17,156	17,101	34,257	-	-	
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		64,500	-	64,500	-	-	
2.1.3.	Loan Granting Commitments		-	-	-	-	-	
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	
2.1.5.	Commitments For Reserve Deposits Requirements		-	-	-	-	-	
2.1.6.	Payment Commitments for Checks		-	-	-	-	-	
2.1.7.	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	
2.1.8.	Commitments For Credit Card Expenditure Limits		-	-	-	-	-	
2.1.9.	Commitments For Credit Cards and Banking Services Promotions		-	-	-	-	-	
2.1.10.	Receivables From Short Sale Commitments		-	-	-	-	-	
2.1.11.	Payables For Short Sale Commitments		-	-	-	-	-	
2.1.12.	Other Irrevocable Commitments		1,987	-	1,987	-	-	
2.2.	Revocable Commitments		-	-	-	-	-	
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	
2.2.2.	Other Revocable Commitments		-	-	-	-	-	
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(3.2.)	-	-	-	-	-	
3.1	Derivative Financial Instruments Held for Risk Management		-	-	-	-	-	
3.1.1	Fair Value Hedges		-	-	-	-	-	
3.1.2	Cash Flow Hedges		-	-	-	-	-	
3.1.3	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	
3.2	Held For Trading Transactions		-	-	-	-	-	
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	
3.2.1.1	Forward Foreign Currency Buy Transactions		-	-	-	-	-	
3.2.1.2	Forward Foreign Currency Sell Transactions		-	-	-	-	-	
3.2.2	Other Forward Buy/Sell Transactions		-	-	-	-	-	
3.3	Other		-	-	-	-	-	
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		60,422,210	74,459	60,496,669	3,960,450	88,519	4,048,969
IV.	ITEMS HELD IN CUSTODY		1,754,606	74,459	1,829,065	36,190	88,519	124,709
4.1.	Customers' Securities Held		-	-	-	-	-	
4.2.	Investment Securities Held in Custody		723,805	-	723,805	-	-	
4.3.	Checks Received for Collection		295,251	6,149	301,400	-	-	
4.4.	Commercial Notes Received for Collection		-	-	-	-	-	
4.5.	Other Assets Received for Collection		-	-	-	-	-	
4.6.	Assets Received for Public Offering		-	-	-	-	-	
4.7.	Other Items Under Custody		-	-	-	-	-	
4.8.	Custodians		735,550	68,310	803,860	36,190	88,519	124,709
V.	PLEDGED ITEMS		58,667,604	-	58,667,604	3,924,260	-	3,924,260
5.1.	Marketable Securities		250	-	250	-	-	
5.2.	Guarantee Notes		-	-	-	-	-	
5.3.	Commodity		990,851	-	990,851	17,260	-	17,260
5.4.	Warranty		-	-	-	-	-	
5.5.	Properties		843,420	-	843,420	-	-	
5.6.	Other Pledged Items		56,828,559	-	56,828,559	3,907,000	-	3,907,000
5.7.	Pledged Items-Depository		4,524	-	4,524	-	-	
VI.	ACCEPTED GUARANTEES AND WARRANTIES		-	-	-	-	-	-
	TOTAL OFF BALANCE SHEET ITEMS (A+B)		60,654,093	620,648	61,274,741	3,965,850	88,519	4,054,369

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

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (INCOME STATEMENT) AS OF 30 SEPTEMBER 2024

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

3. STATEMENT OF PROFIT OR LOSS (INCOME STATEMENT)

	Notes Section V	Current Period 01.01.2024- 30.09.2024	Current Period 01.07.2024- 30.09.2024	Prior Period 01.01.2023- 30.09.2023	Prior Period 01.07.2023- 30.09.2023
PROFIT AND LOSS TABLE					
I.	PROFIT SHARE INCOME	925,335	544,758	172,289	29,455
1.1.	Profit Share on Loans	(4.1) 749,551	431,750	360	360
1.2.	Profit Share on Reserve Deposits	(4.1) 872	19	-	-
1.3.	Profit Share on Banks	(4.1) 3,133	1,907	169,181	26,347
1.4.	Profit Share on Money Market Placements	62,636	32,889	-	-
1.5.	Profit Share on Marketable Securities Portfolio	(4.1) 107,190	76,267	2,748	2,748
1.5.1.	Fair Value Through Profit or Loss	843	-	165	165
1.5.2.	Fair Value Through Other Comprehensive Income	100,733	75,033	-	-
1.5.3.	Measured at Amortised Cost	5,614	1,234	2,583	2,583
1.6.	Finance Lease Income	-	-	-	-
1.7.	Other Profit Share Income	1,953	1,926	-	-
II.	PROFIT SHARE EXPENSE (-)	756,677	499,367	372	117
2.1.	Expense on Profit Sharing Accounts	(4.4) 753,952	496,925	-	-
2.2.	Profit Share Expense on Funds Borrowed	(4.2) 358	271	-	-
2.3.	Profit Share Expense on Money Market Borrowings	-	-	-	-
2.4.	Profit Share Expense on Securities Issued	(4.2) -	-	-	-
2.5.	Profit Share Expense on Leasing	2,362	2,171	372	117
2.6.	Other Profit Share Expenses	5	-	-	-
III.	NET PROFIT SHARE INCOME/EXPENSE (I - II)	168,658	45,391	171,917	29,338
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	(12,100)	(5,758)	(1,476)	(1,279)
4.1.	Fees And Commissions Received	4,235	2,424	-	-
4.1.1.	Non-Cash Loans	2,212	1,479	-	-
4.1.2.	Other	(4.13.) 2,023	945	-	-
4.2.	Fees And Commissions Paid (-)	16,335	8,182	1,476	1,279
4.2.1.	Non-Cash Loans	24	24	-	-
4.2.2.	Other	(4.13.) 16,311	8,158	1,476	1,279
V.	DIVIDEND INCOME	(4.3.) -	-	-	-
VI.	NET TRADING INCOME / LOSS	(4.5.) 298,335	109,835	106,977	73,448
6.1.	Capital Market Transaction Gains/Losses	274,821	102,921	105,547	73,352
6.2.	Gains/Losses from Derivative Financial Instruments	3,833	(74)	-	-
6.3.	Foreign Exchange Gains/Losses	19,681	6,988	1,430	96
VII.	OTHER OPERATING INCOME	(4.6.) 1,323	336	24	-
VIII.	GROSS OPERATING PROFIT (III+IV+V+VI+VII+ VIII)	456,216	149,804	277,442	101,507
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(4.7.) 43,225	21,404	1,279	798
X.	OTHER PROVISIONS (-)	(4.7.) 13,982	5,008	-	-
XI.	PERSONNEL EXPENSES (-)	467,436	176,411	154,155	71,224
XII.	OTHER OPERATING EXPENSES (-)	(4.8.) 552,903	167,825	121,997	47,381
XIII.	NET OPERATING INCOME/(LOSS) (IX-X-XI)	(621,330)	(220,844)	11	(17,896)
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	-	-	-	-
XV.	INCOME / (LOSS) ON NET MONETARY POSITION PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV)	(4.9.) (621,330)	(220,844)	11	(17,896)
XVIII.	PROVISION FROM TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(4.10) 278,423	103,696	30,480	27,563
18.1.	Current Tax Provision	-	-	-	-
18.2.	Deferred Tax Income Effect (+)	12,033	2,164	12,881	9,255
18.3.	Deferred Tax Expense Effect (-)	290,456	105,860	43,361	36,818
XIX.	CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(4.11.) (342,907)	(117,148)	30,491	9,667
XX.	INCOME FROM DISCONTINUED OPERATIONS	-	-	-	-
20.1.	Income on Non-Current Assets Held for Sale	-	-	-	-
20.2.	Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)	-	-	-	-
20.3.	Income on Other Discontinued Operations	-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)	-	-	-	-
21.1.	Expenses From Non-Current Assets Held for Sale	-	-	-	-
21.2.	Expenses From Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)	-	-	-	-
21.3.	Expenses From Other Discontinued Operations	-	-	-	-
XXII.	PROFIT / LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)	-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-	-	-	-
23.1.	Current Tax Provision	-	-	-	-
23.2.	Deferred Tax Expense Effect (+)	-	-	-	-
23.3.	Deferred Tax Income Effect (-)	-	-	-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX+XXI)	-	-	-	-
XXV.	NET PROFIT/LOSS (XVII+XXII)	(4.12.) (342,907)	(117,148)	30,491	9,667
	Earnings Per Share Income/Loss	(0.2258)	(0.0781)	0.0203	0.0064

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

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 30 SEPTEMBER 2024

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

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Current Period 01.01.2024- 30.09.2024	Current Period 01.07.2024- 30.09.2024	Prior Period 01.01.2023- 30.09.2023	Prior Period 01.07.2023- 30.09.2023
I.	CURRENT PROFIT (LOSS)	(342,907)	(117,148)	30,491	9,667
II.	OTHER COMPREHENSIVE INCOME	3,483	2,682	-	-
2.1	Other Comprehensive Income Not Reclassified Through Profit or Loss	-	-	-	-
2.1.1	Property And Equipment Revaluation Increase/Decrease	-	-	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-	-	-
2.1.5	Taxes Related to Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-	-	-
2.2	Other Comprehensive Income Reclassified Through Profit or Loss	3,483	2,682	-	-
2.2.1	Foreign Currency Translation Difference	-	-	-	-
2.2.2	Valuation And/Or Reclassification Income/Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	4,976	3,831	-	-
2.2.3	Cash Flow Hedge Income/Loss	-	-	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-	-	-
2.2.6	Taxes Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(1,493)	(1,149)	-	-
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	(339,424)	(114,466)	30,491	9,667

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

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30 SEPTEMBER 2024

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

5. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

		Paid-in Capital	Share Premiums	Share Cancellation profits	Other Capital Reserves	Accumulated Other Income or Loss That Will Not Be Reclassified to Profit or Loss			Accumulated Other Income or Loss That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Net Profit/Loss for the Period	Total Shareholders' Equity	
						1	2	3	4	5	6					
	Current Period (01/01/2024 – 30/09/2024)															
I.	Prior Period Ending Balance	1,500,000	-	-	-	-	-	-	-	(11)	-	29,076	-	62,175	1,591,240	
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effect of Changes In Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted Beginning Balance (I+II)	1,500,000	-	-	-	-	-	-	-	(11)	-	29,076	-	62,175	1,591,240	
IV.	Total Comprehensive Income (Loss)	-	-	-	-	-	-	-	-	3,483	-	-	-	(342,907)	(339,424)	
V.	Capital Increase by Cash	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000	
VI.	Capital Increase by Internal Reserves Paid in Capital Inflation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase / Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	62,175	-	(62,175)	-	
11.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2	Transfers To Legal Reserves	-	-	-	-	-	-	-	-	-	-	62,175	(62,175)	-	-	
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	62,175	(62,175)	-	
	Balances at end of the period (III+IV+.....+X+XI)	2,500,000	-	-	-	-	-	-	-	3,472	-	91,251	-	(342,907)	2,251,816	

1. Accumulated revaluation increase/ decrease of fixed assets,

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 asset at fair value through other comprehensive income,

6. Other (Cash flow hedge gain/ loss, shares of investments valued by equity method in other comprehensive income classified through profit or loss and other accumulated amounts of other comprehensive income items reclassified through other profit or loss.)

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

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30 SEPTEMBER 2024

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

5. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

		Paid-in Capital	Share Premiums	Share Cancellation profits	Other Capital Reserves	Accumulated Other Income or Loss That Will Not Be Reclassified to Profit or Loss			Accumulated Other Income or Loss That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Net Profit/Loss for the Period	Total Shareholders' Equity	
						1	2	3	4	5	6					
	Prior Period (01/01/2023 – 30/09/2023)															
I.	Prior Period Ending Balance	1,500,000	-	-	-	-	-	-	-	-	-	-	-	29,076	1,529,076	
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effect of Changes In Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted Beginning Balance (I+II)	1,500,000	-	-	-	-	-	-	-	-	-	-	-	29,076	1,529,076	
IV.	Total Comprehensive Income (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	30,491	30,491	
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital Increase by Internal Reserves Paid in Capital Inflation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase / Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	29,076	-	(29,076)	-	
11.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2	Transfers To Legal Reserves	-	-	-	-	-	-	-	-	-	-	29,076	(29,076)	-	-	
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	29,076	(29,076)	-	
	Balances at end of the period (III+IV+.....+X+XI)	1,500,000	-	-	-	-	-	-	-	-	-	29,076	-	30,491	1,559,567	

1. Accumulated revaluation increase/ decrease of fixed assets,

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 asset at fair value through other comprehensive income,

6. Other (Cash flow hedge gain/ loss, shares of investments valued by equity method in other comprehensive income classified through profit or loss and other accumulated amounts of other comprehensive income items reclassified through other profit or loss.)

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

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 SEPTEMBER 2024

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

6. STATEMENT OF CASH FLOWS

	Note Section V	Current Period 01.01.2024- 30.09.2024	Prior Period 01.01.2023- 30.09.2023
A.			
CASH FLOWS FROM BANKING OPERATIONS			
1.1		(948,342)	(57,178)
Operating Profit Before Changes in Assets And Liabilities From Banking Operations			
1.1.1		651,508	142,469
Profit Share Income Received			
1.1.2		(600,635)	-
Profit Share Expense Paid			
1.1.3		-	-
Dividends Received			
1.1.4		24,481	-
Fees And Commissions Received			
1.1.5		48,297	24
Other Income			
1.1.6		4	-
Collections From Previously Written Off Loans			
1.1.7		(1,032,993)	(183,940)
Payments to Personnel And Service Suppliers			
1.1.8		-	(7,368)
Taxes Paid			
1.1.9	(6.3)	(39,004)	(8,363)
Others			
1.2		2,229,113	(929,427)
Changes in Assets And Liabilities From Banking Operations			
1.2.1		(298,830)	(899,147)
Net (Increase) Decrease Held For Trading Financial Assets			
1.2.2		(511,409)	-
Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss			
1.2.3		(3,921,376)	-
Net (Increase) Decrease in Due From Banks And Other Financial Institutions			
1.2.4	(6.3)	(23,288)	(76,632)
Net (Increase) Decrease in Loans			
1.2.5		-	9,520
Net (Increase) Decrease in Other Assets			
1.2.6		6,850,790	(314)
Net Increase (Decrease) in Bank Deposits			
1.2.7		-	-
Net Increase (Decrease) in Other Deposits			
1.2.8		-	-
Net Increase (Decrease) in Funds Borrowed			
1.2.9		-	-
Net Increase (Decrease) in Due Payables			
1.2.10	(6.3)	133,226	37,146
Net Increase (Decrease) in Other Liabilities			
I.		1,280,771	(986,605)
Net Cash Provided From / (Used in) Banking Operations			
B.			
CASH FLOWS FROM INVESTING ACTIVITIES			
II.		(898,713)	(189,570)
Net Cash Provided From / (Used in) Investing Activities			
2.1		(20,000)	-
Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries			
2.2		-	-
Cash Obtained From Sale of Jointly Controlled Operations, Associates And Subsidiaries			
2.3		(164,384)	(51,477)
Fixed Assets Purchases			
2.4		-	-
Fixed Assets Sales			
2.5		(871,139)	-
Cash Paid For Purchase of Financial Assets at Fair Value Through Other Comprehensive Income			
2.6		155,050	-
Cash Obtained From Sale of Financial Assets at Fair Value Through Other Comprehensive Income			
2.7		(20,349)	(105,310)
Cash Paid For Purchase of Investment Securities			
2.8		22,109	-
Cash Obtained From Sale of Investment Securities			
2.9		-	(32,783)
Other			
C.			
CASH FLOWS FROM FINANCING ACTIVITIES			
III.		996,313	(372)
Net Cash Provided From / (Used in) Financing Activities			
3.1		-	-
Cash Obtained From Funds Borrowed And Securities Issued			
3.2		-	-
Cash Used For Repayment of Funds Borrowed And Securities Issued			
3.3		1,000,000	-
Capital Increase			
3.4		-	-
Dividends Paid			
3.5		(3,687)	(372)
Payments For Finance Leases			
3.6		-	-
Other			
IV.	(6.3)	19,071	4,466
Effect of Change in Foreign Exchange Rate on Cash And Cash Equivalents			
V.		1,397,442	(1,172,081)
Net Increase (Decrease) in Cash And Cash Equivalents			
VI.	(6.1)	51,751	1,493,990
Cash And Cash Equivalents at The Beginning of The Period			
VII.	(6.1)	1,449,193	321,909
Cash And Cash Equivalents at The End of The Period			

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

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES IN THE RELATED PERIOD

1. Explanations on basis of presentation

The preparation of the financial statements and related notes and explanations in accordance with the Turkish accounting standards and regulation on accounting applications for banks and safeguarding of documents

The Bank prepares its financial statements in accordance with the “Regulation on The Procedures and Principles for Accounting Practices and Retention of Documents by Banks” published in the Official Gazette dated 1 November 2006 with numbered 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Agency (“BRSA”) as well as the circulars and pronouncements published by the BRSA. For matters not regulated by the aforementioned legislations, the Bank prepares its financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, which comprises the terms of the Turkish Accounting Standard (TMS 34), Interim financial reporting standard and Turkish Financial Reporting Standards issued by the Public Oversight Accounting and Auditing Standards Authority.

