

HAYAT FİNANS KATILIM BANKASI A.Ş.

**UNCONSOLIDATED FINANCIAL STATEMENTS
AND NOTES FOR THE PERIOD ENDED 30 JUNE 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 June 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 six-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 June 2024 and its financial performance and its cash flows for the six-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 six-month period ended 30 June 2023 were audited and reviewed by another independent audit firm that expressed a unqualified opinion results in the audit report dated 29 February 2024 and unqualified conclusion in the auditor's review report dated 11 August 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 June 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, 6 August 2024

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

Address of the Bank's Headquarters : Mahir İz Cad., No: 25, 34662 Altunizade Üsküdar / İstanbul
Telephone of the Bank : 0 850 224 29 28
Web site of the Bank : www.hayatfinans.com.tr
E-mail for correspondence : hayatfinans@hayatfinans.com.tr

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 six-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 KIGILI
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 JUNE 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 June, 2024, 50.0000% of the Bank's shares belong to Hayat Kimya Sanayi Anonim Şirketi, 49.9997% to Kastamonu Entegre Ağaç Sanayi Ticaret Anonim Şirketi and 0.0003% to other legal entities.

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 Seğkin 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 JUNE 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. | 750,000 | 50.0000% | 750,000 | - |
| Kastamonu Entegre Ağaç Sanayi Ticaret A.Ş. | 749,996 | 49.9997% | 749,996 | - |
| Other | 4 | 0.0003% | 4 | - |
| Total | 1,500,000 | 100.00% | 1,500,000 | - |

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 June 2024, the Bank is operating 354 (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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- III. Unconsolidated Income Statement (Profit and Loss Statement)
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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 JUNE 2024

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

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

| | ASSETS | Notes Section V | Reviewed Current Period 30.06.2024 | | | Audited Prior Period 31.12.2023 | | |
|--------------|---|--------------------|--|------------------|------------------|---------------------------------------|----------------|------------------|
| | | | TL | FC | Total | TL | FC | Total |
| I. | FINANCIAL ASSETS (Net) | | 1,590,100 | 768,132 | 2,358,232 | 1,341,903 | 174,508 | 1,516,411 |
| 1.1. | Cash and Cash Equivalents | | 354,600 | 768,057 | 1,122,657 | 51,762 | 144,120 | 195,882 |
| 1.1.1. | Cash and Balances with Central Bank | (1.1.) | 53,407 | 662,395 | 715,802 | 51,498 | 127,599 | 179,097 |
| 1.1.2. | Banks | (1.3.) | 381 | 105,786 | 106,167 | 284 | 16,651 | 16,935 |
| 1.1.3. | Money Markets Placements | | 300,821 | - | 300,821 | - | - | - |
| 1.1.4. | Expected Credit Loss (-) | | (9) | (124) | (133) | (20) | (130) | (150) |
| | Financial Assets at Fair Value Through Profit or Loss | (1.2.) | 652,625 | - | 652,625 | 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 | | 652,625 | - | 652,625 | 1,254,789 | - | 1,254,789 |
| | Financial Assets at Fair Value Through Other Comprehensive Income | (1.4.) | 582,875 | - | 582,875 | 35,352 | - | 35,352 |
| 1.3.1. | Government Debt Securities | | 335,667 | - | 335,667 | - | - | - |
| 1.3.2. | Equity Instruments | | 11,090 | - | 11,090 | - | - | - |
| 1.3.3. | Other Financial Assets | | 236,118 | - | 236,118 | 35,352 | - | 35,352 |
| 1.4. | Derivative Financial Assets | | - | 75 | 75 | - | - | - |
| 1.4.1. | Derivative Financial Assets at Fair Value Through Profit or Loss | (1.2.) | - | 75 | 75 | - | - | - |
| 1.4.2. | Derivative Financial Assets at Fair Value Through Other Comprehensive Income | (1.11.) | - | - | - | - | - | - |
| II. | FINANCIAL ASSETS MEASURED AT AMORTISED COSTS (Net) | | 2,071,640 | 1,286,710 | 3,358,350 | 686,459 | 474,658 | 1,161,117 |
| 2.1. | Loans | (1.5.) | 2,084,709 | 1,227,202 | 3,311,911 | 686,798 | 416,552 | 1,103,350 |
| 2.2. | Leasing Receivables | (1.10.) | - | - | - | - | - | - |
| | Other Financial Assets Measured at Amortized Cost | (1.6.) | - | 65,608 | 65,608 | 1,195 | 59,472 | 60,667 |
| 2.3.1. | Government Debt Securities | | - | 65,608 | 65,608 | 1,195 | 59,472 | 60,667 |
| 2.3.2. | Other Financial Assets | | - | - | - | - | - | - |
| 2.4. | Expected Credit Loss (-) | | (13,069) | (6,100) | (19,169) | (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.) | 76,153 | - | 76,153 | 68,785 | - | 68,785 |
| VI. | INTANGIBLE ASSETS (Net) | (1.13.) | 217,769 | - | 217,769 | 133,224 | - | 133,224 |
| 6.1. | Goodwill | | - | - | - | - | - | - |
| 6.2. | Other | | 217,769 | - | 217,769 | 133,224 | - | 133,224 |
| VII. | INVESTMENT PROPERTIES (Net) | (1.14.) | - | - | - | - | - | - |
| VIII. | CURRENT TAX ASSETS | | 5,318 | - | 5,318 | 980 | - | 980 |
| IX. | DEFERRED TAX ASSETS | (1.15.) | 226,870 | - | 226,870 | 52,487 | - | 52,487 |
| X. | OTHER ASSETS | (1.17.) | 134,946 | - | 134,946 | 43,489 | - | 43,489 |
| | TOTAL ASSETS | | 4,342,796 | 2,054,842 | 6,397,638 | 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 JUNE 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 | Reviewed Current Period 30.06.2024 | | | Audited Prior Period 31.12.2023 | | |
|--|--------------------|--|------------------|------------------|---------------------------------------|----------------|------------------|
| | | TL | FC | Total | TL | FC | Total |
| LIABILITIES | | | | | | | |
| I. FUNDS COLLECTED | (2.1.) | 2,731,084 | 1,961,886 | 4,692,970 | 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 | | - | - | - | - | - | - |
| 6.1. Derivative Financial Liabilities at Fair Value Through Profit or Loss | (2.2.) | - | - | - | - | - | - |
| 6.2. Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income | (2.7.) | - | - | - | - | - | - |
| VII. LEASE PAYABLES | (2.6.) | 3,044 | - | 3,044 | 3,703 | - | 3,703 |
| VIII. PROVISIONS | (2.8.) | 15,199 | 5,764 | 20,963 | 6,717 | 791 | 7,508 |
| 8.1. Restructuring Provision | | - | - | - | - | - | - |
| 8.2. Reserves For Employee Benefits | | 8,432 | - | 8,432 | 6,289 | - | 6,289 |
| 8.3. Insurance For Technical Provision (Net) | | - | - | - | - | - | - |
| 8.4. Other Provisions | | 6,767 | 5,764 | 12,531 | 428 | 791 | 1,219 |
| IX. CURRENT TAX LIABILITIES | (2.9.) | 48,163 | - | 48,163 | 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.) | 245,047 | 21,169 | 266,216 | 62,973 | - | 62,973 |
| XIV. SHAREHOLDERS' EQUITY | (2.12.) | 1,366,282 | - | 1,366,282 | 1,591,240 | - | 1,591,240 |
| 14.1. Paid-in Capital | | 1,500,000 | - | 1,500,000 | 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 | | 790 | - | 790 | (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 | | (225,759) | - | (225,759) | 62,175 | - | 62,175 |
| 14.6.1. Prior Years' Profits or Losses | | - | - | - | - | - | - |
| 14.6.2. Current Period Net Profit or Loss | | (225,759) | - | (225,759) | 62,175 | - | 62,175 |
| TOTAL LIABILITIES AND EQUITY | | 4,408,819 | 1,988,819 | 6,397,638 | 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 JUNE 2024