The unconsolidated financial statements are prepared in TL on the basis of historical cost, except for financial assets and liabilities shown at their fair values.

Accounting policies and valuation principles applied in the preparation of financial statements

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss, and the financial assets and liabilities at fair value through other comprehensive income that are measured at fair values.

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TFRS. The preparation of the unconsolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Bank’s management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, deferred tax assets and liabilities, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary, they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes. Accounting policies and evaluation principles in preparing Financial statements are determined and applied as per the principles stated in “BRSA Accounting and Financial Reporting Legislation” and consistent with the accounting policies applied for December 31, 2023 financial statements.

According to TAS 29 "Financial Reporting in High-Inflation Economies" Standard, businesses whose functional currency is the currency of a high-inflation economy report their financial statements according to the purchasing power of money at the end of the reporting period. Based on the statement made by the Public Oversight Accounting and Auditing Standards Authority (KGK) on 23 November 2023, it is stated that the financial statements of the companies that apply Turkish Financial Reporting Standards (TFRS) for the annual reporting period ending on or after 31 December 2023 are subject to “TAS 29 High Inflationary Reporting Standards”. It must be presented in accordance with the accounting principles in "Financial Reporting in Economies" and adjusted for the effect of inflation. In the same statement, it was stated that institutions or organizations authorized to regulate and supervise their own fields may determine different transition dates for the implementation of inflation accounting. In this context, the Banking Regulation and Supervision Agency (BRSA); In accordance with the Board decision dated December 12, 2023; it has been announced that the financial statements of banks and financial leasing, factoring, financing, savings financing and asset management companies dated 31 December 2023 will not be subject to inflation adjustment. Pursuant to the BRSA's decision dated January 11, 2024 and numbered 10825; It has been decided that banks and financial leasing, factoring, financing, savings financing and asset management companies will switch to inflation accounting as of January 1, 2025. Accordingly, "TAS 29 Financial Reporting Standard in High Inflation Economies" was not applied in the Bank's financial statements dated 30 September 2024.

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Changes in accounting estimates, errors and classifications

If changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods. Significant accounting errors are applied retrospectively, and prior period financial statements are restated. There were no significant changes in the accounting estimates of the Bank in the current year. Comparative information is rearranged when deemed necessary in order to comply with the presentation of the current period financial statements. The Bank has not made any changes in the presentation of the financial statements in the current period.

The Bank's financial statements are prepared comparatively with the previous period in order to enable the determination of financial position and performance trends.

2. Explanations on strategy of using financial instruments and foreign currency transactions

The Bank follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Bank's exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Bank's equity. The assets-liabilities committee (ALCO) manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee.

Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates to Turkish Lira and valuation differences of foreign currencies have been recognized in the income statement under the net foreign exchange income/expense account.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments into Turkish Lira are included in the income statement.

3. Explanations on forward transactions and option contracts and derivative instruments

The Bank's derivative transactions are classified, measured and accounted in accordance with the provisions of "IFRS 9 Financial Instruments". Fair values are used in the initial recording of derivative transactions and are valued at fair values in the periods following their recording. Liabilities and assets arising from derivative transactions are recorded in the off-balance sheet accounts based on the contract amounts. Derivative transactions are valued at fair value in the periods following their recording and are shown in the balance sheet in the "Fair Value Difference of Derivative Financial Assets Reflected through Profit and Loss" or "Fair Value Difference of Derivative Financial Liabilities Reflected through Profit and Loss Portion" accounts, depending on whether the fair value is positive or negative. These amounts shown in the balance sheet reflect the fair values of derivative products. Differences in fair value as a result of the valuation are accounted for in the "Profit/loss from derivative financial transactions" accounts in the income statement.

4. Explanations on profit share income and expense

Profit share income is reflected in the records using the internal yield ratio method according to the accrual basis over the funds used, and it is accounted for in the dividend income account in the financial statements. When applying the internal yield method, the Bank amortizes the fees included in the calculation of the effective profit ratio and the transaction costs over the expected life of the financial instrument. If a financial asset suffers a credit impairment and is classified as non-performing receivables, profit accruals and discounts are calculated for the relevant customers in accordance with the IFRS 9 Financial Instruments Standard.

The Bank calculates expense rebates on profit/loss participation accounts according to the unit value calculation method and classifies these amounts in the "Collected Funds" account item on the balance sheet.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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5. Information on Associates and Subsidiaries and Entities Under Common Control

The Communiqué Amending the “Communiqué on the Turkish Accounting Standard 27 (TAS 27) Concerning Individual Financial Statements” published in the Official Gazette dated April 9, 2015 and numbered 29321 came into effect for the accounting periods after January 1, 2016. While it is stated that a business that prepared its individual financial statements before the amendment can account for investments in its subsidiaries, joint ventures and associates at cost or in accordance with TFRS 9 Financial Instruments standard, with the amendment, while the business prepares its individual financial statements, its investments in subsidiaries, joint ventures and affiliates are accounted for using the equity method. also has the opportunity to be accounted for.

The bank accounts for its subsidiary at cost on unconsolidated financial statements.

6. Explanations on fees and commission income and expenses

Other than fees and commission income and expenses received from certain banking transactions that are recorded as income or expense in the period they are collected, fees and commission income and expenses are recognized in the income statement depending on the duration of the transaction. Except for fees and commissions that are integral part of the effective profit share rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers.

Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period.

In accordance with the provisions of TAS, commission and fees collected in advance for loans granted are deferred and reflected to the income statement by using the internal rate of return method. Unearned portion of the commission and fees relating to the future periods are recorded to the “Unearned Revenues” account under “Other Liabilities” on the balance sheet.

7. Explanations on financial assets

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

The Bank recognizes a financial asset in the financial statements only when it becomes a party to the contractual terms of a financial instrument. During the initial recognition of a financial asset, the business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit/loss” are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and profit share at certain date; that are either acquired for generating a profit from short-term 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. Equity securities classified as financial assets at fair value through profit/loss are recognized at fair value.

Financial assets at fair value through other comprehensive income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial assets with contractual terms that lead to cash flows are solely payments of principal and profit share at certain dates, they are classified as fair value through other comprehensive income.

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

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with effective profit share rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, 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.

Securities representing the share in the capital classified as financial assets at fair value through profit or loss are recognized at fair value. Exceptionally, cost may be an appropriate estimation method for determining fair value. This is only possible if there is not enough recent information on the measurement of fair value or if the fair value can be measured with more than one method and the cost reflects the fair value estimation among these methods in the best way.

During initial recognition an entity can choose in an irrevocable was 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. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

Financial assets measured at amortized cost

In the case that a financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and that the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and profit share on the principal amount, the financial asset is classified as financial asset measured at amortized cost.

Financial Assets Measured at Amortized Cost; consists of financial assets, excluding loans and receivables, that are held with the intention of keeping until maturity and that the necessary conditions to be held until maturity, including funding ability, are met, have fixed or determinable payments and fixed maturities. Financial Assets Measured at Amortized Cost are first recorded at their acquisition cost and subsequently valued at their discounted cost using the internal yield method. Profit share income related to Financial Assets Measured at Amortized Cost is reflected in the income statement.

Derivative financial assets

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, the fair value amounts are classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss." The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Profit Share Rate (internal rate of return) Method".

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8. Explanations on impairment of financial assets

In accordance with the "Regulation on the Procedures and Principles for the Classification of Loans and the Provisions to be Set Aside for These" published in the Official Gazette dated 22 June 2016 and numbered 29750, the Bank started to allocate impairment provisions in accordance with the provisions of TFRS 9 after it started operating.

Since the Bank does not have sufficient historical data to create internal models for TFRS 9 expected credit loss calculation, the Bank prepared its assumptions and methodologies based on expert opinion.

Expected credit loss is a probability calculation that is used to predict the credit losses that will occur if the loan payments required under the contract are not made on time and is weighted according to the default risks of the loans. Calculation of expected credit losses consists of three main parameters: Probability of Default, Loss Given Default, and Default Amount.

Probability of Default (PD), refers to the probability that the loan will default within a certain time period. The bank uses two different default probability values when calculating expected credit loss in accordance with TFRS 9:

- 12-Month probability of default: Estimation of the probability of default within 12 months after the reporting date.
- Lifetime probability of default: Estimation of the probability of default over the expected life of the financial instrument.

Since the bank does not have historical data that could create a PD model within the scope of TFRS 9, it determined the PD value using participation banks' default data.

Loss Given Default (LGD), is the economic loss of the borrower arising from the loan in case of default and is expressed as a ratio. "Working LGD" rate refers to the LGD rate that corresponds to the period between the date of transfer to follow-up accounts for non-performing receivables and the period in which ECL calculation is made. LGD rate for all receivables except non-performing receivables is 45%

Exposure amount at Default (EAD), refers to the balance disbursed in cash loans as of the report date. For non-cash loans and commitments, it is the value calculated by applying the loan conversion rate. The credit conversion rate corresponds to the loan conversion rate used in the adaptation of possible risk increases between the current date and the default date.

For non-cash loans, credit conversion ratio is used in EAD calculation. The cash conversion rate of a non-cash loan indicates the rate at which compensation will occur. For the cash conversion rates of non-cash loans, the risk weighting given in the BRSA Circular No. 2016/1 dated 28.03.2016 was taken into account.

The bank has established a '3-stage' impairment model based on the change in credit quality after initial recognition:

Stage 1 covers financial instruments with no significant increase in credit risk from initial recognition to the next reporting period or with low credit risk at the reporting date. For these assets, a 12-month expected credit loss is recognized. In the 12-month expected credit loss provision calculation for Stage 1 loans, the weighted average of annual default rates calculated on the 5-year loan and non-performing receivables data publicly disclosed by participation banks starting from the period in which the PD calculation is made is used as the probability of default (PD) parameter. While determining the relevant period, the minimum historical observation period mentioned in the "Guide on Evaluation, Validation and Corporate Governance of Internal Rating-Based Approaches and Advanced Measurement Approach" was taken into consideration.

Stage 2 covers financial assets for which there has been a significant increase in credit risk since initial recognition but for which there is no objective evidence of impairment. For these assets, lifetime expected credit losses are recognized. In this context, these are the basic issues taken into account in determining whether a financial asset's credit risk has increased significantly and is transferred to Stage 2. In the lifetime expected loan loss provision calculation for stage 2 loans, the weighted average of stage 2 provision rates calculated over the 5-year close monitoring provision amounts announced to the public by participation banks starting from the period in which the PD calculation is made is used as the PD parameter.

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Stage 3 includes financial assets for which there is objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

The Bank periodically evaluates the provisions set aside for loans and other receivables in accordance with TFRS 9, based on their results, and makes updates to the basketing rules and the parameters used in the calculation of the relevant provision balances, if deemed necessary, as a result of these evaluations.

If the credit risk on a financial instrument has not increased significantly since it was first recognized in the financial statements, the Bank classifies the financial asset in question as the first stage and adjusts the loss allowance for the financial instrument at an amount equal to the 12-month expected credit losses at each reporting date.

The purpose of impairment is to recognize lifetime expected losses in the financial statements for all financial instruments with significant increases in credit risk since their initial recognition, individually or collectively, by taking into account all reasonable and supportable information, including forward-looking ones.

12-Month Expected Loss Provision (Stage 1) These are financial assets that do not have a significant increase in credit risk when they are first included in the financial statements or thereafter, and the number of days of delay does not exceed 30 days.

Credit risk impairment provision for these assets is recognized as 12-month expected credit loss provision. It is valid for all assets unless there is a significant deterioration in credit quality. The 12-month expected loss values (within 12 months after the reporting date or sooner if the life of a financial instrument is less than 12 months) are part of the lifetime expected loss calculation.

Significant Increase in Credit Risk (Stage 2) if there is a significant increase in credit risk after it is first included in the financial statements, the relevant financial asset is transferred to the 2nd Stage. Credit risk impairment provision is determined according to the lifetime expected credit loss provision of the relevant financial asset.

The bank classifies financial assets as stage 2, taking into account the following criteria:

- Loans with overdue days exceeding 30 days but not exceeding 90 days,
- Data received from the early warning system and the evaluation to be made by the bank in this case,
- The Bank's management concludes that there is a significant increase in the credit risk as a result of the comparison with the default risk at the beginning of the loan to determine whether the customer's risk of default has increased significantly since the initial definition of the loan,
- In loans whose repayment is entirely dependent on collateral, the net realizable value of the collateral falls below the receivable amount.

Default (Stage 3/Special Provision) According to the Bank's internal procedures, the relevant financial asset is within the scope of default if the following situations exist:

- Loans that are over 90 days overdue from the last installment date (In this case, the customer is followed up on the 91st day).
- Loans that are restructured and classified as live receivables and whose payment is delayed for more than 30 days within the one-year monitoring period (In this case, the customer is monitored on the 31st day).
- Loans that were restructured and classified as live receivables and were restructured at least once within a one-year monitoring period.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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9. Explanations on offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

10. Explanations on sale and repurchase agreements and lending of securities

Central Bank of the Republic of Türkiye (“CBRT”) made some changes on orders for open market transactions (“OMT”) and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement, a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they need funding or in attempt to evaluate the excess liquidity. In this context, the Treasury Lease Certificates included in the assets of the participation banks of the Central Bank of the Republic of Türkiye are subject to the sale process with the promise of repurchase and can carry out API transactions and obtain funds in this way.

11. Explanations on assets held for sale and discontinued operations and related liabilities

A non-current asset classified as held for sale (or disposal group) is the lower of its book value and fair value less costs to sell, in accordance with the provisions of “TFRS 5 Turkish Financial Reporting Standard on Assets Held for Sale and Discontinued Operations”. In order to classify an asset as held for sale, the sale should be highly probable, and the asset should be available for immediate sale in its present condition. Highly saleable condition requires a plan by the management regarding the sale of the asset together with an active program for the determination of buyers as well as for the completion of the plan. Also, the asset should be actively in the market at a price consistent with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan. Various events and conditions may extend the completion period of the disposal over one year.

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

The Bank has no discontinued operations.

12. Explanations on goodwill and other intangible assets

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 “Turkish Accounting Standards for Intangible Assets”. As of the balance sheet date, there is no goodwill in the financial statements of the Bank. The Bank’s intangible assets consist of softwares, capitalized information technology services and intangible rights. Intangible assets are amortised by the Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Bank’s software have been determined as 3 to 4 years and other intangible assets’ useful lives have been determined as 15 years.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the TAS 36 “Turkish Accounting Standard for Impairment of Assets” and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is provided.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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13. Explanations on tangible assets

Fixed assets are stated at cost adjusted for inflation less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than one year as of the balance sheet date.

If the recoverable amount (the higher of value in use and fair value) of a tangible asset is less than it is carrying value, impairment loss is provided and the carrying value is written down to its recoverable amount.

Gains or losses resulting from disposals of the fixed assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repair costs are capitalized if the expenditure increases economic life of the asset; other repair costs are expensed as incurred.

The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product, or to decrease the costs.

14. Explanations on leasing transactions

The Bank assesses whether the contract has a lease qualification or include a lease transaction.

- (a) The right to obtain almost all of the economic benefits from the use of the leased asset and,
- (b) Whether the leased asset which has the right to manage its use is evaluated

The right of use asset and lease liability are measured at the present value of the lease payments in accordance with TFRS 16 "Leases" standard. Lease payments are discounted using the Bank's alternative borrowing profit share rate.

Right of use assets

The Bank reflects the existence of a right of use and a lease liability to the financial statements at the date the lease is commenced.

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

- (a) The first measurement amount of the lease liability,
- (b) The amount obtained by deducting all rental incentives received from all lease payments made at or before the date of the rental.

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

- (a) Accumulated depreciation and accumulated impairment losses are deducted and
- (b) Measures the restatement of the lease obligation over the adjusted cost.

The Bank applies the depreciation liabilities in TAS 16 Tangible Fixed Assets while depreciating the right of use asset. The Bank determines whether the right of use has been impaired and recognizes any identified impairment losses in accordance with TAS 36 – Impairment of Assets.

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Lease Liability

At the effective date of the lease, the Bank measures the leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's alternative borrowing profit share rate.

The profit share on the lease liability for each period of the lease term is the amount found by applying a fixed periodic profit share rate to the remaining balance of the lease liability. Periodic profit share rate is the Bank's borrowing profit share rate.

After the beginning of a contract, the Bank remeasures its lease liability to reflect changes in lease payments. The Bank reflects the restatement amount of the lease obligation to the financial statements as revised in the presence of the right of use.

15. Explanations on Provisions and contingent liabilities

Provisions and contingent liabilities are accounted in accordance with "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

Provisions are recognized when the Bank has a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

As per the periodicity principle, a provision is provided for the liabilities arising as a result of past events in the period they arise, if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

When a reliable estimate of the amount of the obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, the obligation is considered as a conditional liability and is disclosed in the related notes to the financial statements.

16. Explanations on liabilities relating to employee benefits

Defined benefit plans

In accordance with existing social legislation, the Bank is required to make severance pay to each employee who has completed over one year of service with the Bank and who retires or quits the employment to receive old age or disability benefits, to fulfill the compulsory military service, because of the marriage (for females) or because of the other compulsive reasons as defined in the laws and whose employment is terminated due to reasons other than resignation or misconduct.

The Bank's employees are not members of any pension fund, foundations, union or other similar entities.

Defined contribution plans

The Bank pays defined contribution plans to publicly administer Social Security Funds for its employees as mandated by the Social Security Association. The Bank has no further payment obligations other than this contribution share. The contributions are recognized as employee benefit expense when they are due.

Short term benefits to employees

In accordance with "TAS 19", vacation pay liabilities are defined as "Short Term Benefits to Employees" and accrued as earned.

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17. Explanations on taxation

Corporate Tax

While corporate tax which is applied to corporate earnings at the rate of 20% in Türkiye, in accordance with the regulation introduced by the Law No.7456 "On the Formation of Additional Motor Vehicle Tax to Compensate the Economic Losses Caused by the Earthquakes That Occurred on 6 February 2023, Amending Certain Laws and the Decree Law No. 375, the corporate earnings of 2023 and later taxation periods this rate has been determined to be applied as 25% and for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies this rate has been determined to be applied as 30%.

This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions No.2009/14593 and No.2009/14594 of the Council of Ministers published in the Official Gazette No.27130 dated 3 February 2009, certain duty rates included in the articles No.15 and 30 of the new Corporate Tax Law No.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Türkiye through their operations or permanent representatives and the resident institutions has been changed to 10% from 15% by the Presidential decision published in the Official Gazette No. 31697 dated 22 December 2021. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings. In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

75% of earnings generated through sale of equity shares, founders' shares, redeemed shares and preemption rights are exempt from the corporate tax with the conditions that such earnings shall be held in a special reserve account under equity until the end of five years following the year of sale and shall be collected as cash until the end of the following two fiscal years. While 50% of earnings generated through sale of real estate held at least for two years by the institutions were exempt from the corporate tax with the conditions that such earnings shall be held in a special reserve account under equity until the end of five years following the year of sale and shall be collected as cash until the end of the following two fiscal years, in accordance with the regulation introduced by Law No. 7456 "On the Formation of Additional Motor Vehicle Tax to Compensate the Economic Losses Caused by the Earthquakes That Occurred on 6 February 2023, Amending Certain Laws and the Decree Law No. 375, this article has been abolished and has been removed from entry into force of the law dated 15 July 2023. The exemption rate for real estates previously included in the assets of institutions has been determined as 25%.

All earnings generated through transfer of equity shares, founders' shares, redeemed shares and preemption rights by the companies being under legal proceedings or guarantor and mortgage provider of such companies, to banks, financial leasing companies and finance companies or the Savings Deposit Insurance Fund in connection with liquidation of their liabilities and earnings of banks, financial leasing companies and finance companies through sale of immovable part of such assets or other items are exempt from corporate tax at the rate of 50% and 75%, respectively.

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As of 31 December 2021, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/Ç of the Tax Procedure Law. These conditions are both the exceed in the increase of Producer Price Index in the last 3 accounting period including current period by 100% and the exceed in the increase in the current period by 10%. However, temporary article 33 has been added on the Tax Procedure Law No. 213 with the regulation made with the Tax Procedure Law and the Law on Change in Corporate Tax Law No. 7352 published in the Official Gazette No.31734 dated 29 January 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this, the financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, are not subject to inflation adjustment, and for the 2023 accounting period; are not subject to inflation adjustment as of the provisional tax periods, and the financial statements dated 31 December 2023 are subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in the financial statements are to be shown in previous years' profit/loss accounts and does not affect the corporate tax base. According to Article 17 of the Law No. 7491 on Amendments to Certain Laws and Decree Laws published in the Official Gazette No. 32413 dated 28 December 2023, it has become law that profit/loss differences arising from the inflation adjustment to be made in the 2024 and 2025 accounting periods, including the provisional tax periods, do not be taken into account in determining the income of banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361 dated 21 November 2012, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.

With the Communiqué Amending the General Communiqué on Tax Procedure Law (order no. 537) published in the Official Gazette numbered 32073 on 14 January 2023, the procedures and principles of the articles allowing the revaluation of real estates and depreciation units have been redrawn. By taking into consideration aforementioned Communiqué, the Bank, has been revaluated real estate and depreciation units within its balance sheet by providing conditions in the provisions of Tax Procedure Law's provisional Article 32 and duplicated Article 298/ç until 30 September 2023. Since the financial statements are subject to inflation adjustment as of 31 December 2023, real estates and depreciation units are not subject to revaluation as of 31 December 2023. Corporate tax is calculated by taking into account of real estates and depreciation units' amortized values until 30 September 2023.

According to Law No. 7440 on Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette (dated on March 12, 2023, and numbered 32130), corporate tax payers are to be calculating additional tax in order to be indicated in corporate income tax returns of the year 2022. With the regulation of Law No. 5520 on the "Corporate Tax Law" and other tax regulations, an additional tax of 10% will be calculated based on the exemption and deduction amounts subject to deduction from corporate income and the tax bases subject to reduced corporate tax within the scope of Article 32/A of the same law and with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520., an additional tax of 5% will be calculated based on exempted dividends and earnings from abroad. The first partial payment of this additional taxes is to be paid within the payment period of the corporate income tax, and the second partial payment is to be paid in the fourth month following this period.

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Deferred Tax

For taxable temporary differences that arise between the book value of an asset or liability and its tax base value determined in accordance with tax legislation, the Bank is responsible for obtaining financial profit that can be deducted in subsequent periods, in accordance with the provisions of "TAS 12 - Income Taxes", BRSA's explanations and circulars and tax legislation. As far as possible, deferred tax is calculated on deductible temporary differences. In calculating deferred tax, the time when temporary differences will be taxable/deductible is estimated and legalized tax rates valid as of the balance sheet date in accordance with the applicable tax legislation are used. While deferred tax liability is calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by obtaining taxable profit in the future. Calculated deferred tax assets and deferred tax liabilities are netted in the financial statements. Tax effects related to transactions directly accounted for in equity are also reflected in equity.

According to the temporary article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of corporate taxes in the financial statements are included in the deferred tax calculation.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available in the foreseeable future. Where a tax benefit is probable, deferred tax assets are calculated based on deductible tax losses. The Bank has recognized a deferred tax asset based on the assumption that the deductible tax losses detailed in Section 5 Note 1.1.15 are recoverable.

18. Explanations on additional disclosures on borrowings

Financial liabilities, held for trading and derivative financial liabilities classified as at fair value through profit/loss are at fair value; All other financial liabilities are valued at their discounted values using the effective internal yield method in the periods following their recording, including transaction costs.

19. Explanations on share certificates issued

If the shares issued in capital increases are issued at a price higher than their nominal value, the Bank accounts the difference between the issue price and nominal value in equity as "Share Issuance Premiums".

20. Explanations on acceptances and availed drafts

Acceptances and availed drafts are realized simultaneously with the payment dates of the customers and they are presented as commitments in off-balance sheet accounts.

21. Explanations on government grants

None (31 December 2023 – None).

22. Explanations on segment reporting

The bank carries out its activities in three main departments: Retail Banking, Corporate Banking, Treasury and International Banking. Each department provides services with its own products and activity results are monitored on the basis of these departments. Reporting by business segments is presented in Chapter Four.

23. Explanations on other matters

The Bank has no disclosures on other matters.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

1. Explanations on Equity Items

Total capital and Capital Adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of 30 September 2024, Bank’s total capital has been calculated as TL 1,686,896 (31 December 2023 - TL 1,416,026), capital adequacy ratio is 38.7% (31 December 2023 – 216.9%).

In the calculation of the amount subject to credit risk, in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks (Regulation) published in the Official Gazette dated October 23, 2015, as stated in the Board Decision dated April 28, 2022 and numbered 9996, with the decision dated January 31, 2023 and numbered 10496; when calculating the values of monetary assets and non-monetary assets, other than items in foreign currency measured in historical cost, pursuant to TAS and related special provisions; the application for the use of the Central Bank of the Republic of Türkiye foreign exchange buying rate as of December 30, 2022 has been decided to continue using the CBRT's foreign exchange buying rate as of July 26, 2023, until a BRSA Decision to the contrary is taken.

In accordance with the BRSA Decision No. 10747 dated December 12, 2023, if the net valuation differences of the securities held by the banks in the "Securities at Fair Value Through Other Comprehensive Income" portfolio are negative as of January 1, 2024, to be calculated in accordance with the Regulation on Equity of Banks published in the Official Gazette dated September 5, 2013 and numbered 28756 and published in the Official Gazette dated September 5, 2013 and numbered 28756, and to continue to apply the existing provisions of the said Regulation for "Securities at Fair Value Through Other Comprehensive Income" acquired after the date of this decision.

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Components of Total Capital

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-In Capital to Be Entitled for Compensation After All Creditors	2,500,000	1,500,000
Share Premium	-	-
Reserves	91,251	29,076
Other Comprehensive Income According to TAS	2,000	93
Profit	(342,907)	62,175
Current Period Profit	(342,907)	62,175
Prior Period Profit	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures Not Accounted in Current Period's Profit	-	-
Common Equity Tier I Capital Before Deductions	2,250,344	1,591,344
Deductions From Common Equity Tier I Capital		
Valuation Adjustments Calculated as Per the Article 9. (I) Of The Regulation on Bank Capital	-	-
Current And Prior Periods' Losses Not Covered by Reserves, And Losses Accounted Under Equity According to TAS (-)	(1,471)	104
Leasehold Improvements on Operational Leases (-)	-	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	258,484	125,809
Remaining after deducting from the related deferred tax liability with the deferred tax asset based on future taxable income, except for deferred tax assets based on temporary differences	335,508	52,487
Differences Arise When Assets and Liabilities Not Held at Fair Value, Are Subjected to Cash Flow Hedge Accounting	-	-
Total Credit Losses That Exceed Total Expected Loss Calculated According to The Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization Gains	-	-
Unrealized Gains and Losses from Changes in Bank's Liabilities' Fair Values Due to Changes in Creditworthiness	-	-
Net Amount of Defined Benefit Plans	-	-
Direct And Indirect Investments of The Bank on Its Own Tier I Capital (-)	-	-
Shares Obtained Against Article 56, Paragraph 4 Of the Banking Law (-)	-	-
Total Of Net Long Positions of The Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or Less of The Issued Share Capital Exceeding The 10% Threshold of Above Tier I Capital (-)	-	-
Total Of Net Long Positions of The Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or More of the Issued Share Capital Exceeding The 10% Threshold of Above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding The 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets Arising from Temporary Differences Exceeding The 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding The 15% Threshold of Tier I Capital as Per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks (-)	-	-
The Portion of Net Long Position of The Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% Or More of the Issued Share Capital Not Deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights Not Deducted (-)	-	-
Excess Amount Arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other Items to Be Defined by The BRSA (-)	-	-
Deductions From Tier I Capital in Cases Where There Are No Adequate Additional Tier I Or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	592,521	178,400
Total Common Equity Tier I Capital	1,657,823	1,412,944

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ADDITIONAL TIER I CAPITAL		
Privileged stocks not included in common equity and share premiums	-	-
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)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions From Additional Tier I Capital		
Direct And Indirect Investments of the Bank on Its Own Additional Tier I Capital (-)	-	-
Investments In Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in The Article 7 of the Regulation	-	-
Total Of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or Less of the Issued Share Capital Exceeding The 10% Threshold of Above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions Where the Bank Owns More Than 10% of the Issued Share Capital (-)	-	-
Other Items to Be Defined by The BRSA (-)	-	-
Items To Be Deducted from Tier I Capital During the Transition Period		
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 Assessment 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 Assessment of Capital Adequacy of Banks (-)	-	-
Deduction From Additional Tier I Capital When There Is Not Enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	1,657,823	1,412,944
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)	-	-
Provisions (Amounts Explained in the First Paragraph of the Article 8 of the Regulation on Bank Capital)	29,073	3,082
Tier II Capital before deductions	29,073	3,082
Deductions From Tier II Capital		
Direct and Indirect Investments of The 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 Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or Less of the Issued Share Capital Exceeding The 10% Threshold of Above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions Where the 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	29,073	3,082
Total Equity (Total Tier I And Tier II Capital)	1,686,896	1,416,026

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Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted Against the Articles 50 and 51 of the Banking Law (-)	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 Of the Banking Law and The Assets Acquired Against Overdue Receivables and Held for Sale but Retained More Than Five Years (-)	-	-
Other Items to Be Defined by The BRSA (-)	-	-
Items to be Deducted from The Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or Less of the Issued Share Capital Exceeding the 10% Threshold of Above Tier I Capital Not Deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as Per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns More Than 10% of the Issued Share Capital Exceeding The 10% Threshold of Above Tier I Capital Not Deducted from Additional Tier I Capital or Tier II Capital as Per the Temporary Article 2, Clause 1 of The Regulation (-)	-	-
The Portion of Net Long Position of The Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or more of the issued Share Capital, of the Net Deferred Tax Assets Arising from Temporary Differences and of the Mortgage Servicing Rights Not Deducted from Tier I Capital as Per the Temporary Article 2, Clause 2, Paragraph (1) And (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
Capital		
Total Capital (Total of Tier I Capital and Tier II Capital)	1,686,896	1,416,026
Total Risk Weighted Assets	4,358,682	652,772
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	38.0%	216.5%
Tier I Capital Ratio (%)	38.0%	216.5%
Capital Adequacy Ratio (%)	38.7%	216.9%
Buffers		
Total additional core capital requirement ratio (a+b+c)	4.0	4.0
a) Capital conservation buffer requirement (%)	2.5	2.5
b) Bank specific countercyclical buffer requirement (%)	1.5	1.5
c) Higher bank buffer requirement ratio (%)	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 Of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	30.7%	208.9%
Amounts Lower Than Excesses as Per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% Or Less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions Where the Bank Owns More Than 10% or Less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets Arising from Temporary Differences	-	-
Limits For Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (Before Limit of One Hundred and twenty-five Per Ten Thousand)	29,073	3,082
General Loan Provisions for Exposures in Standard Approach Limited By 1.25% of Risk Weighted Assets	29,073	3,082
Total Loan Provision That Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision That Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited By 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (Effective Between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items Subject to Temporary Article 4	-	-
Amount Of Additional Tier I Capital Items Subject to Temporary Article 4 That Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items Subject to Temporary Article 4	-	-
Amount Of Additional Tier II Capital Items Subject to Temporary Article 4 That Exceeds Upper Limit	-	-

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Information on debt instruments to be included in equity calculation:

None.