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

2. STATEMENT OF OFF-BALANCE SHEET ITEMS

| | Notes Section V | Reviewed Current Period 30.06.2024 | | | Audited Prior Period 31.12.2023 | | |
|---|-----------------------|--|----------------|-------------------|---------------------------------------|---------------|------------------|
| | | TL | FC | Total | TL | FC | Total |
| A. COMMITMENTS AND CONTINGENCIES (I+II+III) | | 167,800 | 300,433 | 468,233 | 5,400 | - | 5,400 |
| I. GUARANTEES AND WARRANTIES | (3.1.) | 96,508 | 283,904 | 380,412 | 5,400 | - | 5,400 |
| 1.1. Letters of Guarantee | | 96,508 | 283,904 | 380,412 | 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 | | 96,508 | 283,904 | 380,412 | 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 Warranties | | - | - | - | - | - | - |
| II. COMMITMENTS | | 71,292 | 1,758 | 73,050 | - | - | - |
| 2.1. Irrevocable Commitments | | 71,292 | 1,758 | 73,050 | - | - | - |
| 2.1.1. Forward Asset Purchase and Sales Commitments | | 1,756 | 1,758 | 3,514 | - | - | - |
| 2.1.2. Share Capital Commitment to Associates and Subsidiaries | | 69,000 | - | 69,000 | - | - | - |
| 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 | | 536 | - | 536 | - | - | - |
| 2.1.10. Receivables from Short Sale Commitments | | - | - | - | - | - | - |
| 2.1.11. Payables For Short Sale Commitments | | - | - | - | - | - | - |
| 2.1.12. Other Irrevocable Commitments | | - | - | - | - | - | - |
| 2.2. Revocable Commitments | | - | - | - | - | - | - |
| 2.2.1. Revocable Loan Granting Commitments | | - | - | - | - | - | - |
| 2.2.2. Other Revocable Commitments | | - | - | - | - | - | - |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | (3.2.) | - | 14,771 | 14,771 | - | - | - |
| 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 | | - | 14,771 | 14,771 | - | - | - |
| 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 | | - | 14,771 | 14,771 | - | - | - |
| 3.3. Other | | - | - | - | - | - | - |
| B. CUSTODY AND PLEDGED ITEMS (IV+V+VI) | | 25,429,177 | 65,732 | 25,494,909 | 3,960,450 | 88,519 | 4,048,969 |
| IV. ITEMS HELD IN CUSTODY | | 1,186,793 | 65,732 | 1,252,525 | 36,190 | 88,519 | 124,709 |
| 4.1. Customers' Securities Held | | - | - | - | - | - | - |
| 4.2. Investment Securities Held in Custody | | 345,317 | - | 345,317 | - | - | - |
| 4.3. Checks Received for Collection | | 286,476 | - | 286,476 | - | - | - |
| 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 | | 555,000 | 65,732 | 620,732 | 36,190 | 88,519 | 124,709 |
| V. PLEDGED ITEMS | | 24,242,384 | - | 24,242,384 | 3,924,260 | - | 3,924,260 |
| 5.1. Marketable Securities | | 250 | - | 250 | - | - | - |
| 5.2. Guarantee Notes | | - | - | - | - | - | - |
| 5.3. Commodity | | 286,544 | - | 286,544 | 17,260 | - | 17,260 |
| 5.4. Warranty | | - | - | - | - | - | - |
| 5.5. Properties | | 360,960 | - | 360,960 | - | - | - |
| 5.6. Other Pledged Items | | 23,594,630 | - | 23,594,630 | 3,907,000 | - | 3,907,000 |
| 5.7. Pledged Items-Depository | | - | - | - | - | - | - |
| VI. ACCEPTED GUARANTEES AND WARRANTIES | | - | - | - | - | - | - |
| TOTAL OFF BALANCE SHEET ITEMS (A+B) | | 25,596,977 | 366,165 | 25,963,142 | 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 JUNE 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 | Current Period | Prior Period | Prior Period |
|------------------------------|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | | Reviewed 01.01.2024- 30.06.2024 | Reviewed 01.04.2024- 30.06.2024 | Reviewed 01.01.2023- 30.06.2023 | Reviewed 01.04.2023- 30.06.2023 |
| PROFIT AND LOSS TABLE | | | | | |
| I. | PROFIT SHARE INCOME | 380,577 | 271,981 | 142,834 | 63,130 |
| 1.1. | Profit Share on Loans | (4.1) 317,801 | 222,873 | - | - |
| 1.2. | Profit Share on Reserve Deposits | (4.1) 853 | 853 | - | - |
| 1.3. | Profit Share on Banks | (4.1) 1,226 | 767 | 142,834 | 63,130 |
| 1.4. | Profit Share on Money Market Placements | 29,747 | 25,257 | - | - |
| 1.5. | Profit Share on Marketable Securities Portfolio | (4.1) 30,923 | 22,294 | - | - |
| 1.5.1. | Fair Value Through Profit or Loss | 843 | 337 | - | - |
| 1.5.2. | Fair Value Through Other Comprehensive Income | 25,700 | 19,462 | - | - |
| 1.5.3. | Measured at Amortised Cost | 4,380 | 2,495 | - | - |
| 1.6. | Finance Lease Income | - | - | - | - |
| 1.7. | Other Profit Share Income | 27 | (63) | - | - |
| II. | PROFIT SHARE EXPENSE (-) | 257,310 | 198,592 | 255 | 125 |
| 2.1. | Expense on Profit Sharing Accounts | (4.4) 257,027 | 198,409 | - | - |
| 2.2. | Profit Share Expense on Funds Borrowed | (4.2) 87 | 87 | - | - |
| 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 | 191 | 91 | 255 | 125 |
| 2.6. | Other Profit Share Expenses | 5 | 5 | - | - |
| III. | NET PROFIT SHARE INCOME/EXPENSE (I - II) | 123,267 | 73,389 | 142,579 | 63,005 |
| IV. | NET FEES AND COMMISSIONS INCOME/EXPENSE | (6,342) | (4,564) | (197) | (2) |
| 4.1. | Fees And Commissions Received | 1,811 | 1,583 | - | - |
| 4.1.1. | Non-Cash Loans | 733 | 733 | - | - |
| 4.1.2. | Other | (4.13.) 1,078 | 850 | - | - |
| 4.2. | Fees And Commissions Paid (-) | 8,153 | 6,147 | 197 | 2 |
| 4.2.1. | Non-Cash Loans | - | - | - | - |
| 4.2.2. | Other | (4.13.) 8,153 | 6,147 | 197 | 2 |
| V. | DIVIDEND INCOME | (4.3.) - | - | - | - |
| VI. | NET TRADING INCOME / LOSS | (4.5.) 188,500 | 80,584 | 33,529 | 33,378 |
| 6.1. | Capital Market Transaction Gains/Losses | 171,900 | 73,582 | 32,195 | 32,195 |
| 6.2. | Gains/Losses from Derivative Financial Instruments | 3,907 | 3,796 | - | - |
| 6.3. | Foreign Exchange Gains/Losses | 12,693 | 3,206 | 1,334 | 1,183 |
| VII. | OTHER OPERATING INCOME | (4.6.) 987 | 116 | 24 | (652) |
| VIII. | GROSS OPERATING PROFIT (III+IV+V+VI+VII+ VIII) | 306,412 | 149,525 | 175,935 | 95,729 |
| IX. | ALLOWANCES FOR EXPECTED CREDIT LOSSES (-) | (4.7.) 21,821 | 18,254 | 481 | (557) |
| X. | OTHER PROVISIONS (-) | (4.7.) 8,974 | 6,082 | - | - |
| XI. | PERSONNEL EXPENSES (-) | 291,025 | 156,607 | 82,931 | 47,768 |
| XII. | OTHER OPERATING EXPENSES (-) | (4.8.) 385,078 | 268,403 | 74,616 | 25,573 |
| XIII. | NET OPERATING INCOME/(LOSS) (IX-X-XI) | (400,486) | (299,821) | 17,907 | 22,945 |
| XIV. | EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER | - | - | - | - |
| XV. | INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD | - | - | - | - |
| XVI. | INCOME / (LOSS) ON NET MONETARY POSITION | - | - | - | - |
| XVII. | PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV) | (4.9.) (400,486) | (299,821) | 17,907 | 22,945 |
| XVIII. | PROVISION FROM TAXES ON INCOME FROM CONTINUING OPERATIONS (±) | (4.10) 174,727 | 113,222 | 2,917 | 1,684 |
| 18.1. | Current Tax Provision | - | - | - | (644) |
| 18.2. | Deferred Tax Income Effect (+) | 9,869 | 2,368 | 3,626 | 3,190 |
| 18.3. | Deferred Tax Expense Effect (-) | 184,596 | 115,590 | 6,543 | 4,230 |
| XIX. | CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI) | (4.11.) (225,759) | (186,599) | 20,824 | 24,629 |
| 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.) (225,759) | (186,599) | 20,824 | 24,629 |
| | Earnings Per Share Income/Loss | (0.0261) | (0.1244) | 0.0139 | 0.0164 |

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 JUNE 2024

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

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | Reviewed Current Period 01.01.2024- 30.06.2024 | Reviewed Current Period 01.04.2024- 30.06.2024 | Reviewed Prior Period 01.01.2023- 30.06.2023 | Reviewed Prior Period 01.04.2023- 30.06.2023 |
|-------------|---|---|---|---|---|
| I. | CURRENT PROFIT (LOSS) | (225,759) | (186,599) | 20,824 | 24,629 |
| II. | OTHER COMPREHENSIVE INCOME | 801 | 264 | - | - |
| 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 | 801 | 264 | - | - |
| 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 | 1,145 | 378 | - | - |
| 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 | (344) | (114) | - | - |
| III. | TOTAL COMPREHENSIVE INCOME (LOSS) (I+II) | (224,958) | (186,335) | 20,824 | 24,629 |

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 JUNE 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 – 30/06/2024) | | | | | | | | | | | | | | |
| 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) | - | - | - | - | - | - | - | - | 801 | - | - | - | (225,759) | (224,958) |
| V. Capital Increase by Cash | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VI. Capital Increase by Internal Reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| VII. Paid in Capital Inflation Adjustment 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) | 1,500,000 | - | - | - | - | - | - | - | 790 | - | 91,251 | - | (225,759) | 1,366,282 |

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 JUNE 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 – 30/06/2023) | | | | | | | | | | | | | | | |
| I. | Prior Period Ending Balance | 1,500,000 | - | - | - | - | - | - | - | - | - | - | - | - | 29,076 | 1,529,076 |
| | Corrections and Accounting Policy Changes Made According to TAS 8 | | | | | | | | | | | | | | | |
| II. | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 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) | | | | | | | | | | | | | | 20,824 | 20,824 |
| V. | Capital Increase by Cash | | | | | | | | | | | | | | | |
| VI. | Capital Increase by Internal Reserves | | | | | | | | | | | | | | | |
| VII. | Paid in Capital Inflation Adjustment Difference | | | | | | | | | | | | | | | |
| VIII. | Convertible Bonds to Share | | | | | | | | | | | | | | | |
| IX. | Subordinated Debt Instruments | | | | | | | | | | | | | | | |
| X. | Increase / Decrease by Other Changes | | | | | | | | | | | | | | | |
| XI. | Profit Distribution | | | | | | | | | | | | | | | |
| 11.1 | Dividends Paid | | | | | | | | | | | | | | | |
| 11.2 | Transfers To Legal Reserves | | | | | | | | | | | | | | | |
| 11.3 | Other | | | | | | | | | | | | | | | |
| | Balances at end of the period (III+IV+.....+X+XI) | 1,500,000 | - | - | - | - | - | - | - | - | - | - | - | 29,076 | 20,824 | 1,549,900 |

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 JUNE 2024

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

6. STATEMENT OF CASH FLOWS

| | Note Section V | Reviewed Current Period 01.01.2024- 30.06.2024 | Reviewed Prior Period 01.01.2023- 30.06.2023 |
|--|-------------------|---|---|
| A. | | | |
| CASH FLOWS FROM BANKING OPERATIONS | | | |
| I.1 | | (603,288) | (24,279) |
| Operating Profit Before Changes in Assets And Liabilities From Banking Operations | | | |
| 1.1.1 | | 284,472 | 115,579 |
| 1.1.2 | | (192,693) | - |
| 1.1.3 | | - | - |
| 1.1.4 | | 12,247 | - |
| 1.1.5 | | 45,762 | 24 |
| 1.1.6 | | - | - |
| 1.1.7 | | (730,250) | (68,197) |
| 1.1.8 | | - | 5,271 |
| 1.1.9 | (6.3) | (22,826) | (76,956) |
| I.2 | | 1,793,688 | (749,656) |
| Changes in Assets And Liabilities From Banking Operations | | | |
| 1.2.1 | | 701,171 | (788,909) |
| 1.2.2 | | (379,350) | - |
| 1.2.3 | | (2,079,623) | - |
| 1.2.4 | (6.3) | (2,700) | 23,282 |
| 1.2.5 | | - | - |
| 1.2.6 | | 3,339,666 | - |
| 1.2.7 | | - | - |
| 1.2.8 | | - | - |
| 1.2.9 | | - | - |
| 1.2.10 | (6.3) | 214,524 | 15,971 |
| I. | | 1,190,400 | (773,935) |
| Net Cash Provided From / (Used in) Banking Operations | | | |
| B. | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| II. | | (658,682) | (30,011) |
| Net Cash Provided From / (Used in) Investing Activities | | | |
| 2.1 | | (20,000) | - |
| 2.2 | | - | - |
| 2.3 | | (109,402) | (21,044) |
| 2.4 | | - | - |
| 2.5 | | (596,090) | - |
| 2.6 | | 65,050 | - |
| 2.7 | | (20,349) | - |
| 2.8 | | 22,109 | - |
| 2.9 | | - | (8,967) |
| C. | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. | | (850) | (255) |
| Net Cash Provided From / (Used in) Financing Activities | | | |
| 3.1 | | - | - |
| 3.2 | | - | - |
| 3.3 | | - | - |
| 3.4 | | - | - |
| 3.5 | | (850) | (255) |
| 3.6 | | - | - |
| IV. | (6.3) | 5,653 | 4,221 |
| Effect of Change in Foreign Exchange Rate on Cash And Cash Equivalents | | | |
| V. | | 536,521 | (799,980) |
| 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) | 588,272 | 694,010 |
| Cash And Cash Equivalents at The End of The Period | | | |

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

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

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

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 June 2024.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

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 rediscounts 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 JUNE 2024

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

5. 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.

6. 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.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

(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".

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

7. 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.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

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 JUNE 2024

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

8. 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.

9. 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.

10. 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.

11. 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 JUNE 2024

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

12. 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.

13. 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 obligation 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 obligation,
- (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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NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 JUNE 2024

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Lease Obligation

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.

14. 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 "Matching 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 "Contingent" liability and is disclosed in the related notes to the financial statements.

15. 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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16. 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.

17. 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.

18. 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".

19. 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.

20. Explanations on government grants

None (31 December 2023 – None).

21. 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.

22. 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 June 2024, Bank’s total capital has been calculated as TL 938,875 (31 December 2023 - TL 1,416,026), capital adequacy ratio is 34.2% (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 | 1,500,000 | 1,500,000 |
| Share Premium | - | - |
| Reserves | 91,251 | 29,076 |
| Other Comprehensive Income According to TAS | 2,779 | 93 |
| Profit | (225,759) | 62,175 |
| Current Period Profit | (225,759) | 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 | 1,368,271 | 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 (-) | (1,989) | (104) |
| Leasehold Improvements on Operational Leases (-) | - | - |
| Goodwill Netted with Deferred Tax Liabilities | - | - |
| Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights | 211,073 | 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 | 233,566 | 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 | 442,650 | 178,400 |
| Total Common Equity Tier I Capital | 925,621 | 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) | 925,621 | 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) | 13,254 | 3,082 |
| Tier II Capital before deductions | 13,254 | 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 | 13,254 | 3,082 |
| Total Equity (Total Tier I And Tier II Capital) | 938,875 | 1,416,026 |

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

| | | |
|---|-----------|-----------|
| 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) | 938,875 | 1,416,026 |
| Total Risk Weighted Assets | 2,746,054 | 652,772 |
| Capital Adequacy Ratios | | |
| CET1 Capital Ratio (%) | 33.7% | 216.5% |
| Tier I Capital Ratio (%) | 33.7% | 216.5% |
| Capital Adequacy Ratio (%) | 34.2% | 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 | 26.2% | 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) | 13,254 | 3,082 |
| General Loan Provisions for Exposures in Standard Approach Limited By 1.25% of Risk Weighted Assets | 13,254 | 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 June 2024 and the prior five working days are as follows (full TL):

| | 24/06/2024 | 25/06/2024 | 26/06/2024 | 27/06/2024 | 28/06/2024 | Balance Sheet Valuation Rate |
|------|------------|------------|------------|------------|------------|------------------------------|
| Usd | 32.8164 | 32.9326 | 32.9323 | 32.8334 | 32.8708 | 32.8708 |
| Euro | 35.1342 | 35.3326 | 35.2394 | 35.1047 | 35.1594 | 35.1594 |
| Gold | 2,473.54 | 2,473.54 | 2,472.98 | 2,455.65 | 2,486.41 | 2,486.41 |

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 | 32.5384 |
| EURO | 35.0273 |
| GOLD | 2,441.55 |

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% | 6,421 | 9,275 | 6,421 | 9,275 |
| Euro | 10% | 40 | 792 | 40 | 792 |
| Gold | 10% | (34) | 200 | (34) | 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 | 429,658 | 54,462 | 178,159 | 662,279 |
| Banks ¹ | 60,996 | 42,686 | 2,096 | 105,778 |
| 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 | 1,097,442 | 123,831 | - | 1,221,273 |
| Subsidiaries, associates, and joint ventures | - | - | - | - |
| Financial assets at amortized cost ¹ | - | 65,437 | - | 65,437 |
| Derivative financial assets for hedging purposes | - | - | - | - |
| Tangible assets | - | - | - | - |
| Intangible assets | - | - | - | - |
| Other assets | - | - | - | - |
| Total Assets² | 1,588,096 | 286,416 | 180,255 | 2,054,767 |
| Liabilities | | | | |
| Current account and funds collected from Banks via participation accounts | - | - | - | - |
| Current and profit-sharing accounts FC | 1,580,144 | 193,722 | 188,020 | 1,961,886 |
| Money market borrowings | - | - | - | - |
| Funds provided from other financial institutions | - | - | - | - |
| Marketable securities issued | - | - | - | - |
| Miscellaneous payables | 14 | 19,697 | - | 19,711 |
| Derivative financial liabilities for hedging purposes | - | - | - | - |
| Other liabilities | 5,785 | 1,437 | - | 7,222 |
| Total Liabilities² | 1,585,943 | 214,856 | 188,020 | 1,988,819 |
| Net balance sheet position | 2,153 | 71,560 | (7,765) | 65,948 |
| Net off-balance sheet position | (1,758) | (7,349) | 7,422 | (1,685) |
| Financial derivative assets | - | - | 7,422 | 7,422 |
| Financial derivative liabilities | 1,758 | 7,349 | - | 9,107 |
| Non-cash loans | 156,987 | 126,917 | - | 283,904 |
| 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 116 from cash assets (31 December 2023 – TL 121), TL 8 from banks (31 December 2023 – TL 9), TL 5,929 from loans (31 December 2023 – TL 667) and TL 171 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 June 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 June 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 | 3,995,715 | 319,028 | 714,546 | - | - | 5,029,289 | 4,692,970 |
| Finance Lease Payable | 142 | 283 | 1,274 | 1,699 | - | 3,398 | 3,044 |
| Miscellaneous Payables | 234,456 | - | - | - | - | 234,456 | 234,456 |
| Total | 4,230,313 | 319,311 | 715,820 | 1,699 | - | 5,267,143 | 4,930,470 |

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) | 960,281 | 599,313 | 960,281 | 599,313 |
| CASH OUTFLOWS | | | | | |
| 2 | Funds collected from retail and from small business customers, of which: | 2,381,847 | 256,980 | 238,142 | 25,698 |
| 3 | Stable funds collected | 855 | - | 43 | - |
| 4 | Less stable funds collected | 2,380,992 | 256,980 | 238,099 | 25,698 |
| 5 | Unsecured wholesale funding, of which: | 1,644,905 | 1,276,455 | 833,109 | 522,244 |
| 6 | Operational funds collected | - | - | - | - |
| 7 | Non-operational funds collected | 1,327,106 | 1,256,087 | 530,059 | 501,876 |
| 8 | Unsecured funding | 317,799 | 20,368 | 303,050 | 20,368 |
| 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 | 760,824 | 567,807 | 38,041 | 28,390 |
| 16 | TOTAL CASH OUTFLOWS | | | 1,109,292 | 576,332 |
| CASH INFLOWS | | | | | |
| 17 | Secured receivables | - | - | - | - |
| 18 | Unsecured receivables | 1,170,408 | 510,935 | 1,045,730 | 484,236 |
| 19 | Other cash inflows | - | - | - | - |
| 20 | TOTAL CASH INFLOWS | 1,170,408 | 510,935 | 1,045,730 | 484,236 |
| | | | Upper Limit Applied Value | | |
| 21 | TOTAL HQLA | | | 960,281 | 599,313 |
| 22 | TOTAL NET CASH OUTFLOWS | | | 277,323 | 144,083 |
| 23 | LIQUIDITY COVERAGE RATIO (%) | | | 346.27 | 415.95 |

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

| 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 |
|----------------|---------|------------|--------|------------|---------|
| TL+FC (%) | 442 | 28.06.2024 | 89 | 30.05.2024 | 458 |
| FC (%) | 1,217 | 07.05.2024 | 103 | 02.06.2024 | 1,823 |
| Prior Period | Highest | Date | Lowest | Date | Average |
| TL+FC (%) | 953 | 10.11.2023 | 301 | 08.12.2023 | 604 |
| FC (%) | 240,328 | 06.10.2023 | 4,179 | 08.12.2023 | 81,000 |

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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 | 182,105 | 533,697 | - | - | - | - | (124) | 715,678 |
| Banks | 106,167 | - | - | - | - | - | (9) | 106,158 |
| Financial assets at fair value through profit and loss ¹ | 652,625 | 75 | - | - | - | - | - | 652,700 |
| Money market placements | 300,821 | - | - | - | - | - | - | 300,821 |
| Financial assets at fair value through other comprehensive income | 11,090 | 2,756 | 93,425 | 150,604 | 325,000 | - | - | 582,875 |
| Loans | - | 950,313 | 370,507 | 1,720,174 | 268,617 | 2,300 | (18,998) | 3,292,913 |
| Financial assets valued at amortized cost | - | - | - | 612 | 64,996 | - | (171) | 65,437 |
| Other assets | - | 39,294 | 17,151 | 50,472 | 19,779 | - | 554,360 | 681,056 |
| Total Assets | 1,252,808 | 1,526,135 | 481,083 | 1,921,862 | 678,392 | 2,300 | 535,058 | 6,397,638 |
| Liabilities | | | | | | | | |
| Current account and funds collected from banks via participation accounts | - | - | - | - | - | - | - | - |
| Current and profit-sharing accounts | 716,511 | 3,220,734 | 299,511 | 456,214 | - | - | - | 4,692,970 |
| Funds provided from other financial institutions | - | - | - | - | - | - | - | - |
| Money market borrowings | - | - | - | - | - | - | - | - |
| Marketable securities issued | - | - | - | - | - | - | - | - |
| Miscellaneous payables | - | 234,456 | - | - | - | - | - | 234,456 |
| Other Liabilities | - | 69,502 | 2,598 | 8,159 | 2,708 | - | 1,387,245 | 1,470,212 |
| Total Liabilities | 716,511 | 3,524,692 | 302,109 | 464,373 | 2,708 | - | 1,387,245 | 6,397,638 |
| Net Liquidity Gap | 536,297 | (1,998,557) | 178,974 | 1,457,489 | 675,684 | 2,300 | (852,187) | - |
| 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 | 932,650 | - | - | - | 932,650 |
| Tier I and tier II capital | 932,650 | - | - | - | 932,650 |
| Other capital instruments | - | - | - | - | - |
| Deposits from retail persons and small business customers | 92,622 | 2,963,669 | 789 | 510 | 2,751,872 |
| Stable deposits /participation funds | 855 | - | - | - | 812 |
| Less stable deposits /participation funds | 91,767 | 2,963,669 | 789 | 510 | 2,751,060 |
| Wholesale funding | 625,176 | 982,777 | - | - | 688,553 |
| Operational deposits | - | - | - | - | - |
| Other wholesale funding | 625,176 | 982,777 | - | - | 688,553 |
| Liabilities with matching interdependent assets | | | | | |
| Other liabilities | 628,468 | - | - | - | - |
| Derivative liabilities | | | | | |
| All other equity and liabilities not included in the above categories | 628,468 | - | - | - | - |
| Available stable fund | | | | | 4,373,075 |
| Required stable fund | | | | | |
| High-quality liquid assets (HQLA) | | | | | 18,814 |
| Deposits held at credit institutions or financial institutions for operational purposes | 2,107,326 | - | - | - | 316,099 |
| Performing loans and securities | - | 1,132,255 | 1,083,679 | 270,658 | 1,341,587 |
| 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 | - | 1,132,255 | 1,083,679 | 270,658 | 1,341,587 |
| <i>Loans with a risk weight of less than or equal to 35%</i> | - | 221,570 | 191,588 | 1,071 | 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 | 820,966 | 18,360 | - | - | 814,477 |
| Physical traded commodities, including gold | 128,691 | | | | 109,387 |
| Assets posted as initial margin for derivative contracts or contributions to default funds of central counterparties | | | | | |
| Derivative assets | | 18,360 | - | - | 18,360 |
| Derivative liabilities before deduction of variation margin posted | | | | | |
| All other assets not included in the above categories | 692,275 | - | - | - | 686,730 |
| Off-balance sheet items | | | | | 19,021 |
| Required Stable Fund | | | | | 2,509,998 |
| Net Stable Funding Ratio (%) | | | | | 174.23 |