Approaches applied to assess the adequacy of internal capital requirement in terms of current and future activities

Within this scope, capital structure is reviewed as based on the frame of the activities and risks exposed to, and the internal capital requirement, probable to occur within the direction of targets and strategies of the Bank is evaluated. This evaluation includes profit share rate risk, concentration risk, liquidation risk, reputation risk, residual risk, country risk and strategic risk arising of the banking books as well as market, credit, and operational risks. Capital requirement internal evaluation is evaluated to be a developing process and the development areas for the future period are determined and plans are prepared.

2. Explanations on currency risk

Foreign currency risk represents the Banks's exposure to loss due to the changes in foreign currency exchange rates. According to the standard method, all foreign currency assets, liabilities and forward foreign exchange transactions of the Bank are taken into account when calculating the capital liability subject to exchange rate risk. The "Standard Method" method used in legal reporting is used to measure the exchange rate risk that the Bank is exposed to.

The Bank monitors daily the designated limits set by the Board of Directors and additionally observes the possible value changes in foreign currency positions. The limits are determined and followed both for the net foreign currency position and for the cross-exchange rate risk within the position.

The announced current foreign exchange buying rates of the Bank as of 30 September 2024 and the prior five working days are as follows (full TL):

	23/09/2024	24/09/2024	25/09/2024	26/09/2024	27/09/2024	Balance Sheet Valuation Rate
Usd	34.1276	34.1343	34.1081	34.1408	34.1681	34.1603
Euro	37.9644	37.9559	38.1600	38.0395	38.1462	38.1708
Gold	2,942.18	2,942.18	2,995.83	3,038.06	3,051.36	3,051.36

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for 30 days preceding the balance sheet date are as follows (full TL):

	Monthly Average FC Purchase Rate
USD	34.0413
EURO	37.8223
GOLD	2,864.08

Sensitivity to exchange rate risk

The Bank is exposed to exchange rate risk in Euro, USD and Gold.

The table below shows the Bank's sensitivity to a 10% increase in USD, Euro and Gold.

	% Increase in the exchange rate	Effects on profit/loss		Effects on equity	
		Current Period	Prior Period	Current Period	Prior Period
Usd	10%	4,889	9,275	4,889	9,275
Euro	10%	(278)	792	(278)	792
Gold	10%	(130)	200	(130)	200

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Currency risk of the Bank

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye ¹	420,382	72,054	87,874	580,310
Banks ¹	175,340	41,029	174,954	391,323
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Loans and finance lease receivables ¹	1,123,659	331,388	-	1,455,047
Subsidiaries, associates, and joint ventures	-	-	-	-
Financial assets at amortized cost ¹	-	69,139	-	69,139
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	44	2	-	46
Total Assets²	1,719,425	513,612	262,828	2,495,865
Liabilities				
Current account and funds collected from Banks via participation accounts	-	-	-	-
Current and profit-sharing accounts FC	1,695,723	462,578	264,128	2,422,429
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	-	-	-	-
Marketable securities issued	-	-	-	-
Miscellaneous payables	31	182	-	213
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	9,351	1,958	-	11,309
Total Liabilities²	1,705,105	464,718	264,128	2,433,951
Net balance sheet position	14,320	48,894	(1,300)	61,914
Net off-balance sheet position	(17,101)	-	-	(17,101)
Financial derivative assets	-	-	-	-
Financial derivative liabilities	17,101	-	-	17,101
Non-cash loans	291,739	237,349	-	529,088
Prior Period				
Total assets	549,424	95,703	4,039	649,166
Total liabilities	541,503	2,956	2,042	546,501
Net balance sheet position	7,921	92,747	1,997	102,665
Net off-balance sheet position	-	-	-	-
Financial derivative assets	-	-	-	-
Financial derivative liabilities	-	-	-	-
Non-cash loans	-	-	-	-

1 The net amounts after deducting expected loss provisions of which TL 170 from cash assets (31 December 2023 – TL 121), TL 152 from banks (31 December 2023 – TL 9), TL 7,752 from loans (31 December 2023 – TL 667) and TL 253 from financial assets measured at amortized cost (31 December 2023 – TL 699).

2 Income/expense accruals of derivative transactions were excluded.

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3. Explanations related to stock position risk

Relation of risks with gains accounted under equity and analyzing according to their aims including strategic reasons and the accounting policies applied and general information about valuation techniques with assumptions in this application, the elements that manipulate valuation and important changes

As of 30 September 2024, the Bank has no shares.

Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value

None.

Realized gains/losses, revaluation surplus, unrealized gains/losses on equity securities and results included in core and supplementary capitals

None.

4. Liquidity risk management, liquidity coverage ratio and net stable funding ratio

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities.

Funding Liquidity Risk: It is a kind of risk which does not meet the any unexpected loss and non defaulting debts and liabilities.

Market Liquidity Risk: It is a kind of risk which consists of the position that cannot be sold without affecting market price due to insufficient market depth or market conditions' deterioration or that cannot be completed with the position of market price for any reasons.

Liquidity risk is managed by the Asset Liability Committee (ALCO) and relevant business units within the framework of the issues regarding the management of liquidity risk included in the Regulation on Risk Management Policies approved by the Board of Directors and the Risk Appetite Regulation. In liquidity risk management, the measures to be taken and the practices to be implemented are determined by taking into account normal economic conditions and stress conditions. The bank defines liquidity risk, measures and monitors risks with liquidity risk measurement methods in accordance with international standards and presents them to the relevant parties periodically. An Emergency Funding Plan has been prepared to regulate the procedures and principles for the Bank to ensure and maintain an adequate liquidity level under stress conditions.

Information on risk capacity of the Bank, Responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application

The practices and responsibilities regarding liquidity risk are determined in accordance with the Treasury Regulation approved by the Board of Directors. The Bank's liquidity policy is to have a liquidity buffer at a level that will cover liabilities under all economic conditions and to maintain the necessary liquidity at the lowest cost. It also has limits available for use at financial institutions.

In the weekly Asset Liability Committee meetings attended by senior management, indicators regarding the liquidity situation are examined and liquidity risk is addressed. Additionally, the Board of Directors is informed through the Audit Committee.

In order to manage liquidity risk prudently, it is necessary to know what kind of problem the mismatch between assets and liabilities will create under what economic conditions and the cost it will bring. Liquidity risk management aims to measure the Bank's current and future liquidity position prudently and proactively, taking into account the currency types and maturities of assets and liabilities. Reports on liquidity gap analysis are prepared by the Treasury Management Department and Risk Management Department and monitored by the Asset Liability Committee. Risk Management Department monitors the limits regarding liquidity risk determined by the Board of Directors. The Treasury Management Department manages funding and liquidity risk to prevent funding insufficiency at any time or from any source and makes regular reports to the Asset Liability Committee regarding the Bank's liquidity position. Risk Management Directorate monitors the liquidity coverage ratio and reports the results to the BRSA.

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Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries

The Bank's liquidity management is carried out by the Asset Liability Committee. Since the Bank has no associates or subsidiaries subject to consolidation as of 30 September 2024, consolidated liquidity risk management is not possible.

Information on the Bank's funding strategy including the policies on funding types and variety of maturities

The bank aims to ensure that current and participation accounts are widespread and stable, and that the fund sources used are diversified and long-term. Risk indicators regarding liquidity and issues such as the ratio of liquid assets to total assets, the ratio of participation funds to loans, and the concentration within the collected funds are closely monitored.

Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities

The Bank's LC liquidity is managed through interbank transactions. Foreign currency liquidity is kept in interbank transactions and in correspondent bank accounts within limits.

Information on liquidity risk mitigation techniques

Liquidity risk is achieved through practices such as keeping sufficient high-quality liquid asset stock at a level to cover the bank's cash outflows, diversifying funding sources in order to reduce liquidity risk concentrations, reducing the maturity difference between assets and liabilities through maturity gap analysis, and providing at least a certain part of the fund resources through collected funds aims to implement mitigation techniques.

Information on the use of stress tests

The purpose of the stress test is to determine the sources of possible liquidity weaknesses and whether the current on- and off-balance sheet positions are acted in accordance with the liquidity risk appetite. While developing stress test analyses, it includes scenarios that take into account systemic crisis, bank crisis and both situations together. Different threshold levels are determined for the percentage of the predicted deficit covered by the buffer in the stress test. The Stress Test is aligned with Bank's risk appetite framework, ICAAP, budget and other processes and integrated with risk appetite metrics. Stress test results are reported to ALCO.

General information about the Contingency Funding Plan

In order to establish the necessary principles for identifying and managing possible serious liquidity problems, the Liquidity and Emergency Funding Plan was prepared and approved by the Board of Directors. The plan ultimately aims to protect current and participation account holders, creditors and shareholders. The basic indicators of the Emergency Funding Plan have been determined, and the plan is put into practice in case of unexpected developments in the liquidity situation or other indicators are triggered. Asset Liability Committee is responsible for the implementation of the plan.

Analysis of financial liabilities by remaining contractual maturities

Current Period	Up to 1 months ¹	1-3 months	3-12 months	1-5 years	Above 5 years	Total	Balance Sheet Value
Funds Collected	6,755,471	2,017,098	40,349	-	-	8,812,918	8,293,348
Finance Lease Payable	142	1,892	9,314	37,454	-	48,802	23,371
Miscellaneous Payables	159,536	-	-	-	-	159,536	159,536
Total	6,915,149	2,018,990	49,663	37,454	-	9,021,256	8,476,255

¹ Includes demand deposits.

Prior Period	Up to 1 months ¹	1-3 months	3-12 months	1-5 years	Above 5 years	Total	Balance Sheet Value
Funds Collected	835,341	45,076	421,711	-	-	1,302,128	1,288,878
Finance Lease Payable	142	283	1,274	2,549	-	4,248	3,703
Miscellaneous Payables	59,736	-	-	-	-	59,736	59,736
Total	895,219	45,359	422,985	2,549	-	1,366,112	1,352,317

¹ Includes demand deposits.

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Liquidity coverage ratio

Liquidity coverage ratio is calculated by dividing the high quality liquid assets owned by the Bank to the net cash outflows within a one-month maturity term.

Current Period	Total Unweighted Value ¹		Total Unweighted Value ¹		
	TL+FC	FC	TL+FC	FC	
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	1,218,129	628,773	1,218,129	628,773
CASH OUTFLOWS					
2	Funds collected from retail and from small business customers, of which:	3,771,559	669,322	376,996	66,932
3	Stable funds collected	3,203	-	160	-
4	Less stable funds collected	3,768,356	669,322	376,836	66,932
5	Unsecured wholesale funding, of which:	2,752,548	1,197,320	1,209,181	479,413
6	Operational funds collected	-	-	-	-
7	Non-operational funds collected	2,514,941	1,196,511	1,005,243	478,604
8	Unsecured funding	237,607	809	203,938	809
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which	17,156	-	17,156	-
11	Outflows related to derivative exposures and other collateral requirements	17,156	-	17,156	-
12	Outflows related to restructured financial Instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	338,664	264,544	16,933	13,227
16	TOTAL CASH OUTFLOWS			1,620,266	559,572
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	1,412,400	659,641	1,171,926	611,204
19	Other cash inflows	17,101	17,101	17,101	17,101
20	TOTAL CASH INFLOWS	1,429,501	676,742	1,189,027	628,305
				Upper Limit Applied Value	
21	TOTAL HQLA			1,218,129	628,773
22	TOTAL NET CASH OUTFLOWS			431,239	139,893
23	LIQUIDITY COVERAGE RATIO (%)			282.47	449.47

¹ The average calculated for the last three months of the liquidity coverage ratio calculated by taking the weekly simple arithmetic average

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Prior Period	Total Unweighted Value ¹		Total Unweighted Value ¹		
	TL+FC	FC	TL+FC	FC	
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	250,792	198,099	250,792	198,099
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	407,679	119,120	40,767	11,912
3	Stable deposits	-	-	-	-
4	Less stable deposits	407,679	119,120	40,767	11,912
5	Unsecured wholesale funding, of which:	456,432	13,191	204,973	5,263
6	Operational deposits	-	-	-	-
7	Non-operational deposits	419,068	13,191	167,609	5,263
8	Unsecured funding	37,364	-	37,364	-
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
12	Outflows related to restructured financial Instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	5,400	-	270	-
16	TOTAL CASH OUTFLOWS			246,010	17,175
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	525,013	130,263	184,508	12,881
19	Other cash inflows	-	-	-	-
20	TOTAL CASH INFLOWS	525,013	130,263	184,508	12,881
				Upper Limit Applied Value	
21	TOTAL HQLA			250,792	198,099
22	TOTAL NET CASH OUTFLOWS			61,502	4,294
23	LIQUIDITY COVERAGE RATIO (%)			407.78	4,613.39

¹ The average calculated for the last three months of the liquidity coverage ratio calculated by taking the weekly simple arithmetic average

The lowest, highest and average liquidity coverage rates in the last 3 months of 2024 are stated as table below.

Current Period	Highest	Date	Lowest	Date	Average
FC (%)	834	29.07.2024	253	07.09.2024	411
TL+FC (%)	436	03.09.2024	164	14.09.2024	320
Prior Period	Highest	Date	Lowest	Date	Average
FC (%)	240,328	06.10.2023	4,179	08.12.2023	81,000
TL+FC (%)	953	10.11.2023	301	08.12.2023	604

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Presentation of assets and liabilities according to their remaining maturities

Current period	Demand	Up to 1 month	1-3 Months	3-12 months	1-5 Years	Over 5 years	Unallocated	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the CBRT	157,163	559,374	-	-	-	-	(193)	716,344
Banks	392,030	-	-	-	-	-	(152)	391,878
Financial assets at fair value through profit and loss ¹	1,753,270	55	-	-	-	-	-	1,753,325
Money market placements	-	903,366	-	-	-	-	-	903,366
Financial assets at fair value through other comprehensive income	15,590	220,925	142,676	21,809	430,550	-	-	831,550
Loans	-	977,978	914,736	2,745,135	725,787	2,300	(39,176)	5,326,760
Financial assets valued at amortized cost	-	-	1,846	-	67,546	-	(253)	69,139
Other assets	-	48,062	16,423	39,347	12,698	-	735,648	852,178
Total Assets	2,318,053	2,709,760	1,075,681	2,806,291	1,236,581	2,300	695,874	10,844,540
Liabilities								
Current account and funds collected from banks via participation accounts	-	-	-	-	-	-	-	-
Current and profit-sharing accounts	739,361	5,884,561	1,634,150	35,276	-	-	-	8,293,348
Funds provided from other financial institutions	-	-	-	-	-	-	-	-
Money market borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	159,536	-	-	-	-	-	159,536
Other Liabilities	-	65,742	4,680	16,481	22,643	-	2,282,110	2,391,656
Total Liabilities	739,361	6,109,839	1,638,830	51,757	22,643	-	2,282,110	10,844,540
Net Liquidity Gap	1,578,692	(3,400,079)	(563,149)	2,754,534	1,213,938	2,300	(1,586,236)	-
Prior Period								
Total Assets	1,306,540	657,795	161,357	507,810	89,028	-	253,963	2,976,493
Total Liabilities	425,595	488,234	43,808	417,782	2,326	-	1,598,748	2,976,493
Net Liquidity Gap	880,945	169,561	117,549	90,028	86,702	-	(1,344,785)	-

¹ Includes derivatives financial assets.

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Net stable funding ratio

Current Period	Unweighted value by residual maturity				Weighted value
	Without maturity	Less than 6 months	6 months to 1 year	1 year and more than 1 year	
Available stable fund					
Capital	1,686,895	-	-	-	1,686,895
Tier I and tier II capital	1,686,895	-	-	-	1,686,895
Other capital instruments	-	-	-	-	-
Deposits from retail persons and small business customers	129,053	4,636,481	2,272	-	4,291,600
Stable deposits /participation funds	3,203	-	-	-	3,043
Less stable deposits /participation funds	125,850	4,636,481	2,272	-	4,288,557
Wholesale funding	610,308	2,914,774	-	-	1,762,541
Operational deposits	-	-	-	-	-
Other wholesale funding	610,308	2,914,774	-	-	1,762,541
Liabilities with matching interdependent assets					
Other liabilities	277,686	-	-	-	-
Derivative liabilities		-	-	-	
All other equity and liabilities not included in the above categories	277,686	-	-	-	-
Available stable fund					7,741,036
Required stable fund					
High-quality liquid assets (HQLA)					26,135
Deposits held at credit institutions or financial institutions for operational purposes	3,132,320	-	-	-	469,848
Performing loans and securities	-	1,842,687	1,704,645	668,196	2,598,106
Performing loans to credit institutions or financial institutions secured by Level 1 HQLA	-	-	-	-	-
Performing loans to credit institutions or financial institutions secured by non Level 1 HQLA and unsecured performing loans to credit institutions or financial institutions	-	-	-	-	-
Performing loans to non financial corporate clients, loans to retail person customers and small business customers, and loans to sovereigns, central banks and PSEs	-	1,842,687	1,704,645	668,196	2,598,106
<i>Loans with a risk weight of less than or equal to 35%</i>	-	364,128	99,505	11,648	223,489
Performing loans encumbered with residential mortgages	-	-	-	-	-
<i>Loans with a risk weight of less than or equal to 35%</i>	-	-	-	-	-
Exchange traded equities and securities that are not in default and do not qualify as HQLA	-	-	-	-	-
Assets with matching interdependent liabilities					
Other assets	956,289	34,257	-	-	953,283
Physical traded commodities, including gold	21,099				17,934
Assets posted as initial margin for derivative contracts or contributions to default funds of central counterparties		-	-	-	-
Derivative assets		34,257	-	-	34,257
Derivative liabilities before deduction of variation margin posted		-	-	-	-
All other assets not included in the above categories	935,190	-	-	-	901,092
Off-balance sheet items		677,328	-	-	33,866
Required Stable Fund					4,081,238
Net Stable Funding Ratio (%)					189.67

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Prior Period	Unweighted value by residual maturity				Weighted value
	Without maturity	Less than 6 months	6 months to 1 year	1 year and more than 1 year	
Available stable fund					
Capital	1,416,028	-	-	-	1,416,028
Tier I and tier II capital	1,416,028	-	-	-	1,416,028
Other capital instruments	-	-	-	-	-
Deposits from retail persons and small business customers	6,527	550,024	298,240	-	769,313
Stable deposits /participation funds	6	-	-	-	6
Less stable deposits /participation funds	6,521	550,024	298,240	-	769,307
Wholesale funding	419,068	-	-	-	209,534
Operational deposits	-	-	-	-	-
Other wholesale funding	419,068	-	-	-	209,534
Liabilities with matching interdependent assets					
Other liabilities	96,376	-	-	-	-
Derivative liabilities		-	-	-	
All other equity and liabilities not included in the above categories	96,376	-	-	-	-
Available stable fund					2,394,875
Required stable fund					
High-quality liquid assets (HQLA)					3,793
Deposits held at credit institutions or financial institutions for operational purposes	1,271,725	473,972	-	-	261,855
Performing loans and securities	-	354,304	310,425	2	332,366
Performing loans to credit institutions or financial institutions secured by Level 1 HQLA	-	-	-	-	-
Performing loans to credit institutions or financial institutions secured by non Level 1 HQLA and unsecured performing loans to credit institutions or financial institutions	-	-	-	-	-
Performing loans to non financial corporate clients, loans to retail person customers and small business customers, and loans to sovereigns, central banks and PSEs	-	354,304	310,425	2	332,366
<i>Loans with a risk weight of less than or equal to 35%</i>	-	-	-	-	-
Performing loans encumbered with residential mortgages	-	-	-	-	-
<i>Loans with a risk weight of less than or equal to 35%</i>	-	-	-	-	-
Exchange traded equities and securities that are not in default and do not qualify as HQLA	-	-	-	-	-
Assets with matching interdependent liabilities					
Other assets	303,034	-	-	-	302,428
Physical traded commodities, including gold	4,039				3,433
Assets posted as initial margin for derivative contracts or contributions to default funds of central counterparties		-	-	-	-
Derivative assets		-	-	-	-
Derivative liabilities before deduction of variation margin posted		-	-	-	-
All other assets not included in the above categories	298,995	-	-	-	298,995
Off-balance sheet items		5,400	-	-	270
Required Stable Fund					900,711
Net Stable Funding Ratio (%)					265.89

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Quantitative explanations of the net stable funding rate

As of 30 September 2024, the Bank's net stable funding ratio stood at 189.67% (31 December 2023 - 265.89%). Considering the amounts to which the consideration rate has been applied, the main capital item with the highest consideration rate within the scope of the legislation constitutes 22% of the existing stable fund amount (31 December 2023 - 59%). The retail person and retail customer participation fund is the other important element, accounting for 55% of the current stable fund amount (31 December 2023 - 32%).

5. Explanations on leverage ratio

The leverage ratio table prepared in accordance with the communiqué "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette no. 28812 dated 5 November 2013 is presented below.

As of the balance sheet date, the Bank's leverage ratio, calculated based on the arithmetic average of the values found at the end of the months in the previous three-month period, was 11.9 % (31 December 2023 - 68.8%). While the main capital decreased by 24%, the total risk amount increased by 340%. Accordingly, there is a decrease of 569 basis points in the current period leverage ratio compared to the previous period.

	On-balance sheet assets ¹	Current Period	Prior Period
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	8,976,575	2,210,488
2	(Assets deducted in determining Tier I Capital)	(538,341)	(158,109)
3	Total on-balance sheet risks (sum of lines 1 and 2)	8,438,234	2,052,379
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative instruments and credit derivatives	-	-
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	101	-
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	101	-
	Securities or commodity financing transactions (SCFT)		
7	Risks from SCFT assets (excluding on-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		
10	Gross notional amounts of off-balance sheet transactions	595,223	1,800
11	(Adjustments for conversion to credit equivalent amounts)	-	-
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	595,223	1,800
	Capital and total risks		
13	Tier I Capital	1,079,487	1,412,460
14	Total risks (sum of lines 3, 6, 9 and 12)	9,033,558	2,054,179
	Leverage ratio		
15	Leverage ratio	11.9	68.8

¹The amounts in the table represent three-month averages.

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6. Explanations on the activities carried out on behalf and account of other persons

The Bank does not perform purchases, sales, and custody services in the name of others. The Bank has no fiduciary-based transactions.

7. Explanations on hedge accounting practices

None (31 December 2023 – None).

8. Explanations on risk management

Bank's risk management approach

The purpose of risk management policies is to ensure the identification, measurement, reporting, monitoring and control of risks incurred on the basis of risk type as a result of the Bank's activities.

When establishing internal regulations regarding risk management, at least the following issues are taken into account:

- Strategy, policy and implementation procedures of the Bank's business lines,
- Compliance with the volume, nature and complexity of the bank's activities,
- The bank's risk strategy and the level of risk it can take,
- The bank's risk monitoring and management capacity,
- The bank's past experience and performance,
- Expertise levels of the managers of the departments carrying out the activities on issues related to their fields,
- Obligations foreseen in the law and other relevant legislation.

Risk management activities include the risks incurred and the risks arising from transactions carried out with the risk group to which the Bank belongs; It consists of timely and comprehensive definition, measurement, monitoring, control and reporting activities.

The procedures and principles established for the proposal, evaluation, approval, announcement, monitoring and auditing of risk limits within the Bank are approved by the Board of Directors. Risk limits are determined as part of the risk appetite structure, taking into account the size of the Bank within the financial system, and clearly associating it with the amount of loss and the amount of capital allocated.

Board of Directors is responsible for ensuring that the bank's risk profile does not exceed the risk limits and that the realized values are monitored by the Bank's Senior Management. Limit usage is closely monitored, and limit exceedances are immediately reported to the Senior Management so that necessary measures can be taken.

Limit excess exceptions are defined within the risk appetite structure and the rules to which the exceptions will be subject are determined in writing. Early warning limits and the procedures and principles to be applied, including carrying, reducing, transferring or avoiding the risk in cases where these limits are exceeded, are determined by the Board of Directors. Risk limits are regularly reviewed within the framework of current developments and adapted according to changes in the Bank's strategy.

Risk appetite structure expresses the level of risk that the Bank wants to carry in order to achieve its goals and strategies, taking into account its risk capacity. Risk appetite; Risk types and main indicators are divided and allocated to other levels deemed necessary and approved by the Board of Directors. The risk appetite structure is reviewed when deemed necessary, at least once a year.

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

The bank can be applied reliably and with integrity to measure the quantifiable risks it is exposed to and to evaluate the non-quantifiable risks; it establishes an effective systematic structure with internal regulations compatible with its structure, product types and fields of activity. The following points are taken into account when determining the methods or models to be used in risk measurement:

Risk Management System is prepared for the purpose of systematically managing the risks to which the Bank is exposed; it refers to the Board of Directors, Audit Committee, Asset-Liability Committee and Risk Management Presidency ("RYB"). The Board of Directors owns the Risk Management System in the Bank; It ensures the establishment of an effective, adequate and appropriate risk management system within the bank and the continuity of this system. The main purpose of the Bank's Risk Management System is to monitor, keep under control and, when necessary, change the risk-return structure of the Bank's future cash flows and accordingly the nature and level of activities, to ensure that risks are identified, measured, monitored and controlled.

GB1 - Overview of risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period 30/09/2024	Prior Period 31/12/2023	Current Period 30/09/2024
1	Credit risk (excluding counterparty credit risk) (CCR)	2,981,632	444,161	238,531
2	Standardised approach (SA)	2,981,632	444,161	238,531
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	70	-	6
5	Standardised approach for counterparty credit risk	70	-	6
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal model's equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% risk weighting Approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB supervisory formula approach	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	578,222	208,611	46,258
17	Standardised approach	578,222	208,611	46,258
18	Internal model approaches	-	-	-
19	Operational risk	798,758	-	63,901
20	Basic indicator approach	798,758	-	63,901
21	Standardised approach	-	-	-
22	Advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	4,358,682	652,772	348,696

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

9. Explanations on business segments

Selected balance sheet and income statement items according to segments

Current Period	Retail Banking	Corporate and Commercial banking	Treasury and international banking	Unallocated	Bank's total operation
Profit Share Income	35,415	567,892	322,028	-	925,335
Profit Share Expense (-)	594,968	158,984	363	2,362	756,677
Net Profit Share Income/Expense	(559,553)	408,908	321,665	(2,362)	168,658
Net Fees And Commissions Income/Expense	(9,857)	3,204	(4,717)	(730)	(12,100)
Dividend Income	-	-	-	-	-
Net Trading Income / Loss	-	-	298,335	-	298,335
Other Operating Income	-	68	687	568	1,323
Gross Operating Profit/Loss	(569,410)	412,180	615,970	(2,524)	456,216
Provision Expenses (-)	6,053	34,698	2,728	13,728	57,207
Operating Expenses (-)	-	-	-	1,020,339	1,020,339
Profit/Loss Before Taxation	(575,463)	377,482	613,242	(1,036,591)	(621,330)
Taxation	-	-	-	278,423	278,423
Net Profit/Loss	(575,463)	377,482	613,242	(758,168)	(342,907)
Segment Assets	229,779	4,446,517	5,316,066	852,178	10,844,540
Total Liabilities	4,734,555	3,555,146	-	2,554,839	10,844,540

Prior Period	Retail Banking	Corporate and Commercial banking	Treasury and international banking	Unallocated	Bank's total operation
Profit Share Income	-	360	171,929	-	172,289
Profit Share Expense (-)	-	-	-	372	372
Net Profit Share Income/Expense	-	360	171,929	(372)	171,917
Net Fees And Commissions Income/Expense	-	-	(1,476)	-	(1,476)
Dividend Income	-	-	-	-	-
Net Trading Income / Loss	-	-	106,977	-	106,977
Other Operating Income	-	-	-	24	24
Gross Operating Profit/Loss	-	360	277,430	(348)	277,442
Provision Expenses (-)	-	399	880	-	1,279
Operating Expenses (-)	-	-	-	276,152	276,152
Profit/Loss Before Taxation	-	(39)	276,550	(276,500)	11
Taxation	-	-	-	30,480	30,480
Net Profit/Loss	-	(39)	276,550	(246,020)	30,491
Segment Assets	99	662,720	2,014,709	298,965	2,976,493
Total Liabilities	869,182	419,664	-	1,687,647	2,976,493

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

SECTION FIVE

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

1. Explanations and notes related to assets

1.1 Information regarding the cash assets and the Central Bank of Republic of Türkiye

Cash and balances with the Central Bank of Republic of Türkiye

	Current period		Prior period	
	TL	FC	TL	FC
Cash/foreign currency	-	-	-	-
The Central Bank of Republic of Türkiye	136,057	559,381	51,498	123,560
Other ¹	-	21,099	-	4,039
Total	136,057	580,480	51,498	127,599

¹ As of 30 September 2024, precious metal deposit amount of TL 21,099 (31 December 2023 - TL 4,039) are presented in this line.

Balances with the Central Bank of Türkiye

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted Demand Deposit ¹	136,057	7	30,771	6
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	559,374	20,727	123,554
Total	136,057	559,381	51,498	123,560

¹ Pursuant to the BRSA's letter dated January 3, 2008, the average TL required reserve balances are monitored under the "Central Bank of the Republic of Türkiye's current demand account".

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2005/1", banks operating in Türkiye are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold. As of 30 September 2024, the Bank's applicable rates for Turkish lira required reserves are between 3% and 22%, depending on the maturity structure for participation funds and other liabilities and the applicable rates for FX required reserves are between 5% and 30%, depending on the maturity structure of participation funds and other liabilities.

1.2 Information on financial assets at fair value through profit and loss

	Current period	Prior period
Debt Securities	-	30,388
Quoted on stock exchange	-	30,388
Unquoted on stock exchange	-	-
Share certificates/Investment Funds	1,753,270	1,254,789
Quoted on stock exchange	1,753,270	1,254,789
Unquoted on stock exchange	-	-
Impairment provision (-)	-	-
Total	1,753,270	1,285,177

	Current period	Prior period
Given as collateral/blocked	-	15,194
Subject to repo transactions	-	-
Total	-	15,194

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

Positive differences related to marketable derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions ¹	55	-	-	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	55	-	-	-

¹ Includes forward asset purchase and sales commitments.