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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 June 30, 2024, the Bank's net stable funding ratio stood at 174.23% (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 21% 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 63% of the current stable fund amount (December 31, 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 17.9 % (31 December 2023 - 68.8%). While the main capital decreased by 24.4%, the total risk amount increased by 189.7%. Accordingly, there is a decrease of 509 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) | 5,871,922 | 2,210,488 |
| 2 | (Assets deducted in determining Tier I Capital) | (374,644) | (158,109) |
| 3 | Total on-balance sheet risks (sum of lines 1 and 2) | 5,497,278 | 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 | 375 | - |
| 6 | Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5) | 375 | - |
| 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 | 453,256 | 1,800 |
| 11 | (Adjustments for conversion to credit equivalent amounts) | - | - |
| 12 | Total risks of off-balance sheet items (sum of lines 10 and 11) | 453,256 | 1,800 |
| Capital and total risks | | | |
| 13 | Tier I Capital | 1,068,098 | 1,412,460 |
| 14 | Total risks (sum of lines 3, 6, 9 and 12) | 5,950,909 | 2,054,179 |
| Leverage ratio | | | |
| 15 | Leverage ratio | 17.9 | 68.8 |

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

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

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.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

(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 30/06/2024 | Prior Period 31/12/2023 | Current Period 30/06/2024 |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | 1,852,361 | 444,161 | 148,189 |
| 2 | Standardised approach (SA) | 1,852,361 | 444,161 | 148,189 |
| 3 | Internal rating-based (IRB) approach | - | - | - |
| 4 | Counterparty credit risk | 4 | - | - |
| 5 | Standardised approach for counterparty credit risk | 4 | - | - |
| 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 | 94,931 | 208,611 | 7,595 |
| 17 | Standardised approach | 94,931 | 208,611 | 7,595 |
| 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) | 2,746,054 | 652,772 | 219,685 |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

Credit quality of assets

| Current period | | Gross amount valued as per TAS and presented in the financial statements prepared according to legal consolidation | | Provisions / depreciation and impairment | Net amount |
|----------------|-----------------------------|--|------------------|--|------------------|
| | | Defaulted | Non-Defaulted | | |
| 1 | Loans | 13,724 | 3,298,187 | 18,998 | 3,292,913 |
| 2 | Debt securities | - | 648,483 | 2,950 | 645,533 |
| 3 | Off-balance sheet exposures | - | 380,412 | 2,140 | 378,272 |
| 4 | Total | 13,724 | 4,327,082 | 24,088 | 4,316,718 |

| Prior period | | Gross amount valued as per TAS and presented in the financial statements prepared according to legal consolidation | | Provisions / depreciation and impairment | Net amount |
|--------------|-----------------------------|--|------------------|--|------------------|
| | | Defaulted | Non-Defaulted | | |
| 1 | Loans | - | 1,103,350 | 2,200 | 1,101,150 |
| 2 | Debt securities | - | 96,019 | 793 | 95,226 |
| 3 | Off-balance sheet exposures | - | 5,400 | 32 | 5,368 |
| 4 | Total | - | 1,204,769 | 3,025 | 1,201,744 |

Changes in stock of defaulted loans and debt securities

| | | Current Period | Prior Period |
|---|---|----------------|--------------|
| 1 | Defaulted loans and debt securities at end of the previous reporting period | - | - |
| 2 | Loans and debt securities that have been defaulted since the last reporting period | 13,724 | - |
| 3 | Receivables back to non-defaulted status | - | - |
| 4 | Amounts written off | - | - |
| 5 | Other changes | - | - |
| 6 | Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) | 13,724 | - |

Credit risk mitigation techniques

| Current period | Exposures unsecured: carrying amount as per TAS | Exposures secured by collateral | Collateralized amount of exposures secured by collateral | Exposures secured by financial guarantees | Collateralized amount of exposures secured by financial guarantees | Exposures secured by credit derivatives | Collateralized amount of exposures secured by credit derivatives |
|----------------|---|---------------------------------|--|---|--|---|--|
| 1 | Loans | 2,775,937 | 516,976 | 450,579 | 516,976 | 450,579 | - |
| 2 | Debt Securities | 645,533 | - | - | - | - | - |
| 3 | Total | 3,421,470 | 516,976 | 450,579 | 516,976 | 450,579 | - |
| 4 | Overdue | 13,724 | - | - | - | - | - |

Credit risk mitigation techniques

| Prior period | Exposures unsecured: carrying amount as per TAS | Exposures secured by collateral | Collateralized amount of exposures secured by collateral | Exposures secured by financial guarantees | Collateralized amount of exposures secured by financial guarantees | Exposures secured by credit derivatives | Collateralized amount of exposures secured by credit derivatives |
|--------------|---|---------------------------------|--|---|--|---|--|
| 1 | Loans | 713,266 | 387,884 | 310,190 | 387,884 | 310,190 | - |
| 2 | Debt Securities | 95,226 | - | - | - | - | - |
| 3 | Total | 808,492 | 387,884 | 310,190 | 387,884 | 310,190 | - |
| 4 | Overdue | - | - | - | - | - | - |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

Credit risk exposed and credit risk mitigation effects

| | Current Period | Credit conversion rate and credit risk amount receivable before reduction | | Credit conversion rate and credit risk amount of receivable after reduction | | Risk weighted amount and risk weighted amount concentration | |
|----|--|---|--------------------------|---|--------------------------|---|---------------------------------|
| | | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | Risk weighted amount | Risk weighted amount density(%) |
| 1 | Receivables from central governments and Central Banks | 859,581 | - | 859,581 | - | - | - |
| 2 | Receivables from regional and local government | - | - | - | - | - | - |
| 3 | Receivables from administrative bodies and non-commercial entities | - | - | - | - | - | - |
| 4 | Receivables from multilateral development banks | - | - | - | - | - | - |
| 5 | Receivables from international organizations | - | - | - | - | - | - |
| 6 | Receivables from banks and brokerage houses | 1,012,046 | - | 1,012,046 | - | 252,408 | 24.94 |
| 7 | Receivables from corporate | 1,272,963 | 321,921 | 1,272,963 | 160,961 | 1,213,060 | 84.60 |
| 8 | Retail receivables | 88,017 | - | 88,017 | - | 132,025 | 150.00 |
| 9 | Receivables secured by residential property | - | - | - | - | - | - |
| 10 | Receivables secured by commercial property | 9,972 | - | 9,972 | - | 4,986 | 50.00 |
| 11 | Non-performing receivables | 7,548 | - | 7,548 | - | 7,548 | 100.00 |
| 12 | Receivables in high-risk categories | - | - | - | - | - | - |
| 13 | Mortgage-backed securities | - | - | - | - | - | - |
| 14 | Short term receivables to banks, brokerage houses and corporates | - | - | - | - | - | - |
| 15 | Investments similar to collective investment funds | - | - | - | - | - | - |
| 16 | Other receivables | 763,645 | - | 763,645 | - | 231,244 | 30.28 |
| 17 | Stock investments | 11,090 | - | 11,090 | - | 11,090 | 100.00 |
| 18 | Total | 4,024,862 | 321,921 | 4,024,862 | 160,961 | 1,852,361 | 44.25 |

| | Prior Period | Credit conversion rate and credit risk amount receivable before reduction | | Credit conversion rate and credit risk amount of receivable after reduction | | Risk weighted amount and risk weighted amount concentration | |
|----|--|---|--------------------------|---|--------------------------|---|---------------------------------|
| | | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | Risk weighted amount | Risk weighted amount density(%) |
| 1 | Receivables from central governments and Central Banks | 235,725 | - | 235,725 | - | - | - |
| 2 | Receivables from regional and local government | - | - | - | - | - | - |
| 3 | Receivables from administrative bodies and non-commercial entities | - | - | - | - | - | - |
| 4 | Receivables from multilateral development banks | - | - | - | - | - | - |
| 5 | Receivables from international organizations | - | - | - | - | - | - |
| 6 | Receivables from banks and brokerage houses | 489,652 | - | 489,652 | - | 104,836 | 21.41 |
| 7 | Receivables from corporate | 334,348 | 5,400 | 334,348 | 2,700 | 227,016 | 67.35 |
| 8 | Retail receivables | - | - | - | - | - | - |
| 9 | Receivables secured by residential property | - | - | - | - | - | - |
| 10 | Receivables secured by commercial property | - | - | - | - | - | - |
| 11 | Non-performing receivables | - | - | - | - | - | - |
| 12 | Receivables in high-risk categories | - | - | - | - | - | - |
| 13 | Mortgage-backed securities | - | - | - | - | - | - |
| 14 | Short term receivables to banks, brokerage houses and corporates | - | - | - | - | - | - |
| 15 | Investments similar to collective investment funds | - | - | - | - | - | - |
| 16 | Other receivables | 303,038 | - | 303,038 | - | 112,309 | 37.06 |
| 17 | Stock investments | - | - | - | - | - | - |
| 18 | Total | 1,362,763 | 5,400 | 1,362,763 | 2,700 | 444,161 | 32.53 |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

Exposures by asset classes and risk weights

| Classifications/Risk Weights (Current Period) | 0% | 10% | 20% | 25% | 35% | 50% | 75% | 100% | 150% | 200% | Others% | Total risk amount (post-CCF and CRM) |
|--|------------------|----------|------------------|----------|----------|----------------|----------|----------|------------------|---------------|---------------|--------------------------------------|
| 1 Receivables from central governments and Central Banks | 859,581 | - | - | - | - | - | - | - | - | - | - | 859,581 |
| 2 Receivables from regional and local government | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 Receivables from administrative bodies and non-commercial entities | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 Receivables from multilateral development banks | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 Receivables from international organizations | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 Receivables from banks and brokerage houses | - | - | 880,926 | - | - | 109,795 | - | - | 21,325 | - | - | 1,012,046 |
| 7 Receivables from corporate | 56,195 | - | 161,573 | - | - | 211,690 | - | - | 934,033 | - | 70,433 | 1,433,924 |
| 8 Retail receivables | - | - | - | - | - | - | - | - | - | 88,017 | - | 88,017 |
| 9 Receivables secured by residential property | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 Receivables secured by commercial property | - | - | - | - | - | 9,972 | - | - | - | - | - | 9,972 |
| 11 Non-performing receivables | - | - | - | - | - | - | - | - | 7,548 | - | - | 7,548 |
| 12 Receivables in high-risk categories | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 Mortgage-backed securities | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 Short term receivables to banks, brokerage houses and corporates | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 Investments similar to collective investment funds | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 Stock investments | - | - | - | - | - | - | - | - | 11,090 | - | - | 11,090 |
| 17 Other receivables | 532,402 | - | - | - | - | - | - | - | 231,243 | - | - | 763,645 |
| 18 Total | 1,448,178 | - | 1,042,499 | - | - | 331,457 | - | - | 1,205,239 | 88,017 | 70,433 | 4,185,823 |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

| Classifications/Risk Weights (Prior Period) | 0% | 10% | 20% | 25% | 35% | 50% | 75% | 100% | 150% | 200% | Others% | Total risk amount (post-CCF and CRM) |
|--|----------------|-----|----------------|-----|-----|---------------|-----|----------------|-----------|---------------|---------|--------------------------------------|
| 1 Receivables from central governments and Central Banks | 235,725 | - | - | - | - | - | - | - | - | - | - | 235,725 |
| 2 Receivables from regional and local government | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 Receivables from administrative bodies and non-commercial entities | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 Receivables from multilateral development banks | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 Receivables from international organizations | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 Receivables from banks and brokerage houses | - | - | 443,667 | - | - | 40,166 | - | 5,819 | - | - | - | 489,652 |
| 7 Receivables from corporate | - | - | - | - | - | - | - | 237,688 | 50 | 99,310 | - | 337,048 |
| 8 Retail receivables | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 Receivables secured by residential property | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 Receivables secured by commercial property | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 Non-performing receivables | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 Receivables in high-risk categories | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 Mortgage-backed securities | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 Short term receivables to banks, brokerage houses and corporates | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 Investments similar to collective investment funds | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 Stock investments | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 Other receivables | 190,730 | - | - | - | - | - | - | 112,308 | - | - | - | 303,038 |
| 18 Total | 426,455 | - | 443,667 | - | - | 40,166 | - | 355,815 | 50 | 99,310 | - | 1,365,463 |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