1.3 Information on Banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	555	391,475	284	16,651
Domestic	555	175,147	284	5,609
Foreign	-	216,328	-	11,042
Headquarters and branches abroad	-	-	-	-
Total	555	391,475	284	16,651

Information on foreign banks account

	Unrestricted Amount		Restricted Amount	
	Current period	Prior period	Current period	Prior period
EU Countries	164,186	11,042	-	-
USA and Canada	40,592	-	-	-
OECD Countries ¹	11,550	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	216,328	11,042	-	-

¹ EU countries, OECD countries other than the US and Canada

1.4 Information on financial assets at fair value through other comprehensive income

	Current period	Prior period
Debt Securities	816,944	35,460
Quoted on stock exchange	816,944	35,460
Not quoted on stock exchange	-	-
Share certificates/Investment Funds	15,590	-
Quoted on stock exchange	-	-
Not quoted on stock exchange	15,590	-
Impairment provision (-)	(984)	(108)
Total	831,550	35,352

	Current period	Prior period
Given as collateral/blocked	25,512	-
Subject to repo transactions	-	-
Total	25,512	-

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

1.5 Explanations on financial assets measured at amortized cost

All types of loans and advances given to shareholders and employees of the Bank

	Current period		Prior period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	109,692	-	296,793	-
Corporate shareholders	109,692	-	296,793	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	4,250	-	26	-
Total	113,942	-	296,819	-

Information on Standard Loans, Loans Under close monitoring and restructured Loans Under Close monitoring

Current Period	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured Loans	
Cash Loans				Revised Contract Terms
Loans	5,087,445	255,106	1,269	-
Export Loans	306,180	1,157	-	-
Import Loans	80,362	-	-	-
Corporation Loans	3,689,290	195,559	-	-
Consumer Loans	167,781	58,390	1,269	-
Credit Cards	-	-	-	-
Loans Given to Financial Sector	795,794	-	-	-
Other	48,038	-	-	-
Other Receivables	-	-	-	-
Total	5,087,445	255,106	1,269	-

Prior Period	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured Loans	
Cash Loans				Revised Contract Terms
Loans	1,103,350	-	-	-
Export Loans	97,047	-	-	-
Import Loans	-	-	-	-
Corporation Loans	564,813	-	-	-
Consumer Loans	99	-	-	-
Credit Cards	-	-	-	-
Loans Given to Financial Sector	438,620	-	-	-
Other	2,771	-	-	-
Other Receivables	-	-	-	-
Total	1,103,350	-	-	-

Information on standard loans and loans under close monitoring and restructured loans under close monitoring regarding provision:

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	21,548	-	2,200	-
Significant Increase in Credit Risk	-	6,674	-	-
Total	21,548	6,674	2,200	-

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

Number of modifications made to extend payment plan and extended period of time

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Extended by 1 or 2 Times	-	1,269	-	-
Extended by 3,4 or 5 Times	-	-	-	-
Extended by More Than 5 Times	-	-	-	-
Total	-	1,269	-	-

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
0-6 Months	-	-	-	-
6-12 Months	-	1,269	-	-
1-2 Years	-	-	-	-
2-5 Years	-	-	-	-
5 Years and Over	-	-	-	-
Total	-	1,269	-	-

Distribution of cash loans and other receivables according to their maturities

Current Period	Standard Loans	Loans Under Close Monitoring	
		Not Subject to Restructuring	Restructured
Short Term Loans	2,740,929	142,761	785
Medium- and Long-Term Loans	2,346,516	112,345	484
Total	5,087,445	255,106	1,269

Prior Period	Standard Loans	Loans Under Close Monitoring	
		Not Subject to Restructuring	Restructured
Short Term Loans	548,834	-	-
Medium- and Long-Term Loans	554,516	-	-
Total	1,103,350	-	-

Allocation of loans by customers

	Current period	Prior period
Public	-	-
Private	5,365,936	1,103,350
Total	5,365,936	1,103,350

Breakdown of domestic and foreign loans

	Current period	Prior period
Domestic loans	5,365,936	1,103,350
Foreign loans	-	-
Total	5,365,936	1,103,350

Loans granted to subsidiaries and associates

None (31 December 2023 – None).

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards

Current Period	Short term	Medium and long term	Total
Consumer Loans-TL	149,961	73,229	223,190
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	149,961	73,229	223,190
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards- TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans- TL	3,679	571	4,250
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	3,679	571	4,250
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account- TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	153,640	73,800	227,440

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

Prior Period	Short term	Medium and long term	Total
Consumer Loans-TL	61	12	73
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	61	12	73
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards- TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans- TL	21	5	26
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	21	5	26
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account- TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	82	17	99

Information on commercial installment loans and corporate credit cards

None (31 December 2023 – None).

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

Specific provisions for loans or default (third stage) provisions

	Current Period	Prior Period
Loans and receivables with limited collectability	3,796	-
Loans and receivables with doubtful collectability	7,158	-
Uncollectible loans and receivables	-	-
Total	10,954	-

Information on non-performing loans (Net)

Information on the movement of total non-performing loans

Current period	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Ending balance of prior period	-	-	-
Additions in the current period (+)	22,120	-	-
Transfers from other categories of non-	-	12,082	-
Transfers to other categories of non-performing	(12,082)	-	-
Collections in the current period (-)	(4)	-	-
Write offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	10,034	12,082	-
Specific provisions (-)	(3,796)	(7,158)	-
Net balances on balance sheet	6,238	4,924	-

Prior Period: None.

Gross and net amounts of non-performing loans with respect to user groups

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current period (Net)	6,238	4,924	-
Loans granted to real persons and legal entities (Gross)	10,034	12,082	-
Specific provision (-)	(3,796)	(7,158)	-
Loans to real persons and legal entities (Net)	6,238	4,924	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (Net)	-	-	-
Loans granted to real persons and legal entities (Gross)	-	-	-
Specific provision (-)	-	-	-
Loans to real persons and legal entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

Information on profit share accruals, discounts and valuation differences computed for non-performing loans and their provision

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	381	668	-
Profit share accruals, discount and valuation	794	1,638	-
Provision (-)	(413)	(970)	-
Prior Period (Net)	-	-	-
Profit share accruals, discount and valuation	-	-	-
Provision (-)	-	-	-

Information on loans and other receivables that are restructured by the Bank or subject to a new amortization plan, among non-performing loans

None (31 December 2023 – None).

Information on non-performing receivables arising from loans granted in foreign currency

None (31 December 2023 – None).

Main guidelines for liquidation process of uncollectible loans and other receivables

Loans and other receivables, which were deemed uncollectible according to the “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans” published in the Official Gazette No. 26333 dated 1 November 2006 and for which a full impairment provision has been made, are written off as per the decision of the Bank top management.

Information on the write-off policy

The Bank’s write off policy is to write-off the loan receivables that have been already transferred to legal follow-up and fully provided for and for which there is no possibility of collection through legal process and for which there is no collateral. Such loans are written off as per the decision of top management.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

1.6 Information on other financial assets measured at amortized cost

	Current period	Prior period
Debt Securities	69,392	60,667
Quoted on a Stock Exchange	69,392	60,667
Not Quoted	-	-
Impairment provision (-)	-	-
Total	69,392	60,667

An expected loss provision of TL 253 TL (31 December 2023 – TL 700) has been set aside for other financial assets measured at amortized cost.

	Current period	Prior period
Given as collateral/blocked	-	-
Subject to repo transactions	-	-
Total	-	-

Information on government debt securities measured at amortized cost

	Current period	Prior period
Government bonds	-	-
Treasury bills	-	-
Other public sector debt securities	69,392	60,667
Total	69,392	60,667

Movements of other financial assets measured at amortized cost during the year

	Current period	Prior period
Opening Balance	60,667	-
Foreign Exchange Gain/Loss	10,485	5,149
Purchases During the Year	20,349	105,518
Disposals Through Sales and Redemptions	(22,109)	(50,000)
Impairment provision (-)	-	-
Total	69,392	60,667

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

1.7 Information on investment in associates (Net)

None (31 December 2023 – None).

1.8 Information on subsidiaries (Net)

Although the Bank retains control over the capital and management of its non-financial subsidiaries, Hayat Fintek Çözümleri A.Ş. does not consolidate its subsidiary because it does not comply with the definition of financial partnership specified in the "Communiqué on the Arrangement of Consolidated Financial Statements of Banks" published in the Official Gazette dated 8 November 2006 and numbered 26340.

	Name	Address (City/Country)	Bank's share percentage – if different, voting percentage (%)	Bank risk group share ratio (%)
1	Hayat Fintek Çözümleri A.Ş.	Istanbul/Türkiye	100	100

Information on subsidiaries in the order above

	Total Assets	Equity	Total Fixed Assets	Profit Share Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair value
1	16,176	12,598	-	-	-	(2,275)	-	-

Movement table for subsidiaries

	Current Period	Prior Period
Beginning Value	-	-
Movements During the Period	20,000	-
Purchases	20,000	-
Shares Acquired Gratuitously	-	-
Profit Received from Current Year Share	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provisions	-	-
Ending Value	20,000	-
Capital Commitments	60,000	-
End of Period Capital Contribution Share (%)	-	-

	Current Period	Prior Period
Financial Subsidiaries	-	-
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	-	-
Non-Financial Subsidiaries	20,000	-
Total	20,000	-

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Subsidiaries listed on the stock exchange

None (31 December 2023 – None).

Information on subsidiaries disposed of during the current period

None (31 December 2023 – None).

1.9 Information on joint ventures (business partnerships) (Net)

None (31 December 2023 – None).

1.10 Information on finance lease receivables (Net)

None (31 December 2023 – None).

1.11 Information on derivative financial assets for hedging purposes

None (31 December 2023 – None).

1.12. Explanations on Tangible Assets

Current period	Buildings	Vehicles	Right of Use Assets	Other Tangible Assets	Total
Prior period ending					
Cost	-	51,577	4,896	21,471	77,944
Accumulated depreciation (-)	-	(4,643)	(1,418)	(3,098)	(9,159)
Prior Period Ending Net Book Value	-	46,934	3,478	18,373	68,785
Current Period Beginning Net Book Value	-	46,934	3,478	18,373	68,785
Additions	-	10,719	20,993	11,775	43,487
Disposal (-), cost	-	-	-	(468)	(468)
Disposal, accumulated depreciation	-	-	-	468	468
Depreciation (-)	-	(8,460)	(2,123)	(5,634)	(16,217)
Current Period Ending Net Book Value	-	49,193	22,348	24,514	96,055
Current Period Ending Cost	-	62,296	25,889	32,778	120,963
Current Period Ending Acc.Depreciation (-)	-	(13,103)	(3,541)	(8,264)	(24,908)
Current Period Ending Net Book Value	-	49,193	22,348	24,514	96,055

Prior Period	Buildings	Vehicles	Right of Use Assets	Other Tangible Assets	Total
Prior period ending					
Cost	-	-	-	6,373	6,373
Accumulated depreciation (-)	-	-	-	(208)	(208)
Prior Period Ending Net Book Value	-	-	-	6,165	6,165
Current Period Beginning Net Book Value	-	-	-	6,165	6,165
Additions	-	51,577	4,896	15,113	71,586
Disposal (-), cost	-	-	-	(15)	(15)
Disposal, accumulated depreciation	-	-	-	15	15
Depreciation (-)	-	(4,643)	(1,418)	(2,905)	(8,966)
Current Period Ending Net Book Value	-	46,934	3,478	18,373	68,785
Current Period Ending Cost	-	51,577	4,896	21,471	77,944
Current Period Ending Acc.Depreciation (-)	-	(4,643)	(1,418)	(3,098)	(9,159)
Current Period Ending Net Book Value	-	46,934	3,478	18,373	68,785

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1.13. Explanations on Intangible Assets

Gross carrying value and accumulated amortization balances at the beginning and at the end of the period

	Current period	Prior period
Cost	284,201	139,492
Accumulated Amortization	(19,626)	(6,268)
Total (net)	264,575	133,224

Movements of intangible assets between the beginning and the end of the period

	Current period	Prior period
Opening balance	133,224	32,018
Additions	144,708	105,353
Disposals (-), net	-	-
Depreciation amount (-)	(13,357)	(4,147)
Closing net book value	264,575	133,224

1.14. Explanations on investment property

None (31 December 2023 – None).

1.15. Information on deferred tax asset

	Current period	Prior period
Employee Benefits Liability	3,519	1,887
TFRS 9 Provisions	10,417	934
Other Provisions	5,751	572
Tax Loss	305,246	54,588
Other	13,307	1,325
Deferred Tax Assets	338,240	59,306
Fixed Assets	(7,905)	(6,706)
Other	(918)	(113)
Deferred Tax Liabilities	(8,823)	(6,819)
Net Deferred Tax Assets / (Liabilities)	329,417	52,487

¹ According to Bank's projections for future periods, it is forecasted that the financial losses carried forward will be taxable at following years.

Table of deferred tax asset movement

	Current period	Prior period
As of January, 1	52,487	(2,652)
Deferred Tax Income / (Expense)	278,423	55,134
Deferred Tax Accounted Under Other Comprehensive Income	(1,493)	5
Net Deferred Tax Assets / (Liabilities)	329,417	52,487

The years in which the right to use tax losses will expire are as follows.

	Current	Prior period
2028	181,960	181,960
2029	835,527	-
Total	1,017,487	181,960

1.16. Assets held for sale and assets of discontinued operations

None (31 December 2023 – None).

1.17. Information on other assets

As of balance sheet date, the Bank's other assets amount to TL 132,261 (31 December 2023 – TL 43,489) and other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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2. Explanations and notes related to liabilities

2.1 Information on funds collected

Information on maturity structure of funds collected

Current Period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Acc. profit sharing accounts	Total
I. Real persons current accounts-TL	36,108	-	-	-	-	-	-	-	36,108
II. Real persons profit sharing accounts TL	-	583,538	2,778,829	172,304	1,747	863	605	-	3,537,886
III. Another current accounts- TL	292,031	-	-	-	-	-	-	-	292,031
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	292,017	-	-	-	-	-	-	-	292,017
Other institutions	14	-	-	-	-	-	-	-	14
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	-	-	-	-	-	-	-	-	-
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	23,105	1,459,267	522,522	-	-	-	-	2,004,894
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	23,105	793,184	522,522	-	-	-	-	1,338,811
Other institutions	-	-	666,083	-	-	-	-	-	666,083
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts-FC	13,275	-	-	-	-	-	-	-	13,275
VI. Real persons profit sharing accounts-FC	-	1,109	580,204	8,544	121,032	1,485	368,910	-	1,081,284
VII. Another current accounts-FC	133,819	-	-	-	-	-	-	-	133,819
Commercial residents in Türkiye	133,819	-	-	-	-	-	-	-	133,819
Commercial residents in Abroad	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	-	-	-	-	-	-	-	-	-
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	69,632	794,820	65,471	-	-	-	-	929,923
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	69,632	794,820	65,471	-	-	-	-	929,923
Other institutions	-	-	-	-	-	-	-	-	-
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	264,128	-	-	-	-	-	-	-	264,128
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	739,361	677,384	5,613,120	768,841	122,779	2,348	369,515	-	8,293,348

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Prior Period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Acc. profit sharing accounts	Total
I. Real persons current accounts-TL	3,072	-	-	-	-	-	-	-	3,072
II. Real persons profit sharing accounts TL	-	-	333,200	274	55	55	10	-	333,594
III. Another current accounts- TL	406,503	-	-	-	-	-	-	-	406,503
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	406,503	-	-	-	-	-	-	-	406,503
Other institutions	-	-	-	-	-	-	-	-	-
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	-	-	-	-	-	-	-	-	-
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	-	-	-	-	-	-	-	-
Other institutions	-	-	-	-	-	-	-	-	-
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts-FC	785	-	-	-	-	-	-	-	785
VI. Real persons profit sharing accounts-FC	-	-	2,189	1,249	1,249	1,249	311,103	-	317,039
VII. Another current accounts-FC	13,193	-	-	-	-	-	-	-	13,193
Commercial residents in Türkiye	13,193	-	-	-	-	-	-	-	13,193
Commercial residents in Abroad	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	-	-	-	-	-	-	-	-	-
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	-	-	-	-	-	-	-	-
Public sector	-	-	-	-	-	-	-	-	-
Commercial sector	-	-	-	-	-	-	-	-	-
Other institutions	-	-	-	-	-	-	-	-	-
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	2,042	-	-	-	-	-	-	-	2,042
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	111,647	101,003	-	-	-	-	212,650
Residents in Türkiye	-	-	111,647	101,003	-	-	-	-	212,650
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	425,595	-	447,036	102,526	1,304	1,304	311,113	-	1,288,878

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Information's on current and profit share accounts that are in the scope of Insurance

Current and participation accounts attributable to real and legal entities under the insurance exceeding the limit of the deposit insurance fund

	Under the guarantee of insurance		Exceeding the limit of insurance	
	Current period	Prior period	Current period	Prior period
Real persons/ entities current and profit-sharing accounts that are not subject to commercial activities				
TL accounts	1,455,633	170,644	4,375,411	166,107
FC accounts	61,298	3,434	1,346,248	113,056
Foreign branches' deposits	-	-	-	-
Off-shore banking regions'	-	-	-	-

Funds collected by Participation Banks (except for foreign branches) through current and profit share accounts which are opened by real and legal entities and denominated in Turkish Lira or foreign currency with a limit of maximum of TL 650 (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law No. 5411 which issued in official gazette no. 25893 on 1 November 2005.