Counterparty credit risk (CCR) approach analysis

| Current Period | | Replacement Cost | Potential future exposure | EEPE | Alpha used for computing regulatory EAD | Risk amount after credit risk mitigation | Risk weighted amounts |
|----------------|--|------------------|---------------------------|------|---|--|-----------------------|
| 1 | Standardized Approach CCR (for derivatives) | 73 | 209 | | 1.40 | 209 | 4 |
| 2 | Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) | | | - | - | - | - |
| 3 | Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) | | | | | - | - |
| 4 | Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) | | | | | - | - |
| 5 | Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions | | | | | - | - |
| 6 | Total | | | | | | 4 |

| Prior Period | | Replacement Cost | Potential future exposure | EEPE | Alpha used for computing regulatory EAD | Risk amount after credit risk mitigation | Risk weighted amounts |
|--------------|--|------------------|---------------------------|------|---|--|-----------------------|
| 1 | Standardized Approach CCR (for derivatives) | - | - | | 1.4 | - | - |
| 2 | Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) | | | - | - | - | - |
| 3 | Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) | | | | | - | - |
| 4 | Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions) | | | | | - | - |
| 5 | Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions | | | | | - | - |
| 6 | Total | | | | | | - |

Capital requirement for credit valuation adjustment (CVA)

| | Current Period | | Prior period | |
|---|---|-----------------------|---|-----------------------|
| | Risk amount (after using credit risk mitigation techniques) | Risk weighted amounts | Risk amount (after using credit risk mitigation techniques) | Risk weighted amounts |
| Total portfolios subject to the Advanced CVA capital obligation | | | | |
| 1 (i) VaR component (including the 3x multiplier) | - | - | - | - |
| 2 (ii) Stressed VaR component (including the 3x multiplier) | - | - | - | - |
| 3 All portfolios subject to the Standardized CVA capital obligation | 209 | 4 | - | - |
| 4 Total subject to the CVA capital obligation | 209 | 4 | - | - |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

CCR exposures by risk class and risk weights

| Current Period - Risk Classes / Risk Weights ¹ | | 0% | 10% | 20% | 50% | 75% | 100% | 150% | 200% | Others | Total credit risk ¹ |
|---|--|------------|----------|-----------|----------|----------|----------|----------|----------|----------|--------------------------------|
| 1 | Receivables from central governments and Central Banks | 189 | - | - | - | - | - | - | - | - | 189 |
| 2 | Receivables from regional and local government | - | - | - | - | - | - | - | - | - | - |
| 3 | Receivables from administrative bodies and non-commercial entities | - | - | - | - | - | - | - | - | - | - |
| 4 | Receivables from multilateral development banks | - | - | - | - | - | - | - | - | - | - |
| 5 | Receivables from international organizations | - | - | - | - | - | - | - | - | - | - |
| 6 | Receivables from banks and brokerage houses | - | - | 20 | - | - | - | - | - | - | 20 |
| 7 | Receivables from corporate | - | - | - | - | - | - | - | - | - | - |
| 8 | Retail receivables | - | - | - | - | - | - | - | - | - | - |
| 9 | Other receivables | - | - | - | - | - | - | - | - | - | - |
| 10 | Total | 189 | - | 20 | - | - | - | - | - | - | 209 |

¹ Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

| Prior Period - Risk Classes / Risk Weights ¹ | | 0% | 10% | 20% | 50% | 75% | 100% | 150% | 200% | Others | Total credit risk ¹ |
|---|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------------------------------|
| 1 | Receivables from central governments and Central Banks | - | - | - | - | - | - | - | - | - | - |
| 2 | Receivables from regional and local government | - | - | - | - | - | - | - | - | - | - |
| 3 | Receivables from administrative bodies and non-commercial entities | - | - | - | - | - | - | - | - | - | - |
| 4 | Receivables from multilateral development banks | - | - | - | - | - | - | - | - | - | - |
| 5 | Receivables from international organizations | - | - | - | - | - | - | - | - | - | - |
| 6 | Receivables from banks and brokerage houses | - | - | - | - | - | - | - | - | - | - |
| 7 | Receivables from corporate | - | - | - | - | - | - | - | - | - | - |
| 8 | Retail receivables | - | - | - | - | - | - | - | - | - | - |
| 9 | Other receivables | - | - | - | - | - | - | - | - | - | - |
| 10 | Total | - | - | - | - | - | - | - | - | - | - |

¹ Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

Collaterals used for counterparty credit risk: None (Prior Period - None).

Credit derivatives: None (Prior Period - None).

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

Risks to the central counterparty (“CCP”): None (Prior Period - None).

Securitization Positions: None (Prior Period - None).

9. Qualitative explanations on market risk

Bank's processes and strategies

Risk management activities are consisting of the measurement, monitoring, control and reporting of the risks, arising from risks incurred on the consolidated and solo basis and transactions carried out with the risk group that the Bank is involved in. These activities are carried out by the Bank's Risk Management Department.

Risk management activities are consisting of the measurement, monitoring, control and reporting of the risks, arising from risks incurred on the consolidated and solo basis and transactions carried out with the risk group that the Bank is involved in. These activities are carried out by the Bank's Risk Management Department.

Measurement of the market risk is carried out by the Risk Management Department. Market risk is measured by the standard method as specified in the third part of the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy. The Risk Management Department adopts international standardized methods and advanced statistical methods, which are included in the legislation, in the measurement of risks falling within the scope of the Pillar 2. Developed models as well as the stress tests and scenario analysis are used in the measurement and monitoring of the market risk.

The primary purpose of market risk is for the bank's risk exposure to be within the limits specified by the legislation and to be in accordance with the Bank's risk appetite. In this context, market risk is periodically measured, monitored and reported.

Risk limits related to market risk are established in accordance with The Bank's Risk Appetite Policy. Aforementioned risk limits are determined by the Board of Directors and reviewed at least once a year. Limit usages are closely monitored.

Risk mitigation techniques have been applied in line with the size and complexity of the undertaking market risk and the controls are implemented in order to ensure their effectiveness.

Treasury Group Department monitors foreign currency positions and cash flows on behalf of the Bank.

Moreover, new products and projects are examined in terms of market risk management and appropriate internal controls are implemented in case of necessity.

The Bank's strategic objectives for trading activities are given below.

- Ensure that the bank's lease certificate portfolio is managed at the optimum level within the risk-return balance limits
- Implement transaction by taking into account the future prospects of market developments/movements and the framework of trading opportunities in the current market prices
- Invest in Sukuk (lease certificates) as an alternative investment tool to manage the liquidity profitably

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

Structure and scope of risk reporting and/or measurement systems

Within the scope of risk management system, the Bank established a reporting system which ensures effective analysis and evaluation for market risks. The risk measurement and risk monitoring results are reported to the Risk Committee on a timely manner.

There is a risk measurement system which covers the scope and complexity of significant market risk components including transactions and operations exposed to market risk. This system is being reviewed regularly.

The details of the market risk calculated as of 30 June 2024 and 31 December 2023 in accordance with the principles in the third part of the "The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette numbered 29511 and dated 23 October 2015 are as follows:

Market risk under standardised approach

| | | Risk Weighted Amounts | Risk Weighted Amounts |
|----------|--|-----------------------|-----------------------|
| | | Current Period | Prior Period |
| | Outright products | 94,931 | 208,611 |
| 1 | Profit share risk (general and specific) | 20,879 | 104,040 |
| 2 | Equity risk (general and specific) | 1,328 | 408 |
| 3 | Foreign exchange risk | 72,724 | 104,163 |
| 4 | Commodity risk | - | - |
| | Options | - | - |
| 5 | Simplified approach | - | - |
| 6 | Delta-plus method | - | - |
| 7 | Scenario approach | - | - |
| 8 | Securitization | - | - |
| 9 | Total | 94,931 | 208,611 |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

10. 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 | 8,006 | 244,584 | 127,987 | - | 380,577 |
| Profit Share Expense (-) | 225,330 | 31,697 | 92 | 191 | 257,310 |
| Net Profit Share Income/Expense | (217,324) | 212,887 | 127,895 | (191) | 123,267 |
| Net Fees And Commissions Income/Expense | (4,738) | 1,486 | (2,356) | (734) | (6,342) |
| Dividend Income | - | - | - | - | - |
| Net Trading Income / Loss | - | - | 188,500 | - | 188,500 |
| Other Operating Income | - | 82 | 596 | 309 | 987 |
| Gross Operating Profit/Loss | (222,062) | 214,455 | 314,635 | (616) | 306,412 |
| Provision Expenses (-) | 10 | 18,434 | 3,631 | 8,720 | 30,795 |
| Operating Expenses (-) | - | - | - | 676,103 | 676,103 |
| Profit/Loss Before Taxation | (222,072) | 196,021 | 311,004 | (685,439) | (400,486) |
| Taxation | - | - | - | 174,727 | 174,727 |
| Net Profit/Loss | (222,072) | 196,021 | 311,004 | (510,712) | (225,759) |
| Segment Assets | 176,050 | 2,302,813 | 3,237,719 | 681,056 | 6,397,638 |
| Total Liabilities | 3,028,372 | 1,662,458 | - | 1,706,808 | 6,397,638 |

| Prior Period | Retail Banking | Corporate and Commercial banking | Treasury and international banking | Unallocated | Bank's total operation |
|---|----------------|----------------------------------|------------------------------------|------------------|------------------------|
| Profit Share Income | - | - | 142,834 | - | 142,834 |
| Profit Share Expense (-) | - | - | - | 255 | 255 |
| Net Profit Share Income/Expense | - | - | 142,834 | (255) | 142,579 |
| Net Fees And Commissions Income/Expense | - | - | (197) | - | (197) |
| Dividend Income | - | - | - | - | - |
| Net Trading Income / Loss | - | - | 33,529 | - | 33,529 |
| Other Operating Income | - | - | - | 24 | 24 |
| Gross Operating Profit/Loss | - | - | 176,166 | (231) | 175,935 |
| Provision Expenses (-) | - | - | 481 | - | 481 |
| Operating Expenses (-) | - | - | - | 157,547 | 157,547 |
| Profit/Loss Before Taxation | - | - | 175,685 | (157,778) | 17,907 |
| Taxation | - | - | - | 2,917 | 2,917 |
| Net Profit/Loss | - | - | 175,685 | (154,861) | 20,824 |
| 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 JUNE 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 | 53,407 | 533,704 | 51,498 | 123,560 |
| Other ¹ | - | 128,691 | - | 4,039 |
| Total | 53,407 | 662,395 | 51,498 | 127,599 |