If the headquarters of the Bank is abroad and the deposit account in its Turkish branch is in the scope of the insurance policy in the country of the headquarter of the Bank is founded, it should be explained

The headquarters of the Bank is in Türkiye.

Current and Profit Share Accounts of the real persons who are not in the scope of insurance

	Current period	Prior period
Foreign branches' profit-sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	1,045,897	834,368
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit-sharing accounts of their mother, father,	8,861	1,269
Profit sharing account and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No:5237 dated 26	-	-
Profit sharing accounts in participation banks which are established in Türkiye in order to engage in offshore banking activities solely	-	-

2.2 Information on derivative financial liabilities held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions ¹	1	-	-	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1	-	-	-

¹ Includes forward asset purchase and sales commitments.

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2.3 Information on funds borrowed

Information on banks and other financial institutions

None (31 December 2023 – None).

Information on maturity structure of borrowings

None (31 December 2023 – None).

Explanations related to the concentrations of the Bank's major liabilities

The Bank has no funds borrowed and there is no risk concentration in the Bank's current and participation accounts.

2.4. Information on issued securities

None (31 December 2023 – None).

2.5 Information on other liabilities and miscellaneous payables

As of 30 September 2024, other liabilities include miscellaneous payables item amounting to TL 159,536 (31 December 2023 – TL 59,736) and other liabilities item amounting to TL 30,120 (31 December 2023 – TL 3,237), and these items do not exceed 10% of the balance sheet total.

2.6 Information on finance lease payables (Net)

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	11,348	3,241	1,699	1,377
1 to 4 years	37,454	20,130	2,549	2,326
More than 4 years	-	-	-	-
Total	48,802	23,371	4,248	3,703

Information on the changes in agreements and new obligations originating from these

None (31 December 2023 – None).

Information on Financial Lease Obligations

None (31 December 2023 – None).

Information on Operational Leases

The leasing transactions, in which all risks and benefits of the leased asset are held by the lessor, are classified as operational leases. There are no significant commitments regarding the changes at the operational lease agreements. The payments related with operational leases are recognized as expense in the income statement during the period of the agreement in equal installments.

2.7. Information on hedging derivative financial liabilities

None (31 December 2023 – None).

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2.8. Information on provisions

Information on provisions related with foreign currency difference of foreign indexed loans

None (31 December 2023 – None).

Information on other provisions

	Current Period	Prior Period
Expected Credit Loss for Non-Cash Loans	3,648	32
Provision for Profits will be Allocated to Participation Accounts	14,915	1,187
Total	18,563	1,219

Information on provisions for employee benefits

The provision for employee benefits in the balance sheet includes severance pay obligations amounting to TL 4,911 (31 December 2023 – TL 2,488) and leave pay provision amounting to TL 6,820 (31 December 2023 – TL 3,801).

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire.

The amount payable consists of one month's salary limited to a maximum of TL 41,828.42 (full TL amount) in 2024 for each year of service. The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	3.73	3.73
Inflation rate (%)	22.0	22.0

Movements in the reserve for employment termination benefits during period are as follows

	Current Period	Prior Period
Balance at the beginning of the period	2,488	-
Provisions recognized during the period	2,423	2,488
Balances at the end of the period	4,911	2,488

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2.9. Explanations on tax liability

Information on current year tax liability

None (31 December 2023 – None).

Information on taxes payable

	Current Period	Prior Period
Corporate tax payable	-	-
Taxation of marketable securities	12,759	605
Taxation of immovable property	134	-
Banking Insurance Transaction Tax (BITT)	10,094	1,002
Foreign Exchange Transaction Tax	23	4
Value Added Tax Payable	4,802	2,234
Other	16,659	8,280
Total	44,471	12,125

¹ Includes income tax deducted from salaries in the amount of TL 15,633 (31 December 2023 - TL 8,073).

Information on premiums

	Current Period	Prior Period
Social Security Premiums – Employee	4,735	4,245
Social Security Premiums – Employer	5,897	4,971
Bank Social Aid Pension Fund Premium- Employee	-	-
Bank Social Aid Pension Fund Premium – Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance – Employee	317	283
Unemployment Insurance – Employer	634	567
Other	-	-
Total	11,583	10,066

Information on deferred tax liability

The deferred tax liability is explained in the deferred tax asset section in the explanations and footnotes regarding the asset accounts of the balance sheet.

2.10. Information on payables related to assets held for sale

None (31 December 2023 – None).

2.11. Information on subordinated loans

None (31 December 2023 – None).

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NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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2.12. Information on shareholders' equity

Presentation of paid-in capital

	Current Period	Prior Period
Common Shares	2,500,000	1,500,000
Preference Shares	-	-
Total	2,500,000	1,500,000

Amount of paid-in capital, disclosure on whether the Bank applies the registered share capital system, and, if so, the ceiling amount of the registered share capital

Registered capital system is not applied in the Bank.

Information on the share capital increases during the period and their sources: other information on increased capital shares in the current period

According to approval letter numbered E-43890421-101.01.04-131170 of the BRSA, the paid-in capital of Bank has been increased by TL 1,000,000 in cash from TL 1,500,000 to TL 2,500,000. After the capital increase, the partnership share of Hayat Holding Anonim Şirketi has become 20.00006% and the partnership share of Kastamonu Entegre Ağaç Sanayi Ticaret Anonim Şirketi has become 29.99982%.

Information on share capital increases from capital reserves during the current period

None (31 December 2023 – None).

Possible effect of estimations made for the Bank's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties

Based on the evaluation made considering the Bank's prior and current period indicators related to net profit share and commission income, it is observed that the Bank continues its operations profitably.

Summary of privileges given to shares representing the capital

None (31 December 2023 – None).

Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	3,472	-	(11)	-
Foreign Exchange Difference	-	-	-	-
Total	3,472	-	(11)	-

Information on minority shares

None (31 December 2023 – None).

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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3. Explanations and notes related to off-balance sheet contingencies and commitments

3.1 Explanations on off-balance sheet accounts

Types and amounts of irrevocable commitments

	Current Period	Prior Period
Forward Asset Purchase and Sales Commitments	34,257	-
Share Capital Commitment to Associates and Subsidiaries	64,500	-
Commitments For Credit Cards and Banking Services Promotions	-	-
Other Irrevocable Commitments	1,987	-
Total	100,744	-

Types and amounts of probable losses and obligations arising from off-balance sheet items

Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits

As of 30 September 2024, the Bank has letter of guarantees amounting to TL 677,328 (31 December 2023 – TL 5,400).

Revocable, irrevocable guarantees and other similar commitments and contingencies

	Current Period	Prior Period
Final letters of guarantee	631,805	5,400
Provisional letters of guarantee	2,415	-
Letters of guarantee for advances	43,108	-
Other letter of guarantees	-	-
Total	677,328	5,400

TL 3,648 (31 December 2023 – TL 32) has been set aside for the expected loss for non-cash loans.

Total amount of non-cash loans

	Current Period	Prior Period
Non-cash loans given against cash loans	-	-
With original maturity of 1 year or less	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans	677,328	5,400
Total	677,328	5,400

Information on the non-cash loans classified in Group I and Group II

	Current Period				Prior Period			
	I. Group		II. Group		I. Group		II. Group	
	TL	FC	TL	FC	TL	FC	TL	FC
Non-Cash Loans	148,240	529,088	-	-	5,400	-	-	-
Letters of Guarantee	148,240	529,088	-	-	5,400	-	-	-
Bills of Exchange and Bank Acceptances	-	-	-	-	-	-	-	-
Letters of Credit	-	-	-	-	-	-	-	-
Endorsements	-	-	-	-	-	-	-	-
Underwriting Commitments	-	-	-	-	-	-	-	-
Factoring Related Guarantees	-	-	-	-	-	-	-	-
Other Guarantees and Securities	-	-	-	-	-	-	-	-

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NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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Information on sectoral risk concentrations of non-cash loans

	Current Period			
	TL	%	FC	%
Agriculture	-	-	-	-
Farming and stockbreeding	-	-	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	5,625	3.79	442,472	83.63
Mining and quarrying	-	-	-	-
Production	5,625	3.79	442,472	83.63
Electricity, Gas, Water	-	-	-	-
Construction	43,505	29.35	-	-
Services	99,110	66.86	86,616	16.37
Wholesale and Retail Trade	99,110	66.86	19,009	3.59
Hotel, Food and Beverage Services	-	-	-	-
Transportation and Telecom.	-	-	67,607	12.78
Financial Institutions	-	-	-	-
Real Estate and Renting Services	-	-	-	-
Self-Employment Type Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	-	-	-	-
Other	-	-	-	-
Total	148,240	100.00	529,088	100.00

	Prior Period			
	TL	%	FC	%
Agriculture	-	-	-	-
Farming and stockbreeding	-	-	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	-	-	-	-
Mining and quarrying	-	-	-	-
Production	-	-	-	-
Electricity, Gas, Water	-	-	-	-
Construction	-	-	-	-
Services	5,400	100.00	-	-
Wholesale and Retail Trade	5,400	100.00	-	-
Hotel, Food and Beverage Services	-	-	-	-
Transportation and Telecom.	-	-	-	-
Financial Institutions	-	-	-	-
Real Estate and Renting Services	-	-	-	-
Self-Employment Type Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	-	-	-	-
Other	-	-	-	-
Total	5,400	100.00	-	-

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

3.2. Financial derivative instruments

	Trading Derivatives	
	Current Period	Prior Period
Foreign currency related derivative		
Foreign Currency Related Derivative Transactions (I):	34,257	-
Currency Forwards-Purchases, sales ¹	34,257	-
Currency Swaps-Purchases, sales	-	-
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Profit share related derivative transactions (II):	-	-
Profit share forwards-Purchase, sales	-	-
Profit share swaps-Purchases, sales	-	-
Profit share options-Purchases, sales	-	-
Profit share futures-Purchases, sales	-	-
Other trading derivatives (III)	-	-
A. Total trading derivatives (I+II+III)	34,257	-
Hedging Derivatives		
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	34,257	-

¹ TL34,257 (31 December 2023 - None) of forward asset purchase and sales commitments included.

3.3. Credit derivatives and risk exposures on credit derivatives

None (31 December 2023 – None).

3.4. Contingent liabilities and assets

None (31 December 2023 – None).

3.5. Explanations on custodian and intermediary services

None (31 December 2023 – None).

3.6. Summary Information on the Bank's Rating by the International Rating Institutions

None (31 December 2023 – None).

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

4. Explanations and notes related to the statement of income

4.1 Information on profit share income

Information on profit share received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share on loans	701,188	48,363	319	41
Short term loans	293,543	30,843	303	41
Medium and long-term loans	407,645	17,520	16	-
Profit share on non-performing loans	-	-	-	-
Premiums received from resource utilization	-	-	-	-
Total	701,188	48,363	319	41

Information on profit share received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of the Republic of Türkiye	872	-	-	-
Domestic Banks	3,133	-	169,119	62
Foreign Banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Total	4,005	-	169,119	62

Information on profit share income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	-	843	-	165
Financial Assets at Fair Value Reflected in Other Comprehensive Income	100,733	-	-	-
Financial Assets Valued Over Amortized Cost	2,021	3,593	2,163	420
Total	102,754	4,436	2,163	585

Information on profit share income received from associates and subsidiaries

	Current Period	Prior Period
Profit share income received from associates and subsidiaries	-	-

4.2 Information on profit share expenses from funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	358	-	-	-
The Central Bank of the Republic of Türkiye	-	-	-	-
Domestic banks	358	-	-	-
Foreign banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	358	-	-	-

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

Profit share expense given to associates and subsidiaries

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	-	-

Profit share expense paid to securities issued

None (30 September 2023 – None).

4.3 Information on dividend income

None (30 September 2023 – None).

4.4 Distribution of profit share on funds based on maturity of funds

Current Period	Profit Sharing Accounts							Acc. profit-sharing accounts	Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year			
Turkish Lira									
Collected funds from banks through current and profit share accounts	-	-	-	-	-	-	-	-	-
Real person's non-trading profit sharing	38,296	535,648	10,446	134	120	76	-	584,720	
Public-sector profit-sharing account	-	-	-	-	-	-	-	-	
Commercial sector profit sharing account	10,442	90,281	35,522	-	-	-	-	136,245	
Other institutions profit sharing account	-	14,408	-	-	-	-	-	14,408	
Total	48,738	640,337	45,968	134	120	76	-	735,373	
Foreign currency									
Banks	-	-	-	-	-	-	-	-	
Real person's non-trading profit sharing	14	2,879	1,107	861	35	5,354	-	10,250	
Public-sector profit-sharing account	-	-	-	-	-	-	-	-	
Commercial sector profit sharing account	4,225	3,929	175	-	-	-	-	8,329	
Other institutions profit sharing account	-	-	-	-	-	-	-	-	
Precious metal accounts	-	-	-	-	-	-	-	-	
Total	4,239	6,808	1,282	861	35	5,354	-	18,579	
Grand Total	52,977	647,145	47,250	995	155	5,430	-	753,952	

Prior period : None.

4.5 Information on trading income/loss (Net)

	Current Period	Prior Period
Income	339,421	116,046
Gain on capital market transactions	274,821	105,547
Gain on derivative financial instruments	6,473	-
Foreign exchange profit	58,127	10,499
Losses (-)	(41,086)	(9,069)
Losses on capital market transactions	-	-
Losses on derivative financial instruments	(2,640)	-
Foreign exchange losses	(38,446)	(9,069)
Trading income/loss (Net)	298,335	106,977

4.6 Information on other operating income

The total of other operating income is TL 1,323 (30 September 2023 – TL 24) and there are no extraordinary items that significantly affect the Bank's income.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

4.7 Provisions for loan losses and other receivables of the Bank¹

	Current Period	Prior Period
Expected Credit Loss	43,225	1,279
12 month expected credit loss (Stage 1)	25,597	1,279
Significant increase in credit risk (Stage 2)	6,674	-
Non-performing loans (Stage 3)	10,954	-
Marketable Securities Impairment Expense	254	-
Financial Assets at Fair Value through Profit or Loss	254	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment losses from Associates, Subsidiaries and Jointly Controlled Entities	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other²	13,728	-
Total	57,207	1,279

¹ Includes the provisions in the "Other Provision Expenses" line in the income statement.

² Includes free provisions that can be allocated from profit to be distributed to participation accounts according to provisions regulation.

4.8 Information on other operating expenses

	Current Period	Prior Period
Reserve for employee termination benefits	2,422	3,951
Bank social aid fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	15,749	4,107
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	13,357	11,189
Shares (capital method applied) impairment expense	-	-
Impairment expense for investment securities that will be disposed	-	-
Amortization expenses of investment securities that will be disposed	-	-
Impairment expenses for property and equipment held for sale purpose and terminated operations	-	-
Other operating expenses	336,324	41,927
Leasing expenses related to TFRS 16 exemptions	7,390	3,674
Maintenance expenses	1,770	390
Advertisement expenses	182,534	2,384
Other expenses ¹	144,630	35,479
Loss on sales of assets	-	-
Other ²	185,051	60,823
Total	552,903	121,997

¹ Includes computer usage expenses of TL 45,015 (30 September 2023 – TL 19,702) and. communication expenses of 43,316 TL (30 September 2023 – 4,775 TL).

² Includes audit and consultancy fee expenses of TL 144,090 (30 September 2023 – TL 30,834) and taxes, duties and fees expenses of 22,669 TL (30 September 2023 – 6,388 TL).

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

4.9 Information on profit/loss from continued and discontinued operations before taxes

The bank's loss before tax was TL 621,330 (30 September 2023 – TL 11 profit)

TL 168,658 (30 September 2023 – TL 171,917) of the loss before tax comes from net profit share income, TL 12,100 (30 September 2023 – TL 1,476 expense) from net fees and commission expenses, TL 298,335 (30 September 2023 - TL 106,977) from net commercial profit and loss, TL 1,323 (30 September 2023 – TL 24) from other operating income, TL 57,207 (30 September 2023 – TL 1,279) from provision expenses, TL 1,020,339 (30 September 2023 – TL 276,152) consists of other operating expenses, including personnel expenses.

4.10 Information on tax provision for continued and discontinued operations

The Bank has no current tax provision expense (30 September 2023 – None). The Bank has deferred tax expense of TL 12,033 (30 September 2023 – TL 12,881) and deferred tax income of TL 290,456 (30 September 2023 – TL 43,361) in the current period.

4.11 Information on net income/loss from continued and discontinued operations

There is no profit/loss arising from discontinued operations in after-tax operating profit/loss.

4.12 Information on net income/loss

The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period

Net profit share income among income items in the accounting period ending as of 30 September 2024 is TL 168,568 (30 September 2023 – TL 171,917).

Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods

None (30 September 2023 – None).

Profit/Loss attributable to minority share

None (30 September 2023 – None).

4.13 Details of sub accounts comprising at least 20% of other items in income statement, exceeding 10% of total income statement

As of 30 September 2024, other items in the income statement do not exceed 10% of the total income statement.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

5. Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity

Explanations on profit distribution

The authorized body of the Bank regarding dividend distribution is the General Assembly, and with the decision taken at the ordinary general assembly meeting held on 28 March 2024, TL 3,109 of the previous period's profit was transferred to the statutory reserves account and TL 59,066 to the extraordinary reserves account.

Information on financial assets at fair value through other comprehensive income

“Unrealized gains and losses” arising from changes in the fair value of securities classified as financial assets at fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the “Marketable securities value increase fund” account under equity, until the financial assets are sold, disposed or impaired.

As of 30 September 2024, the Bank has booked TL 3,472 increase (30 September 2023 – None) for marketable securities valuation difference related to financial assets at fair value through other comprehensive income

Explanations on profit reserves and previous years' profit/loss

With the decision taken at the ordinary general assembly meeting held on March 28, 2024, TL 3,109 of the previous period's profit was transferred to the statutory reserves account and TL 59,066 to the extraordinary reserves account.

Information on the share capital increases during the period and their sources: other information on increased capital shares in the current period

According to approval letter numbered E-43890421-101.01.04-131170 of the BRSA, the paid-in capital of Bank has been increased by TL 1,000,000 in cash from TL 1,500,000 to TL 2,500,000. After the capital increase, the partnership share of Hayat Holding Anonim Şirketi has become 20.00006% and the partnership share of Kastamonu Entegre Ağaç Sanayi Ticaret Anonim Şirketi has become 29.99982%.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

6. Explanations and Disclosures Related to Statement of Cash Flows

6.1. Information on cash and cash equivalents

Components of cash and cash equivalents and accounting policy applied in their determination

The amounts recorded in the balance sheet as cash and cash equivalent assets (excluding rediscount balances, required reserve balances, placements with maturities longer than 3 months and blocked accounts) are considered as cash and cash equivalent assets

Cash and cash equivalents for the periods

	Current Period	Prior Period
Cash	716,537	4,704
Cash and Foreign Currency Cash	-	-
Turkish Central Bank	695,438	2,996
Other	21,099	1,708
Cash Equivalents	1,295,396	323,680
Banks	392,030	323,680
Interbank Money Market Placements	903,366	-
Total Cash and Cash Equivalents	2,011,933	328,384
Total Cash and Cash Equivalents	(559,374)	(32)
Rediscounts on Cash and Cash Equivalents	(3,366)	(6,443)
Cash Flow Statements Cash and Cash Equivalents	1,449,193	321,909

6.2. Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations

The Bank has cash and equivalent assets that are not in free use in the amount of TL 559,374 as a required reserve balance at central bank (30 September 2023 – TL 32).

6.3. Explanations on other items in the cash flow statement

The "Other" amounting to TL 39,004 (30 September 2023 – TL 8,363) of included in "Operating profit before changes in banking activity assets and liabilities" consists mainly of items such as paid fees and commissions, taxes, duties and fees.

The "Net increase/decrease in other assets" item amounting to TL 23,288 (30 September 2023 – TL 76,632) included in the "Change in assets and liabilities subject to banking activities" consists mainly of changes in other assets.

The "Net increase/decrease in other debts" item amounting to TL 133,226 (30 September 2023 – TL 37,146) included in the "Change in assets and liabilities subject to banking activities" consists of changes in various debts, other liabilities and taxes, duties, fees and premiums to be paid

The effect of the change in foreign exchange rate on cash and cash equivalent assets is calculated as approximately TL 19,071 (30 September 2023 – TL 4,466) as of 30 September 2024.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

7. Explanations and notes related to risk group of the Bank

7.1 The volume of transactions related to the risk group of the Bank, the loans and funds collected which have not been completed at the end of the period and the income and expenses related to the period

Current Period Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	-	-	296,793	-	198,634	-
Balance at end of period	-	-	109,692	-	213,795	-
Profit share and commission income	-	-	34,533	-	82,470	-

Prior Period Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Cash	Non-Cash	Cash
Loans and other receivables						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	296,793	-	198,634	-
Profit share and commission income	-	-	338	-	-	-

7.2 Information on current and profit sharing accounts of the Bank's risk group

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current period	Prior Period	Current period	Prior Period	Current period	Prior Period
Current and profit-sharing accounts						
Balance at beginning of period	-	-	418,150	-	18,797	-
Balance at end of period	-	-	903,370	418,150	1,107,866	18,797
Profit share expense	-	-	7,611	-	14,314	-

7.3 Forward and option agreements and other similar agreements with the risk group of the Bank

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current period	Prior Period	Current period	Current period	Prior Period	Current period
Transactions at Fair Value through Profit or Loss						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-
Hedging Transactions						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

7.4 Information on loans received from the Bank's risk group

None (30 September 2023 – None).

7.5 Information on the subordinated loans used by the Bank's risk group

None (31 September 2023 – None).

7.6 Information on remunerations provided to top management

As of 30 September 2024, a benefit of TL 60,313 (30 September 2023 - TL 19,107) was provided to the Bank's senior management, including employer costs.

8. Domestic, foreign and off-shore branches or equity investments and foreign representative offices

8.1. Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic branches ¹	1	382			
			Country		
Foreign representative offices	-	-	-	Total Assets	Legal Capacity
Foreign bank	-	-	-	-	-
Foreign branches	-	-	-	-	-

¹ It represents the Head Office.

8.2. Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure

None.

9. Significant events and matters arising subsequent to balance sheet date

According to letter numbered E-43890421-101.01.04-133861, BRSA has stated that there is no objection in increasing the paid-in capital of Bank by 500,000 TL in cash from 2,500,000 TL to 3,000,000 TL in terms of the provisions of the Banking Law No. 5411.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

SECTION SIX

INDEPENDENT AUDITORS' REVIEW REPORT

1. Explanations on independent auditors' review report

The Bank's unconsolidated financial statements and footnotes disclosed to the public have been subjected to independent reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the independent review audit report dated 7 November 2024 has been submitted before the unconsolidated financial statements.

2. Notes and disclosures prepared by the independent auditor

None.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

SECTION SEVEN

INTERIM ACTIVITY REPORT

1. Explanations on interim annual report including the evaluations of interim activities of the Chairman of the Board of Directors and General Manager

About Hayat Finans Katılım Bankası A.Ş.

Hayat Finans Katılım Bankası A.Ş. ("The Bank"), with the BRSA decision numbered 10165 dated April 21, 2022, has obtained establishment permission to operate in accordance with the operating principles for digital banks in the BRSA's Regulation on the Operating Principles of Digital Banks and Service Model Banking by completing the company establishment procedures dated August 10, 2022, the Bank has completed registration its title as Hayat Finans Katılım Bankası A.Ş. The bank became the first digital participation bank to obtain an operating license in Türkiye with the BRSA decision dated March 23, 2023 and numbered 10543. Main field of operation is, in addition to the Bank's equity, to collect funds from domestic and foreign customers through "Current Accounts" and "Profit/Loss Sharing Accounts" and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

Financial Statements

	Current Period	Prior Period
Cash and Cash Equivalents	2,011,588	195,882
Financial Assets at Fair Value Through Profit or Loss	1,753,270	1,285,177
Financial Assets at Fair Value Through Other Comprehensive Income	831,550	35,352
Loans	5,365,936	1,103,350
Other Financial Assets Measured at Amortized Cost	69,392	60,667
Expected Credit Loss (-)	(39,429)	(2,900)
Investments in Associates, Subsidiaries and Joint Ventures	20,000	-
Tangible Assets (net)	96,055	68,785
Intangible Assets (net)	264,575	133,224
Other Assets	471,603	96,956
Total Assets	10,844,540	2,976,493

	Current Period	Prior Period
Funds Collected	8,293,348	1,288,878
Funds Borrowed	-	-
Money Markets	-	-
Securities Issued (net)	-	-
Lease Payables	23,371	3,703
Provisions	30,294	7,508
Other Liabilities	245,711	85,164
Shareholders' Equity	2,251,816	1,591,240
Total Liabilities and Equity	10,844,540	2,976,493

	Current Period	Prior Period
Net Profit Share Income/Expense	168,658	171,917
Net Fees and Commissions Income/Expense	(12,100)	(1,476)
Dividend Income	-	-
Net Trading Income / Loss	298,335	106,977
Other Operating Income	1,323	24
Allowances for Expected Credit Losses and Other Provisions	(57,207)	(1,279)
Operating Expenses	(1,020,339)	(276,152)
Net Operating Income/(loss)	(621,330)	11
Provision from Taxes on Income	278,423	30,480
Net Profit/Loss	(342,907)	30,491

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

Message from the Chairman of Board

Dear Stakeholders,

Central banks' policies to combat inflation have been influential on global markets in the first 9 months of 2024. As we enter the last quarter of the year, the US Federal Reserve (FED) began cutting interest rates by 50 basis points in September, while the European Central Bank (ECB) made a 25 basis point cut at its September meeting. While ongoing geopolitical uncertainties will put pressure on the global economy, the results of the US Presidential Election will also greatly shape the upcoming period.

In Türkiye, as a result of the strict economic policies that have been followed with determination for a while, there has been an improvement in macroeconomic balancing and with the increase in confidence in the Turkish Lira, the interest of local and foreign investors in assets denominated in Turkish Lira has increased. Türkiye's risk premium has decreased and our credit ratings given by all rating agencies have also increased. In light of all developments, our country will have the opportunity to attract more foreign investment in the coming period.

As Hayat Finans, Turkey's first licensed digital bank, we have prioritized customer satisfaction with the performance we have shown during this period and have quickly adapted to market conditions. Looking forward, we will continue to develop solutions for the expectations and needs of our valued stakeholders in line with our principles of transparency, reliability, innovation and sustainability. We are working with all our might to further strengthen our technological infrastructure, accelerate our digital transformation process and thus provide you with more effective and efficient services.

On this occasion; I would like to thank all our bank's business partners, our employees and our valued customers who have shown us interest, trust and support since the first day. I hope to achieve many more successes together in the rest of 2024.

Best Regards,

Ahmet Yahya KİGİLİ
Chairman of Board

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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Message from CEO

Dear Stakeholders,

The third quarter of 2024 continued to be impacted by uncertainties in global economic policies. The Federal Reserve (FED) in the United States exceeded market expectations by reducing the interest rate by 50 bps, bringing the relationships between interest rates, inflation, growth, and unemployment back into focus. In August, inflation in the U.S. fell to 2.5%, aligning with the FED's 2% target. The outcome of the upcoming U.S. Presidential elections is anticipated to significantly influence both the American and global economies. Meanwhile, the European Central Bank (ECB), addressing growing concerns about a potential recession, gradually lowered its policy interest rate to 4% in August and further to 3.65% in September. Although China maintained its strong export performance, overall growth remained limited due to stagnant domestic demand and ongoing challenges within the real estate sector. Efforts were made to counterbalance these effects through increased infrastructure investments, aiming to stimulate broader economic activity.

In Türkiye, the application of tight monetary policies along with macroprudential measures led to a decline in inflation as well as an improvement in the current account balance. The increase in the Central Bank's foreign currency reserves has bolstered our international credibility, positioning Türkiye as the only country to receive a credit rating upgrade from all three major credit rating agencies. Our banking sector, characterized by its strong capital structure, continues to support the economy and contribute to overall growth.

As of September 2024, the banking sector increased its total assets by 30%, reaching 30.5 trillion TL, while the participation banking sector grew by 22%, amounting to 2.5 trillion TL. Sector deposits rose by 20% to 17.8 trillion TL, and loans increased by 29%, totaling 15.0 trillion TL. By September 2024, our bank successfully increased its total assets by 264% to 10.8 billion TL, collected funds by 543% to 8.3 billion TL, and loans disbursed by 386% to 5.4 billion TL.

This quarter, as Türkiye's first digital bank, we continued to prioritize the enhancement of customer experience by delivering seamless banking services through fully digital processes, fulfilling our responsibilities to the national economy, and progressing toward our strategic objectives. We contributed significantly not only in Retail Banking but also in Commercial Banking, demonstrating our commitment to meeting the diverse needs of our clients.

With our vision to redesign banking through a digital ecosystem, we have developed an innovative business model that integrates a mobile wallet and a digital loyalty platform through Hayat Pay. This platform allows users to conveniently conduct daily transactions while earning greater rewards, marking the advent of a new era in financial technologies.

Throughout 2024, we will continue working to exceed our customers' expectations by adopting and implementing the latest technologies. As we carry forward our sustainable growth strategy, we remain committed to contributing to Türkiye's economic and social development, looking to the future with hope and confidence. I extend my heartfelt thanks to all our employees, customers, business partners, and investors who have supported us throughout this journey.

Sincerely,

Galip KARAGÖZ
Board Member and CEO

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 SEPTEMBER 2024

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

Assessment of Financial Position, Performance and Future Prospects

As of 30 September 2024, bank's total asset was TL 10,844,540 and shareholders' equity was TL 2,251,816.

Our expectation is that from the moment we start operations, we will achieve rapid growth in line with the growth and profitability targets set in our Bank's budget.

Important Events and Transactions Occurring in the Current Period

With the decision taken at the ordinary general assembly meeting held on March 28, 2024, TL 3,109 of the previous period's profit was transferred to the statutory reserves account and TL 59,066 to the extraordinary reserves account.

According to approval letter numbered E-43890421-101.01.04-131170 of the BRSA, the paid-in capital of Bank has been increased by TL 1,000,000 in cash from TL 1,500,000 to TL 2,500,000. After the capital increase, the partnership share of Hayat Holding Anonim Şirketi has become 20.00006% and the partnership share of Kastamonu Entegre Ağaç Sanayi Ticaret Anonim Şirketi has become 29.99982%.

The bank has applied to the BRSA to increase its capital by 500,000 TL in cash to 3,000,000 TL, and the capital increase process continues.