¹ As of 30 June 2024, precious metal deposit amount of TL 128,691 (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 | 53,407 | 7 | 30,771 | 6 |
| Unrestricted Time Deposit | - | - | - | - |
| Restricted Time Deposit | - | 533,697 | 20,727 | 123,554 |
| Total | 53,407 | 533,704 | 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 June 30, 2024, the Bank's applicable rates for Turkish lira required reserves are between 0% and 25%, 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 | 652,625 | 1,254,789 |
| Quoted on stock exchange | 652,625 | 1,254,789 |
| Unquoted on stock exchange | - | - |
| Impairment provision (-) | - | - |
| Total | 652,625 | 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 JUNE 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 | - | - | - | - |
| Swap transactions | - | 75 | - | - |
| Futures transactions | - | - | - | - |
| Options | - | - | - | - |
| Other | - | - | - | - |
| Total | - | 75 | - | - |

1.3 Information on Banks

| | Current period | | Prior period | |
|----------------------------------|----------------|----------------|--------------|---------------|
| | TL | FC | TL | FC |
| Banks | 381 | 105,786 | 284 | 16,651 |
| Domestic | 381 | 2,187 | 284 | 5,609 |
| Foreign | - | 103,599 | - | 11,042 |
| Headquarters and branches abroad | - | - | - | - |
| Total | 381 | 105,786 | 284 | 16,651 |

Information on foreign banks account

| | Unrestricted Amount | | Restricted Amount | |
|-----------------------------|---------------------|---------------|-------------------|--------------|
| | Current period | Prior period | Current period | Prior period |
| EU Countries | 61,312 | 11,042 | - | - |
| USA and Canada | 42,235 | - | - | - |
| OECD Countries ¹ | 52 | - | - | - |
| Off-shore Banking Regions | - | - | - | - |
| Other | - | - | - | - |
| Total | 103,599 | 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 | 573,444 | 35,460 |
| Quoted on stock exchange | 573,444 | 35,460 |
| Not quoted on stock exchange | - | - |
| Share certificates/Investment Funds | 11,090 | - |
| Quoted on stock exchange | - | - |
| Not quoted on stock exchange | 11,090 | - |
| Impairment provision (-) | (1,659) | (108) |
| Total | 582,875 | 35,352 |

| | Current period | Prior period |
|------------------------------|----------------|--------------|
| Given as collateral/blocked | 27,756 | - |
| Subject to repo transactions | - | - |
| Total | 27,756 | - |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 JUNE 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 | 225,091 | - | 296,793 | - |
| Corporate shareholders | 225,091 | - | 296,793 | - |
| Real person shareholders | - | - | - | - |
| Indirect loans granted to shareholders | - | - | - | - |
| Loans granted to employees | 1,320 | - | 26 | - |
| Total | 226,411 | - | 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 | Refinance |
| Loans | 3,297,537 | 650 | - | - |
| Export Loans | 175,905 | - | - | - |
| Import Loans | 28,459 | - | - | - |
| Corporation Loans | 2,040,294 | - | - | - |
| Consumer Loans | 175,400 | 650 | - | - |
| Credit Cards | - | - | - | - |
| Loans Given to Financial Sector | 819,104 | - | - | - |
| Other | 58,375 | - | - | - |
| Other Receivables | - | - | - | - |
| Total | 3,297,537 | 650 | - | - |

| Prior Period | Standard Loans | Loans Under Close Monitoring | | |
|---------------------------------|------------------|------------------------------|------------------------|-----------|
| | | Not Subject to Restructuring | Restructured Loans | |
| Cash Loans | | | Revised Contract Terms | Refinance |
| 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:

| | Standard Loans | Loans Under Close Monitoring | Standard Loans | Loans Under Close Monitoring |
|-------------------------------------|----------------|------------------------------|----------------|------------------------------|
| | Current Period | | Prior Period | |
| 12 Month Expected Credit Losses | 12,805 | - | 2,200 | - |
| Significant Increase in Credit Risk | - | 17 | - | - |
| Total | 12,805 | 17 | 2,200 | - |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

None (31 December 2023 – None).

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 | 1,787,863 | 438 | - |
| Medium- and Long-Term Loans | 1,509,674 | 212 | - |
| Total | 3,297,537 | 650 | - |

| 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 | 3,311,911 | 1,103,350 |
| Total | 3,311,911 | 1,103,350 |

Breakdown of domestic and foreign loans

| | Current period | Prior period |
|----------------|------------------|------------------|
| Domestic loans | 3,311,911 | 1,103,350 |
| Foreign loans | - | - |
| Total | 3,311,911 | 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 JUNE 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 | 127,785 | 46,945 | 174,730 |
| Housing Loans | - | - | - |
| Vehicle Loans | - | - | - |
| Consumer Loans | 127,785 | 46,945 | 174,730 |
| 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 | 680 | 640 | 1,320 |
| Housing Loans | - | - | - |
| Vehicle Loans | - | - | - |
| Consumer Loans | 680 | 640 | 1,320 |
| 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 | 128,465 | 47,585 | 176,050 |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 JUNE 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 JUNE 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 | 6,176 | - |
| Loans and receivables with doubtful collectability | - | - |
| Uncollectible loans and receivables | - | - |
| Total | 6,176 | - |

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 (+) | 13,724 | - | - |
| Transfers from other categories of non- | - | - | - |
| Transfers to other categories of non-performing | - | - | - |
| Collections in the current period (-) | - | - | - |
| Write offs (-) | - | - | - |
| Sold Portfolio (-) | - | - | - |
| Corporate and commercial loans | - | - | - |
| Retail loans | - | - | - |
| Credit Cards | - | - | - |
| Other | - | - | - |
| Ending balance of the current period | 13,724 | - | - |
| Specific provisions (-) | (6,176) | - | - |
| Net balances on balance sheet | 7,548 | - | - |

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) | 7,548 | - | - |
| Loans granted to real persons and legal entities (Gross) | 13,724 | - | - |
| Specific provision (-) | (6,176) | - | - |
| Loans to real persons and legal entities (Net) | 7,548 | - | - |
| 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 JUNE 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) | 901 | - | - |
| Profit share accruals, discount and valuation | 1,638 | - | - |
| Provision (-) | (737) | - | - |
| 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 JUNE 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 | 65,608 | 60,667 |
| Quoted on a Stock Exchange | 65,608 | 60,667 |
| Not Quoted | - | - |
| Impairment provision (-) | - | - |
| Total | 65,608 | 60,667 |

An expected loss provision of TL 171 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 | 65,608 | 60,667 |
| Total | 65,608 | 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 | 6,701 | 5,149 |
| Purchases During the Year | 20,349 | 105,518 |
| Disposals Through Sales and Redemptions | (22,109) | (50,000) |
| Impairment provision (-) | - | - |
| Total | 65,608 | 60,667 |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 JUNE 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 | 19,614 | 18,284 | - | - | - | (1,716) | - | - |

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

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

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 | - | 8,337 | - | 8,643 | 16,980 |
| Disposal (-), cost | - | - | - | (329) | (329) |
| Disposal, accumulated depreciation | - | - | - | 329 | 329 |
| Depreciation (-) | - | (5,360) | (707) | (3,545) | (9,612) |
| Current Period Ending Net Book Value | - | 49,911 | 2,771 | 23,471 | 76,153 |
| Current Period Ending Cost | - | 59,914 | 4,896 | 29,785 | 94,595 |
| Current Period Ending Acc.Depreciation (-) | - | (10,003) | (2,125) | (6,314) | (18,442) |
| Current Period Ending Net Book Value | - | 49,911 | 2,771 | 23,471 | 76,153 |

| 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 |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

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 | 231,914 | 139,492 |
| Accumulated Amortization | (14,145) | (6,268) |
| Total (net) | 217,769 | 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 | 92,422 | 105,353 |
| Disposals (-), net | - | - |
| Depreciation amount (-) | (7,877) | (4,147) |
| Closing net book value | 217,769 | 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 | 2,530 | 1,887 |
| TFRS 9 Provisions | 5,452 | 934 |
| Other Provisions | 4,394 | 572 |
| Tax Loss | 215,179 | 54,588 |
| Other | 3,419 | 1,325 |
| Deferred Tax Assets | 230,974 | 59,306 |
| Fixed Assets | (3,937) | (6,706) |
| Other | (167) | (113) |
| Deferred Tax Liabilities | (4,104) | (6,819) |
| Net Deferred Tax Assets / (Liabilities) | 226,870 | 52,487 |

According to Bank's projections for future periods, it is forecasted that the financial losses carried forward will be taxable in 2024-2025.

Table of deferred tax asset movement

| | Current period | Prior period |
|---|----------------|---------------|
| As of January, 1 | 52,487 | (2,652) |
| Deferred Tax Income /(Expense) | 174,727 | 55,134 |
| Deferred Tax Accounted Under Other Comprehensive Income | (344) | 5 |
| Net Deferred Tax Assets / (Liabilities) | 226,870 | 52,487 |

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 134,946 (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.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

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 | 25,469 | - | - | - | - | - | - | - | 25,469 |
| II. Real persons profit sharing accounts TL | - | 65,911 | 2,206,744 | 30,608 | 607 | 512 | 537 | - | 2,304,919 |
| III. Another current accounts- TL | 66,706 | - | - | - | - | - | - | - | 66,706 |
| Public sector | - | - | - | - | - | - | - | - | - |
| Commercial sector | 66,684 | - | - | - | - | - | - | - | 66,684 |
| Other institutions | 22 | - | - | - | - | - | - | - | 22 |
| 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 | - | 32,850 | 300,902 | - | - | - | 238 | - | 333,990 |
| Public sector | - | - | - | - | - | - | - | - | - |
| Commercial sector | - | 32,850 | 300,902 | - | - | - | 238 | - | 333,990 |
| Other institutions | - | - | - | - | - | - | - | - | - |
| Commercial and other institutions | - | - | - | - | - | - | - | - | - |
| Banks and participation banks | - | - | - | - | - | - | - | - | - |
| V. Real persons current accounts-FC | 10,737 | - | - | - | - | - | - | - | 10,737 |
| VI. Real persons profit sharing accounts-FC | - | 2,221 | 186,871 | 1,836 | 110,936 | 1,458 | 338,053 | - | 641,375 |
| VII. Another current accounts-FC | 425,579 | - | - | - | - | - | - | - | 425,579 |
| Commercial residents in Türkiye | 425,579 | - | - | - | - | - | - | - | 425,579 |
| 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 | - | 696,175 | - | - | - | - | - | - | 696,175 |
| Public sector | - | - | - | - | - | - | - | - | - |
| Commercial sector | - | 696,175 | - | - | - | - | - | - | 696,175 |
| Other institutions | - | - | - | - | - | - | - | - | - |
| Commercial and other institutions | - | - | - | - | - | - | - | - | - |
| Banks and participation banks | - | - | - | - | - | - | - | - | - |
| IX. Precious metal funds | 188,020 | - | - | - | - | - | - | - | 188,020 |
| 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 | 716,511 | 797,157 | 2,694,517 | 32,444 | 111,543 | 1,970 | 338,828 | - | 4,692,970 |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

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

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

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 | 1,102,395 | 170,644 | 1,552,711 | 166,107 |
| FC accounts | 52,444 | 3,434 | 252,193 | 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 | 1,685,453 | 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, | 47,774 | 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

None (31 December 2023 – None).

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.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

2.4. Information on issued securities

None (31 December 2023 – None).

2.5. Information on other liabilities and miscellaneous payables

As of 30 June 2024, other liabilities include miscellaneous payables item amounting to TL 234,456 (31 December 2023 – TL 59,736) and other liabilities item amounting to TL 31,760 (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 | 1,699 | 1,434 | 1,699 | 1,377 |
| 1 to 4 years | 1,699 | 1,610 | 2,549 | 2,326 |
| More than 4 years | - | - | - | - |
| Total | 3,398 | 3,044 | 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).

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 | 2,140 | 32 |
| Provision for Profits will be Allocated to Participation Accounts | 9,908 | 1,187 |
| Provision for Credit Cards and Banking Services Promotions | 481 | - |
| Impairment Provision for Spot transactions | 2 | - |
| Total | 12,531 | 1,219 |

Information on provisions for employee benefits

The provision for employee benefits in the balance sheet includes severance pay obligations amounting to TL 3,519 (31 December 2023 – TL 2,488) and leave pay provision amounting to TL 4,913 (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.

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

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 | 1,031 | 2,488 |
| Balances at the end of the period | 3,519 | 2,488 |

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 | 5,722 | 605 |
| Taxation of immovable property | - | - |
| Banking Insurance Transaction Tax (BITT) | 3,992 | 1,002 |
| Foreign Exchange Transaction Tax | 13 | 4 |
| Value Added Tax Payable | 4,452 | 2,234 |
| Other | 13,455 | 8,280 |
| Total | 27,634 | 12,125 |

¹ Includes income tax deducted from salaries in the amount of TL 12,504 (31 December 2023 - TL 8,073).

Information on premiums

| | Current Period | Prior Period |
|--|----------------|---------------|
| Social Security Premiums – Employee | 8,586 | 4,245 |
| Social Security Premiums – Employer | 10,204 | 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 | 580 | 283 |
| Unemployment Insurance – Employer | 1,159 | 567 |
| Other | - | - |
| Total | 20,529 | 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.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

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).

2.12. Information on shareholders' equity

Presentation of paid-in capital

| | Current Period | Prior Period |
|-------------------|------------------|------------------|
| Common shares | 1,500,000 | 1,500,000 |
| Preference shares | - | - |
| Total | 1,500,000 | 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

None (31 December 2023 – None).

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 | 790 | - | (11) | - |
| Foreign Exchange Difference | - | - | - | - |
| Total | 790 | - | (11) | - |

Information on minority shares

None (31 December 2023 – None).

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

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

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

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 | 3,514 | - |
| Share Capital Commitment to Associates and Subsidiaries | 69,000 | - |
| Commitments For Credit Cards and Banking Services Promotions | 536 | - |
| Other Irrevocable Commitments | - | - |
| Total | 73,050 | - |

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 June 2024, the Bank has letter of guarantees amounting to TL 380,412 (31 December 2023 – TL 5,400).

Revocable, irrevocable guarantees and other similar commitments and contingencies

As of 30 June 2024, the Bank has letter of guarantees amounting to TL 380,412 (31 December 2023 – TL 5,400). For non-cash loans amounting to 380,412 TL (31 December 2023 – 5,400 TL), 2,140 TL (31 December 2023 – 32 TL) has been set aside for the expected loss.

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 | 380,412 | 5,400 |
| Total | 380,412 | 5,400 |

Information on sectoral risk concentrations of non-cash loans

| | Current Period | | | |
|-----------------------------------|----------------|---------------|----------------|---------------|
| | TL | % | FC | % |
| Agriculture | - | - | - | - |
| Farming and stockbreeding | - | - | - | - |
| Forestry | - | - | - | - |
| Fishery | - | - | - | - |
| Manufacturing | - | - | 274,587 | 96.72 |
| Mining and quarrying | - | - | - | - |
| Production | - | - | 274,587 | 96.72 |
| Electricity, Gas, Water | - | - | - | - |
| Construction | 18,108 | 18.76 | - | - |
| Services | 78,400 | 81.24 | 9,317 | 3.28 |
| Wholesale and Retail Trade | 78,400 | 81.24 | - | - |
| Hotel, Food and Beverage Services | - | - | - | - |
| Transportation and Telecom. | - | - | 9,317 | 3.28 |
| Financial Institutions | - | - | - | - |
| Real Estate and Renting Services | - | - | - | - |
| Self-Employment Type Services | - | - | - | - |
| Educational Services | - | - | - | - |
| Health and Social Services | - | - | - | - |
| Other | - | - | - | - |
| Total | 96,508 | 100.00 | 283,904 | 100.00 |

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

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

| | 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 | - | - |

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

| Current Period | Group I | | Group II | |
|--|---------------|----------------|----------|----|
| | TL | FC | TL | FC |
| Non-Cash Loans | 96,508 | 283,904 | - | - |
| Letters of Guarantee | 96,508 | 283,904 | - | - |
| Bills of Exchange and Bank Acceptances | - | - | - | - |
| Letters of Credit | - | - | - | - |
| Endorsements | - | - | - | - |
| Underwriting Commitments | - | - | - | - |
| Factoring Related Guarantees | - | - | - | - |
| Other Guarantees and Securities | - | - | - | - |

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

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 JUNE 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): | 18,285 | - |
| Currency Forwards-Purchases, sales ¹ | 3,514 | - |
| Currency Swaps-Purchases, sales | 14,771 | - |
| 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) | 18,285 | - |
| Hedging Derivatives | | |
| Fair value hedges | - | - |
| Cash flow hedges | - | - |
| Foreign currency investment hedges | - | - |
| B. Total Hedging Derivatives | - | - |
| Total Derivatives Transactions (A+B) | 18,285 | - |

¹ TL3,514 (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 JUNE 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 | 295,629 | 22,172 | - | - |
| Short term loans | 106,469 | 12,607 | - | - |
| Medium and long-term loans | 189,160 | 9,565 | - | - |
| Profit share on non-performing loans | - | - | - | - |
| Premiums received from resource utilization | - | - | - | - |
| Total | 295,629 | 22,172 | - | - |

Information on profit share received from banks

| | Current Period | | Prior Period | |
|---|----------------|----|----------------|-----------|
| | TL | FC | TL | FC |
| The Central Bank of the Republic of Türkiye | 853 | - | - | - |
| Domestic Banks | 1,226 | - | 142,794 | 40 |
| Foreign Banks | - | - | - | - |
| Branches and head office abroad | - | - | - | - |
| Total | 2,079 | - | 142,794 | 40 |

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 | - | - |
| Financial Assets at Fair Value Reflected in Other Comprehensive Income | 25,700 | - | - | - |
| Financial Assets Valued Over Amortized Cost | 2,021 | 2,359 | - | - |
| Total | 27,721 | 3,202 | - | - |

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 | 87 | - | - | - |
| The Central Bank of the Republic of Türkiye | - | - | - | - |
| Domestic banks | 87 | - | - | - |
| Foreign banks | - | - | - | - |
| Branches and head office abroad | - | - | - | - |
| Other Institutions | - | - | - | - |
| Total | 87 | - | - | - |

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 JUNE 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 June 2023 – None).

4.3 Information on dividend income

None (30 June 2023 – None).

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

| Current Period | 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 | Acc. profit-sharing accounts | |
| Turkish Lira | | | | | | | | |
| Collected funds from banks through current and profit share accounts | - | - | - | - | - | - | - | - |
| Real person's non-trading profit sharing | 3,883 | 211,723 | 1,394 | 41 | 37 | 6 | - | 217,084 |
| Public-sector profit-sharing account | - | - | - | - | - | - | - | - |
| Commercial sector profit sharing account | 3,891 | 27,485 | - | - | - | - | - | 31,376 |
| Other institutions profit sharing account | - | - | - | - | - | - | - | - |
| Total | 7,774 | 239,208 | 1,394 | 41 | 37 | 6 | - | 248,460 |
| Foreign currency | | | | | | | | |
| Banks | - | - | - | - | - | - | - | - |
| Real person's non-trading profit sharing | 6 | 1,496 | 1,086 | 216 | 25 | 3,105 | - | 5,934 |
| Public-sector profit-sharing account | - | - | - | - | - | - | - | - |
| Commercial sector profit sharing account | 2,556 | 77 | - | - | - | - | - | 2,633 |
| Other institutions profit sharing account | - | - | - | - | - | - | - | - |
| Precious metal accounts | - | - | - | - | - | - | - | - |
| Total | 2,562 | 1,573 | 1,086 | 216 | 25 | 3,105 | - | 8,567 |
| Grand Total | 10,336 | 240,781 | 2,480 | 257 | 62 | 3,111 | - | 257,027 |

Prior period : None.

4.5 Information on trading income/loss (Net)

| | Current Period | Prior Period |
|--|-----------------|---------------|
| Income | 221,567 | 33,549 |
| Gain on capital market transactions | 171,900 | 32,195 |
| Gain on derivative financial instruments | 6,597 | - |
| Foreign exchange profit | 43,070 | 1,354 |
| Losses (-) | (33,067) | (20) |
| Losses on capital market transactions | - | - |
| Losses on derivative financial instruments | (2,690) | - |
| Foreign exchange losses | (30,377) | (20) |
| Trading income/loss (Net) | 188,500 | 33,529 |

4.6 Information on other operating income

The total of other operating income is TL 987 (30 June 2023 – TL 24) and there are no extraordinary items that significantly affect the Bank's income.

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NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 JUNE 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 | 21,821 | 481 |
| 12 month expected credit loss (Stage 1) | 15,628 | 481 |
| Significant increase in credit risk (Stage 2) | 17 | - |
| Non-performing loans (Stage 3) | 6,176 | - |
| 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 | 8,720 | - |
| Total | 30,795 | 481 |

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 | 1,031 | 2,802 |
| Bank social aid fund deficit provision | - | - |
| Fixed assets impairment expense | - | - |
| Depreciation expenses of fixed assets | 9,283 | 1,329 |
| Intangible assets impairment expense | - | - |
| Goodwill impairment expense | - | - |
| Amortization expenses of intangible assets | 7,877 | 7,447 |
| 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 | 252,908 | 21,690 |
| Leasing expenses related to TFRS 16 exemptions | 5,113 | 2,251 |
| Maintenance expenses | 834 | 205 |
| Advertisement expenses | 164,248 | 294 |
| Other expenses ¹ | 82,713 | 18,940 |
| Loss on sales of assets | - | - |
| Other² | 113,979 | 41,348 |
| Total | 385,078 | 74,616 |

¹ Includes computer usage expenses of TL 28,728 (30 June 2023 – TL 9,658) and communication expenses of 25,836 TL (30 June 2023 – 2,571 TL).

² Includes audit and consultancy fee expenses of TL 90,863 (30 June 2023 – TL 15,212) and taxes, duties and fees expenses of 14,673 TL (30 June 2023 – 4,291 TL).

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 JUNE 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 400,486 (30 June 2023 – TL 17,907 profit)

TL 123,267 (30 June 2023 – TL 142,579) of the loss before tax comes from net profit share income, TL 6,342 (30 June 2023 – TL 197 expense) from net fees and commission expenses, TL 188,500 (30 June 2023 - TL 33,529) from net commercial profit and loss, TL 987 (30 June 2023 – TL 24) from other operating income, TL 30,795 (30 June 2023 – TL 481) from provision expenses, TL 676,103 (30 June 2023 – TL 157,547) 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 June 2023 – None). The Bank has deferred tax expense of TL 9,869 (30 June 2023 – TL 3,626) and deferred tax income of TL 184,596 (30 June 2023 – TL 6,543) 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 June 2024 is TL 123,267 (30 June 2023 – TL 142,579).

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

None (30 June 2023 – None).

Profit/Loss attributable to minority share

None (30 June 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 June 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 JUNE 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 June 2024, the Bank has booked TL 790 increase (30 June 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.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 JUNE 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 | 715,802 | - |
| Cash and Foreign Currency Cash | - | - |
| Turkish Central Bank | 587,111 | - |
| Other | 128,691 | - |
| Cash Equivalents | 406,988 | 700,467 |
| Banks | 106,167 | 700,467 |
| Interbank Money Market Placements | 300,821 | - |
| Total Cash and Cash Equivalents | 1,122,790 | 700,467 |
| Total Cash and Cash Equivalents | (533,697) | - |
| Rediscounts on Cash and Cash Equivalents | (821) | (6,457) |
| Cash Flow Statements Cash and Cash Equivalents | 588,272 | 694,010 |

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 533,697 as a required reserve balance at central bank (30 June 2023 - None).

6.3. Explanations on other items in the cash flow statement

The "Other" amounting to TL 22,826 (30 June 2023 – TL 76,956) 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 2,700 (30 June 2023 – TL 23,282) 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 214,524 (30 June 2023 – TL 15,971) 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 5,653 (30 June 2023 – TL 4,221) as of 30 June 2024.

HAYAT FİNANS KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD-ENDED 30 JUNE 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 | - | - | 225,091 | - | 207,703 | - |
| Profit share and commission income | - | - | 24,072 | - | 55,911 | - |

| 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 | - | - | - | - | - | - |

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 | - | - | 1,150,223 | 418,150 | 670,446 | 18,797 |
| Profit share expense | - | - | 2,385 | - | 7,150 | - |

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 JUNE 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 June 2023 – None).

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

None (31 December 2023 – None).

7.6 Information on remunerations provided to top management

As of June 30, 2024, a benefit of TL 16,818 (June 30, 2023 - TL 13,728) 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 | 354 | | | |
| | | | 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

The Bank's Board of Directors decided to increase Bank's paid-in capital from TL 1,500,000 to TL 2,500,000 with the decision numbered 12.06.2024 and 99 and applied to the BRSA for permission. BRSA approved the capital increase with its letter numbered E-43890421-101.01.04-123032. Based on the approval, an application has been made to the Ministry of Commerce for permission and approval is awaited.

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

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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 August 6, 2024 has been submitted before the unconsolidated financial statements.

2. Notes and disclosures prepared by the independent auditor

None.

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(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 | 1,122,657 | 195,882 |
| Financial Assets at Fair Value Through Profit or Loss | 652,625 | 1,285,177 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 582,875 | 35,352 |
| Loans | 3,311,911 | 1,103,350 |
| Other Financial Assets Measured at Amortized Cost | 65,608 | 60,667 |
| Expected Credit Loss (-) | (19,169) | (2,900) |
| Investments in Associates, Subsidiaries and Joint Ventures | 20,000 | - |
| Tangible Assets (net) | 76,153 | 68,785 |
| Intangible Assets (net) | 217,769 | 133,224 |
| Other Assets | 367,209 | 96,956 |
| Total Assets | 6,397,638 | 2,976,493 |

| | Current Period | Prior Period |
|-------------------------------------|------------------|------------------|
| Funds Collected | 4,692,970 | 1,288,878 |
| Funds Borrowed | - | - |
| Money Markets | - | - |
| Securities Issued (net) | - | - |
| Lease Payables | 3,044 | 3,703 |
| Provisions | 20,963 | 7,508 |
| Other Liabilities | 314,379 | 85,164 |
| Shareholders' Equity | 1,366,282 | 1,591,240 |
| Total Liabilities and Equity | 6,397,638 | 2,976,493 |

| | Current Period | Prior Period |
|--|------------------|---------------|
| Net Profit Share Income/Expense | 123,267 | 142,579 |
| Net Fees and Commissions Income/Expense | (6,342) | (197) |
| Dividend Income | - | - |
| Net Trading Income / Loss | 188,500 | 33,529 |
| Other Operating Income | 987 | 24 |
| Allowances for Expected Credit Losses and Other Provisions | (30,795) | (481) |
| Operating Expenses | (676,103) | (157,547) |
| Net Operating Income/(loss) | (400,486) | 17,907 |
| Provision from Taxes on Income | 174,727 | 2,917 |
| Net Profit/Loss | (225,759) | 20,824 |

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

Message from the Chairman of Board

Dear Stakeholders,

The second quarter of 2024 was a period in where the global economy managed to avoid recession while encountering resistance from inflation. Leading indicators showed that economic activity shifted from slowing down to recovery. However, improvements in inflation driven by commodity prices were limited by service inflation. Transportation costs and commodity prices rose due to geopolitical uncertainty and the impacts of the ecological crisis. Although capital flows towards developing economies weakened due to elections in certain countries, geopolitical ambiguity, protectionism in trade, and uncertainty in economic policies, as well as the persistence of high long-term interest rates, we expect Türkiye's economy to differentiate itself positively. This is anticipated to take place through the combination of steps taken in monetary and fiscal policies, the positive impact of groundbreaking technological developments like artificial intelligence, and supportive financial conditions that prevent a global recession and maintain sustainable growth.

In light of all these developments, the International Monetary Fund's (IMF) July 2024 Global Economic Outlook report maintains the global growth forecast for 2024 at 3.2%, while projecting a 0.1% increase to 3.3% for 2025. In the same report, the noteworthy aspect is the upward revision of Türkiye's 2024 growth forecast by 0.5%, raising it to 3.6%.

In the first quarter of 2024, Türkiye's gross domestic product growth was announced at 5.7%, slightly exceeding expectations and confirming the resilient outlook of economic activity. We give great importance to the disinflation process, which will continue for the rest of 2024, while maintaining a tight hold on monetary policy and macroprudential policies. Although maintaining a tight policy stance to reduce inflation is expected to slow down growth again, the strengthening of external demand, alongside the recovery trend in global activity during the first two quarters of the year, will significantly support our growth.

As Türkiye's first licensed digital bank, Hayat Finans, we have prioritized customer satisfaction and quickly adapted to market conditions during this period. Moving forward, in line with our principles of transparency, reliability, innovation, and sustainability, we will continue to develop tailor-made solutions to the expectations and needs of our valued stakeholders. By further strengthening our technological infrastructure and accelerating our digital transformation, we aim to provide more effective and efficient services.

Hereby, I would like to gratitude all our business partners, our employees, and our valued customers who have shown their interest, trust, and support from our first day. I hope that we will achieve many more successes together in the rest of 2024.

Best Regards,

Ahmet Yahya KİĞİLİ
Chairman of Board

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Message from CEO

Dear Stakeholders,

The second quarter of 2024 has witnessed numerous significant global political and financial developments. Inflationary pressures continued in the US, while the economic competition between the US and China intensified. In the Eurozone, the first interest rate cut from the European Central Bank was observed, but a stagnant outlook persisted. In our country, it has been a period marked by tight monetary policies and macro-prudential measures. Due to the effects of these macroeconomic measures, the international credit rating agency S&P Global raised Türkiye's 2024 growth forecast by 60 basis points, from 2.4% to 3%, and for 2025, by 30 basis points, from 2.7% to 3%.

With Türkiye's removal from the FATF gray list, we expect rapid increase in international investments in the upcoming period. Moving forward, steps will continue to be taken towards achieving financial stability by controlling inflation and strengthening monetary policy, and we will see the positive reflections of these developments across many sectors. The Turkish banking sector will continue to contribute to the economy with its strong capital structure in the upcoming period as well.

As of June 2024, the total assets of the banking sector increased by 19% to 28 trillion 56 billion TL, while the total assets of participation banking increased by 11% to 2 trillion 262 billion TL. When we examine the second-quarter data, sector deposits increased by 11% to 16 trillion 466 billion TL, while the funds collected by participation banks increased by 3% to 1 trillion 563 billion TL. During the same period, sector loans increased by 19% to 13 trillion 852 billion TL and the funds extended by participation banks increased by 12% to 1 trillion 13 billion TL. The banking sector will continue its growth trend throughout the remainder of 2024.

Compared to the end of 2023, we increased our assets by 115% to 6.4 billion TL, our collected funds by 264% to 4.7 billion TL and our extended funds by 200% to 3.3 billion TL. In the direction of our growth strategy, we applied to the BRSA to increase our capital equity to 2,500,000,000 TL. In this quarter, as Türkiye's first digital bank, we continued our effort to provide seamless banking with prioritizing customer experience, and fulfilling our responsibilities towards the national economy while advancing towards our goals. We successfully launched investment products on our mobile application, which we see as a crucial milestone in our journey. In line with our sustainable banking principles, we expanded our green financing products. We aimed to support initiatives that provide environmental and social benefits through profit-loss partnership financing and increased our investments in this area. We participated in numerous fairs and congresses in the renewable energy and energy efficiency sectors, evaluating many credit proposals in this direction. Supporting our country's development by creating positive environmental and social impacts is among our top priorities, and we aim to contribute to environmental and social sustainability, particularly with technology-oriented value-added production and export-focused sectors, in the upcoming period.

Following our vision, we closely follow technological developments and integrate artificial intelligence into all our business solutions. We collaborate with fintech companies to expand our customer base and deepen our presence in different ecosystems. We share the advantages of being an end-to-end digital bank with all our customers. As Hayat Finans, the bank of the future, we aim to make banking accessible for everyone with our innovative business model, which is a first in the Turkish finance and banking sector. We believe that the rapid increase in our customer base will continue to multiply throughout the rest of the year, due to the trust our customers have placed in us.

In the remainder of 2024, we will continue our efforts to exceed our customers' expectations by using the latest technologies and will continue to accelerate. With our sustainable growth strategy, we will continue to contribute to our country's economic and social development. We look forward to the future with hope and believe that we will achieve even greater successes together. I would like to extend my gratitude to all our employees, customers, business partners, and esteemed investors who have supported us in this period.

Sincerely,

Galip KARAGÖZ
Board Member and CEO

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

Assessment of Financial Position, Performance and Future Prospects

As of June 30, 2024, bank's total asset was TL 6,397,638 and shareholders' equity was TL 1,366,282.

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.

The Bank's Board of Directors decided to increase Bank's paid-in capital from TL 1,500,000 to TL 2,500,000 with the decision numbered 12.06.2024 and 99 and applied to the BRSA for permission. BRSA approved the capital increase with its letter numbered E-43890421-101.01.04-123032. Based on the approval, an application has been made to the Ministry of Commerce for permission and approval is awaited.